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

\[ u(\text{Psychological Factors}) > u(\text{Money}) \]
*ECONS*  
Well-defined preferences  
Decisions maximize all alternatives  
Makes rational actions  
Pursues monetary wealth

*HUMANS*  
Not sure of preferences  
Often picks easiest route - satisfice  
Subject to guilt, fairness, social comparison, desire for luxury

BEAR  
Behavioural Economics in Action at Rotman
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.
Our Panel

• Nicole Robitaille (Queens University)

• Rick Scott (University of Michigan)

• Keri Kettle (University of Manitoba)