Erica Hall 0:00
Richest woman in America, potentially the richest woman in the world at the time has no issue in being able to afford medical care for her son, yet cannot bring herself to spend a dollar to go and get him medical assistance. Now, to be fair, what she did do is she apparently literally dressed herself up in rags went down to the free medical clinic where the doctors were volunteering their time to seek medical attention, so she didn't completely ignore the injury. But she didn't pay to get him the best of care and actually, his leg ended up having to be amputated.

Narrator 0:58
Welcome to the Unfair Advantage Project. Unique perspectives, practical insights and unexpected discoveries directly focused on giving you the unfair advantage. Introducing your hosts Nadia Hughes and Terence Toh.

Terence Toh 1:00
Welcome to the Unfair Advantage Project. I'll be one of your co host today. I'm Terence Toh, from StrategiQ Corporation and I have Nadia Hughes with me. Good morning, Nadia, how are you?

Nadia Hughes 1:06
Good morning, Terence.

Terence Toh 1:08
And today. Actually, Nadia is going to introduce our very special guests today go for it Nadia

Nadia Hughes 1:11
And good morning, Erica. Erica is a senior business developer from the Morningstar. Why she's on our podcast today? You may ask her because I met her on one of the conferences and when I was listening to her presentations, presentation, I actually had goosebumps. It's topic which everybody should know, everybody suspect it's a case. But nobody ever can just define it, what is it about human behavior and money? And Erica actually was answering so many questions which were already sitting messing in my head and that's why her presentation was the most enjoyable presentation in the last month for me. So thank you very much for agreeing to be guest on our podcast. Erica, present herself as a perpetually curious, she reads a lot and she's behavioral finance, behavioral finance, what would you call the searcher?

Erica Hall 2:10
Yeah, I'm really passionate about behavioral finance came across it first time in 2000, when we're talking about the power of defaults, and really in relation to sort of superannuation defaults at that point of time. And then that moved into, you know, how people make choices. And then it's too much choice, a good thing or a bad thing, what drives our behaviors. And it's all based around, I guess, what drives our behaviors in terms of money and so that really got me on a path of being really interested in terms of how the behavioral components of how people make decisions, is quite at odds with all the theory, the finance theory and the economic theory and how people make decisions. And the finance theory is

that, you know, we make decisions with our rational minds. But actually, we're humans, we're not robots and so we do actually bring our emotions into a decision making. And we're also got a lot of information being thrown at us on a daily basis, apparently about five times more information that we're processing on a daily basis now than 20 years ago. And so we've got all these shortcuts that we undertake to make really good decisions that actually serve us really well in day to day life, but maybe not so well, when we're talking about finance. And so that really interests me, and then, you know, I guess behavioral finance itself as a discipline is coming to the forefront with all the attention around the Nobel Prize winners. And so the most recent one being Richard Thaler in 2017, he won a Nobel Prize for his contribution to behavioral economics. And he's actually really close to Daniel Kahneman, who won a Nobel Prize in 2002, for pretty much what's driven the whole cornerstone of behavioral finance, which is Prospect Theory, and why do we as humans, when we can given to equivalent situations make to completely opposite decisions? Why do we show both risk seeking behavior and risk adverse behavior, that was his contribution to the whole behavioral finance, and your school of thinking. And so it's really made everyone sort of sit up and take notice and actually incorporate behavioral finance techniques into the way that we engage with our clients. So banks, for example, will have goal setting accounts, purely because they know the way that we are now,

Nadia Hughes 4:26
banks to jump straight away. Yeah, novel prize. You have, here we are.

Erica Hall 4:30
Yeah. But you know, so for example, I have a Christmas savings account and so that's because that's the way that we mentally account for money in our head.

Nadia Hughes 4:37
So you have to applaud the bank, really. Straight away, it must be good.

Erica Hall 4:43
And also a conz just now raise, they've got this. And EING is also on board as well, where you can actually they

Nadia Hughes 4:49
Oh buy and food investors. He names his accounts. He gives accounts real nickname, and its really, really resonates with public and my daughter named your counterpart, after human, I'm just going, you gotta be kidding.

Erica Hall 5:03
Yeah. And I think that's it right. So I think once you understand, you know, how you make decisions, because I looked at it all and went, Wow, is that the way I make decisions? And I, and it turns out that it is, and I spoke to my husband, he said, Oh, no, no, I'm looking at everything holistically, I'm looking at all my money holistically. And that's what the economic theory says, right? a dollar is a dollar no matter where it's located. But actually, what behavioral finance shows us is a dollar is not a dollar where it's located. In our head, we have all these different mental accounts and each mental account has its own budget and

we actually were looking at each mental account on a relative basis. So for example, I'm quite happy to go and save 10 cents of a can of tomatoes, at the supermarket. But then I'm not really so concerned about saving 10 cents off for a $200 pair of shoes, and

Nadia Hughes 5:49
Because shoes are really rational. What is it about women and shoes, why we end up this board room full of shoes?

Erica Hall 5:57
Look at they're amazing. She's making happy.

Nadia Hughes 6:00
What is happening, what is behind the shoes? How can you support it with some theory,

Erica Hall 6:05
so sure,

Nadia Hughes 6:06
With a wife can turn to the husband, and you thought, I needed it.

Terence Toh 6:11
I need to understand well.

Erica Hall 6:12
I'll do my best but you know, in my mind, so I have a different, you know, bucket of my all my different accounts. And so I have my housekeeping account, which my shoot supermarket shopping, I have my mortgage account, obviously, that I'm very strict and making sure that that's always paid, I have my superannuation account. And then I have my fun account, which is my clothing and shoes account. And you know, I will be quite happy to actually not spend on that account for a month or two to actually get the really expensive pair of shoes that I really love and that's a relative value thing for me. So say, okay, in my mind, I've got a budget each month for each of my accounts. And I will forego my budget for one month to double it for the second month to get the actual pair of shoes that I want. Now that budget is going to be completely different from my housekeeping, it's going to be completely different for my

Nadia Hughes 7:03
I'm just checking Erica's shoes at the moment.

Erica Hall 7:06
Shoes that I was wearing really comfortable shoes, because it's cold and wet.

Terence Toh 7:11
And we are in Melbourne.

Erica Hall 7:12

Yeah. And I've put money stuff in my children. So what really resonated to me when I was reading the economic theory behind these separate accounts that we have, is I will not touch that the money that I'm putting aside for my children no matter what even if I owe money, my credit card. Now that actually is not rational because my credit card has a really high interest on it, I should be able to move the money from my children's savings account that I'm putting aside for them to pay my credit card. But I wont because that is a separate account that has got a purpose, it's got a long term purpose. And I would feel like I was taking money from my children and that's not a rational decision. That's an emotional decision.

