

# **Billions on the Sidewalk**

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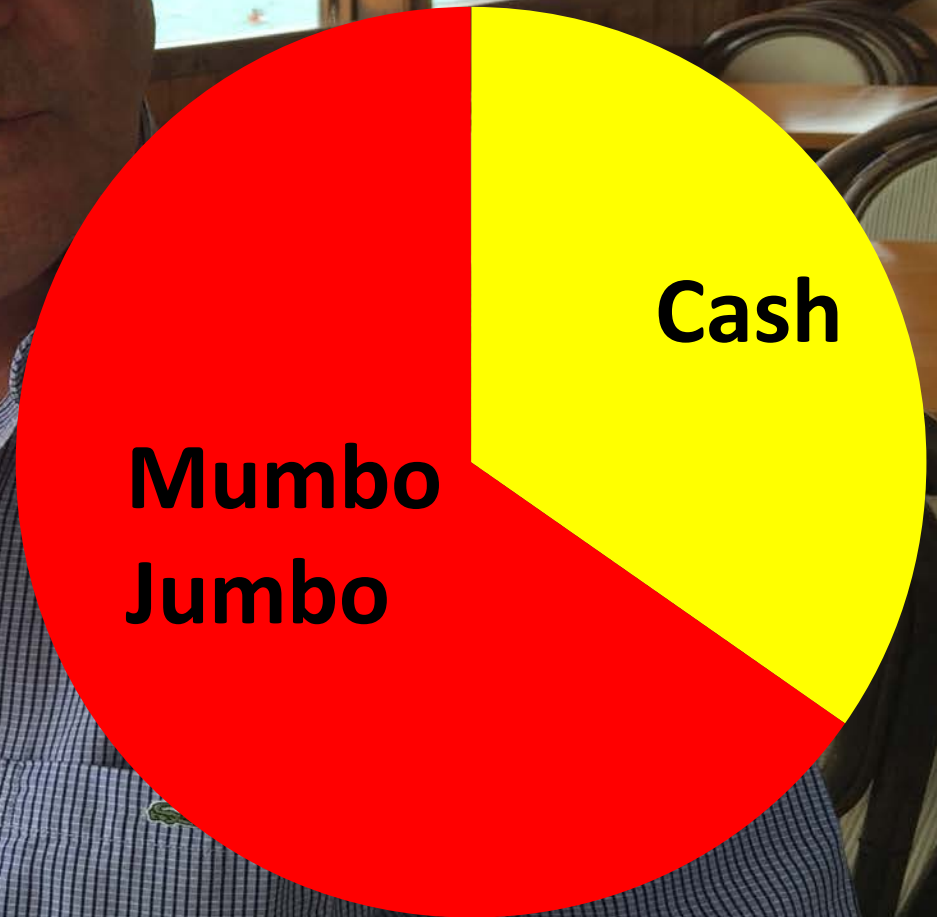
Symposium on Inclusive Growth & Development

