



KATEDRA HOSPODÁRSKEJ POLITIKY



CENTRUM PRE EKONÓMIU A FINANČIE



NÁRODNÁ BANKA SLOVENSKA  
EUROSISTÉM



April 15, 2014

**Jakub Steiner**

CERGE-EI and Edinburgh University

***Perceiving Prospects Properly***

**Abstract**

We study the optimal perception of probabilities and rewards by an agent who faces noise in processing information. The optimal patterns share key features with prospect theory, namely, overweighting of small probability events (and corresponding underweighting of high probability events), and loss aversion. These apparent biases arise from correctly conditioning on whether processing errors may be pivotal for the decision at hand. Our results are based on effect akin to accounting for the winner's curse in common value auctions.

**Venue:** University of Economics in Bratislava, room C1\_07 (new building)  
Dolnozemska cesta 1, Bratislava

**Date:** April 15, 2014

**Program:** 14:55 Registration  
15:00 Jakub Steiner: Perceiving Prospects Properly  
16:30 Coffee