

Noise vs. Information

In my days as a clinical psychologist, my first ever rotation was at an inpatient eating disorder clinic. The treatment consisted of many things you might expect—nutritional counseling, psychotherapy, and group therapy—but it also included one element you might not expect: media training. You see, many of the women we treated had bought into the narrow-minded narrative around women's beauty peddled by fashion magazines and designers. If they were to reject these false images en route to greater health, we first needed to give them insight into how the media sausage was made, so to speak. As we taught about photoshopping, makeup shaping, and camera tricks, the clients became better equipped to critically evaluate the beauty images they confronted daily.

Just as fashion magazines warp beauty standards to sell magazines, some financial news outlets seek to capitalize on times of investor panic to gain "clicks and eyeballs." Remember, while your financial advisor created a specific plan with you and your family in mind, the media is selling blanket solutions to individual problems and has no stake in your financial success, so here are some things to consider when tuning in (if you choose to at all).



Evaluate the source

Does this individual have the appropriate credentials to speak to this matter? Or, were they chosen for superfluous reasons such as appearance, charisma, or bombast?



Question the melodrama

While volatility can be the enemy of good investing, chaos and uncertainty are a boon to media outlets hungry for clicks and views.



Examine the tone

Does the report use loaded language or make ad hominem attacks? These are more indicative of an agenda than an actual story.



Consider motive

News outlets are not charitable organizations and are just as profit-driven as any other business. How might the tenor of this report benefit their needs over yours as a decision-maker?



Check the facts

Is what's being presented consistent with best academic practices and the opinions of other experts in the field? Are facts or opinions being expressed, and in what research are they grounded?

Financial media is always going to have an angle, but so do you, and so does every person with whom you'll interact. That being so, the best strategy is to become skeptical without being jaded, and cautious without being paralyzed by fear.



Dr. Daniel Crosby,
CHIEF BEHAVIORAL OFFICER AT ORION