Nadia Hughes 7:47
It's in a numerical sense. It's makes you real soft. In the well being sense of you feeling about yourself, you actually feeling more comfortable and this is a paradox. People always caught and you call it bias, bias that's right.

Erica Hall 8:02
These are the biases that we sort of undertake on a daily basis. So the whole mental accounting component that we've just been talking about. That's a lot of Richard Thaler's life work, the guy that won the prize for the behavioral economics in 2017. He's the one that came up against this whole, or what do you want to determine is how do people make decisions about money? Why do people spend more on a credit card than they will if they pay cash, for example?

Nadia Hughes 8:27
So tell me why because credit card debt is huge in Australia. And when like for us immigrants, I was shocked how people can save money. So they spent money they haven't earned. And I guess I'm coming from background where I will be and later on we explain it. But I would be defender in my

Erica Hall 8:47
Yes, it's to do with transaction decoupling. So you actually buy it now, but you pay for it later and so in your mind, it's sort of separated out and sort of goes into a different bucket and that's really the premise why people will be prepared to pay more on credit card and they will when they're paying cash. It's because you're getting the good now, but you're paying for it later. And it's really dangerous, right?

Nadia Hughes 9:08
It's only prevalent here, really comfortable country. But nobody from overseas, especially from area with the experience hyperinflation or anything like that. People from let's say, Eastern Europe, they look at this, like, it's insane.

Erica Hall 9:24
I think you touched on a really good point there because it definitely the way that we think about money and relate to money definitely comes back to the experiences that we've had. And so we've done some studies on that in the US and shown that it different people from different countries that have experienced such things such as hyperinflation people at different ages that have gone through a depression or recession, will think about money

differently and will respond to that differently. So it's that whole past experience, which were talking about before, and how that we're making all these shortcuts and a behaviours drive decision making. That past experience definitely has a role to play. And so you think about a lot Australian, you really for a long period time, we definitely had the Banana Republic and the recession we had to have back in the late 80's. Pretty much since then we've been in a pretty robust economic situation, and so a lot of people haven't had.

Nadia Hughes 10:22
So we bred generational park to pay

Erica Hall 10:24
Correct.

Nadia Hughes 10:25
and it's absolutely scares me. I'm looking at my other daughter, one is very she can she's independent. Another one is consumer. It's just really, so I think we come in, I'm already touching base on this categorization. So I really would like you to give us this little separation of consumers different type of consumers, so I can refer to it now.

Erica Hall 10:47
Yes, of course. So in Morningstar office in the US, we have a nine member team of behavioral economists and all that chain by the PhD qualified behavioral economists. They're doing some really interesting bespoke research on behavioral economics and trying to really make it practical for people to use and so one of the pieces of research that's been undertaken by a lady called Dr. Sarah Newcomb is around financial health. And so she's really tried to identify what makes somebody financially healthy. And what she's, you know, all the economic theory will show you that if you actually have a robust financial situation, then you therefore are financially healthy,

Nadia Hughes 11:32
Basically good balance sheet.

Erica Hall 11:33
Yeah, exactly. So you know, and you know, as accountants and advisors and business people will look at your assets and liabilities, income versus expenses, and you know, and looking purely at the numbers, and what they generate and so that's what all the economic theory is looking at, just you know, how do you look from a balance sheet perspective. And so, there's a great story about a lady that's no longer with us. She's have been gone a long time, actually over 100 years and her name is Hetty Green and she's a really extreme case of it can really sort of, I guess, illustrate what we're talking about here.

Nadia Hughes 12:06
I love stories.

Erica Hall 12:08

But this lady, I find her absolutely fascinating. So she inherit $5 million, which is equivalent to a hundred billion dollars in today's terms, and through prudent investing and it was pretty a simple approach, actually, which was basically buy assets when they're low and sell them when they were high and sort of repeat, she was able to generate and accumulate over $2 billions in her lifetime. So she was an incredibly astute investor and so she became known as the witch of Wall Street. Now, women really weren't prevalent in investing at that time, you think back over 100 years ago. And so it's not a particularly endearing term, you know, why was she called The Witch of Wall Street and it's probably for two reasons. One, she always wore a very dull black dress and two she was known to be incredibly miserly and in fact, she's noted in the Guinness Book of Record as a most miserly person, which is not a great new claim to fame, I suppose. And that as the story goes, you know, an extreme example of how miserly she was, is that her son injured himself sledding, and he injured his knee quite badly. So he needed medical attention and she was too miserly to actually pay for a doctor. Now, this is a woman who, as I said, before, incredibly successful investor has over a couple of billion dollars in today's terms, richest woman in America, potentially the richest woman in the world at the time, has no issue in being able to afford medical care for her son, yet cannot bring herself to spend a dollar to go and get him medical assistance. Now, to be fair, what she did do is she apparently literally dressed herself up in rags, went down to the free medical clinic where the doctors were volunteering their time to seek medical attention. So she didn't completely ignore the injury.

Nadia Hughes 14:00
What a good mother.

Erica Hall 14:02
But she didn't pay to get him the best of care. And actually, his leg end up having to be amputated. And so you kind of look at that and go, wow, what is going on with in this woman's mind? Because clearly, she's financially secure. So this isn't a financial issue. This is an emotional issue, and how do we help her solve for this, and there's a whole heap of other examples of her really sort of miserly behaviors.

Nadia Hughes 14:27
I just can't imagine our listeners go in, and they had just recollecting in whom they know, acting like Hetty Green at the moment, and I'm pretty sure somebody's calling their mother in law, some of them recollect their father, or their neighbor or their business partner, anybody would recognize it so recognizable this pattern. And there are apparently four patterns. We just identified one of them, and what do you call it?

Erica Hall 14:53
Yes. So what we got four quadrants of behaviors, and this one is called a defender. So defender actually does really well in all the financial metrics, financially secure, but they don't feel it. They actually worried they don't sleep at night. They over save actually, which I know it sounds like a really sort of strange term, but that's what they're doing. They're over saving to protect and defend their wealth. Warren Buffett even said, recently, I think a report came out a week ago, that, you know, doubling your money will not make you happy and I think that's really interesting as a,

Nadia Hughes 15:26
But trippling come other because it's coming from here.

Erica Hall 15:29
Yeah, so he's a billionaire, he's incredibly successful investor, absolutely, you know, held up as one of the most successful investors of all time, and he's telling us, you know, money doesn't equal happiness. Now, I know, we'd all like to try and test that theory, I give me a billion dollars, I'll let you know if I'm happier or not. But this is kind of comes to the crux of the research that we undertake, and so defenders, financially robust, emotionally, not healthy. Then we have the masters. So the masters are people that we all want to be and I don't think I'm a master yet. I think I've actually been at everything single quadrant that we're going to go through. So a master is someone that is financially robust, the balance sheet absolutely stacks up, but they're also emotionally healthy, they are spending when they need to, they're not overspending, they've got enough for their retirement, they should never run out. They are they've got it absolutely all under control, they're living a good full happy life and a financially robust, and that's what we should all aspire to be. Then we have the consumers and the consumers are those that are incredibly happy, absolutely happy

Nadia Hughes 16:31
Avocado smashes.

