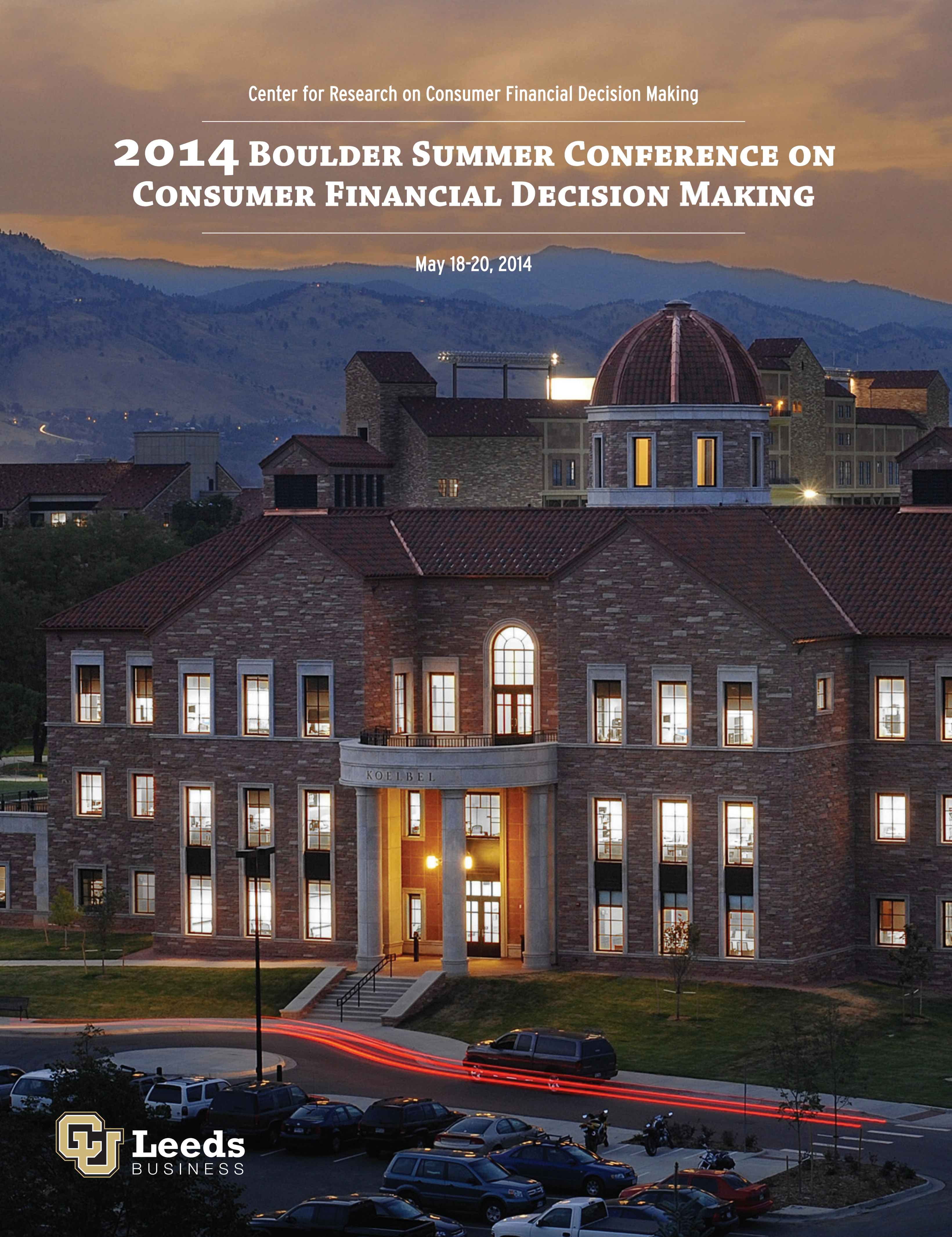
Center for Research on Consumer Financial Decision Making

2014 Boulder Summer Conference on Consumer Financial Decision Making

May 18-20, 2014



Leeds
BUSINESS

Welcome

Welcome to the 2014 Boulder Summer Conference on Consumer Financial Decision Making!

Consumer financial decision-making is a topic that is naturally interdisciplinary. No one field can claim to have all the answers, so there is a very real benefit in having a forum like this for conversation with scholars from Finance, Economics, Sociology, Education, Marketing, Behavioral Science, Public Policy, Management, Anthropology, Law, Operations & Information Management, Strategy, Psychology, and Consumer Sciences. Consumer welfare is strongly affected by household financial decisions large and small; we are very fortunate to have participation in the conference by people involved in the regulation of consumer financial products, by experts from nonprofit organizations that have a mission to promote better financial decision making, and by experts from the business world of financial services. Our participants come from around the world: Europe, Australia, South Africa, and North America.

Over the next three days, we are in for a treat. Sunday afternoon we will have opening keynote remarks by Richard Cordray about helping consumers make better decisions about financing higher education. This will be followed by a panel discussion with leading experts from academia and foundation think tanks about helping students decide whether to go to college, where to go, how to pay for it, and what to study to produce lifetime income. We will follow that with a cocktail party and poster session, giving us a chance to get to know more about others at the conference.

Monday, we begin with a focus on struggles consumers have with household finance. How can we help young adults start on a solid financial path, how can we help low income people save? How can consumers make better decisions about paying for housing? How do thoughts about morality affect the financial decisions consumers make about spending and repayment? How do everyday financial instruments help consumers or get them in trouble?

On Tuesday, we begin with a look at consumer financial planning and coping with shocks, and we turn to the broad topic of household wealth accumulation. How does the marketing system help or hurt consumers. What policy remedies might help consumers rather than leaving them to cope for themselves with an increasingly complex financial world, and how can professional advice help. We close with a look at how consumers' attitudes toward risk, loss, and uncertainty affect their efforts to accumulate wealth.

The conference will be highly interactive, with plenty of time built into each session for discussion and opportunities for informal interaction built into our receptions and luncheons at fun places near the St. Julien Hotel.

Thank you!

John Lynch Donnie Lichtenstein

2014 Boulder Summer Conference on Consumer Financial Decision Making May 18-20, 2014

St. Julien Hotel and Spa, Xanadu Ballroom

PROGRAM

Sunday, May 18th

1:00-2:00 PM — **Conference Packet Pick-up & Poster Setup**
St. Julien, Xanadu Ballroom Lobby

2:15-2:30 PM — **Welcome** (John Lynch and Donnie Lichtenstein)
Xanadu Ballroom

2:30-3:00 PM — **Opening Remarks**
"Helping Consumers Make Good Financial Decisions about Higher Education"
Richard Cordray, Director, Consumer Financial Protection Bureau

3:00-4:15 PM — **Keynote Panel Discussion on Helping Consumers Make Financial Decisions About Paying for Higher Education**

Sara Goldrick-Rab – Senior Scholar at the Wisconsin Center for the Advancement of Postsecondary Education, University of Wisconsin-Madison
Michael Dannenberg – Director of Higher Education and Education Finance Policy, The Education Trust
Zakiya Smith – Strategy Director, Lumina Foundation

4:15-5:00 PM — **Break**

5:00-6:30 PM — **Poster Session and Reception**
St. Julien, Outdoor Terrace (weather permitting)
(Conference registrants only, please)

Monday, May 19th

7:00-8:00 AM **Continental Breakfast**
Xanadu Ballroom Lobby (Conference registrants only, please)

8:00-9:15 AM **Session 1: Getting off to a Good Start**

"The Insurance Value of Financial Aid"
Andrew Samwick – Dartmouth College (Economics)
William Zhou – Dartmouth College (Economics)

"Does Debt Lead to a Failure to Launch? Young Adult's Balance Sheets and Parental Cohabitation"
Joanne Hsu – Federal Reserve Board of Governors
Lisa Dettling – Federal Reserve Board of Governors

Discussant: **Jason Houle** – Dartmouth College (Sociology)

9:15-9:30 AM **Beverage Break** (Xanadu Ballroom Lobby)

9:30- 10:45 AM **Session 2: Increasing Low Income Savings**

"Can Gambling Increase Savings? Empirical Evidence on Prize-linked Savings Accounts"
Benjamin Iverson – Northwestern University (Finance)
Shawn Cole – Harvard University (Finance)
Peter Tufano – University of Oxford (Finance)

"Financial Education and Access to Savings Accounts: Complements or Substitutes?"
Julian Jamison – Consumer Financial Protection Bureau
Dean Karlan – Yale University (Economics)
Jonathan Zinman – Dartmouth College (Economics)

Discussant: **Abigail Sussman** – University of Chicago (Marketing)

10:45- 11:00 AM **Beverage Break** (Xanadu Ballroom Lobby)

11:00-12:15 PM **Session 3: Improving Mortgage Decision Making**

"Failure to Refinance"
Jaren Pope – Brigham Young University (Economics)
Devin Pope – University of Chicago (Behavioral Science)
Benjamin Keys – University of Chicago (Public Policy)

"The Best of Products and the Worst of Products: The Presence of a Less Attractive Alternative Promotes Consumer Response to Financial Product Recommendations"
Benedict Dellaert – Erasmus University Rotterdam (Marketing)

Dimitrios Tsekouras – Erasmus University Rotterdam (Management)
Bas Donkers – Erasmus University Rotterdam (Marketing)
Gerald Häubl – University of Alberta (Marketing)

Discussant: **Susan Woodward** – Sand Hill Econometrics

12:30- 1:45 PM **Lunch Break** –The Mediterranean Restaurant, 1002 Walnut Street
(Conference registrants only, please)

2:00- 3:15 PM **Session 4: Morality of Spending and Payment**

"Close to Home: The Role of Culture in Distressed Mortgage Outcomes"
Noelle Stout – New York University (Anthropology)

"Money Laundering: Reducing Guilt by Disassociation"
Alex Imas – Carnegie Mellon University (Economics)
Carey Morewedge – Carnegie Mellon University (Marketing)
George Loewenstein – Carnegie Mellon University (Economics)

Discussant: **Pete McGraw** – University of Colorado (Marketing)

3:15- 3:30 PM **Beverage/Snack Break** (Xanadu Ballroom Lobby)

3:30- 4:45 PM **Session 5: Everyday Payment Instruments**

"Minimum Payments and Debt Paydown in Consumer Credit Cards"
Jialan Wang – Consumer Financial Protection Bureau
Benjamin Keys – University of Chicago (Public Policy)

"The Dynamics of Overdraft Fees and Incidence"
Éva Nagypál – Consumer Financial Protection Bureau
Trevor Bakker – Consumer Financial Protection Bureau
Colin Watson – Consumer Financial Protection Bureau

Discussant: **Suzanne Shu** – University of California, Los Angeles (Marketing)

5:30-7:00 PM **Reception** - Agora at the Riverside, 1724 Broadway Street,
(Partners and spouses welcome)

Tuesday, May 20th

7:00-8:00 AM **Continental Breakfast** - Xanadu Ballroom Lobby
(Conference registrants only, please)

8:00-9:15 AM **Session 6: Consumers' Financial Planning**

"How Consumers of Varying Credit Status Cope with Financial Shocks"
Carsten Erner – University of California Los Angeles (Management)
John Chalekian – Consumer Credit Research Institute
Craig Fox – University of California Los Angeles (Management)
Christopher Trepel – Encore Capital Group

"Squeezed: Coping with Constraint through Efficiency and Prioritization"
Philip Fernbach –University of Colorado Boulder (Marketing)
Christina Kan – University of Colorado Boulder (Marketing)
John Lynch – University of Colorado Boulder (Marketing)

Discussant: **Mark Cole** – Hope LoanPort

9:15-9:30 AM **Beverage Break** - Xanadu Ballroom Lobby

9:30-10:45 AM **Session 7: The "Helpful" Role of Marketing of Complex Financial Products**

"What Drives Financial Complexity? A Look into the Retail Market for Structured Products"
Claire Célérier – University of Zurich (Finance)
Boris Vallee – HEC-Paris (Finance)

"Advertising Expensive Mortgages"
Umit Gurun – University of Texas, Dallas (Finance)
Gregor Matvos – University of Chicago (Finance)
Amit Seru – University of Chicago (Finance)

Discussant: **Linda Salisbury** – Boston College (Marketing)

11:00-12:15PM **Session 8: Protecting Investors by Constraining Choice?**

"Made Poorer by Choice: Worker Outcomes in Social Security v. Private Retirement Accounts"
Terrance Odean – University of California Berkeley (Finance)
Brad Barber – University of California Davis (Finance)
Javed Ahmed – Federal Reserve Board of Governors

"The Curious Case of the Secondary Market With Respect to Investor Protection"
Adi Osovsky – Harvard University (Law)

Discussant: **On Amir** – University of California, San Diego (Marketing)

12:30-1:45 PM **Lunch Break**– The Mediterranean Restaurant, 1002 Walnut Street
Conference registrants only please.

