

Thinking, Fast and Slow is a 2012 novel written by Daniel Kahneman, a Nobel Prize laureate. In this book, Kahneman describes the ways in which we think or make decisions – and how those ways work against and with one another.

## **A 3 Minute Summary of the 15 Core Lessons**

### **#1 The Two Systems**

Arguably this book's main idea surrounds the presence of two ways with which we can process our thoughts. Kahneman calls these "System 1 and 2". System 1 thinking is better described as our intuition, which relies on subconscious information and prior experience to make a decision. System 2 is logical and deliberate, and it requires careful consideration of reasonable information to make a decision.

### **#2 System 1 is Helpful and Detrimental**

The book makes it clear that System 1 (thinking fast) thinking can be a lot of help during emotional situations or when you need to make split-second decisions. However, this type of thinking is also prone to excessive bias and will always look for things to confirm your suspicions. Thus, System 1 thinking can get us into big trouble or cause us to emotionally react when it is not necessary.

### **#3 System 2 is Necessary**

To properly balance out System 1's speed, System 2 (thinking slow) thinking is usually slower but is useful to make sure you choose correctly in a given situation and make informed decisions. System 2 thinking often requires you to seek out alternative opinions to counteract your own internal biases.

### **#4 Loss Aversion**

Kahneman describes the human tendency to perceive any kind of loss as about twice as powerful as any gain or victory. In other words, we're more afraid of losing than we are hopeful of winning or succeeding. System 1 thinking, as a result, is often preoccupied with loss or fear or focused on avoiding risks and negative reactions.

### **#5 Overconfidence Can be Terrible**

Another thing that System 1 thinking is prone to is overconfidence. In fact, the book notes that the riskiest CFOs of several large corporations take more risks and expose themselves and their companies to greater losses. While optimism is important, excessive optimism or overconfidence can lead to big mistakes.

### **#6 Most Time is Spent in System 1**

Even if you are the most rational human being to ever exist, you probably spend the majority of your time unconsciously or not in System 1 thinking. This is the natural state of the human psyche. This is actually not such a bad thing, as it allows us to autopilot our way through day-to-day monotony or social situations.

### **#7 System 1 Seeks a Coherent Story**

More than anything else, System 1 thinking is always about trying to create a narrative

you can understand and fall back on to interpret new situations. As a result, System 1 thinking is prone to jumping to conclusions and creating a faulty story even if the evidence doesn't fully add up.

### **#8 System 2 is Usually Rarely Engaged**

By far, the most often instances in which you will consciously engage your System 2 thinking will be when you encounter an unexpected situation. Only when new events or stimuli arise to grab your attention will you slow down your thinking and begin to approach a problem analytically. You can train yourself to engage this kind of slow thinking more deliberately, but otherwise, you'll be lucky to experience true System 2 thinking once in a while.

### **#9 Humans are Gullible**

Kahneman stresses that it's important for us to not believe in our own infallibility. Our brains are hardwired to fall for tricks and to see the familiar even when it's not there. Our brains are uniquely vulnerable to falling prey to System 1 thinking and items or actions which reinforce already held beliefs. Understanding that thinking rationally takes effort can make it more difficult for you to fall into System 1 thinking when it's not appropriate.

### **#10 Blindness is Inherent to Us**

The book goes over a study by Christopher Chabris and Daniel Simons. In this study, viewers of a film attempt to count the number of times a basketball was passed between two teams. During the film, a woman wearing a gorilla suit appears as a distraction. However, the test administrators noticed that many viewers didn't even notice the gorilla, so engrossed were they in their task. This illustrates a huge point of the book: we often don't even notice when we're biased or making poor conclusions due to System 1 thinking.

### **#11 Recognizing Our Own Faults is Difficult**

Naturally, reconciling the above facts is difficult for many people. It's usually much easier for us to point out the harm or bad that others do rather than ruminate on our own shortcomings. But you can only engage in System 2 thinking and limit your own biases by actively becoming aware of your own blindness and working to improve your thinking.

### **#12 Hindsight is Confirming**

We have a tendency to look back on events and double down on their results, often by applying blame or responsibility to the person who made a good or bad choice. As an example, we're more likely to automatically blame a CEO for poor leadership if they make a bad business decision and just as likely to applaud that same person if they made a lucky decision. Their actual skill doesn't much matter to System 1 thinking.

### **#13 Formulas May Be Effective**

Kahneman himself heavily suggests that using formulas or scoring ratios to replace human judgment in high important scenarios may be an effective way to ensure better

results in business, education, and other spheres going forward. He also notes that this is a bias he holds, so it may not stand up to scrutiny.

#### **#14 We Will Choose What Is Familiar**

All human brains are wired to pick what is familiar if they have a choice. This is something that every human experiences all the time. Novelty is dangerous to the System 1 brain.

#### **#15 Intelligence Can Be a Trap**

The book points out that many so-called intelligent people can fool themselves into believing that they operate solely with System 2 thinking. All people must recognize that they suffer from the same lazy brain and System 1 prejudice no matter their smarts.

## **Top 10 Quotes from Thinking Fast and Slow**

1. "A reliable way to make people believe in falsehoods is frequent repetition, because familiarity is not easily distinguished from truth. Authoritarian institutions and marketers have always known this fact."
2. "Nothing in life is as important as you think it is, while you are thinking about it."
3. "Our comforting conviction that the world makes sense rests on a secure foundation: our almost unlimited ability to ignore our ignorance."
4. "The psychologist, Paul Rozin, an expert on disgust, observed that a single cockroach will completely wreck the appeal of a bowl of cherries, but a cherry will do nothing at all for a bowl of cockroaches."
5. "Intelligence is not only the ability to reason; it is also the ability to find relevant material in memory and to deploy attention when needed."
6. "If you care about being thought credible and intelligent, do not use complex language where simpler language will do."
7. "The idea that the future is unpredictable is undermined every day by the ease with which the past is explained."
8. "Odd as it may seem, I am my remembering self, and the experiencing self, who does my living, is like a stranger to me."
9. "This is the essence of intuitive heuristics: when faced with a difficult question, we often answer an easier one instead, usually without noticing the substitution."
10. "We are prone to overestimate how much we understand about the world and to underestimate the role of chance in events."