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### The influence of numeric cognition on economic preferences

**Abstract:**

In a series of behavioral experiments that explore the influence of numerical cognition on economic valuations we find that (risk) preferences are partly shaped by a systematic underestimation of expected values. Follow-up studies further show that decision makers have meta-cognitive insights into the limits of their information processing capacity. In the light of these limitations, supposed behavioral biases such as insensitivity to sample size in judgments, pessimism in probability updating, or little information search in decision from experience appear to be adaptive.