2:45-4:00 PM **Session 9: Advice**

"Don't Answer the Phone: Financial Advice and Individual Investors' Performance"
Markus Schmid – University of St. Gallen (Finance)
Nic Schaub – University of Mannheim (Finance)
Daniel Hoechle – University of Basel (Finance)
Stefan Ruenzi – University of Mannheim (Finance)

"Individual Judgment and Trust Formation: An Experimental Investigation of Online Financial Advice"
Julie Agnew – College of William and Mary (Finance)
Hazel Bateman – University New South Wales (Finance)
Christine Eckert – University of Technology, Sydney (Marketing)
Fedor Iskhakov – University New South Wales (Economics)

Discussant: **Joe Simmons** – University of Pennsylvania (Operations and Information Management)

3:15-3:30 PM **Beverage/Snack Break** (Xanadu Ballroom Lobby)

3:30-4:45 PM **Session 10: Loss Aversion, Risk, Uncertainty & Investor Behavior**

"Financial Loss Aversion Illusion"
Christoph Merkle – University of Mannheim (Finance)

"Perceived Nature of Market Uncertainty Predicts Investment Behaviors"
Gülden Ülkümen – University of Southern California (Marketing)
Daniel Walters – University of California Los Angeles (Management)
David Tannenbaum – University of California Los Angeles (Strategy)
Craig Fox – University of California Los Angeles (Strategy)

Discussant: **John Payne** – Duke University (Management)

4:45-5 PM **Closing Remarks**
Eric Johnson – Columbia University

Poster Presentations by Category
Sunday, May 8th, 5:45-7:15 PM, St. Julien, Outdoor Terrace (Weather permitting)

Financial Transaction Services

"What Determines Household Use of Financial Transaction Services?"
Ryan Goodstein – Federal Deposit Insurance Corporation (Finance)

"The Effect of a Repayment Calculator on Credit Card Repayment"
Carsten Erner – UCLA (Management)

"Opening Schumer's Box: The Empirical Foundation of Modern Consumer Credit Card Disclosure Law and Policy"
Hosea Harvey – Temple University (Law)

Planning

"Financial Planning in the Face of Uncertainty: A Life History Theory Approach"
Chiraag Mittal – University of Minnesota (Marketing)

This is What's in Your Wallet... and How You Use It
Scott Schuh – Federal Reserve Bank of Boston (Economics)

Consumption Responses to Pay Frequency: Evidence from 'Extra' Paychecks
Yiwei Zhang – University of Pennsylvania (Finance)

Intertemporal Choice & "Behavioral Biases"

"Visually Attending to Monetary Amounts Lowers Intertemporal Discount Rates"
Geoff Fisher – California Institute of Technology (Economics)

"Curing the Calorie Crunch: The Effect of EBT on Household Present Bias"
Michael Kuhn – UC San Diego (Economics)

Discounting over Subjective Time: One Step towards a Unified Theory of Intertemporal Choice
L. Robin Keller – University of California, Irvine (Behavioral Science)

"Number Processing, Gender, and Consumer Valuations"
Dan Schley – Ohio State University (Psychology)

"Behavioral Economic Models and Effects of Price Discrimination, Renegotiation, and Self-Learning"
Alexei Alexandrov – Consumer Financial Protection Bureau (Economics)

Saving

"Household Savings Patterns: A Longitudinal Look"
Sherrie Rhine – Federal Deposit Insurance Corporation (Finance)

"The Ant and the Grasshopper: Understanding Personal Saving Orientation"
Nancy Wong – University of Wisconsin (Consumer Science)

Risk Attitudes & Financial Risk Taking

"Not Just About Money: Risk Attitudes in Diverse Contexts Predict Financial Risk Taking"
Crystal Reeck – Columbia University (Management)

"Risk Judgments of Buying a House"
Ozgun Atasoy – Boston University (Marketing)

"Risk Interrupted"
On Amir - University of California, San Diego (Marketing)

Financial Education & Financial Literacy

"State Mandated Financial Education and Later-Life Financial Well-Being"
Max Schmeiser – Federal Reserve Board (Economics)

"Cognitive Ability and Knowledge Predict Real-World Financial Outcomes"
Ye Li – University of California, Riverside (Management)

Financial Literacy Training Increases Implicit Preference for Spending
Helen Colby – University of California, Los Angeles (Psychology)

"Knowing What Not To Do: Financial Literacy and Consumer Credit Choices"
Lena Jaroszek – University of Mannheim (Finance)

Student Loans

"Comfortably Numb: The Impact of Excessive Student Loan Debt on Price Sensitivity for Major Purchases"
Yi Zhang – University of Virginia (Marketing)

"Private Student Loans and BAPCPA: Did Four-Year Undergraduates Benefit from the Increased Collectability of Student Loans?"
Xiaoling Ang– Consumer Financial Protection Bureau (Economics)

Incurring Debt & Debt Repayment

"Experiential vs. Material Expenses Heighten the Relative Benefits of Borrowing and Increase Willingness to Incur Debt"
Stephanie Tully – New York University (Marketing)

"Distance as a Bankruptcy Filing Cost"
Barry Scholnick – University of Alberta (Economics)

"Managing Debt and Managing Each Other: Debt Management Decisions in Interpersonal Contexts"
Jenny Olson – University of Michigan (Marketing)

"Good Borrowers Gone Bad: Using Curtailment to Examine Mortgage Default"
Meagan McCollum – Louisiana State University (Finance)

Mortgage Choice

The Interest Rate Elasticity of Mortgage Demand: Evidence from Bunching at the Conforming Loan Limit
Anthony DeFusco – University of Pennsylvania (Economics)

"Reverse Mortgages: What People (Don't) Know, and How Does it Matter?"
Patrick Gerhard – Maastricht University (Finance)

"Good Borrowers Gone Bad: Using Curtailment to Examine Mortgage Default"
Meagan McCollum – Louisiana State University (Finance)

Advice & Investing

"Does Delegation Offer Relief from the Burden of Choosing? An Experiment on the Effect of Complexity and Delegation on Consumer Satisfaction with Investment Decisions"
David Lewis – Wilfrid Laurier University (Marketing)

"Facebook Finance: How Social Interaction Propagates Active Investing"
Rawley Heimer – Federal Reserve Bank of Cleveland (Finance)

"How Does Investor Confidence Lead to Trading? Theory and Evidence on the Links between Investor Return Experiences, Confidence, and Investment Beliefs"
Thomas Post – Maastricht University (Finance)

"Randomized Experiments on Physicians: Conflicts of Interest Disclosures"
Christopher Robertson – University of Arizona (Law)

Retirement & Annuities

"The Power of Information: How Portfolio Weights Influence Your Asset Allocation"
Martin Weber – University of Mannheim (Finance)

"Default and Diversification Heuristics in Retirement Annuity Choice"
Susan Thorp – Sydney University of Technology (Finance)

"From Risky Choice to Annuities: Effects of Aging on Decision Preferences"
Vinod Venkatraman – Temple University (Marketing)

"Rational and Behavioural Predictors of Pre-Retirement Cash-Outs: a South African Perspective"
Michelle Reyers – University of Pretoria (Finance)

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St. Julien Hotel and Spa, Xanadu Ballroom

PROGRAM AND ABSTRACTS

Sunday, May 18

1:00-2:00 PM	**Conference Packet Pick-up & Poster Setup** St. Julien, Xanadu Ballroom Lobby
2:15-2:30 PM	**Welcome** (John Lynch and Donnie Lichtenstein) Xanadu Ballroom
2:30-3:00 PM	**Opening Keynote Remarks** "Helping Consumers Make Good Financial Decisions about Higher Education" **Richard Cordray,** Director, Consumer Financial Protection Bureau
3:00-4:15 PM	**Keynote Panel Discussion on Helping Consumers Make Financial Decisions About Paying for Higher Education** **Sara Goldrick-Rab** – Senior Scholar at the Wisconsin Center for the Advancement of Postsecondary Education, University of Wisconsin-Madison **Michael Dannenberg** – Director of Higher Education and Education Finance Policy, The Education Trust **Zakiya Smith** – Strategy Director, Lumina Foundation
4:15-5:00 PM	**Break**
5:00-6:30 PM	**Poster Session and Reception** St. Julien, Outdoor Terrace (weather permitting) (Conference registrants only, please)

Biographies:
Richard Cordray serves as the first Director of the Consumer Financial Protection Bureau. He previously led the Bureau's Enforcement Division. Prior to joining the Bureau, Mr. Cordray served on the front lines of consumer protection as Ohio's Attorney General. Mr. Cordray recovered more than $2 billion for Ohio's retirees, investors, and business owners and took major steps to help protect its consumers from fraudulent foreclosures and financial predators. In 2010, his office responded to a record number of consumer complaints, but Mr. Cordray went further and opened that process for the first time to small businesses and non-profit organizations to ensure protections for even more Ohioans. To recognize his work on behalf of consumers as Attorney General, the Better Business Bureau presented Mr. Cordray with an award for promoting an ethical marketplace. Mr. Cordray also served as Ohio Treasurer and Franklin County Treasurer, two elected positions in which he led state and county banking, investment, debt, and financing activities. As Ohio Treasurer, he resurrected a defunct economic development program that provides low-interest loan assistance to small businesses to create jobs, re-launched the original concept as GrowNOW, and pumped hundreds of millions of dollars into access

for credit to small businesses. Mr. Cordray simultaneously created a Bankers Advisory Council to share ideas about the program with community bankers across Ohio. Earlier in his career, Mr. Cordray was an adjunct professor at the Ohio State University College of Law, served as a State Representative for the 33rd Ohio House District, was the first Solicitor General in Ohio's history, and was a sole practitioner and Of Counsel to Kirkland & Ellis. Mr. Cordray has argued seven cases before the United States Supreme Court, including by special appointment of both the Clinton and Bush Justice Departments. He is a graduate of Michigan State University, Oxford University, and the University of Chicago Law School. Mr. Cordray was Editor-in-Chief of the University of Chicago Law Review and later clerked for U.S. Supreme Court Justices Byron White and Anthony Kennedy.

Sara Goldrick-Rab is Associate Professor of Educational Policy Studies and Sociology at the University of Wisconsin-Madison. She is also Senior Scholar at the Wisconsin Center for the Advancement of Postsecondary Education and an affiliate of the Center for Financial Security, Institute for Research on Poverty, and the Consortium for Chicago School Research. Goldrick-Rab has a broad profile of research and writing dissecting the intended and unintended consequences of the college-for-all movement in the United States. In more than a dozen experimental, longitudinal, and mixed-methods research projects, she has examined the efficacy and distributional implications of financial aid policies, welfare reform, transfer practices, and a range of interventions aimed at increasing college attainment among marginalized populations. This year, Harvard Education Press is releasing her latest book, *Reinventing Student Aid for the 21st Century*, co-edited with Andrew P. Kelly. In 2006, Goldrick-Rab was named a National Academy of Education/Spencer Foundation postdoctoral fellow, and in 2010 she received the Faculty Scholars Award from the William T. Grant Foundation for her project, "Rethinking College Choice in America." In April 2014, the American Educational Research Association honored Goldrick-Rab with its Early Career Award, and in May she became the founding director of the Wisconsin HOPE Lab, the nation's first translational research laboratory aimed at identifying new and effective ways to minimize barriers to college completion so that more students can reach their full potential.

Zakiya Smith was recently named one of Forbes' top 30 under 30 in education. She is currently Strategy Director at the Lumina Foundation, the nation's largest foundation dedicated solely to higher education. At Lumina, she leads the work of the foundation to develop new models of student financial support for higher education. Prior to her work in philanthropy, Ms. Smith served as a Senior Advisor for Education at the White House Domestic Policy Council, where she was tasked with developing President Obama's higher education policy. Ms. Smith also served in the Obama administration as a senior adviser at the U. S. Department of Education. Before her tenure in the Obama administration, Ms. Smith was Director of Government Relations at the Advisory Committee on Student Financial Assistance, where she authored reports on college access programs, community colleges, and on the ability of low- and moderate-income families to afford college. Ms. Smith holds a bachelor's degree in political science and secondary education from Vanderbilt University, and a master's degree in education policy and management from the Harvard Graduate School of Education. Zakiya is active in the Washington DC community, and serves as Secretary of the Board of EquityRx, a health equity organization focused on reducing disparities in health outcomes particularly among low income and minority communities.

