Debt Repayment

@dilipsoman

Some quick thoughts

1) One claim – we should work towards preventing debt. But…that is a difficult task.

2) The behavioural lens – let's keep aside normative behaviour, let's focus on what people actually do and develop solutions that are consistent with actual behaviours

In particular, sometimes

u(Psychological Factors) > u(Money)

ECONS

HUMANS

Well-defined preferences

Decisions maximize all alternatives

Makes rational actions

Pursues monetary wealth

Not sure of preferences

Often picks easiest route - satisfice

Subject to guilt, fairness, social
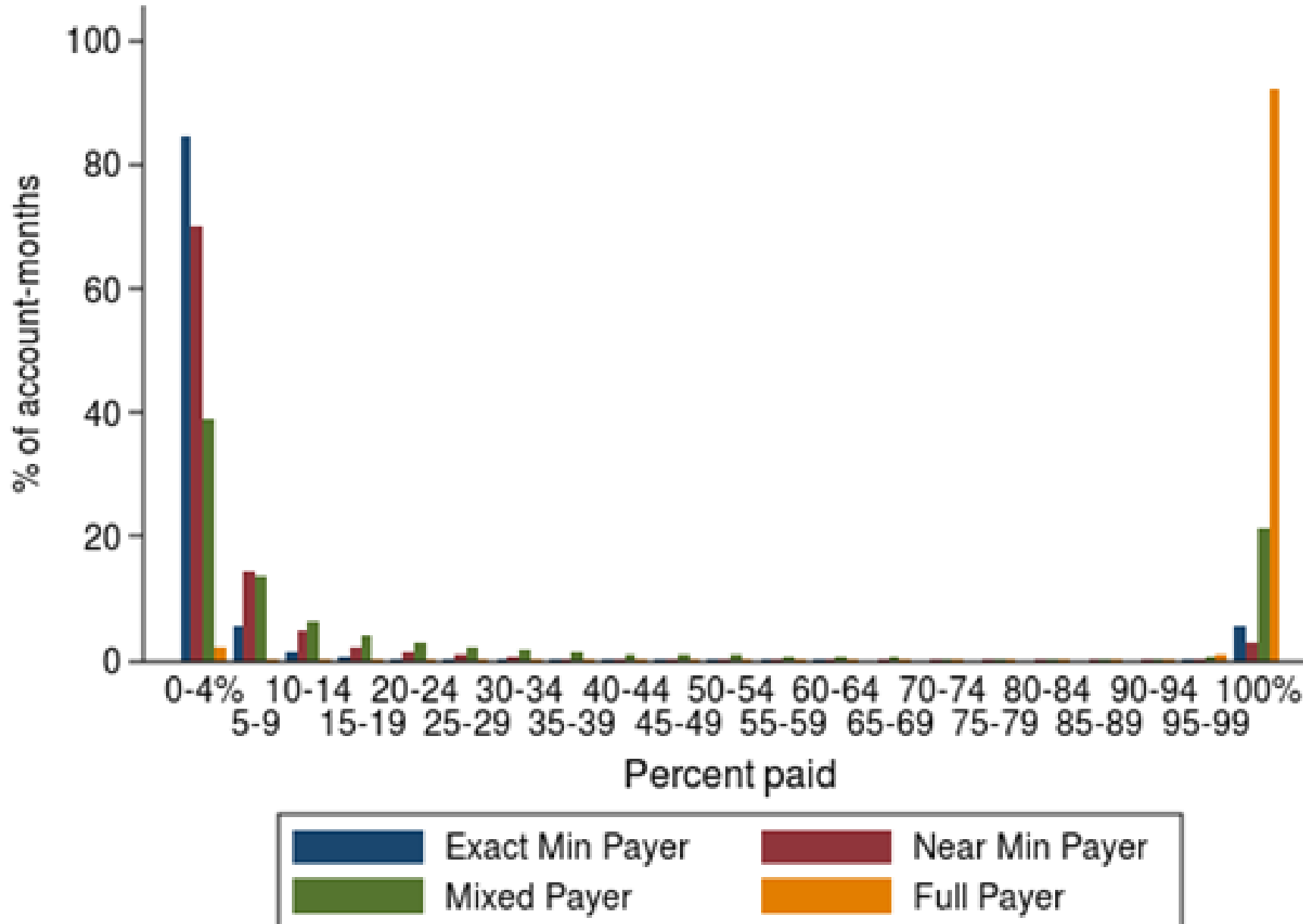comparison, desire for luxury

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The academic graveyard

Projects that should become published papers but don't…..

[Often for good reasons]

Credit Card Payments

Keys and Wang (2016)

Our Hypotheses [Soman and Wang, AG]

- H1: Prompted options in payment options will decrease the choice of minimum payment option and hence will increase the amounts repaid.

- H2: The effectiveness of prompted options will increase for people who are constrained in terms of attention and cognitive resources.

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Our Panel

- Nicole Robitaille (Queens University)

- Rick Scott (University of Michigan)

- Keri Kettle (University of Manitoba)