Erica Hall 16:33
That's right there, they're eating this mashed avocado, they're wearing the latest fashions that going to all the latest restaurants are going on amazing holidays are probably driving a really beautiful European car. But they're living paycheck to paycheck, they're not thinking about the future, or they're living in the now. And so from balance sheet perspective, they've got nothing, but they're having a great time, and they're as happy as you could be. So,

Nadia Hughes 16:55
I recently heard from very young guy, I asked him to explain me this phenomena because they are living life. What is it about you guys, your generation? What are you actually doing? And he said, we accumulate in experience, because when you die, all you will remember is your experience, you won't care about how much money in the bank, you have got. Another key, you got the point but there is a problem. If you do have to pay for the leg of your son.

Erica Hall 17:23
Correct? Exactly. Oh, you know, you do want to have a house, you know, and when you retire, you want to be able to have a decent retirement and be able to afford to go and have your smashed avocado or you have a latte or maybe even go on an overseas trip every couple of years. So yeah, and we'll talk about how you can coach to help people through those behaviors. So clearly what's happening with consumers is they are living in the now they're not thinking about the future and so part of the challenge is to get them thinking a little bit about the future. We don't want them to be miserable, we want them to be happy. But we also want them to be putting a little bit aside for a rainy day or for the future. And then the final quadrant is the worst of all, which is and I don't really like the term the term is

strugglers, and you know, these are the vulnerable that basically, they're not financially secure, but they knowish, and they're trying to protect and defend what little they have, that, you know, they have so little anyway and so they're really living, you know, day by day, you know, really sort of tough circumstance and worrying when the bills come in. Now, if I think about my own self, when I first graduated from university, I moved out of homes renting, a struggler big time. You know, and I was paying off my Hickstead. And, you know, I was living paycheck to paycheck, and it was really hard to get ahead, and I was wanting to get ahead, but I was really, really hard. Then I've kind of my Hickstead started sort of, I guess getting a bit more income through and then I think I became a consumer big time and so I was just spending you and was definitely not thinking about the future whatsoever. Luckily, we live in Australia, we have the new superannuation system that requires us to contribute so otherwise, otherwise, I may not have had anything put aside at all. So that was the only thing that was

Nadia Hughes 19:04
That's the interesting point you are touching. Because it's anyone I know, because I don't know many to wealthy people. But going through this transition from really extreme struggle out to suddenly they say 40 years of having this first mind and not saving but rewarding yourself for all hardships they had to endure

Erica Hall 19:22
exactly

Nadia Hughes 19:22
and it is such a typical example. And people start booking holiday start living life, and they exaggerate it is compensation.

Erica Hall 19:30
Yeah. And I think you think it's going to go on forever as well, you just living in the moment. And you know, it's a bit of a trap. And so then, obviously, I got married, I had children and got a mortgage, and worked really hard at paying that all you off as much as possible, got myself into a reasonable robust financial situation, have some money in the bank. And now I'm terrified of losing it. And I don't want to spend it say. I'm not to the point of Hetty Green yet but here and so my challenge is now to get across to be the master and so I'm working on that. And so that's the thing, I think, no matter what quadrant you're in at the moment, you don't necessarily need to stay there. And then there's lots of things that we can do to move the different quadrants to actually then become you know a master.

Nadia Hughes 20:15
We also have businesses which can be classified as sort of going through those quadrants.

Terence Toh 20:23
I've just been mapping out the quadrant Am I am I am I on?

Nadia Hughes 20:27
Terence is a master of all

Terence Toh 20:29
I'm on track?

Erica Hall 20:30
Yeah you got it, he's actually done it. That's ridiculous.

Terence Toh 20:34
As you've been talking I've just been kind of quietly having a look at this. It's great for me, I might we might even put this up on the

Nadia Hughes 20:40
Absolutely.

Terence Toh 20:40
website if we're allowed to, I'm sure we can to.

Nadia Hughes 20:42
Absolutely we will have reference to it was one of the it's a similar and I'm think why did I think about I don't because everything genius would never comes up something complicated. Come up with some simple truth, which resonates with everybody yet nobody could identify it. So simply. That's what I really liked about this fear.

Terence Toh 21:03
Do you have any research to tell us? You know, how many people or businesses if we, if we can talk in either terms?

Erica Hall 21:09
Yeah.

Terence Toh 21:10
Actually sit in one of in either of these quadrants.

Erica Hall 21:12
So the only thing that I've heard from Dr. Sarah Newcomb is that most people are in the struggler, actually. So that's where the majority of people sit.

Nadia Hughes 21:20
Most people would be also a lot of people going in in their own business. They businesses will be struggle and latest statistics, I went to breakfast, I always go to breakfast with insolvency people stay the same thing. That's why people do not survive. Businesses do not survive they struggles they can't make ends meet.

Terence Toh 21:39
So can we just expand on the traits of you know, each each one of you know, someone who sits in each one of the quadrants?

Erica Hall 21:46
Yep. So a master is someone that's got a great balance sheet and also has enough money to do what they need to do now, but put some money away for the future as well.

Nadia Hughes 21:57
I identify that they live now and they think of them.

Erica Hall 22:01
Yep. Yeah, they're definitely thinking you short term and long term, they're thinking holistically about the whole the whole new life cycle, I suppose. So whether you're a business or a person. Then the defender there, you've got a great strong balance sheet, but they're fearful and they're not spending a cent, they're not putting back into the business or they're not investing for the future. They're just sorry, in terms of sorry. Then you've got the defender who's got a really strong balance sheet, and they're not spending any money. Now they're putting it all into the future. Yeah, they're basically saving it all. And they're not actually sort of, you know, maybe spending the money to grow the business or spending money to just enjoy themselves to reward themselves a little bit to perhaps go on holiday.

Nadia Hughes 22:43
Listen, why am I entire Soviet Union full of defenders, and my grandma had the most elaborate funeral, which she prepared herself for? Yet she lived such a frugal life but her funeral were fantastic.

Erica Hall 22:57
Yeah. And then the consumer is just living you know day to day, and just so emotionally fantastic, you know, but their balance sheets, no good at all.

Nadia Hughes 23:08
Are they really emotionally fantastic? Don't they have these moments of being scared?

Erica Hall 23:14
Maybe they do. But generally speaking, they're just pretty happy.

