

# Preface

The global financial crisis has forced a rethinking of the principles of neoclassical finance, particularly the efficient market hypothesis, and enhanced confidence in the alternative paradigm of behavioural finance and its extensions. Numerous books have been written about behavioural finance and various biases, as well as several surveys of the literature. A question that arises then is why we decided to write yet another book, given that the subject matter has been dealt with extensively. We believe that by writing this book, we will contribute to the literature in several ways.

To start with, we discuss extensively the issue of conspiracy theory and how behavioural biases lead to belief in conspiracy theory, an issue that is hardly mentioned in existing books and literature reviews. We even identify the biases that lead to belief in conspiracy theory and make a judgment as to why this belief is not always bad, because it may eventually lead to the truth. Second, we attribute lingering belief in the principles of neoclassical finance and the persistence of these principles in part to the doctrine of publish or perish, which dominates contemporary academia. We believe that the pressure put on academics to publish regularly and continuously forces finance academics to choose

the easy path to publishing, using empirical models rather than the more difficult and demanding approach of behavioural finance, which involves the use of experiments and surveys.

Furthermore, we go beyond behavioural finance and discuss recent developments, including ecological finance, environmental finance, social finance, experimental finance, neurofinance and emotional finance. We provide a comprehensive discussion of narcissism and demonstrate that it is prevalent in the finance industry and that narcissistic behaviour led to the eruption of the global financial crisis. We also discuss how behavioural biases can be used to explain some aspects of current affairs such as the war in Syria and the allegations that Russia has intervened in, and affected the results of, general elections in several countries around the world. This book provides a comprehensive glossary of behavioural biases. For all of these reasons, working on this project has been worthwhile.

Writing this book would not have been possible without the help and encouragement we received from family, friends and colleagues. Our utmost gratitude must go to our families who had to bear the opportunity cost of writing the book. Therefore, our thanks go to Afaf, Nisreen, Danny, Ryan and Emma. We received help and support from Bob Parsons, Greg O'Brien, Greg Bailey, Bill Breen, Rodney Adams, Paul Rule, Peter Murphy, Bob Brownlee, Tony Paligano, Ron Ripple, Kevin Dowd, Karen Davis, David Fric, Vishal Ramiah, Nandisha Ramiah, Huy Pham, Damian Wallace, Marie Wilson, Lin Crase, Andrew Beer, Christine Hillier, Braam Lowies, Ilke Onur, Ron McIver, Julie Warnes, Kathryn Pickering, Peter Edwards, Doreen Michalski, Neville Rankine and many others. We would also like to thank our research students Somiya Al-Alami, Minhua Yang, Ammar Asbi, Yu Xi, David Hatswell, Ed He and Christa Viljoen.

All remaining errors and omissions are entirely ours. This book is dedicated to the memory of our dear friend, Tony Naughton, who passed away prematurely in July 2013.

Melbourne, Australia  
Adelaide, Australia  
July 2017

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<http://www.springer.com/978-3-319-69388-0>

The Financial Consequences of Behavioural Biases  
An Analysis of Bias in Corporate Finance and Financial  
Planning

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2017, XV, 174 p. 12 illus., Hardcover

ISBN: 978-3-319-69388-0