



**University of  
Zurich** <sup>UZH</sup>

## Department of Economics – Neuroeconomics Seminar

**December 8, 2016 - 17:00 - 18:00**

Tali Sharot

*University College London*

### **Forming Beliefs: Information seeking and Integration**

**Abstract:** How do we form beliefs? Classic theories assume that agents gather and integrate information in a way that will result in the most accurate representation of reality, given the constraints. In this talk I will present evidence challenging these assumptions and suggest that humans are active choosers in building their belief system. First, I will show that people are more likely to seek information about desirable outcomes than undesirable outcomes, an effect that is also modulated by outcome uncertainty. Second, I will show that once information is in front of us, people are more likely to incorporate desirable information into their existing beliefs than undesirable information and do it faster. Using a Drift Diffusion Model we reveal that the drift rate towards desirable beliefs is greater than towards undesirable beliefs. This asymmetry in how we seek and incorporate information can have important societal implications including the generation of financial market bubbles and ill preparedness in the face of natural (or human-made) disasters. However, we find that the asymmetry is not set in stone, but rather fluctuates in response to threats in the environment, in a way that may be adaptive.