Terence Toh 23:19
So but what we're talking about is, you know, at the point in time, where their financial strengths kind of moves the wrong way too far.

Erica Hall 23:27
Yeah,

Terence Toh 23:27
then they go into the struggle category.

Erica Hall 23:28

Yeah, correct? That's right, it can move between the quadrants, and then the struggle is that those that are not, they don't have a strong balance sheet. And they know which, and they are doing their best to improve their financial situation, but they can't let fear really palace. And I think that that then comes into what the play who, who am I talking to? Where do I see it, you know, on this quadrant, because it needs to premodel to be useful, you need to sort of, you know, be able to apply it. And so it's pretty simple actually, to work out where you sit on the scale. It's basically relates to psychological factors. And it's how far ahead we think. And then it's also whether we feel empowered or not. And so you know, if you want to know where you sit, or where your clients sit on this, you just got to ask two questions of yourself or if your clients, when you think about money, how far ahead do you usually plan. Now, if you're just planning week to week or month to month or even out to a year, you're short term thinker, and if you're a short term thinker, then you are sitting in that consumer or struggler quadrant. And then you know if you're thinking anywhere beyond 10 years, you're likely to be a defender or a master. And what I think what was really interesting was a study that was undertaken by Dr. Sarah Newcomb and the team. And it was a US study, to be fair, they found that pretty much every year thought out further. So if every year that you were thinking into the future, basically equated to $20,000 more saved. So someone that was thinking 10 years, plus ahead substantially more so than someone that was just thinking, you know, very short term. So the benefit, then as a business owner, or as a individual is if you say move from one year to two years, you're going to be 20,000 better off, you've moved from two to three years, you're going to be 40,000 better off, you know, if the American model rings true in Australia, by simply changing your mindset, your mental mindset, that your money, you will actually start saving more effectively. And I think that's super powerful. Because we can't control you know, a lot of things in our lives in term, we may not be able to control our income, we certainly can't control our age or agenda. It's difficult to control education.

Nadia Hughes 23:49
All of it is doubtful that you have said, because everything can be controlled.

Erica Hall 25:47
But you know, we can definitely change our mindset.

Nadia Hughes 25:57
Botox, gender changer and definitely where's the advice you can control your balance.

Terence Toh 26:03
I don't know where this podcast is going.

Erica Hall 26:05
Yeah, maybe you can try to tell the way you you look in terms of age,

Nadia Hughes 26:09
lighten these things up, because we are going into very heavy one. Sure. I really want to understand how people should be moving and like really want to understand how not to put people to stay trapped in these quadrants.

Erica Hall 26:23
Yeah, absolutely. So you know. So with the behavioral coaching for those that are in the, you know, looking short term thinking short term living in the moment, that all you need to do is start to get them to visualize the future. So what we've discovered or what the behavioral finance shows us is, there's this thing called psychological distance. And so we've all got we basically value, what's happening here, now, you're more than we do what's going to happen 100 years time across the other side of the world to someone else, we don't know. However, what we can do is actually bring the future closer to us and by visualization, and so a lot of you will probably already do that with your clients. If you're talking to clients in talking about, you know, the future, you already be undertaking this visualization sort of exercises to help you paint the picture of what the future could look like, to make it more realistic.

Nadia Hughes 27:14
And when I visualized with my clients within an interesting thing is people who feel less empowered, they use very abstract language, that would be some way in a future. If you ask them to draw a future picture, they would use obstructed, they are well off what does it mean to be well off? And we are going through exercise and it's actually torture is to them, because what you're trying to do is give this detail become from abstract to concrete. And I'm asking them, what does it look like be able to help your children when you retire? Yeah, it is explained.

Erica Hall 27:48
You're absolutely right, Nadia. So that's the challenge, you've got to really make it clear to them because at the moment, those that are looking really short term, it's just a fuzzy out there, you know, like, it's just meaningless almost to them. It's just the not something real

Nadia Hughes 28:00
I want to afford to have holidays. Where do you fall? It's, I'm become this past and where do you would like to go for holidays? How much it cost? What does it look like she's wise three times a year,

Erica Hall 28:11
That is perfect, because that's what you need to do, you need to give them the clarity for them to then go, okay, because then they're gonna be more on board with actually, you know, undertaking the activity for going something now for the future, if it's actually more real to them so it's super important. And then another example of how you can do this, which I found really amusing is there's a professor that basically has this software where you can age someone's face, so to take a picture of someone and then age them by 10 years or so,

Nadia Hughes 28:38
Just don't put make up on, in the morning can look.

Erica Hall 28:43
And really that had a profound effect as well, that really helped people kind of see their future because you know, here they are 10 years older.

Nadia Hughes 28:50
Do you know what my clients told me? When I ask them to take a tour in the future? They go to me, it's so depressing. That's when you knows I need help.

Erica Hall 28:59
Yes, absolutely.

Nadia Hughes 29:00
And when people going to future quite freelance at? I go and think they actually OK, that's funny. It has nothing to do with money. It's all about language they are using.

Erica Hall 29:09
Absolutely. Absolutely. So you know, I just think that just knowing that and knowing that that's what's driving, you know, people that you know, we've all got this, we all value the now more than the future, but those that are defenders and masters are can also forgo a dollar now for the future, and they can see the future more clearly. So we know that the strugglers and the consumers are struggling to see the future. So if we can help them see it more clearly, and show them that when you what that looks like, they are then going to be better off financially. And then I know you're going to then say to me, okay, that's fine, you're looking for the future and saving money. But what if I'm on a really low income? How am I going to do that? So you're, you know, that all makes sense if you're on a high income, or if I'm getting closer to retirement, because, you know, it's obviously some breathing down my neck. But what their studies so they actually did it, then control for that. And I started that even then mental mindset and actually was twice as predictive as any other factor. And yes, ageing income did matter. But the mental mindset mattered more, twice as much. And so I think that that's super, super interesting, because again, it's something quite simple that we can actually coach our clients through a coach ourselves through to get a better outcome.

Nadia Hughes 30:23
Because savings are compounding, even in worst situation you think you are, it's still a choice by brand of ice cream, brand of bread or deciding how much you're going to eat and how much you're going to spend on the groceries, there is there is an element of discretion. As soon as you have element of discretion, you have element of savings there. It's a decision and commitment to this decision. That's what makes people who wealthy and I always, but when people come to I'm a financial planner, as well, when people come to my consultation, it's not their balance sheet at the time will make them successful in the future. If their attitude to their what they do with money and my think always to them is I don't care how much you have go to how much you can save. It's what you do is it is important. And I explained them the theory of compounding how it works in snowball and the surface of snowball. It's just interesting, I'm not going to take you away from your what you telling because it's fascinating. But it's all comes such as a one simple truth. Don't worry, how much you earn, worry how much you spend and what to save and what you save it on.

