Integrating psychology and big data for emotionally smarter investment

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The use of psychological theories to understand and predict financial markets isn't new, but sophisticated techniques are evolving that integrate computational and social intelligence to help engineer-out emotionality from human trades and engineer it in to automated ones. This BBC article describes a current breed of IT companies plying their trade in behavioural finance and the ways in which intelligent systems are helping to augment human decision making, through highlighting cognitive and affective biases, whilst enabling algorithm-driven systems to cope with volatile and atypical market conditions, where speculation based on fuzzy predictors akin to hunches and hope might be more useful. Through co-learning between software and humans, underpinned by big data, a 'social machine for finance' is arguably emerging.* Whether it helps to improve market ethics, as the article speculates, is an open question.

Article: The tech helping investors ignore their emotions by Daniel Thomas
http://www.bbc.co.uk/news/business-31913220

*See http://sociam.org

Tagged in: psychology, decision making, big data

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