

Swatantra Kumar Explains: Self-attribution bias

Self-attribution is a psychological habit of taking credit for successful investment outcomes and finding a scapegoat such as bad luck, social or economic condition in case of any negative outcome.



How self-attribution bias can harm you:

- You are unable to see your investment mistakes
- It can cause an illusion that your portfolio is performing well, when in reality it may be performing below par
- You become overconfident and try to time the market with disastrous outcomes



What you should do to avoid self-attribution while investing

- Exercise discipline and follow a well thought out investment strategy
 - Adhere to your financial goals with patience
- Review your portfolio periodically to see if your investment growth is aligned to your goals