Erica Hall 30:24
I absolutely agree. And it kind of goes on to the next point, because it was sort of saying there's two questions you need to ask to work out where you seat on the quadrants. The

other one is, you know, do you feel like you control your own financial destiny? Or do you feel like you're at the whim of external factors, and those that are feeling really powerless. So that's the defender and the struggler. They just feel like they have no control at whatsoever, you know, they feel completely disempowered. And so that's why they're behaving the way they do. That's why they're trying to protect what they can. That's why you know, the defenders over saving, and that's why they're not emotionally sort of robust or happy or you know enjoying life. And so, again, I get that, you know that how do you coach someone through that? We can show them all the ways that they can be empowered, and you touch on those just before, Nadia? So it's like, yes, you know, you can't control markets, for example, you don't know, you know, what's going to happen there with absolute certainty, but you can control how much you spend, how much you save, you know, whether you have the plan, what your asset allocation looks like, there's a lot you can do to actually have some power, you're not completely powerless, you are not at the mercy of external forces, you do have some internal capability to drive your outcome. And if you can coach people through that, then that is a massive advantage. Because at the moment, if you're sitting again, across the table from a defender, or from a struggler, they're not feeling that they've just feel like I've just there's nothing I can do.

Nadia Hughes 33:14
That's interesting. Defenders look down upon strugglers big time and strugglers despise defenders because they're filthy rich. That's where the term filthy rich comes. And masters I suppose they just search fields and don't care about annual fees. They don't get caught in this dramas of the market or anything, say just like Yogi sitting there waiting for the right time to strike another pose. And the consumers. Well, the kids, they in the some are adults are still kids. Yeah, that's what they're doing. That's why there is lack of perspective they're living in now because they don't know what future is.

Erica Hall 33:52
Yeah, I agree. Absolutely agree.

Nadia Hughes 33:54
That's my reveal.

Terence Toh 33:56
So one of the things I guess that I'm taking from this and I don't know whether it's accurate or not, so just check in and see if it is. Is that really what you're doing is is attaching an emotion to an outcome or to an action, if that makes sense?

Erica Hall 34:11
Yeah. So what we're saying is the economic theory is all about the balance sheet and the numbers and the numbers are important that actually, it's the story behind the numbers that actually really matter. And you need to look at it holistically, because the way people make decisions and their relationships with money isn't as emotional, and not just purely rational and factual based on the numbers. And so this is why these four quadrants that they mapped out to sort of show, you know, your defender and your master both have amazing balance sheets. But your masters got it under control, and it's living a full and happy life.

Good defender is not sleeping at night and worried and it's stewing about what they can afford to buy their grandkids at present, or whether they can afford to go overseas or whether they can actually go out for dinner that night. And that's not a great outcomes and realities, they do it got enough, but they just don't feel it. They really worried. And so you can help coach them through that.

Terence Toh 35:09
Alright, so I guess, you know, and I love things, like I said, I've been mapping out this quadrant. So is it that I mean, cuz kind of what I'm hearing is the place that we really want to get to, for most people is master. But is that really suitable for everyone?

Erica Hall 35:23
Well, we think so.

Terence Toh 35:25
Okay, cool.

Erica Hall 35:25
We think yeah. We think it's achievable for everyone here? That's Nirvana.

Terence Toh 35:29
Okay,

Erica Hall 35:29
that would be great. Yeah. And we think through coaching, because it's basically all that mental mindset. So mental time is money. That's what the research has shown that the further out you think the more money you will be able to accumulate. And power is happiness, the more empowered you feel about your own financial destiny, the happier going to be. And the fallacy of the whole economic theory is that the more you have, then naturally, happiness will follow. But the realities with shown with Hetty Green in her story, that is absolutely not necessarily the case. And you need to look at it holistically.

Nadia Hughes 36:06
And another fellas if you're going to dispel for us, it's certainty of games and so the mindset in to your flaws is a bit with the that's an interesting one as well, because people making decisions, people invest in the markets, also making decisions and say everyday a business reality, business on and that's one was very interesting I pick up on your presentation as well.

Erica Hall 36:28
Perfect. So this is all about the power of framing, I suppose and how we frame a question will determine the outcomes. And this really comes back to research undertaken by Daniel Kahneman, and I must have skipped back in 1979. So it's not new research at all but it's, it's really the cornerstone of behavioral finance. And what they discovered was this theory called Prospect Theory. And part of the prospect theory sort of relates to loss aversion. And so what they uncovered is that as humans, we really hate losses, and we will do whatever we

can to avoid a certain loss. And the other thing we really hate is uncertainty. So and so the theory that they have came up with this prospect theory was to show that, you know, humans are first of all incredibly irrational, but actually predictably, so. And with that, that, depending on how they would frame a question, even if the it was an equivalent scenario, the same people would show both risk seeking behavior and risk adverse behavior. So it just completely bonkers. So what was that experiment that they undertook? So basically, they said, rush? I'm gonna give you $1,000.

Nadia Hughes 37:48
Another story?

Erica Hall 37:49
Yes. So this is the year that I guess the group of people that they were using as their study. So I'm going to give you $1,000 and I got to give you two options,

Nadia Hughes 38:02
Why don't you believe in us?

Erica Hall 38:03
Yeah,

Nadia Hughes 38:04
Give it to Terence and give it to me.

Erica Hall 38:05
Sure. Okay. So you've got $1,000.

Nadia Hughes 38:07
Yeah.

Erica Hall 38:08
And I'm going to give you two options, I'm going to give an option to double your money to $2,000. Or I'm going to give you an option that nothing happens at all, and you just keep your thousand dollars. So that's your first option. So we're going to flip a coin. So that says heads, get another thousand bucks, says tails. You just keep your money, you don't get anything. The second option is I'm going to give you $500 for sure. Now, which option would you like?

Terence Toh 38:36
Out of those two options?

Erica Hall 38:37
Yeah.

Terence Toh 38:39
So either you get $1,000 which you could double or keep?

Erica Hall 38:43
Yep,

Terence Toh 38:43
Or get a $500.

Erica Hall 38:45
Yeah, for sure. You still keep your thousand dollars and you get an extra $500.

Terence Toh 38:49
So you start off. So if I start off with the thousand dollar, sorry I misunderstood your question. So I've already got the thousand dollars,

Erica Hall 38:55
You've got $1,000. I've given you $1,000. I'm feeling very generous today.

Terence Toh 38:58
Okay, great.

Erica Hall 39:03
And I've got another thousand

Terence Toh 39:04
The most profitable podcast I've done so far actually just think about it. Okay, so we start off with $1,000.

Erica Hall 39:09
Yep.