Center for International Development at Harvard University , October 2, 2015

**1985**

**Cash**

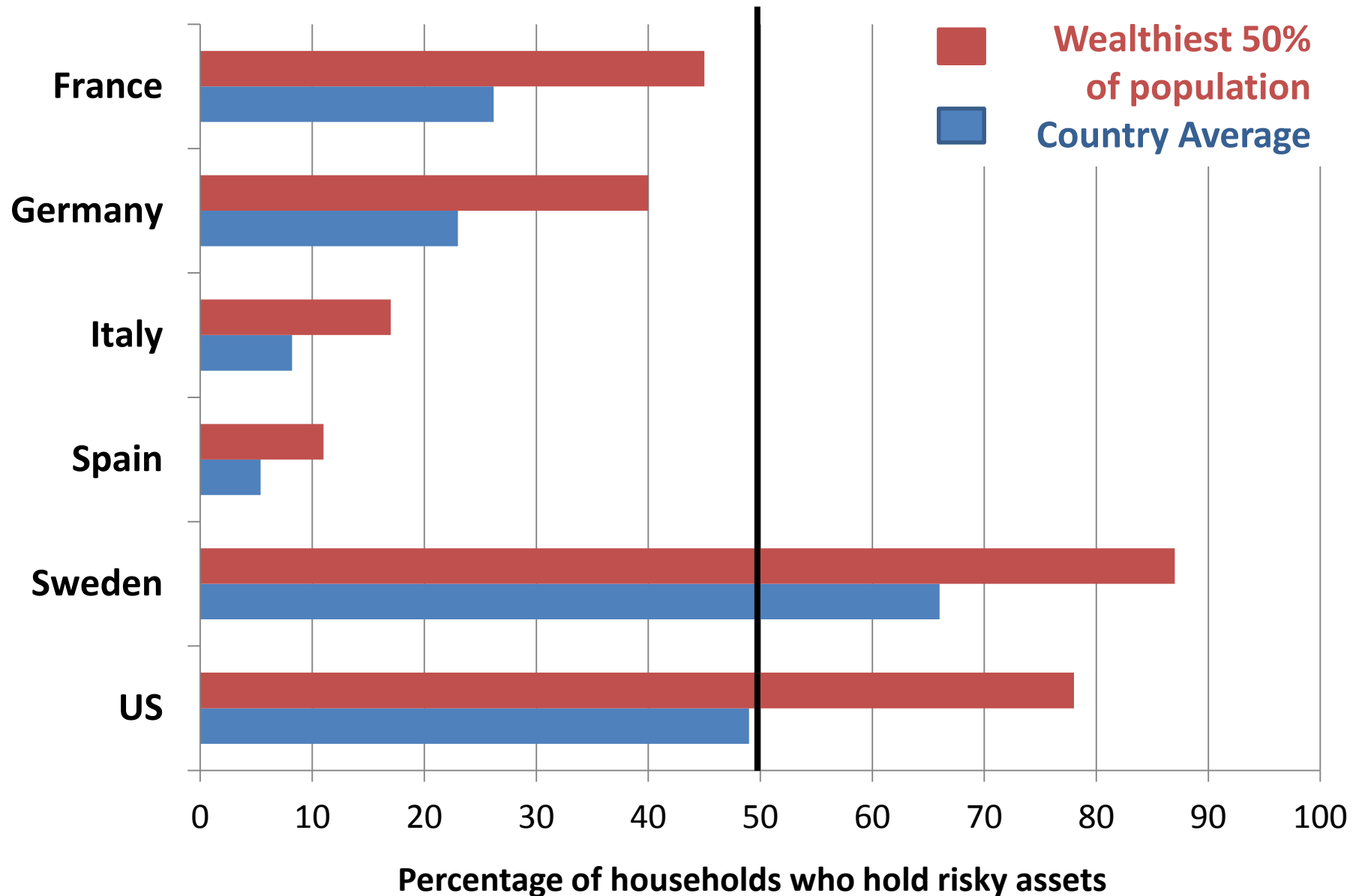
**Mumbo  
Jumbo**



# Investment Mistakes

- Non-participation

# Participation in Equity Markets



# Investment Mistakes

- Non-participation
- Underdiversification and home bias
- Activism and bad advice



# How much?



**One Hundred Billion Dollars**

# How much?

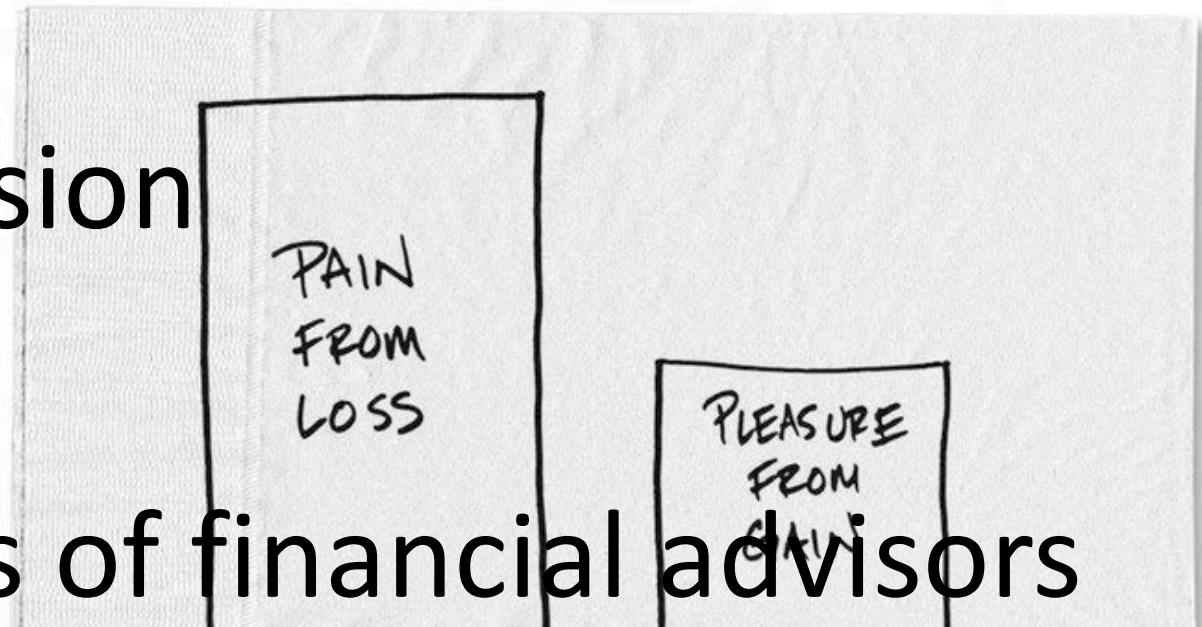
- Underdiversification & non participation in Sweden
  - 1% of GDP
- Activism in the US market
  - \$191 billion in fees
- 1% of advanced economies' GDP
  - **\$450 billion**