Michael Dannenberg is Director of Higher Education and Education Finance Policy at The Education Trust. Michael came to the Education Trust from the Department of Education, where he served as a senior education policy advisor and counsel to the Under Secretary of Education. He previously led the New America Foundation's Education Policy Program and, before that, was the senior education counsel to Senator Edward M. Kennedy (D-Mass.) for whom he played a significant role in drafting the No Child Left Behind Act, the Education Finance Incentive Grant program, the Taxpayer-Teacher Protection Act, and the National Science Foundation Reauthorization Act. He is recognized as a national expert on the Elementary and Secondary Education Act, federal education budget, college admissions, student loan policy, and education politics on Capitol Hill. Michael, who has degrees from Boston University, Yale Law School, and Stanford University, was the first in his family to graduate from college and self-financed 100 percent of his post-secondary education with the aid of Pell grants, student loans, scholarships, and work.

Monday, May 20th

7:00-8:00 AM **Continental Breakfast**
Xanadu Ballroom Lobby (Conference registrants only, please)

8:00-9:15 AM **Session 1: Getting off to a Good Start**

Discussant: **Jason Houle** – Dartmouth College (Sociology)

"The Insurance Value of Financial Aid"
Andrew Samwick– Dartmouth College (Economics)
William Zhou – Dartmouth College (Economics)

Abstract: Financial aid programs exist to enable students with fewer financial resources to pay less to attend college than other students with greater financial resources. When income is uncertain, a financial aid formula that requires more of an Expected Family Contribution (EFC) when income and assets are high and less of an EFC when income and assets are low provides insurance against that uncertainty. Using a stochastic, life-cycle model of consumption, we show that the insurance value of financial aid is substantial. Under our preferred parameters, a household that was receiving financial aid equal to one third of tuition on average under the current formula would require financial aid equal to two thirds of tuition if offered regardless of income and assets to have the same lifetime expected utility. That is, a dollar of financial aid given through the income- and asset-contingent financial aid formula is equivalent to two dollars of aid given without regard to the household financial resources. We then consider the possibility of making households better off by eliminating the dependence of the financial aid formula on household assets, as some prior studies have suggested. In general, removing the "asset tax" makes the household worse off, because household assets are a good indicator for the household's average income. The ability to redistribute based on average income is sufficiently valuable that removing the "asset tax" would require colleges to offer more aid on average – approximately 7 percent for the same household described above.

"Returning to the Nest: Debt and Parental Co-residence Among Young Adults"
Joanne Hsu – Federal Reserve Board of Governors
Lisa Dettling – Federal Reserve Board of Governors

Abstract: This paper examines the relationship between consumer debt and young adults' decisions to reside with a parent. Our main empirical approach is to relate an individual's debt burden in the current period to the decision to transition into (or out of) parental co-residence by the following period. Our primary data source is a quarterly panel of young adults' credit histories, obtained from a large credit reporting bureau. Controlling for age, county, and quarter fixed effects, demographic characteristics of the Census block of residence, and county-level unemployment rates and house prices, our results indicate that delinquency on account(s) is associated with a 4.7 percent increase in transitions into parental co-residence. In addition, delinquency on student loans, credit cards and auto loans each separately increase transitions into parental co-residence, as do declining credit scores and growing account balances in the periods leading up to the move. Moreover, we find that once we control for consumer debt, unemployment rates exert no effect on parental co-residence. Our results suggest that increased delinquency rates can explain up to 24 percent of the unprecedented increase in the fraction of young adults co-residing with parents over the 2005-2013 time period.

Biographies:
Andrew A. Samwick is the Sandra L. and Arthur L. Irving '72a, P'10 Professor of Economics and the Director of the Nelson A. Rockefeller Center for Public Policy and the Social Sciences at Dartmouth College. In November 2009, Samwick was selected as the New Hampshire Professor of the Year by the Carnegie Foundation for the Advancement of Teaching and the Council for the Advancement and Support of Education. In the field of economics, Samwick is most widely known for his research on the economics of retirement. Since joining the faculty of Dartmouth in

1994, his scholarly work has covered a range of topics, including pensions, saving, taxation, portfolio choice, and executive compensation. He has published articles in *American Economic Review, Journal of Political Economy, Journal of Finance, Journal of Monetary Economics, Journal of Public Economics, Journal of Development Economics, Review of Economics and Statistics*, and a number of specialized journals and conference volumes. Since 2011, he has served as Editor of Economics Letters. He is a research associate at the National Bureau of Economic Research and has served as a consultant for the Social Security Advisory Board and the Pension Benefit Guaranty Corporation on the assumptions and methods they use to make long-term projections. In July 2003, Samwick joined the staff of the President's Council of Economic Advisers, serving for a year as its chief economist and helping to direct the work of about 20 economists in support of the three Presidential appointees on the Council. He currently serves on the board of the National Tax Association.

Joanne W. Hsu is an economist at the Board of Governors of the Federal Reserve System. Her research focuses on household financial decision making, with current projects on the role of financial sophistication and cognition, and household experiences with debt. At the Board, she is part of the team responsible for administering and disseminating the Survey of Consumer Finances. She completed her PhD in economics at the University of Michigan and her AB in economics and international relations from Brown University. She was also a member of the research team of the Cognitive Economics Project, a multidisciplinary study of older Americans that investigates how cognitive and subjective factors relate to decisions preparing for and sustaining well-being in retirement.

Jason Houle is a sociologist and demographer interested in social disparities in mental health and well-being, social stratification and mobility, and life course sociology. Jason's recent work has been motivated by his interests in sociological understandings of social stratification and mobility and the rise in credit availability to American consumers, to young adults in particular. His current projects in this area examine how indebtedness in young adulthood has changed over the latter half of the 20th century, and how debt in young adulthood is implicated in the process of status attainment and social mobility. In an era of rising inequality and rising debt levels, he is especially interested in how debt may serve to reproduce and exacerbate existing socioeconomic inequalities across generations. He is also interested in the implication of rising debt and the Foreclosure Crisis for population health and mental health. He is currently working on two long-term research projects that examine: 1. the bi-directional relationship between debt and well-being across the life course; and 2. the impact of the great recession and the recent rise in home foreclosures on population health and mental health. He received his PhD in Sociology and Demography from The Pennsylvania State University in 2011. He was a Robert Wood Johnson Foundation Health and Society Scholar at the University of Wisconsin-Madison from 2011-2013. His is currently an Assistant Professor of Sociology at Dartmouth College.

9:30- 10:45 AM **Session 2: Increasing Low Income Savings**

Discussant: **Abigail Sussman** – University of Chicago (Marketing)

"Can Gambling Increase Savings? Empirical Evidence on Prize-linked Savings Accounts"
Benjamin Iverson – Northwestern University (Finance)
Shawn Cole – Harvard University (Finance)
Peter Tufano – University of Oxford (Finance)

Abstract: This paper studies the adoption and impact of prize-linked savings (PLS) accounts, which offer random, lottery-like payouts to individual account holders in lieu of interest. Using micro-level data from a bank in South Africa, we show that a PLS product was attractive to a broad group of individuals, across all age, race, and income levels. Financially-constrained individuals and those with no other deposit accounts were particularly likely to open a PLS account. Participants in the PLS program increased their total savings on average by 1% of annual income, a 38% increase from the mean level of savings. Deposits in PLS did not appear to cannibalize same-bank savings in standard savings products. Instead, PLS appears to serve as a substitute for lottery gambling. Exploiting the random assignment of prizes, we also present evidence that prize winners increase their investment in PLS, sometimes by more than the amount of the prize won, and that large prizes generate a local "buzz" which lead to an 11.6% increase in demand for PLS at a winning branch.

"Financial Education and Access to Savings Accounts: Complements or Substitutes?"

Julian Jamison – Consumer Financial Protection Bureau
Dean Karlan – Yale University (Economics)
Jonathan Zinman – Dartmouth College (Economics)

Abstract: Encouraging savings has been increasingly touted as a potentially attractive alternative to credit, or even as a complement. However, promoting saving has proven difficult, whether for reasons of information, institutional access, or behavioral preferences (discounting). In order to test and disentangle the first two of these hypotheses, we use a randomized evaluation to examine the effects of two interventions designed to encourage savings among youth groups in Uganda. 240 youth clubs were randomly assigned into one of four groups: 60 received a financial education curriculum; 60 received easy access to a low-cost group savings account; 60 received both; and 60 received neither. The financial education curriculum consisted of ten 90-min sessions, covering topics such as banks and banking, savings, spending behavior, and how to talk about money.

We find that financial knowledge and other inputs to decision making go up for all those who received financial education, but not for the account-only group. We also find a significant increase in savings for the education groups, although the account-only group has a positive increase in savings, which is not significantly different from the education groups. All three treatment groups report higher earned income than the control group. The weakest version of our conclusion is therefore that knowledge can in fact improve outcomes, but that it is not a necessary condition for doing so. The stronger version of the conclusion suggests a lack of complementarity between financial education and account access

Biographies:

Ben Iverson is an Assistant Professor of Finance at the Kellogg School of Management at Northwestern University. His research focuses on corporate and household finance, with a particular emphasis on financial distress, bankruptcy, and savings. His recent work has focused on how complexity affects firms that enter Chapter 11 bankruptcy, potentially making it more difficult for them to reorganize efficiently. He has also published research examining how changes in the bankruptcy code barred individuals from using bankruptcy as a means to alleviate financial distress, forcing them into foreclosure instead. Ben received his B.A. in economics from Brigham Young University and his Ph.D. in business economics in 2013 from Harvard University. Between his undergraduate and graduate work, he worked as an assistant economist in the research group at the Federal Reserve Bank of New York.

Julian C. Jamison is a behavioral economist whose research uses theoretical modeling, laboratory experiments, and field experiments to explore individual preferences and information, as well as how those attributes influence behaviors and outcomes. For instance, he has analyzed how risk tolerance and patience affect disparate constructs such as sexual behavior and entrepreneurial success. He is particularly interested in the methodological issues surrounding the notion of utility (i.e. subjective well-being), as well as the degree to which both individuals and societies either succeed or fail at maximizing along this dimension. Julian is currently a Section Chief in the Office of Research at the Consumer Financial Protection Bureau, overseeing its primary data collection efforts, as well as a Research Associate at Innovations for Poverty Action and a Fellow in the US-China Young Leaders program. His research has appeared in academic journals ranging across disciplines from economics to information technology to linguistics to medicine to mathematics to philosophy, as well as online at the *New York Times, Wall Street Journal, Business Week, Foreign Policy, Bloomberg, Forbes,* and elsewhere. Previous professional affiliations include Northwestern, UC Berkeley, and the Boston Fed, in addition to teaching multiple courses at Yale and Harvard. Julian holds BS and MS degrees in pure mathematics from Caltech and a PhD in economics from MIT. He has consulted for the World Bank, NASA, Lockheed-Martin, and NIH. Travel for work and leisure has taken him to approximately 70 countries worldwide, including South Sudan, Moldova, Vanuatu, Namibia, Papua New Guinea, and Liberia.

Abigail Sussman is an assistant professor of marketing at The University of Chicago Booth School of Business. She is interested in how consumers form judgments and make decisions, from underlying mechanisms to applications. She investigates questions at the intersection of consumer behavior, psychology, and economics, with the aim of improving human welfare. Her central research examines psychological biases that can lead consumers to commit errors in budgeting, spending, and borrowing. She also explores how the same biases extend beyond financial domains to choices in other areas. Abby's research has been published in journals such as *Psychological Science,* the *Journal of Marketing Research,* and the *Journal of Consumer Research* and has been profiled in popular press including *The Wall Street Journal, The Washington Post,* and *The Boston Globe*. Her prior experience includes work at ideas42 and in the equity research division at Goldman Sachs. She earned a bachelor's degree from Brown University in cognitive science and economics, and a joint PhD from the psychology department and the Woodrow Wilson School of Public and International Affairs at Princeton

10:45- 11:00 AM **Beverage Break** (Xanadu Ballroom Lobby)

11:00-12:15 PM **Session 3: Improving Mortgage Decision Making**

Discussant: **Susan Woodward** – Sand Hill Econometrics

"Failure to Refinance"

Jaren Pope – Brigham Young University (Economics)
Devin Pope – University of Chicago (Behavioral Science)
Benjamin Keys – University of Chicago (Public Policy)

Abstract: Households that fail to refinance their mortgage when interest rates decline can lose out on substantial savings. In this paper, we exploit a dataset containing a large random sample of U.S. mortgages and estimate that one in four households who appeared unconstrained to refinance failed to do so during the recent decline in interest rates. We estimate the unadjusted cost to the median household who fails to refinance to be on the order of $30,000 over the life of the loan. We conduct a small field experiment to better understand the reasons why homeowners fail to refinance when it appears optimal to do so.