Terence Toh 39:09
We've then got the option to double it or keep it but at least two separate decisions. Because what you're saying is there's an extra $500

Erica Hall 39:15
Yep. So, so one decision is, so one option called option A is it. We're going to flip a coin and if the coin lands on heads, I'm going to give you another thousand dollars. And if it lands on tails, nothing happens. You just don't you just keep your thousand dollars. So you've got the ability here on a coin toss to double your money. Or I've got a second option, which is just I'll give you a $500. Now, you got it for sure.

Terence Toh 39:44
Right, rather than flipping the coin.

Erica Hall 39:45
Yeah, that's right.

Terence Toh 39:46
Right. So it's the option of either getting somewhere between 1000 and extra thousand dollars

Erica Hall 39:51
Yeap.

Terence Toh 39:51
or zero or definitely getting the extra 500.

Erica Hall 39:54
Correct?

Terence Toh 39:55
Sure.

Nadia Hughes 39:57
So which one are you going for?

Terence Toh 39:59
I don't know it is? I didn't realize I did have to make this decisions of this size. I'm glad we just started like 1000 or $500 and not you know a million

Nadia Hughes 40:08
I will take at the risk of sound ridiculous. Like be laughed it. I will take the first one a double. I want to double my money.

Erica Hall 40:16
Yeah.

Terence Toh 40:16
I'd be going B.

Erica Hall 40:17
Yep. Okay, perfect. So what happened?

Nadia Hughes 40:20
Could you please profile as who is defender...

Erica Hall 40:23
What's happening here is it Nadia's pretty risk taking here. But you're actually taking the

Nadia Hughes 40:29
My mind rationale behind it is just I still got the grand

Erica Hall 40:33
Yeah. And look. And it's absolutely logical rational decision to make like, absolutely. And so that's what all the economic theory would expect you to make that decision. But what the prospect theory and you can speak, what the prospects theory found is that most people would take option B, they were actually like, I've just take the payment on so short. I'm happy with it. That's great and that's actually the less risky option, right? So that

Terence Toh 40:57
I ended up with $1500

Erica Hall 40:58
Yeah, you've done well, yeah, it's all good. But you know, you've

Terence Toh 41:01
Profitable podcast.

Erica Hall 41:02
Yeah, you potentially missed out on you know the $500

Terence Toh 41:04
Do you want to flip that coin, Nadia?

Nadia Hughes 41:06
Oh that would be awesome. At the end of the podcast, we actually flipping in coin.

Terence Toh 41:11
So sure, let's do that.

Erica Hall 41:15
So that's that one, and then this the equivalent is now I'm gonna give you $2,000?

Nadia Hughes 41:21
Yep.

Erica Hall 41:21
And I hope I can remember this, and you've got the option of losing nothing, or potentially losing $1,000. Or you've got the option of losing $500 for sure. So this time, you've got $2,000, you started with $2,000. I'm going to flip the coin and, you know, heads, nothing happens. Tails, you lose 1000 or you lose $500 for sure. Now,

Terence Toh 41:53
Okay.

Erica Hall 41:53
what are you going to do?

Terence Toh 41:54
So you're losing somewhere between zero and $1,000 depending on the flip of the coin? Or you guaranteed to lose 500?

Nadia Hughes 42:01
Huh? Yes,

Terence Toh 42:02
yep. So you start off with $2000. Flip the coin heads, you've lost.

Nadia Hughes 42:07
Well I've got 2000, you got only 1500. So I'm sorry.

Terence Toh 42:10
No, we haven't flipped your coin to begin with. Know, we're going we're starting over $2,000. Option monies, we get to flip a coin. Say it's heads, you lose zero and tails you lose 1000. So you end up with 1000 or you just guarantee you end up with 1500 dollars the end of it?

Nadia Hughes 42:29
Well, I will always go fortunately. Because thousand is a thousand deal.

Erica Hall 42:35
Because they didn't have $2,000 she's got the ability of taking home $2,000 or a $1000.

Terence Toh 42:41
Yeah.

Erica Hall 42:42
Or you've got the ability

Terence Toh 42:43
That's a high risky.

Erica Hall 42:44
Yeah.

Terence Toh 42:46
I really not? It wouldn't bother me too much. To be honest, I'd I'd probably go option B. But probably with the crowd, I think,

Erica Hall 42:52
Well, funnily enough, the crowd flipped and so they actually did hated the prospect of losing $500 for sure. So which happy to take the risk and to actually, you know, potentially not lose anything.

Terence Toh 43:07

Right?

Erica Hall 43:08
So that this is the whole premise behind Prospect Theory, right? Is that two equivalent situations?

Terence Toh 43:14
Yep.

Erica Hall 43:15
Two different framings. One frame is, again, one frame, just a loss, and then two different outcomes in terms of risk seeking versus risk adverse.

Terence Toh 43:25
Okay. And so with the answers that we've given you to those two questions, can we now are we able to be profiled? Was there a lot more involved with in that?

Nadia Hughes 43:34
Just even in a trivial sense, we won't hold you responsible?

Erica Hall 43:38
Right, I think it's just showing that the way that we make decisions like so it's they're not based on sort of the laws of probability, it's more than that. And so it's really the fact that humans will do what they can to avoid a certain loss.

Terence Toh 43:51
Yeah sure.

Erica Hall 43:51
Right? And so if you framing something up as a loss, people will do whatever they can to avoid that loss. Whereas if you set something up as a game might buy one, get one free, it's much more appealing.

Terence Toh 44:03
Sure. And I think I've got a real life experience, which probably, so maybe that's why I went against the crowd for that one. Because my real life experiences that when I was 21, I decided that I had some money in the bank, and I needed to make a lot more.

Erica Hall 44:17
Yep.

Terence Toh 44:17
And do it as quickly as I possibly could and started trading shares.

Erica Hall 44:21
Yes.

Terence Toh 44:21
And then I quickly found futures and options.

Erica Hall 44:23
Oh, no. Okay.

Terence Toh 44:26
And I had basically my life savings, I had a little boy on the way we didn't know I was a little boy at the time, but it was a little boy in the way. And I had my life savings. And I went heavily into futures. Basically, I was trading to Sydney Price Index, which I think at the time was, I think it was 60 times leveraged something like that. It was a lot of leverage

Erica Hall 44:45
Yeap.

Terence Toh 44:46
that I really couldn't afford and I had everything in place. So I tried this. And I've been making like for about three or four weeks, I was making $2,000 a week, which back then for 21 year old 20 odd years ago was a decent amount of money. And I thought, yeah, I've got this, you know, and then the market kind of crashed on me, went down very quickly. But I had all of the stop losses in place. Right. But I didn't want to take like that little loss. Thinking I'm going to miss out on this always extra potential gains, I already had stop losses in place. So what I do is I override the stop losses, and ended up losing our savings pretty much it was about I don't know, I think I went from being about 8 or $10,000 up or something like that to being about 30 or $40,000 goes down. Right. So it was a big turnaround.

