Neuroeconomics:
The Neurobiology of Loss Aversion

Benedetto de Martino, Ph.D.
University College London, Department of Psychology

Loss aversion describes the widespread behavioural avoidance of choices that can lead to losses, even when accompanied by equal or much larger gains. Loss aversion has been well documented in the laboratory and in many field settings, including high-stakes gameshow decisions, financial markets, politics, trade policy for declining industries and rates of organ donation for transplant cases, and it has also been evident in monkey behaviour. But what drives loss-averse behaviour, and what neural structures mediate the effect? Are the value-signals computed in the brain reference-dependent? And how can these signals affect the individual response in financial markets? In this talk the author will present a series of studies that address these questions using different tools, such as fMRI, functional connectivity analysis, brain lesions and genetics, together with computational models. Finally, the author will discuss how a deeper understanding of the neural mechanisms underpinning decision making can inform economics theories and help to design more efficient policies.

About the Author: His first degree was in Biotechnology and Pharmacology from the University of Naples (2003). He made his Ph.D. in neuroscience on the Wellcome Trust Centre at the University College London. His topic of research is human decision making. In particular, he integrates economics models with the tools of computational and cognitive neuroscience, with the aim of developing a more realistic account of economic behaviour. He spent two years of postdoctoral fellowship in the Department of Economics at Caltech. Presently, he works in the University College London as a research fellow in the Department of Psychology.

Author's Publications: Science, Journal of Neuroscience, PNAS, Cerebral Cortex

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