# Why Investment Mistakes?

- Lack of information
- Anxiety
- Loss Aversion
- Myopia
- Incentives of financial advisors



**CAUTION**



# Learning by Investing Flyer

- Description of investment mistakes
- Simple default options



# Why it may work

- Salient

- Simple

- Common knowledge

- The mere act of saying something publicly can *change the world* -even if what you said was *already known by everybody*. For it's possible that until the announcement not everyone knew that everyone knew the fact, or knew that everyone knew that everyone knew it, etc, and lack of common knowledge could influence decision





*Ceci n'est pas une pipe.*





450

400

350

300

250

200

150

100

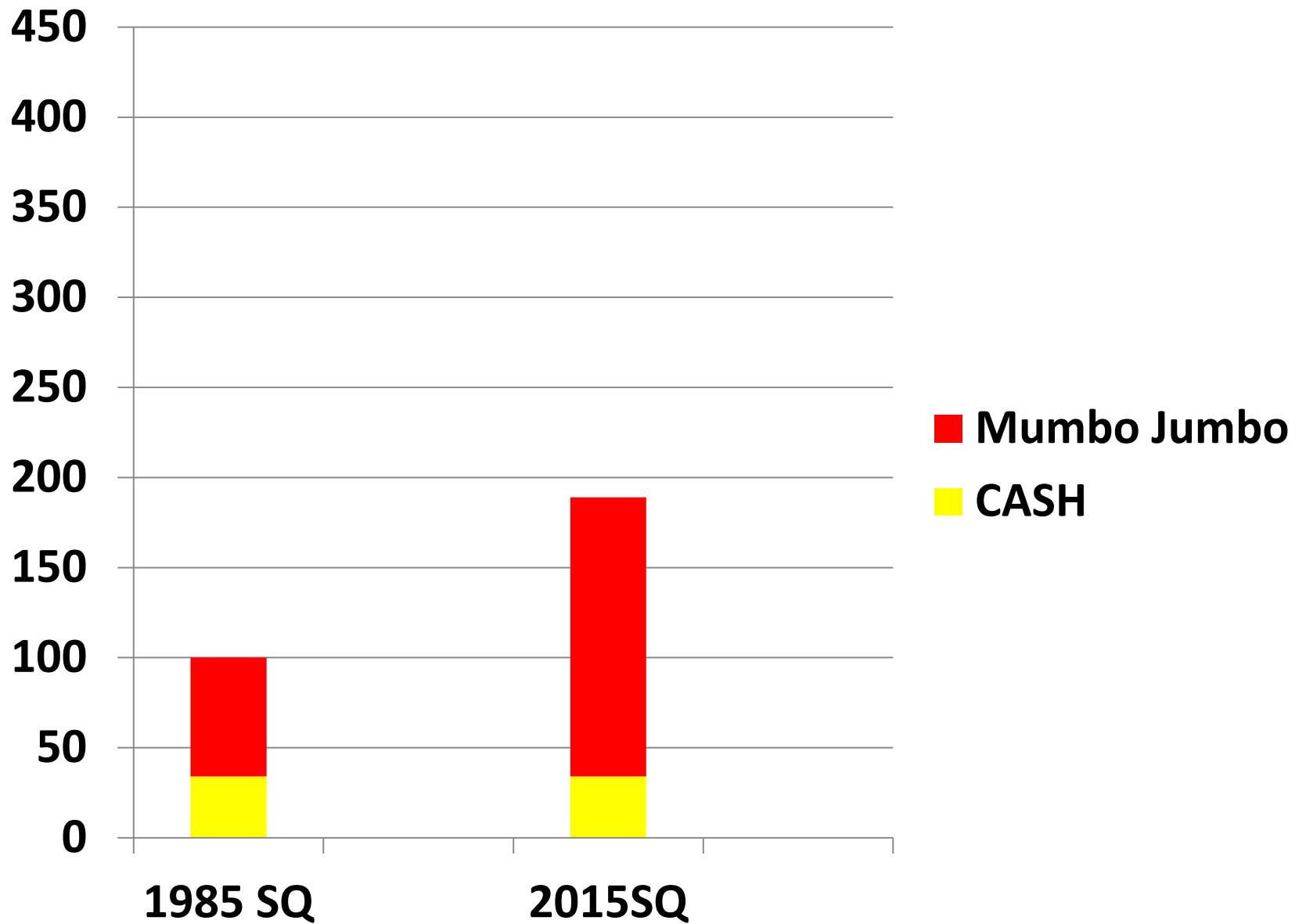
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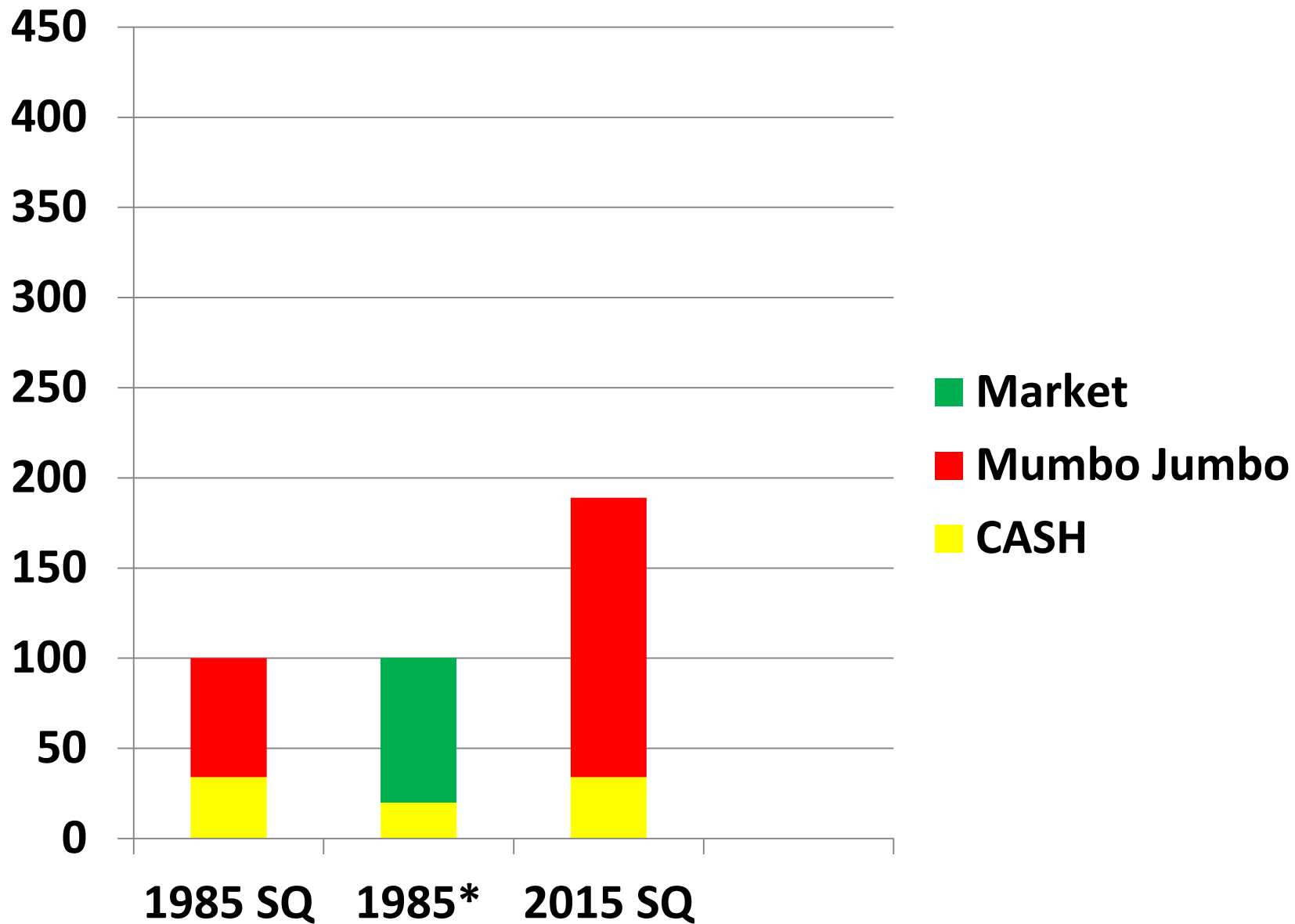
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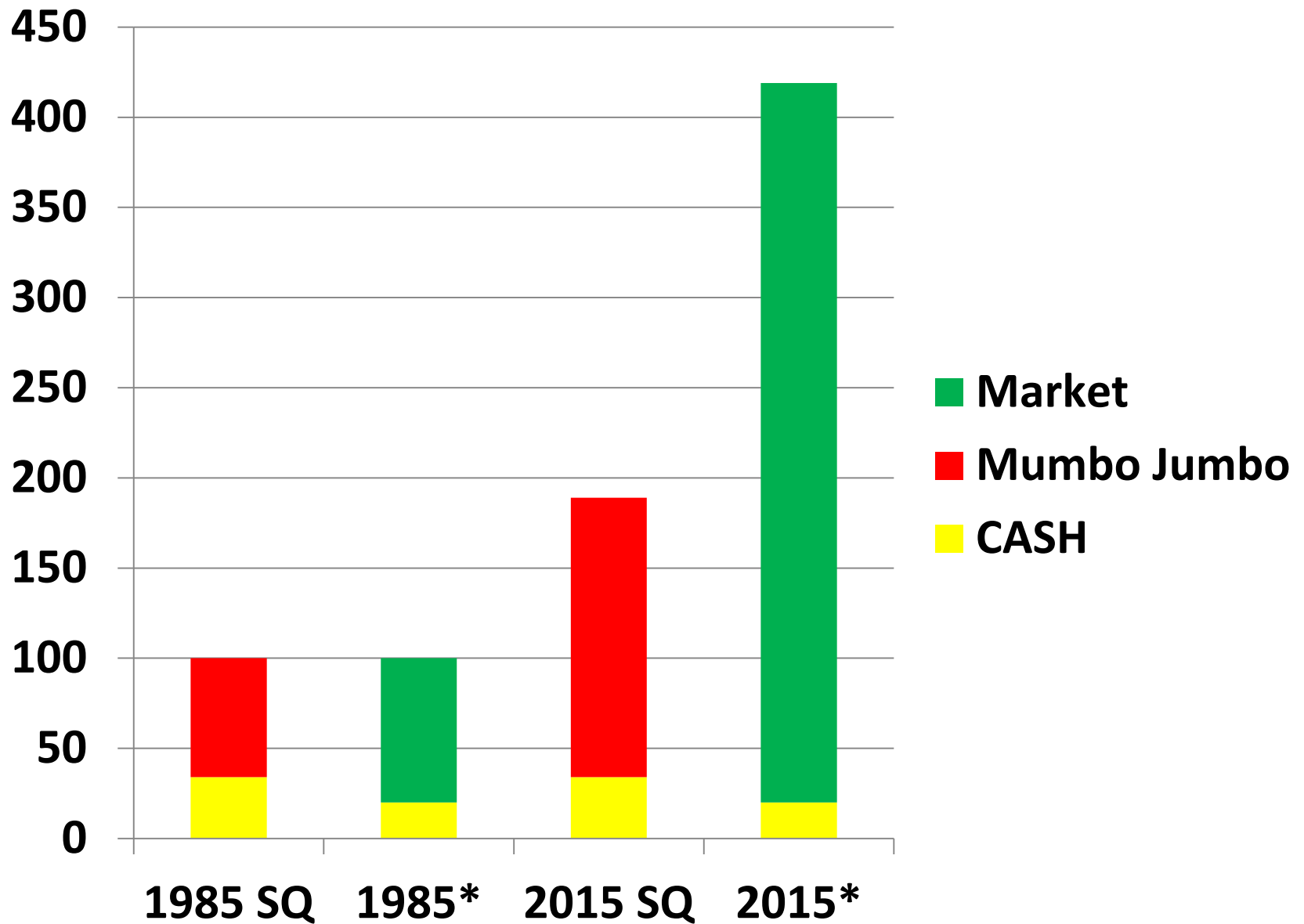
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