"The Best of Products and the Worst of Products: The Presence of a Less Attractive Alternative Promotes Consumer Response to Financial Product Recommendations"

Benedict Dellaert – Erasmus University Rotterdam (Marketing)
Dimitrios Tsekouras – Erasmus University Rotterdam (Management)
Bas Donkers – Erasmus University Rotterdam (Marketing)
Gerald Häubl – University of Alberta (Marketing)

Abstract: Product recommendation websites assist consumers in making purchase decisions. In this research, we examine recommendations that entail the presentation of mortgage products to consumers in descending order of attractiveness. This form of decision assistance helps consumers identify attractive products more quickly, which should stimulate consumer response – in particular, it should increase conversion. However, the recommended products are often close in attractiveness, making it more difficult for consumers to identify their preferred alternative. We hypothesize that a lower attractiveness of the worst of the recommended products (controlling for the best alternative) has a positive effect on consumer response. A large-scale field study of consumers' behavior at a mortgage recommendation website provides strong support for this hypothesis, as well as evidence of the underlying psychological process. These findings have important implications for how to construct recommendations to promote consumer response to financial products.

Biographies:
Jaren Pope is an Associate Professor in the Department of Economics at Brigham Young University. Jaren's primary research area is in environmental and urban economics. Much of his work has been focused on using property value information and quasi-experimental hedonic techniques to understand how households value environmental and urban amenities. He also does work related to behavioral economics and the economics of education. Jaren has conducted funded research for

the Lincoln Institute of Land Policy, U.S. Department of Housing and Urban Development and the U.S. Environmental Protection Agency. Some of his most recent research articles have appeared in the *International Economic Review, Land Economics,* the *Journal of Environmental Economics* and *Management, American Journal of Agricultural Economics,* and the *Journal of Urban Economics*.

Benedict Dellaert is a professor of marketing at the Erasmus School of Economics. His focus in research and education is on consumer decision-making and (online) consumer- firm interaction. His research findings have implications in financial services and healthcare management, among others. Benedict is currently co-director of the Erasmus Centre for Marketing and Innovation (ECMI), a research theme coordinator at the Network for Studies on Pensions, Aging and Retirement (Netspar), a fellow of the Erasmus Research Institute of Management (ERIM), and a research fellow at the Tinbergen Institute. He has a PhD from the Eindhoven University of Technology and his former positions include posts at the University of Sydney in Australia, Tilburg University in the Netherlands, and Maastricht University in the Netherlands. He joined Erasmus University in 2006. His recent research has appeared in journals such as the *Journal of Marketing, Journal of Marketing Research, Marketing Science, Information Systems Research,* and *Social Science & Medicine*.

Susan Woodward is an economist who specializes in financial markets and institutions. She has worked on issues in corporate finance, investments, pensions, mortgage lending, credit cards, and venture capital. She taught for the first 10 years of her career, then from 1985-1995, worked in Washington as senior staff at CEA, chief economist at HUD, and chief economist at the SEC. Since 1995 her work has focused on consumer lending and summaries of economic activity constructed from administrative data. She is the author of the FHA Mortgage Closing Cost Study

12:30- 1:45 PM **Lunch Break** – The Mediterranean Restaurant, 1002 Walnut Street
(Conference registrants only, please)

2:00- 3:15 PM **Session 4: Morality of Spending and Payment**

Discussant: **Pete McGraw** – University of Colorado (Marketing)

"Close to Home: The Role of Culture in Distressed Mortgage Outcomes"
Noelle Stout – New York University (Anthropology)

Abstract: While the origins and consequences of the 2008 subprime mortgage crisis have been widely studied from a quantitative perspective, less is known about the cultural factors that influence homeowners' individual decisions when facing underwater mortgages. Drawing on ongoing ethnographic research among homeowners, housing counselors, and lenders in the Californian Central Valley, one of the hardest hit regions in the United States, this paper argues that social class profoundly shapes homeowners' decisions regarding mortgage default. Homeowners who were precariously making their way into the middle-class before the 2008 crisis tend to describe mortgaging as a moral and social relationship between lender and borrower rather than a straightforward financial contract. These mortgagers, teetering on the border of middle-class stability, are therefore more likely to expect home ownership to imbue them with a certain status that would guarantee assistance from lenders. They often describe home loans as the co-responsibility of creditors and borrowers. When homeowners attempt to save their homes through loan modification and confront byzantine bureaucracies, their unmet expectations regarding borrower-lender bonds inspire them to walk away from underwater loans. By detailing the role of class and culture in encounters between mortgagors and lenders in the setting of the 2008 mortgage debacle, this paper reveals significant changes in notions of mortgaging, a model of American indebtedness.

Money Laundering: Reducing Guilt by Disassociation"
Alex Imas – Carnegie Mellon University (Economics)
Carey Morewedge – Carnegie Mellon University (Marketing)
George Loewenstein – Carnegie Mellon University (Economics)

Abstract: Traditional accounting operations, such as 'booking', 'depreciation' and 'amortizing' have analogues in mental accounting, intuitive processes that people use to organize and preserve their personal finances. Money laundering is commonly conceived as the process by which criminals disguise the source of 'ill-gotten-gains.' We show that an analogous phenomenon applies to mental accounting. People typically spend tainted money differently from money obtained ethically. We replicate this effect but, in two studies, show that, when "dirty money" is physically exchanged for "clean money," people spend the latter as if they procured it in an ethical fashion.

Biographies:
Noelle Stout is an Assistant Professor in the Department of Anthropology at New York University. Over the last decade, Stout's research has examined how large-scale economic crises manifest in the intimate realms of daily life. She is currently conducting research on the foreclosure crisis in the hard-hit Californian Central Valley, where she is exploring interpretations of loan modification and mortgage default among homeowners, state-funded housing counselors, and lenders. Her research in California has been supported by the Furman Center for Real Estate and Urban Policy and the University Research Challenge Fund at NYU. Stout's previous scholarly work explores how the introduction of state-regulated capitalism in Cuba has affected everyday understandings of non-normative gender and sexuality. Based on two years of fieldwork in Havana, Stout explores this theme in her book *After Love: Queer Intimacy and Erotic Economies in Post-Soviet Cuba* (Duke University Press) and her award-winning feature length documentary, Luchando. Stout has received funding from the National Science Foundation, the David Rockefeller Center for Latin American Studies at Harvard, the Sensory Ethnography Lab at Harvard, and the Center for Caribbean and Latin American Studies at NYU, among others. She received her M.A. and B.A. in anthropology with highest honors and distinction from Stanford University, and her M.A. and Ph.D. in anthropology from Harvard University.

Alex Imas is a Fellow in Social and Decision Sciences at Carnegie Mellon University, where he will be starting as an Assistant Professor in the Fall of 2014. He uses methods from behavioral economics and psychology to study the ways in which emotions and mental labeling of outcomes affect decision-making. His current work examines how the differential labeling of prior gains and losses affects risk attitudes. His research demonstrates the significant impact of transient visceral states on economic behavior such as choice under uncertainty and strategic interactions, and in bringing emotions into the domain of economics, he has developed behavioral models that incorporate visceral factors into economic theory. Alex received his BA in Economics from Northwestern University and his PhD in Economics from UC San Diego. For his graduate studies, he was awarded the National Science Foundation Graduate Research Fellowship.

Pete McGraw, a professor at the University of Colorado, Boulder, is an expert in the interdisciplinary fields of emotion and behavioral decision theory. His research examines the interrelationship of judgment, emotion, and choice, with a focus on consumer behavior and public policy -- from how the government is botching anti-terror policy to why couples overspend on their nuptials. Most recently, he has been examining the antecedents and consequences of humor. He directs the Humor Research Lab (HuRL). McGraw holds appointments in marketing at the Leeds School of Business and in social psychology in the Department of Psychology and Neuroscience. He received a B.A. in psychology and M.Ed. in educational psychology from Rutgers University and an M.S. and Ph.D. in quantitative psychology from The Ohio State University. His post-doctoral training was conducted at Princeton's Woodrow Wilson School. He teaches courses in decision making, consumer behavior, and advertising.. His work has been covered by NPR, the BBC, Nightline, *Scientific American, Wall Street Journal, The New York Times,* and the *Financial Times*. With journalist Joel Warner, he has co-authored The Humor Code: A Global Search for What Makes Things Funny.

3:15- 3:30 PM **Beverage/Snack Break** (Xanadu Ballroom Lobby)

3:30- 4:45 PM **Session 5: Everyday Payment Instruments**

Discussant: **Suzanne Shu** – University of California, Los Angeles (Marketing)

"Minimum Payments and Debt Paydown in Consumer Credit Cards"
Jialan Wang – Consumer Financial Protection Bureau
Benjamin Keys – University of Chicago (Public Policy)

Abstract: What factors impact how much consumers repay on their credit cards each month? This paper examines the drivers of payment behavior using the CFPB credit card database, which includes the monthly account activity of a large fraction of U.S. consumers from 2008-2012. We find that consumers' payment behavior is consistent and strongly bimodal. Most accounts are either paid in full or paid near the minimum amount each month, with very few intermediate payment amounts. We then evaluate the impact of two types of policy changes: 1) changes in the minimum payment formulas implemented by individual issuers, and 2) new payment disclosures mandated by the CARD Act of 2010. The policy changes led to small increases in the payments made by consumers previously paying the minimum. On average, the CARD Act disclosures increased consumer payments by $19 per month from February 2010 to December 2012. However, both the formula changes and the CARD Act's 3-year payment disclosure had the perverse effect of decreasing the fraction of accounts paid in full by 1%. These findings are difficult to reconcile with rational economic models, and imply that setting suggested payments at low amounts lead some consumers to reduce their overall debt payments. Our results suggest that anchoring and the salience of minimum payments play important roles in the credit card market.

"The Dynamics of Overdraft Fees and Incidence"

Éva Nagypál – Consumer Financial Protection Bureau
Trevor Bakker – Consumer Financial Protection Bureau
Colin Watson – Consumer Financial Protection Bureau

Abstract: Revenue from checking account overdraft fees has been accounting for an ever-increasing share of consumer checking account fees. In this paper, we study the determinants of overdraft fees using a unique dataset of confidential supervisory information covering several large banks that contains every transaction that a fraction of the banks' account holders undertook over an 18-month period. Fixed-effects panel regressions recover within-person variation in overdraft fees as a function of account tenure and other time-varying characteristics. Our estimates imply that, for accounts opted into overdraft coverage, overdraft fees increase by about 20% over the first year of account ownership. We find no such effect for accounts opted out. We use only months in which a consumer was eligible for overdraft, so our results cannot be attributed to gaining eligibility for overdraft. We also present novel results on the relationship between within-person variation in overdraft activity and a consumer's overdraft limit, linked and unlinked deposit and credit account balances, measures of account activity, and average daily balances. We also provide evidence that there is persistence in monthly overdraft fees even after controlling for account activity. Results are qualitatively similar using the probability of incurring fees rather than the level of fees. Findings are robust to top-coding of outliers and to splitting the sample by overdraft intensity. We discuss possible explanations including a limited attention model in which consumer attention to overdraft is focused by opening a new account and declines thereafter.

Biographies:

Jialan Wang is an economist in the Office of Research at the Consumer Financial Protection Bureau. She earned a B.S. in mathematics from Caltech and a Ph.D. in financial economics from MIT. Prior to joining the CFPB, she was an Assistant Professor of Finance at the Olin School of Business at Washington University in St Louis. She conducts research on small dollar credit products, credit cards, and consumer bankruptcy. Her research has been published in the Quarterly Journal of Economics, the Review of Economics and Statistics, and the Journal of Economic Perspectives.