Erica Hall 45:36
Yeah.

Terence Toh 45:36
And just because I wouldn't lock in the

Erica Hall 45:39
small loss

Terence Toh 45:39
that loss.

Erica Hall 45:39
Yeah, absolutely. Yeah.

Nadia Hughes 45:41
People don't like to lose.

Erica Hall 45:43

That's right. Exactly. That's exactly right.

Terence Toh 45:45
Yes. Something like that. That I mean, because now I probably think about that differently. You know, will experiences like that change someone's perspective?

Erica Hall 45:54
Absolutely.

Terence Toh 45:54
Cool.

Erica Hall 45:55
Yeah, absolutely. And so and then this also comes into the whole behavioral biases components. And I said before, there's over 100 of them. And so you know, this is like recency bias, you expect, you know, what's happened most recently to continue to occur. So if you've had, you know, as a situation where you've been invested, and it's been going up and up and up, you just expect that that will continue on. And that is, you know, what happens to you most recently matters more, and so then and you expect the trend to continue and so that then does result in poor decision making. Either you're holding on to stocks that you shouldn't

Terence Toh 46:32
watch this thing go down.

Erica Hall 46:38
And then there's the other bias, which is this whole sort of confirmation bias. So you start to read everything that backs your theory. So it's like, maybe you raise up going, it's going to turn around, it's a blip at the moment and you you basically, say, kind of information that

Nadia Hughes 46:52
supports you.

Erica Hall 46:54
And that's another bias that we undertake. And then you know, there's over 100 of these biases. And once you you sort of understand them you can, I guess hold yourself to in check.

Nadia Hughes 47:04
I like how people collect the noise, which sounds familiar to them and they say. Therefore, they take hold the doubt as a truth.

Erica Hall 47:12
Yeah,

Terence Toh 47:12

Where do we find all the list of all these biases?

Erica Hall 47:15
Yeah. I've said, I've certainly got a lot I could share with you. This many of them is like, you know, following the head and following the crowd,

Erica Hall 47:24
there is another one, you know, there's quite a lot of comfort in that. And we talked about, you know, in real life, that makes a lot of sense. And it's a great example, in terms of, we're in a building, somebody calls fire people start running to the exits, you can't see any fire, you can't smell any smoke, what are you going to do get a run, and you know, in real life that's gonna hold you in good stead, you are likely to, you know, survive, follow the herd or the crowd. In investing, maybe not so much. And I think I gave an example, you know, ensuring that the tech boom, which happened here, as well as offshore, the dot-com boom, there was this company called sausage. And I just remember because it's such I had this tool called hotdog. And it went crazy, like it was just is phenomenal rise, and it kept on rising, and its IPO was in 1996. And the height of the tech boom, just before it all kind of, you know, tumbled down its shares with $40. And actually, its founders sold much of their shares at that point, like, because there was no actual fundamental reason for it to be that high, other than tech is fantastic. It's the future and therefore, you know, we're happy to pay up for tech. And it was it was this euphoria for tech stocks, and my husband's a software engineer, and he put all his super into tech stocks and like change, you think you should be diversified? Have you ever heard of diversification? Because I am in this industry, and I love this industry, and this industry is the future and I'm happy. And of course, you know, it is the future. We look now we've got the Fang stocks in your Facebook, Amazon only go etc, you know that tech stocks are absolutely dominating. But you've got to have the fundamentals behind it as well, you got actually have a real business that's generating real returns to

Terence Toh 48:20
Yeah sure.

Terence Toh 49:10
And those businesses. I think those businesses are starting to generate real return.

Erica Hall 49:14
Yeah, yeah. Yeah, that's right. And that. So that's what I'm saying, you know, they here to stay. But there was this euphoria at the time that just wasn't being matched by the actual underlying fundamentals. So anyway, long story short, that sausage stock went to $80.

Terence Toh 49:28
Right, from $40?

Erica Hall 49:29
Yeah.

Terence Toh 49:30

Well, I mean, I think what something I haven't heard much about recently, which might have been more,

Erica Hall 49:35
Might have been more essential, I remember.

Terence Toh 49:37
But, you know, haven't heard much about Bitcoin recently. I think it's probably, you know, yeah, it's probably another example. But that's maybe another conversation.

Nadia Hughes 49:47
In my theory, I'm just a conspiracy theorist. I think what is happening is some smart, but it is sitting there and orchestrating go choreographing entire hysteria, because they do know our biases, and they exploit it. And that's the reason why sausage founder was selling his shares, because he knew exactly the hysteria will die off. And it's his time.

Erica Hall 50:13
Yeah, he knew the fundamentals of this company. Right? It wasn't that it wasn't a great company, it's just that the price was just so disconnected to the actual value.

Nadia Hughes 50:22
An entire wall street is based on where we will move his history because they we all can can be nation with journalists, that's what they do. It's just two things, what city we're going to pull down the crowds' throat, and that's why not being a sheep is in business game can lead to better results. That hasn't been easy.

Terence Toh 50:43
So what would be your best advice? For somebody who wants to start moving quadrants?

Erica Hall 50:49
Yeah, well, I think

Nadia Hughes 50:50
See me.

Erica Hall 50:51
Yeah, it's definitely a good advice, you need a plan, right. And you need someone to help coach you through and someone to hold you to account. And so I mean, obviously get educated is helpful as well. But I actually myself, have been a financial advisor. And I actually have a masters of financial planning. I've been in the industry for many years, like over 20 years. But even for me, it's a benefit to actually go and talk to someone and actually, you know, have that person hold me to account and you know, and actually put this sort of laser light focus on it, because I'm busy. And as I said, before, you know, the amount of information that we are consuming on a daily basis is five over it was 20 years ago, we're making a lot of decisions all the time, trying to get home sometimes, and I can't even think about what I want to eat, I just don't even want to make any more decisions. So having

somebody helped guide you and coach you through and identify what your biases are, and what your challenges are, and hold you to account is the best way forward.

Terence Toh 51:46
Alright, cool.

Nadia Hughes 51:47
I've got another one very quick one at the end of the podcast. Choices,

Erica Hall 51:52
yes,

Nadia Hughes 51:52
a lot of people now in businesses offering a lot of choices to consumers and it's actually we offer a business service and we offer that service, what does it do to the consumers hand yet customers yet,

Erica Hall 52:04
So what we know through behaviours finance is that humans are terrible at making complex decision and I know even with my mobile phone plan. Oh my gosh, I can't even compare this it is so complicated. I don't know even know what to do anymore. So there is expectation that the more choices you offer the better. Because then the consumer maybe able to find exactly what they are lookign for. We gotta match exactly they needs but in reality what we find is that if you actually overwhelmed people with choices they wont make a choice at all. Or if they do make a choice they likely to consider or be regretful at those choices. And so this goes to a really interesting study, which is done by Ayangga and Ieppa back in 2000 and this is really the study that got me really into behavior finance actually. So they did a study in jams and chocolates and what they did is they had a limited selection of jams available to taste at a food market one Saturday. Then the following Saturday they had a really extensive tables of jams to taste. On the point thing that when you taste the jams and I hopefully gonna buy a jar of jam. Now, what table do you think generated the most interest.

