

The Psychology of Money - Morgan Housel

By Incripts.

Introduction -

The book 'The Psychology of Money' is the study about our behaviour with money. Author Morgan Housel tells that Success with money isn't about knowledge, being intelligent or that sort of thing. It's about our behaviour with money. This book doesn't give you fake longings or positivity, this book written by Morgan Housel is completely what we call "Practical". Now let's summarize the book in a few points.

Summary -

- **The more we want something to be true, the more likely we are to believe a story that overestimates the odds of it being true. It's more likely that the odds will be disguised, which is in most of the cases not right or will be not in favour.**
- **The author tells that Luck and risk are both real and hard to identify, So, the more we will respect the power of luck and risk, we will have a better chance of focusing on things we can actually control.**
- **Less ego, more wealth. This is the line in this book, which signifies that ego must not come in between us and money, which is an omnipresent truth. It's not necessary to be right each and every time, we can be wrong half the time and still can make a fortune.**

- **We should manage our money in a way that gives us sleep at night, and the way to manage differs for each of us. But the foundation of “does this help me sleep at night?” is the universal guidepost for all financial decisions.**
- **If we want to better as an investor, the single most powerful thing to do is to increase our time horizon/period. If you invest for a longer period of time, it cannot neutralize luck and risk but It pushes us towards what we deserve.**
- **Be nicer and less flashy. We might think a fancy car or a watch is what is needed but what we actually need is respect and admiration and to get those, this is obviously not the way.**
- **Sometimes a reason is not necessary to save, of course saving for a reason like buying something, gifting someone, etc. are great but the best reason to save is for the things which are unpredictable and to save for our future.**
- **This book suggests that we should avoid our extreme financial decisions because over time everyone’s priorities, goals changes. So, extreme decisions can make us regret.**
- **It’s a bit weird but we should like risk because it pays off over time, especially in finance it does most of the time.**
- **And lastly, Respect the mess. Different people have a different view on money as priorities are different for each of us. We must focus on our priorities and goals.**

Conclusion & Opinion -

“The Psychology of money” is rated as one of the best financial books. It is the best book on money according to me too. It just opens up our minds in terms of money. Our behaviour towards money matters a lot. It is also important to know that buying materialistic things, if you have enough money and power, it’s totally fine, but it should not be our goal as it is a by-product. And as the last point of the summary suggests, others focus on their priorities and goals, Let’s focus on our own.

I highly recommend you to buy and read the entire book. Hope you all love it!

Summary by- **Bastav Kakoty**

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