Éva Nagypál, Ph.D., joined the Office of Research at the Consumer Financial Protection Bureau (CFPB) as a Senior Economist in 2012. Since there, she has conducted analysis and supervised policy work relating to checking account overdraft, international remittances, and ability to pay on mortgages. During her tenure, she has developed a research interest in the dynamics of household finances. Before joining the CFPB, she was an Associate Director at Navigant Economics, where she performed and directed quantitative and qualitative economic and statistical analyses in support of clients' litigations. Previously she has held faculty positions at Northwestern University for seven years and Stockholm University for one year. During her academic career, she conducted empirical and theoretical research in the areas of labor-market dynamics and macroeconomics. Her area of expertise was job-to-job transitions and the effect of these transitions on labor market and macroeconomic outcomes. Her findings have been published in top economics journals including the *Review of Economic Studies* and the *Review of Economic Dynamics*. She received her Ph.D. from Stanford University in 2001 and her M.A. and B.A. from Brandeis University in 1996 and 1995.

Suzanne B. Shu is an Assistant Professor of Marketing at UCLA's Anderson School of Management. She received BS and Masters of Engineering degrees in Electrical Engineering from Cornell University and MBA and PhD degrees from University of Chicago, where her coursework focused on behavioral economics and marketing. Her research interests include intertemporal choice and multi-period decision making, the influence of self-control and procrastination on consumer behavior, and consumer decisions about financial products. Professor Shu's most recent work on financial decisions has focused specifically on annuity choices and timing decisions for claiming Social Security benefits. Her work has also investigated issues of how perceived fairness and feelings of ownership for financial products affect such decisions. Her research is regularly featured in national outlets such as NPR, the Wall Street Journal, the New York Times, the Atlantic, and Forbes. In addition to her position at UCLA Anderson, Professor Shu holds a courtesy joint appointment at the UCLA Medical School, serves as an affiliated scholar with the University of Colorado Center for Research on Consumer Financial Decision Making, and is a research economist with NBER. Professor Shu has taught marketing and decision making courses to MBA students at UCLA, SMU, the University of Chicago, and INSEAD.

5:30-7:00 PM	**Reception -** Agora at the Riverside, 1724 Broadway Street (Partners and spouses welcome)

Tuesday, May 20

7:00-8:00 AM **Continental Breakfast** - Ballroom LobbyLobby
(Conference registrants only, please)

8:00-9:15 AM **Session 6: Consumers' Financial Planning**

Discussant: **Mark Cole** – Hope LoanPort

"How Consumers of Varying Credit Status Cope with Financial Shocks"
Carsten Erner – University of California Los Angeles (Management)
John Chalekian – Consumer Credit Research Institute
Craig Fox – University of California Los Angeles (Management)
Christopher Trepel – Encore Capital Group

Abstract: One manifestation of financial distress is difficulty coping with unplanned financial shocks. Previous studies have provided an initial description of the coping methods available to consumers and imply that a "pecking order" might exist across financial options. In two studies, we examine coping behavior determinants and identify the attributes that influence coping decisions. We describe different pecking orders between prime and subprime populations, and within a more granular credit classification scheme. Our results indicate that, as credit status declines, individuals move from immediately available sources (such as savings and credit cards) towards alternative sources (such as family and friends or payday lenders and pawn shops). Additionally, we examine the roles of demographic factors, social and economic networks, and personality characteristics, and find that certain traits (e.g., impulsivity) are significantly related to coping behavior. In addition to an option's availability, perceived costs and effort involved, as well as past experience with a method, significantly predict coping decisions. Our results contribute to both a better understanding of financial coping behavior, particularly for subprime consumers, and the development of policy interventions aimed at improving consumer choices and mediating financial constraints.

"Squeezed: Coping with Constraint through Efficiency and Prioritization"
Philip Fernbach –University of Colorado Boulder (Marketing)
Christina Kan – University of Colorado Boulder (Marketing)
John Lynch – University of Colorado Boulder (Marketing)

Abstract: When consumers perceive that a resource is limited and may be insufficient to accomplish goals, they recruit and enact plans to cope with the shortage. We identify two common strategies: Efficiency planning yields savings by stretching the resource whereas priority planning does so by sacrificing less important goals. Using a gift-giving paradigm to study financial planning and a virtual shopping environment to study time planning, we explored how the two types of planning vary with constraint and how they interact. As constraint increases, the likelihood and speed of recruiting priority plans relative to efficiency plans increases. However, the shift to priority planning is often insufficient, in part because intensive efficiency planning can interfere with timely prioritization. In a field experiment, participants that created a budget prior to a Spring break trip reported more priority planning and fewer dysfunctional behaviors, like overspending and impulsive shopping, than those in the control group.

Biographies:
Carsten Erner is a postdoctoral scholar at the UCLA Anderson School of Management and is affiliated with the Consumer Credit Research Institute, San Diego. He worked as a postdoctoral scholar with teaching duties and as a research and teaching assistant at the University of Münster, where he was also a member of the German Institute for Retirement Savings Research Group. He received his PhD in Finance from the University of Münster on the topics of behavioral financial engineering and corporate risk management. Prior, he studied Business Administration at the University of Münster and at UC Berkeley, specializing in finance, information systems, and accounting. His research focuses on the interplay between finance and behavioral decision making, in particular regarding consumer credit, investment products, and applications of prospect theory.

Phil Fernbach is an assistant professor of marketing in the Leeds School of Business. He holds a Ph.D. from Brown University in cognitive science and a B.A. from Williams College where he studied philosophy. His research interests span many areas of consumer behavior including causal reasoning, probability judgment, financial decision-making, and moral judgment. His research has been published in outlets such as the *Journal of Experimental Psychology: General, Psychological Science,* the *Journal of Consumer Research,* and *Cognition*, and has been profiled in media outlets like ABC News, the Wall Street Journal and the New York Times. Prior to pursuing his Ph.D., Dr. Fernbach worked with consumer goods companies as a strategy consultant for two boutique firms in Boston.

Mark Cole is Executive Vice President & Chief Strategy Officer of Hope LoanPort. HLP is a social enterprise 501(c)3 nonprofit that connects families with the stakeholders needed to attain and maintain homeownership. It is a national, neutral utility that provides transparency and accountability for the exchange of information and documents in these transactions. In his role, Mark leads the efforts to expand the platform's capabilities and use, particularly in the regulatory, technology and consumer advocacy sectors. With more than 25 years as a senior executive in the nonprofit sector, Mark brings a wealth of experience in finding practical and innovative solutions to business problems. From start-ups to mature organizations, he has helped lead organizations through a broad range of business cycles and stages of evolution. He has been responsible for developing and executing the business and strategic plans to achieve company goals. During his career, he has forged strategic partnerships and led highly-complex service organizations to deliver the promised results through direct service channels, technology, quality assurance and research/reporting functions. Most recently, he served as Executive Vice President & Chief Operating Officer for CredAbility. Mark currently serves as Chairman of the Board of Neighborhood Nexus, a collaborative to bring better data to metro Atlanta decision-makers. A graduate of Leadership Atlanta, he has previously served on the boards of the Better Business Bureau, Hope LoanPort, Community Friendship and TechBridge. He is also a graduate of NeighborWorks' prestigious Achieving Excellence in Community Development program, hosted in collaboration with Harvard University's Kennedy School of Government. Mark is a graduate of the University of Texas at Arlington

9:15-9:30 AM **Beverage Break** Xanadu Ballroom Lobby

9:30-10:45 AM **Session 7: The "Helpful" Role of Marketing of Complex Financial Products**

Discussant: **Linda Salisbury** – Boston College (Marketing)

"What Drives Financial Complexity? A Look into the Retail Market for Structured Products"

Claire Célérier – University of Zurich (Finance)
Boris Vallee – HEC-Paris (Finance)

Abstract: By focusing on the highly innovative retail market for structured products, we investigate the drivers of financial complexity. We perform a lexicographic analysis of the term sheets of 55,000 retail structured products issued in 17 European countries since 2002. We observe that financial complexity has been steadily increasing, even after the recent financial crisis, and that financial complexity is more prevalent among distributors with a less sophisticated investor base. We then compute the fair value of a representative sample of products and show that the hidden markup in a product is an increasing function of its complexity. Finally, we show that financial complexity increases when competition intensifies. These findings are consistent with financial institutions strategically using complexity to mitigate competition.

"Advertising Expensive Mortgages"

Umit Gurun – University of Texas, Dallas (Finance)
Gregor Matvos – University of Chicago (Finance)
Amit Seru – University of Chicago (Finance)

Abstract: We use a unique dataset that combines information on advertising and mortgages originated by subprime lenders to study whether advertising helped consumers find cheaper mortgages. Lenders who advertise more within a region sell more expensive mortgages, measured as the excess rate of a mortgage after accounting for a broad set of borrower, contract, and regional characteristics. These effects are stronger for mortgages sold to less sophisticated consumers. We exploit variation in mortgage advertising induced by the entry of Craigslist across different regions as well as a battery of other tests to demonstrate that the relation between advertising and mortgage expensiveness is not spurious. Our estimates imply that consumers pay on average $7,500 more when borrowing from a lender who advertises. Analyzing advertising content reveals that initial/introductory rates are advertised frequently in a salient fashion in contrast to reset rates, which are rarely advertised. Moreover, the advertised price (APR) is at best uncorrelated with mortgage expensiveness. Our facts reject the canonical models of informative advertising and are instead more consistent with persuasion models, in which the reset rate is shrouded/not salient and advertising is used steer unsophisticated consumers into bad choices by increasing the salience of the initial interest rate.

Biographies:
Claire Célérier is an assistant professor in the Banking and Finance department at the University of Zurich. Her interests cover household finance, financial innovation and corporate finance. Her recent research has studied the role of competition in the dynamics of financial innovation, wages and the supply of financial services. Professor Célérier obtained her PhD in 2012 from Toulouse School of Economics. Prior to her PhD, she worked three years as an economist in the French Central Bank and received a MSc in Economics from HEC Paris.

Umit G. Gurun is an associate professor at the University of Texas at Dallas, currently visiting Harvard Business School as a visiting professor. He received his Ph.D. in finance from Michigan State University in 2005, immediately after which he joined University of Texas at Dallas. He was a visiting professor of finance at University of Texas at Austin in 2010. He has published articles in leading finance and economics journals, including *The Journal of Finance, Review of Financial Studies* and *The Journal of Accounting Research*. Umit's research primarily investigates how information flows affect household portfolio decisions and the financial and operational decisions made by corporate executives and other institutional managers. Currently he is working on how persuasion works in mortgage markets and how it affects household portfolio decisions. In particular, he works on issues to understand how individuals choose particular financial products and whether specific types of advertising influence their choices.

Linda Court Salisbury is an Associate Professor of Marketing at the Carroll School of Management, Boston College. Her general research interests are in consumer decision-making, with a particular interest in examining how consumers incorporate considerations about the future into their current decisions. She has examined phenomena such as choice diversification, debt repayment behavior, consumer expectations, preference uncertainty, and customer satisfaction. Her work has also examined the impact of the CARD Act on credit card repayment choices. Prior to beginning her academic career, Linda spent a number of years working in the consumer packaged goods industry and in management consulting. She received her Ph.D. from the Ross School of Business at the University of Michigan; and her M.B.A. and M.S. in Operations Research and Statistics at Rensselaer Polytechnic Institute. Her research has appeared in the *Journal of Consumer Research,* the *Journal of Marketing Research,* and *Marketing Science*.

10:45-11:00 AM **Beverage Break** Xanadu Ballroom Lobby

11:00-12:15PM **Session 8: Protecting Investors by Constraining Choice?**

Discussant: **On Amir** – University of California, San Diego (Marketing)

"Made Poorer by Choice: Worker Outcomes in Social Security v. Private Retirement Accounts"
Terrance Odean – University of California Berkeley (Finance)
Brad Barber – University of California Davis (Finance)
Javed Ahmed – Federal Reserve Board of Governors

Abstract: Can the freedom to choose how retirement funds are invested leave workers worse off? We analyze social risks of allowing choice, using the U.S. Social Security system as an example. Comparing a private account-based alternative with the current system via simulation, we document that choice in both equity allocation and equity composition lead to increased income inequality and risk of shortfalls relative to currently promised benefits. While private accounts disproportionately increase shortfall risk for low-income workers, allowing choice increases risk for all workers (even with high return outcomes). Our results suggest that private-account-based systems featuring investor choice pose substantial risk to social welfare beyond that induced by uncertain market outcomes. We also find that a representative worker (who earns his cohort's average annual salary) benefits much more from a private-account alternative, than do most workers. Thus, the welfare of such a representative worker should not be used to assess population-wide benefits of private account alternatives.