Nadia Hughes 52:04
I know the answer, so I'll let Terence to answer.

Terence Toh 53:25
So we've got sorry, the two scenarios is playing out for me again.

Erica Hall 53:27
So were two different Saturday's. First Saturday, we've got a table set up in a food market and it's got six jams on it to taste and then we want you to go taste it and then buy a jam. The following Saturday, same food market, but this time instead of six jams, they've got 26 jams available

Terence Toh 53:49
Wow

Erica Hall 53:49
Yeah, we've got a lot more extensive you know, all going on.

Terence Toh 53:53
I'm betting on the less is better in that case.

Erica Hall 53:56
So what happens is the extensive jam table drives a lot of interest will get really excited about all the choices like wow, you know, we've got mango, we've got the papaya, we got kiwi fruit we've got, you know, path from you know, the strawberry, and apricot, you know, this is fantastic. So definitely a lot more foot traffic came past the jam table with the extensive choice. But as you sort of touching on which jam table sold the most jam? Well, it was a limited choice one was and it wasn't an insignificant difference either. There's smaller, limited choices jam table sold 10 times more jam than the larger jam table. So again, just making it easy. Curating the decisions to help people make a decision by not overwhelming them with choice is super important. And then the same group of behavioral scientists, actually psychologists did this another study this time with chocolates and with the chocolates. I also asked a follow up question people that had bought from both the limited chocolate choice table and the large chocolate choice table, how happy they were with their purchases. And those that are bought from the extensive chocolate table, were actually less happy because then they will kind of second guessing themselves because I had so many choices to make. So, I don't know. Yeah, I'm okay. Did I make the right one should have gone the mint instead of you know, the peanut. So it was quite ironic that not only did that first of all, we know that you that extensive choice resulted in less sales those that then had bought from extensive choice table were less satisfied with their choices what and will second guessing where they've made the right decision.

Nadia Hughes 55:31
How do you choose between butterscotch and English whatever they call it? Trauffles.

Terence Toh 55:40
What was the study called?

Erica Hall 55:41
So it was, I think it was called it's too much choice a good thing, I can definitely send you the link to it. And it's by a younger leaper far and it's

Nadia Hughes 55:48
I can see it in your eyes, because what you're doing right now you thinking about conversion, foot traffic doesn't mean conversion,

Terence Toh 55:56
No, I'm thinking about niche markets, that is

Nadia Hughes 55:58

exactly niche as well.

Terence Toh 56:00
People get scared to cut down their market. So what I say when I speak with business owners, entrepreneurs, there's this fear of missing out. So if they cut out, you know, like 90% of the available market, that they're fearful that they're going to miss out on, you know, a big portion of market.

Nadia Hughes 56:19
You got the good expression for this. You going to mile wide and

Terence Toh 56:23
yeah, so yeah, so they go a mile wide and an inch deep.

Erica Hall 56:25
Yep.

Terence Toh 56:26
Rather than going a mile deep, an inch wide.

Erica Hall 56:28
Yep.

Terence Toh 56:29
And and this is a really powerful, I think demonstration of the power of of nation, because what you're saying is, this is I've just summarize it, right? is extensive choice equals more traffic less sales lower satisfaction,

Erica Hall 56:44
correct?

Terence Toh 56:45
in general

Erica Hall 56:45
correct. Yep.

Terence Toh 56:47
Limited choice is less traffic 10 times your sales.

Erica Hall 56:50
Yep.

Terence Toh 56:51
And highest satisfaction.

Erica Hall 56:52
Correct.

Terence Toh 56:53
Right. So it's a really good argument. So to me, I'd love to kind of read up more about that now. I've learned a lot on this podcast. So I really appreciate you bringing all this stuff to our attention and it's something that I think I'm sure we'll be talking more about.

Nadia Hughes 57:08
And Erica, I would love to continue our dialogue is the reason is because I am an active consultant, I invite people to my boardroom, and I help them to turn their lives around and this exactly, exact point of working with a couple who has to change their biases. And I, at the moment couldn't back myself up with the research. All I it's in my blood, I understand that and I do have a degree in psychology. However, I was always looking for how do I combine knowledge of human behavior and finances because it's just so close and you can grow but then you just came in sum it up for me. I am utterly grateful.

Erica Hall 57:50
Absolutely. My pleasure look at I'm really pleased to be at Morningstar, where they've got all these amazing researchers that are doing all this work so that I can then share.

Nadia Hughes 57:59
And I will keep an eye on the so researches through you if you don't mind?

Erica Hall 58:02
Yeah of course,

Terence Toh 58:03
Yeah.

Nadia Hughes 58:03
We will keep an active dialogue.

Erica Hall 58:05
Perfect. Fantastic.

Terence Toh 58:06
And so this has been amazing. So again, thank you for bringing all of this great knowledge..

Nadia Hughes 58:11
I can't wait to flip the coin.

Terence Toh 58:13
Yes, we have to flip the coin afterwards.

Nadia Hughes 58:15

And we will take pictures.

Terence Toh 58:19
Will take photos and how much money Nadia lost anyway. So

Nadia Hughes 58:23
Can you put real money, just little bit but real.

Terence Toh 58:26
Yeah,

Erica Hall 58:26
Make it interesting.

Terence Toh 58:28
Sorry, Erica, how can our listener connect with you?

Erica Hall 58:30
Oh, well, I'm on LinkedIn. I'm on social media as well. So there are two ways. So I'm Erica Hall Au on Twitter. I'm Erica Hall Au, I think on LinkedIn as well.

Nadia Hughes 58:43
Where are you most active?

Erica Hall 58:45
Look, I'm probably most active on LinkedIn. So I have written a couple of behavioral finance articles on LinkedIn that you're welcome to look at. And so I haven't talked about the jam, chocolate, choice. And I have also talked a little bit about behavior finance relating to retirement actually in retirement income. So and I'm looking to sort of continue to write and post on LinkedIn. With Twitter, if I attend conferences, I tend to sort of write there but me LinkedIn is probably the best.

Terence Toh 59:14
Perfect All right,

Nadia Hughes 59:14
wonderful.

Terence Toh 59:15
Thanks for joining us today and we'll look forward on linking on you again soon. Thanks, Erica.

Narrator 59:15
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