"The Curious Case of the Secondary Market With Respect to Investor Protection"
Adi Osovsky – Harvard University (Law)

Abstract: The primary mission of the SEC is to protect investors. However, current securities regulation clearly separates between public markets and private markets with respect to investor protection. While the federal securities laws impose strict and costly disclosure and anti-fraud requirements on issuers that offer their securities to the public, they exempt private offerings from such rigid regime. The liberal approach toward private offerings is based on the assumption that investors in private markets are sophisticated and thus can "fend for themselves".

My Article explores the validity of such traditional dichotomy between the public market and the private market in a relatively new, organized secondary market for ownership interests in private companies with retail investor access (the "Secondary Market"). The Secondary Market provides investors and employees with an opportunity to sell their holdings even before the first exit event. It also allows greater flexibility in capital formation, which may enhance productivity and job growth. However, the Secondary Market raises serious problems with regard to investor protection.

As the Article shows, the rise of the Secondary Market has revealed conspicuous cracks in the wall traditionally separating the public and the private markets and the two markets' participants – the sophisticated investors versus the unsophisticated investors. This separation was undermined by the penetration of unsophisticated investors to the private market sphere and by the erosion of the assumptions regarding the ability of Secondary Market's participants to fend for themselves.

The Article suggests that the erosion of the sophistication presumption deems the classic dichotomy between the heavily regulated public market and the lightly regulated private market artificial. It calls for a reexamination of the current regulatory regime with respect to investor protection.

Biographies:

Terrance Odean is the Rudd Family Foundation Professor and Chair of the Finance Group at the Haas School of Business at the University of California, Berkeley. He is a member of the Journal of Investment Consulting editorial advisory board, of the Russell Sage Behavioral Economics Roundtable, and of the WU Gutmann Center Academic Advisory Board at the Vienna University of Economics and Business. He has been an editor and an associate editor of the *Review of Financial Studies*, an associate editor of the *Journal of Finance*, a co-editor of a special issue of *Management Science*, an associate editor at the *Journal of Behavioral Finance,* a director of UC Berkeley's Experimental Social Science Laboratory, a visiting professor at the University of Stavanger, Norway, and the Willis H. Booth Professor of Finance and Banking. As an undergraduate at Berkeley, Odean studied Judgment and Decision Making with the 2002 Nobel Laureate in Economics, Daniel Kahneman. This led to his current research focus on how psychologically motivated decisions affect investor welfare and securities prices.

Adi Osovsky is an S.J.D. candidate at Harvard Law School, where she also pursued her LL.M. degree. Ms. Osovsky's research focuses on the tension between financial innovation and investor / consumer protection. Since June 2013, Ms. Osovsky has been an associate in the Corporate Department of ZAG-S&W, a unique Israeli-American joint venture of the firms Zysman, Aharoni, Gayer & Co. (ZAG) and Sullivan & Worcester LLP (S&W). Her practice focuses on corporate, commercial and securities law, and she specializes in assisting Israelis and Israeli firms conducting business in the United States. Before moving to Boston, and after completing her LL.B. degree at Tel Aviv University, Osovsky worked at Gornitzky & Co., a top law firm in Israel, where she specialized in corporate law, litigation and class actions, and provided on-going legal advice on regulatory and corporate governance issues to various key players in the Israeli economy.

On Amir focuses on using psychological and economic principles to identify successful strategies in different market settings. He investigates different customer decision-making mechanisms and their influences on pricing and promotion strategies, on decision making under risk and uncertainty, and on preference dynamics. He also writes about how insights from research on decision making and behavioral economics may be used to improve business practices and policy making. Amir has received several research awards from the Marketing Science Institute and from the Robert Woods Johnson Foundation. Prior to coming to UC San Diego, he was an assistant professor of marketing at Yale University. Amir received his Ph.D. in management science and marketing from MIT's Sloan School of Management in 2003.

12:30-1:45 PM **Lunch Break** – The Mediterranean Restaurant, 1002 Walnut Street
(Conference registrants only, please)

2:00-3:15 PM **Session 9: Advice**

Discussant: **Joe Simmons** – University of Pennsylvania (Operations and Information Management)

"Don't Answer the Phone: Financial Advice and Individual Investors' Performance"
Markus Schmid – University of St. Gallen (Finance)
Nic Schaub – University of Mannheim (Finance)
Daniel Hoechle – University of Basel (Finance)
Stefan Ruenzi – University of Mannheim (Finance)

Abstract: We use a proprietary dataset from a large Swiss retail bank and examine the impact of financial advice on individual investors' trading performance and behavioral biases. Our dataset provides information on almost 40,000 clients, their approximately 500 advisors, and over 150,000 trades executed between January 2002 and June 2005. Moreover, our dataset includes information on the exact date of meetings, phone calls, mail and email contacts between clients and advisors. Based on these client-advisor contacts we are able to classify each trade as either carried out by the client independently or as induced by the advisor. This allows us to compare advised and independent trades in a trade-by-trade within-person analysis. Thus, our study is not plagued by the selection and endogeneity problems typically faced by existing studies of the impact of financial advice. Our results show that advised purchases perform significantly worse than independently executed purchases. Moreover, our results also indicate that those advised trades that follow a contact between the client and the advisor that was initiated by the advisor perform particularly badly, suggesting that advisors actively contact clients with rather poor trading ideas. We also find only limited evidence that advisors help to reduce behavioral biases.

"Individual Judgment and Trust Formation: An Experimental Investigation of Online Financial Advice"
Julie Agnew – College of William and Mary (Finance)
Hazel Bateman – University New South Wales (Finance)
Christine Eckert – University of Technology, Sydney (Marketing)
Fedor Iskhakov – University New South Wales (Economics)
Jordan Louviere – The Institute for Choice, University of South Australia
Susan Thorp – University of Technology, Sydney

Abstract: This paper explores how individuals assess the quality of financial advice they are given and how they form judgments about the trustworthiness and expertise of their advisers. Using an incentivized discrete choice experiment, we demonstrate how client's opinions of adviser quality can be manipulated over time via a simple and easily replicated confirmation strategy. Results also show how clients will use external signals, such as professional credentials, to guide their choices when the quality of advice is unclear. Improvements to regulation and monitoring of financial adviser qualifications are warranted.

Biographies:
Markus Schmid is a Professor of Finance and Director of the Swiss Institute of Banking and Finance at the University of St. Gallen, Switzerland. He holds a Master degree in Economics and a Ph.D. in Finance both from the University of Basel, Switzerland. Before his current appointment, he was an Associate Professor of Finance at the University of Mannheim, an Assistant Professor of Finance at the University of St. Gallen, and a Post-Doctoral Researcher at Leonard N. Stern School of Business, New York University. He spent several visiting terms at New York University and is currently a Visiting Professor at New York University's Stern School of Business. His research interests are mainly in the areas empirical corporate finance, corporate governance, performance measurement, and household finance. His research has been published in the Journal of Financial Economics, Journal of Financial Intermediation, Journal of Empirical Finance, and Journal of Banking and Finance among others. From 2010 to 2012 he was co-editor and as of 2012 he is the managing editor of the Financial Markets and Portfolio Management Journal. He is also the Vice President of the Swiss Society for Financial Market Research.

Julie Agnew is an Associate Professor of Finance and Economics and holds the John N. Dalton Term Chair at the College of William and Mary's Mason School of Business. She is a TIAA-CREF Institute Fellow, a former elected member of the Defined Contribution Plans Advisory Committee (DCPAC) for the Virginia Retirement System, and a Research Associate for the Center for Retirement Research at Boston College. From 2009-2011, she was the Co-Director of the Center for Interdisciplinary Behavioral Finance Research. Her research and consulting activities focus on behavioral finance and its relationship to financial decisions made by individuals in their retirement plans. She has presented her research at several national and international conferences, testified as an invited expert witness in front of the Senate's Committee on Health Education, Labor and Pensions and has won several nationally competitive research grants. Prior to pursuing her doctorate, she worked as an Analyst in investment banking for Salomon Brothers in New York City and as an Equity Research Associate for Vector Securities International in Chicago. A former Fulbright Scholar to Singapore, she co-authored a book examining strategic business opportunities in Asia. Dr. Agnew earned a B.A. degree in Economics (High Honors) and a minor in Mathematics from the College of William and Mary. She graduated Magna Cum Laude and is a member of Phi Beta Kappa. She received a Ph.D. in Finance from Boston College in 2001. In 2012, she was a Senior Visiting Fellow at the University of New South Wales in Sydney, Australia.

Joe Simmons is an Associate Professor at the Wharton School of the University of Pennsylvania. He has two primary areas of research. The first explores the psychology of judgment and decision-making, with an emphasis on understanding and fixing the errors and biases that plague people's predictions. The second area focuses on identifying easy-to-adopt research practices that improve the integrity of published findings. Joe is also an author of Data Colada (http://datacolada.org), an online resource that attempts to improve our understanding of scientific methods, evidence, and human behavior.

3:15-3:30 PM **Beverage/Snack Break** Xanadu Ballroom Lobby

3:30-4:45 PM **Session 10: Loss Aversion, Risk, Uncertainty & Investor Behavior**

Discussant: **John Payne** – Duke University (Management)

"Financial Loss Aversion Illusion"
Christoph Merkle – University of Mannheim (Finance)

Abstract: We test the proposition that investors' ability to cope with financial losses is much better than they expect. In a panel survey with real investors from a large UK bank, we ask for subjective ratings of anticipated returns and experienced returns. The time period covered by the panel (2008-2010), with frequent losses and gains in the portfolios of investors, provides the required background to analyze the involved hedonic experiences. We examine how the subjective ratings behave relative to expected portfolio returns and experienced portfolio returns. Loss aversion is strong for anticipated outcomes with investors reacting over twice as sensitive to negative expected returns as to positive expected returns. However, when evaluating experienced returns, the effect diminishes by more than half and is well below commonly found loss aversion coefficients. It seems that a large part of investors' financial loss aversion results from a projection bias. We find that anticipated loss aversion has consequences for portfolio risk taken by investors and argue that with greater awareness of their loss experiences, investors would be prepared to take on higher risk.

"Perceived Nature of Market Uncertainty Predicts Investment Behaviors"
Gülden Ülkümen – University of Southern California (Marketing)
Carsten Erner – University of California Los Angeles (Management)
Daniel Walters – University of California Los Angeles (Management)
David Tannenbaum – University of California Los Angeles (Strategy)
Craig Fox – University of California Los Angeles (Strategy)

Abstract: Most investment decisions require an assessment of uncertainty, which is sometimes conceived of in statistical terms (e.g., volatility of asset prices) and sometimes conceived of in terms of knowledge or information (e.g., familiarity of an asset class). Recent studies suggest that individuals' perceptions of uncertainty vary along two independent dimensions: (i) the extent to which outcomes appear to be governed by chance or random processes (aleatory uncertainty); and (ii) the extent to which outcomes are potentially predictable or knowable in advance (epistemic uncertainty). These perceptions can be reliably assessed using the Epistemic/Aleatory Rating Scale (EARS; Fox, Tannenbaum, Ülkümen, 2014). In four studies we explore implications of these dual intuitions about uncertainty on investor and market behavior. First, we show that investors' portfolio diversification, trading frequencies, and willingness to pay for financial advice vary systematically with perceived epistemicness/aleatoriness of the stock market. Second, financial advisors' attributions of credit/blame and luckiness/unluckiness for correct/incorrect forecasts are predicted by their perceptions of the nature of market uncertainty, as is the frequency with which they check investment returns. Third, differences in perceived epistemicness/aleatoriness of S&P 500 companies (based on brief company descriptions) predict extremity of earnings forecasts and width of confidence intervals surrounding these forecasts. Finally, perceptions of epistemic uncertainty of various companies reliably predict measures of market behavior such as CAPM betas. Taken together, these studies suggest that the perceived nature of asset and market uncertainty plays a critical role in investor, advisor, and market behaviors.

4:45-5 PM **Closing Remarks**
Eric Johnson – Columbia University

Biographies:
Christoph Merkle is an assistant professor of finance at the University of Mannheim, Germany, where he works at the Chair of Finance and Banking. He is also a member of the University's Behavioral Finance Group. His research interests are in behavioral finance, household finance, and decision theory. Among other topics, he has explored how investors convert their beliefs and preferences into actions in financial markets. Merkle received his Ph.D. in Finance from the University of Mannheim in 2011.

There he was part of the inaugural class of the Graduate School of Economic and Social Sciences. Prior, he graduated in economics from the University of Cologne.

Gülden Ülkümen is Assistant Professor of Marketing at the University of Southern California (USC). She received her PhD in Marketing from New York University. Dr. Ülkümen's research interests include consumer budgeting and savings decisions, consequences of categorization on consumers' decision making, and the impact of uncertainty on consumer decisions. Her research has been published in the *Journal of Consumer Research, Journal of Marketing Research,* and *Journal of Consumer Psychology.* This work has also been featured in The New York Times, U.S. News, and Yahoo Finance. Professor Ülkümen serves on the editorial board of the Journal of Consumer Psychology, and she is an ad hoc reviewer for several journals including the Journal of Consumer Research and Journal of Marketing Research. She teaches courses in Consumer Behavior at the Marshall School of Business at USC.

John W. Payne is the Joseph J. Ruvane Professor of Business Administration at the Fuqua School of Business, Duke University. He also has appointments as a Professor of Psychology and Neuroscience and as a Professor of Law at Duke University. Professor Payne came to Duke University and the Fuqua School of Business in 1977 from the University of Chicago where he was an Assistant Professor of Business. He had earlier held a position as a postdoctoral fellows and visiting assistant professor in Cognitive Psychology at Carnegie-Mellon University, 1973-75. His education includes a B.A. 1969, M.A. 1972, Ph.D. 1973 in Psychology from the University of California, Irvine. Professor Payne's research deals with how people make decisions, and how decision making might be improved. His particularly subfield of interest is decision making under risk. He has authored or edited four books, including The Adaptive Decision Maker, and nearly 100 additional journal articles and book chapters. At Fuqua and at Duke University, Payne has served in a number of administrative roles including being the Deputy Dean of the Fuqua School of Business, a member of the Board of Directors at Duke Corporate Education, and as Chair of the Duke University Priorities (Budget) Committee and he also has served as a member of the Executive Committee of the Duke Academic Council along with service on many other university committees. Among his honors, Professor Payne has been elected President of the Judgment and Decision Society. He has won the Leo Melamed Prize for scholarship at the University of Chicago, for the most significant research by business school faculty. He was awarded the first JCR award for long-term contribution to consumer research. He has been selected as a Fellow, American Psychological Association, 2007, and a Fellow, American Psychological Society, 1995.

Eric Johnson is a faculty member at the Columbia Business School at Columbia University where he is the Director of the Center for Decision Sciences. His research examines the interface between Behavioral Decision Research, Economics and the decisions made by consumers, managers, and their implications for public policy, markets and marketing. Among other topics, Johnson has explored how the way options are presented to decision-makers affect their choices in areas such as organ donation, the choice of environmentally friendly products, and investments. After graduation from Rutgers University, he received his M.S. and PhD. in Psychology from Carnegie-Mellon University, and was a National Science Foundation postdoctoral fellow at Stanford. He previously has taught at Carnegie Mellon, was a visiting professor at the Sloan School at MIT, was the inaugural holder of the David W. Hauck Chair in Marketing, and a Professor of Operations and Information Management and Psychology at the University of Pennsylvania. The National Science Foundation, The National Institutes of Health, The Alfred P. Sloan and Russell Sage Foundations, and the Office of Naval Research have supported his research. He was awarded the Distinguished Scientific Contribution Award from the Society for Consumer Psychology, and named a Fellow by the Association for Consumer Research, was awarded an honorary doctorate in Economics from the University of St. Gallen, and is a Fellow of the TIAA-CREF Institute Fellow and the Association for Psychological Science. According to the Institute for Scientific Information, he is one of the most highly cited scholars in Business and Economics.

Biographies (alphabetically):

Alexei Alexandrov is an Economist at the Consumer Financial Protection Bureau's Office of Research. His policy work is concentrated on regulating the U.S. mortgage market. His academic research is in the broader area of theoretical industrial organizations, with publications in journals like Marketing Science, Journal of Economics and Management Strategy, and Antitrust Law Journal. Before starting his work at the CFPB, Alexei was an Assistant Professor of Economics and Management at the University of Rochester's business school, where he won awards for MBA teaching. Alexei received his Ph.D. in Managerial Economics and Strategy from Northwestern University.

Xiaoling (Ling Ling) Ang is an economist in the Office of Research at the Consumer Financial Protection Bureau. Her current research focuses on the effect of public policy on student lending, the effect regulation on access to credit, and the effect of local economic conditions on the availability of credit. Her research interests include labor, demography, public finance, education, and financial services. Her work has been published in the Journal of Family and Economic Issues. At the Consumer Financial Protection Bureau she has served as the lead economist on several rulemakings and focused on a variety of policy issues, including those related to student lending, financial education, and mortgage markets. She completed her Ph.D. in economics at Princeton University in 2011 and received an MS and BS in mathematics, with a minor in economics, from Loyola University Chicago in 2005.

Ozgun Atasoy is a Marketing doctoral student at Boston University School of Management specializing in financial decision making. Ozgun graduated from Bogazici University, Turkey, with a B.A. in Economics and a B.Sc. in Mathematics. He earned an M.A. in Economics from Sabanci University, Turkey, and an M.A. in Economics from University of Maryland College Park. He started his doctoral studies at Boston University School of Management in 2010. His research focuses on consumers' judgments and decisions concerning home buying. His work aims at understanding how people judge financial risks and how they evaluate the financial arrangements associated with buying homes. He taught undergraduate courses at Boston University (Consumer Behavior), University of Maryland College Park (Microeconomics), and Sabanci University (Macroeconomics). He occasionally writes popular pieces on business and psychology for scientificamerican.com.

Helen Colby is a postdoctoral scholar at the UCLA Anderson School of Management. She received her doctoral degree from Rutgers University jointly in Cognitive Psychology and Marketing, and her Bachelors Degrees from the University of Chicago in Economics and Psychology. Her research investigates interventions to increase savings behavior, mechanisms underlying consumer discretionary spending, and the integration of cost and other factors in healthcare decision making.

Anthony DeFusco is a Ph.D. Candidate in the Applied Economics program at the University of Pennsylvania, Wharton School. His primary research interests are in urban economics, public economics, and real estate finance. Currently he is working on projects related to local land use regulations, borrower behavior in the mortgage market, and the role of contagion in the start and spread of the most recent housing boom. Prior to his graduate studies, Anthony earned a B.A. in Mathematics and Mathematical Economics from Temple University and spent some time as a research assistant at the Philadelphia Federal Reserve Bank.

Carsten Erner is a postdoctoral scholar at the UCLA Anderson School of Management and is affiliated with the Consumer Credit Research Institute, San Diego. He worked as a postdoctoral

scholar with teaching duties and as a research and teaching assistant at the University of Münster, where he was also a member of the German Institute for Retirement Savings Research Group. He received his PhD in Finance from the University of Münster on the topics of behavioral financial engineering and corporate risk management. Prior, he studied Business Administration at the University of Münster and at UC Berkeley, specializing in finance, information systems, and accounting. His research focuses on the interplay between finance and behavioral decision making, in particular regarding consumer credit, investment products, and applications of prospect theory.
Geoff Fisher is a fourth-year doctoral candidate at Caltech. He pursues questions at the intersection of economics and psychology that are also highly relevant to consumer behavior. Much of his current work examines how we make multi-attribute choices and, in particular, how we compute and then weight attributes when calculating value. For instance, a recent study found that cold-to-hot and hot-to-cold empathy gaps in a food-bidding task are not only symmetric in size, but also largely symmetric in the attribute-based mechanisms underlying the gap. Additionally, several ongoing projects utilize eye tracking as a tool to measure and often manipulate attention to attributes. Before attending Caltech, Geoff completed a B.A. in economics and math at Cornell University.

Patrick Gerhard is PhD candidate at the department of Finance at Maastricht University. He is affiliated with Netspar as junior research fellow, and part of the Marketing-Finance research lab at Maastricht University. He studied Business Administration (B.Sc.) at RWTH Aachen University and International Business with a specialization in Finance (M.Sc.) at Maastricht University. His research interests are related to behavioral finance, household finance and individual investor decision making. In particular, he focuses on decision making with respect to financial literacy, financial product acceptance and complexity.

Ryan Goodstein is a Senior Financial Economist in the Division of Depositor and Consumer Protection at the Federal Deposit Insurance Corporation. Since joining the FDIC in 2008, Ryan's research has focused on consumer finance issues including access to financial services, housing, and the mortgage market. He received his Ph.D. in Economics from the University of North Carolina at Chapel Hill in 2008 and a B.S. from James Madison University in 1996.

Hosea H. Harvey is Assistant Professor of Law and Political Science at Temple University, where his research centers around using empirical methods to solve a central question: what is the appropriate role of the law in minimizing the effects of race and gender disparities in business organizations, consumer markets, and regulatory policies? His research on the CARD Act was recently discussed on CardHub.com, and other recent work has been published in various publications, including the Univ. of Michigan Journal of Law Reform and the Yale Journal of Health Policy, Law, and Ethics. Prior to joining Temple's faculty in 2010, Professor Harvey practiced corporate law in New York at Cravath, Swaine & Moore and as associate general counsel for Planned Parenthood Federation of America, Inc. Professor Harvey received his Ph.D. in Political Science (2005) and J.D. (2000) from Stanford University.

Rawley Heimer is a recent doctoral recipient who works as a Research Economist at the Federal Reserve Bank of Cleveland. His research is primarily concerned with the behavior and performance of individual investors in risky asset markets, with a particular interest in the role of social influence. His forthcoming research explores how household financial behavior aggregates up to asset prices and economic outcomes. His research will soon be published in the Journal of Economic Behavior and Organization and has been presented at many top universities and conferences including Yale, Harvard, Ohio State, and the American Financial Association Annual Meetings. He has also advised several retail brokerages. Rawley has degrees in Economics and Finance from the University of Rochester and Brandeis University and spent a few years post-college in Bozeman, Montana, doing economic research while enjoying the mountains. He is also an accomplished jazz/funk guitarist.

Lena Jaroszek is a researcher at the Centre for European Economic Research (ZEW) in Mannheim, Germany and a fourth-year Ph.D. student in finance at the University of Mannheim under the supervision of Stefan Ruenzi. Prior to this, she received a Diploma degree (MSc equivalent) in business administration from the University of Mannheim. Her research interests are in household finance, behavioral finance, and empirical asset pricing. At the ZEW she has been involved in numerous research projects with a focus on household finance, commissioned by German and European authorities such as the German Federal Ministry of Finance, Ministry of Consumer Protection or the European Commission.

L. Robin Keller, Professor of Operations and Decision Technologies in the Merage School of Business at the University of California, Irvine, joined UCI in 1982 after earning her M.B.A. and Ph.D. in management science from UCLA. She has served many roles in the school, including the Doctoral Program Director and Associate Dean (for the Full-time MBA Program and for Research). She was Program Director for the NSF Decision, Risk, and Management Science Program. Dr. Keller was the Editor-in-Chief of Decision Analysis from 2007-2012, a founding Director-at-large of INFORMS, TIMS Vice President-Finance and Council member, and Decision Analysis Society Chair. She is the 2014 President-elect, 2015 President, and 2016 Past President of INFORMS and an INFORMS Fellow. Her research focuses on developing techniques for analyzing decisions. Her decision analysis research spans the areas of multiple attribute decision making, fairness, perceived risk, and planning protection against terrorism, environmental, health, and safety risks.

Michael Kuhn is currently finishing his doctorate at UC San Diego and will be starting as an assistant professor at the University of Oregon Economics Department this fall. He is interested in when and how behavioral economic theories matter for the design of public policy, especially policy related to consumer finance and welfare programs. Much of his work to date focuses on time preferences: how to measure them, how sensitive they are and how non-standard preferences in heterogeneous groups matter for budgeting. Other work of his studies the development of cooperative preferences, excess returns to endogenous institutions, multi-dimensional risk preferences, the relationship between ambiguity and complexity and how incentives create biases. His research utilizes laboratory studies, field studies and observational data.

David Lewis is a PhD candidate at the School of Business and Economics at Wilfrid Laurier University in Waterloo, Canada. David began his career in financial services in Canada and then moved to the United States where he held various senior roles, including Head of Technology, Head of Marketing, President, CEO and Chairman of the Board, all at high profile financial institutions. David was recognized by Advertising Age magazine as being one of the Top 50 marketers in the US. David is also a Chartered Financial Analyst. As a doctoral candidate, David is now interested in advancing knowledge in the area of consumer financial decision making.

Ye Li is an Assistant Professor of Management and Marketing at the University of California Riverside. Prior to UCR, he was a Postdoctoral Research Fellow at Columbia University's Center for Decision Sciences. His research examines behavioral determinants of economic behaviors, including emotion, cognitive ability, memory, and situational factors. His work has been published in *Psychological Science, Psychology & Aging, Journal of Behavioral Decision Making, and Artificial Life.* His research has been featured in the Chicago Tribune, CNN, Forbes, LifeHacker, New York Times, Scientific American, TIME, and the Wall Street Journal. He received his B.S. in Economics and Electrical Engineering from Caltech and his M.B.A. and Ph.D. from the University of Chicago.

Meagan McCollum is a PhD student in the Department of Finance at Louisiana State University. Her research interests include real estate finance, household finance, and financial intermediation. Meagan's current research focuses on developing improvements to mortgage default models and disentangling the effects of household employment status and negative equity in default decisions. She is also examining the impact of changes in housing leverage and credit availability on household decisions, such as college enrollment. She previously earned a BA in music (oboe) and a MBA from Samford University and a MS in Finance from the University of Alabama.

Chiraag Mittal is a third-year doctoral candidate in Marketing at the Carlson School of Management at the University of Minnesota. He graduated with a B.S. in Electrical and Computer Engineering from Ohio State University and a M.S. in Family and Consumer Sciences from University of Arizona. His work aims to better understand consumer behavior and decision making by integrating insights from behavioral ecology and evolutionary biology. His current research focuses on the effects of resource threats on financial decisions such as those related to retirement planning, with a particular emphasis on how childhood factors influence this relation. Chiraag anticipates graduating in the spring of 2016.

Jenny Olson is a doctoral candidate in marketing at the University of Michigan. Her research focuses on how financial decisions influence interpersonal relationship dynamics, and how relationship dynamics influence financial decisions. Her current work in this area examines how spending habits influence romantic attraction, how household bank account structure influences marital well-being, and how couples manage debt differently than individuals. Her research has received best working paper awards from the Society for Judgment and Decision Making and the Association for Consumer Research, and has been covered by media outlets such as *Time, The Washington Post,* and *The Huffington Post*. Her work has been funded through grants from the Russell Sage Foundation and the Association for Consumer Research. Jenny recently won a Rackham Graduate School Predoctoral Fellowship, a university-wide award that provides funding to students whose dissertations are "unusually creative, ambitious, and risk-taking." She anticipates graduating in the spring of 2015.

Thomas Post is Assistant Professor of Finance at Maastricht University and affiliated with Netspar. He received his PhD from Humboldt University Berlin. He held visiting positions at the University of Illinois at Urbana-Champaign and the University of New South Wales, and worked for KPMG. His research covers behavioral finance, household finance, and pension finance. In particular, he looks at households' savings, asset allocation, trading, and annuitization decisions. He also studies how households form and update expectations and beliefs.

Crystal Reeck is a Postdoctoral Research Scholar and Adjunct Assistant Professor in Decision Making and Negotiations at Columbia Business School. Combining both neuroscience and behavioral approaches, her research examines how emotions guide decision making and how different strategies and ways of thinking about options can alter emotion's influence on decision making. She earned her Bachelor's and Master's degrees at Stanford University and completed her doctorate in Psychology and Neuroscience at Duke University. Her work has appeared in peer-reviewed journals such as Science and Journal of Cognitive Neuroscience and been featured in media outlets such as Bloomberg Businessweek and AAAS News.

Michelle Reyers is a senior lecturer in the Department of Financial Management at the University of Pretoria in South Africa where she teaches courses focused on investment and portfolio management as well as behavioural finance. She received her PhD in Financial Management Sciences from the University of Pretoria in 2014. Her research focus areas are behavioural finance and retirement finance with a specific focus on retirement savings decisions. Prior to her academic career she spent 10 years working in the South African banking industry. She is a CFA® Charterholder and earned her CFA charter in 2002. Her previous academic qualifications, all completed at the University of Pretoria, include a BCom degree in Law (1997), an honours degree in Financial Management (1998) and a MCom in Financial Management Sciences (2009), all degrees were awarded with distinction.

Sherrie L.W. Rhine joined the Federal Deposit Insurance Corporation (FDIC) as a Senior Economist in November 2009. Prior to arriving at the FDIC, Sherrie was a senior economist in the Federal Reserve System and the Office of the Comptroller of the Currency (OCC) and has spent more than 16 years focusing on consumer finance research and community development. Her research interests include consumer access to financial products, services, and credit; asset accumulation and wealth building; housing and home ownership; community economic development; and financial education. Sherrie has published in academic journals such as the *Journal of Consumer Affairs, The Review of Economics and Statistics, Contemporary Economic Policy, Journal of Human Resources, Applied Economics, American Economic Review Papers & Proceedings*, and numerous Federal Reserve System and OCC publications. She earned a Ph.D. from the University of South Carolina and a B.S. from the University of South Florida.

Dan Schley is a fourth year graduate student in the Department of Psychology at the Ohio State University. He graduated with a B.A. in economics from University of California- San Diego and an M.A. in Quantitative Psychology from OSU, and generally takes a multidisciplinary approach to research. His primary research concerns the psychology of judgments and choice. He is particularly interested in the integration of numerical cognition research (i.e., how the mind processes numbers) with theories of choice in psychology, marketing, and behavioral economics. For example, Dan researches the role of number processing as a primary determinant of diminishing marginal utility, with stark implications for conceptualizations of risk aversion and intertemporal choice. In order to make proficient financial decisions, individuals require not only effective communication of the financial information, but the working knowledge of the numbers necessary to process the presented information.

Max Schmeiser is a Senior Economist in the Consumer & Community Development Research Section at the Federal Reserve Board. Prior to joining the Board he was an Assistant Professor in the Department of Consumer Science and the Associate Director for Research and Computing for the Center for Financial Security at the University of Wisconsin-Madison. He remains an affiliate at the Center for Financial Security and the Institute for Research on Poverty. His research broadly focuses on how public policies affect consumer finances and economic wellbeing. Current areas of emphasis include examining the determinants of loan performance following a mortgage modification, the effect of foreclosure counseling on homeowners, and the effect of high school financial education on later life financial behavior.

Barry Scholnick is the Alex Hamilton Professor of Business and a Winspear Senior Faculty Fellow at the University of Alberta, School of Business. He received his PhD in Economics at the University of Cambridge. His research interests include Household Finance and International Business. His research has been published in journals such as the Review of Economics and Statistics, Journal of International Business Studies, the Journal of Business, and the Journal of Money, Credit and Banking. He was formerly on the editorial board of the Journal of Banking and Finance. He is a multiple winner of teaching awards at the MBA, EMBA and B.Com levels. He is currently the Director of the MBA Specialization in International Business at the University of Alberta, School of Business.

Scott Schuh is Director of the Consumer Payments Research Center (CPRC) at the Federal Reserve Bank of Boston and a lecturer at Boston University. He also worked at the Federal Reserve Board, President Reagan's Council of Economic Advisers, the Congressional Budget Office, and the Census Bureau. Schuh's current research focuses on consumer choices pertaining to money, payments, and banking. His earlier research focuses on the microeconomic foundations of macroeconomic fluctuations and growth with applications to inventory investment, labor, and productivity. He co-authored two books, including the award-winning Job Creation and Job Destruction (1995), and has published articles in journals such as the Journal of Monetary Economics; International Economic Review; and Journal of Money, Credit, and Banking. Schuh earned a B.A. in economics and journalism from California State University, Sacramento in 1985, and a Ph.D. and M.A. in economics from Johns Hopkins University in 1992.

Susan Thorp is Professor of Finance and Superannuation at the University of Technology, Sydney. The Chair is funded by the Sydney Financial Forum (through Colonial First State Global Asset Management), the NSW Government, the Association of Superannuation Funds of Australia (ASFA), the Industry Superannuation Network (ISN), and the Paul Woolley Centre for the Study of Capital Market Dysfunctionality. Susan's research focuses household wealth management, especially consumer financial decision making. Her publications include studies of risk communication, retirement savings portfolio management, annuitization and retirement income streams. She is a member of the Quantitative Finance Research Centre at UTS, and an associate of the Institute for Choice, UniSA and the National Centre for Econometric Research, QUT. Professor Thorp gained her BEc (Hons) from the University of Sydney, and her PhD from the University of New South Wales.

Stephanie Tully is a 4th year doctoral student at Stern School of Business at NYU. In her dissertation work with Hal Hershfield and her advisor Tom Meyvis, she examines how feeling financially constrained influences consumer's relative preference for material versus experiential purchases. She was the winner of the 2013 SCP dissertation proposal competition. She is interested in consumer experiences, financial decision making, and consumer well-being.

Vinod Venkatraman joined Temple University in July 2011 after completing his PhD in Psychology and Neuroscience at Duke University. He is currently an Assistant Professor in the Department of Marketing, and also the Associate Director of the Center for Neural Decision Making at the Fox School of Business, Temple University. His current research involves the use of behavioral, eye-tracking, neurophysiological and neuroimaging methodologies to study the effects of task environment, state variables, and individual traits on decision preferences. Prior to his PhD, Vinod worked as a Research Scientist at the Cognitive Neuroscience Laboratory in Singapore, leading several neuroimaging projects. He has already authored a number of peer-reviewed journal articles and book chapters on topics relating to neuroimaging methods, numerical processing, decision making, sleep deprivation and cognitive control, and his research has been featured in various leading media outlets.

Martin Weber has a Chair for Banking and Finance at the University of Mannheim. He is also Director of the University`s Institute of Investment Banking. He studied mathematics and business administration and received his Ph.D. as well as his habilitation for business administration from the University of Aachen. Before joining the University of Mannheim he held Professorships at the Universities of Cologne and Kiel. He spent about 3 years as visiting scholar at UCLA, at the Wharton School, at Stanford University and at the Fuqua School of Business, Duke University. His main interests lie in the area of banking, behavioral finance, and its psychological foundations. He is the author of numerous publications in these areas and co-author of textbooks on decision analysis and banking. Sprecher (Director) 1997-2002 and Stellvertretender Sprecher (Deputy Director) 2003-2008 for the Sonderforschungsbereich 504 of the German National Science Foundation (Rationalitätskonzepte, Entscheidungsverhalten und ökonomische Modellierung, Rationality, Decision Making and Economic Modeling) and he serves on the editorial board of various national and international journals. Dekan (Dean) of the Faculty for Business Administration, University of Mannheim (4/2004 - 03/2006). Member of The German Academy of Natural Scientists Leopoldina, Member of The Berlin-Brandenburg Academy of Sciences and Humanities.He was awarded an Honorary Doctoral Degree by the University of Münster in June 2007.

Nancy Wong is Professor of Consumer Science and the faculty director of the Kohl's Center for Retailing Excellence at the School of Human Ecology, University of Wisconsin-Madison. She also holds an affiliated appointment at the Marketing Department, School of Business. She received her Ph.D. in Business Administration and a M.A. in Social Psychology from the University of Michigan. She also received her M.B.A. from University of California-Los Angeles and her B.B.A. from York University, Canada. Her research has focused on the influence of culture in consumption decisions, affective responses, and consumption values such as materialism. In addition to exploring methodological issues in cross-cultural research, she also conducts research on consumer decisions in healthcare, personal finance and sustainable consumption. Her research has been published in *Journal of Consumer Research, Journal of Consumer Psychology, International Journal of Research in Marketing, Psychological Methods, Cognition and Emotion.*

David V. Yokum has earned graduate degrees in bioethics and experimental psychology, as well as a law degree from the James E. Rogers College of Law, where he also served as a writing fellow, instructor, and guest lecturer. David is finishing his Ph.D. in Psychology, with dual specialization in Cognition & Neural Systems and Psychology, Policy, & Law, at the University of Arizona. His primary research focuses on the cognitive foundations of judgment and decision-making and, in particular, how that knowledge might be used in applied contexts, such as law, medicine, or public policy, to mitigate unwanted biases. He is currently a Fellow on U.S. Social and Behavioral Sciences Team, a White House initiative to incorporate behavioral insights into the design of government programs.

Yi Zhang is currently a postdoctoral fellow at the University of Virginia Darden School of Business. Her work bridges social psychology and consumer behavior. Her current research examines issues related to consumer well-being, such as financial decision making, consumer overspending and healthy food choices. Prior to joining Darden, Yi worked as director of Consumer Subconscious Research lab at Sentient Decision Science, Inc, a market research firm, serving a variety of clients in the consumer package goods and telecommunication industries. Her work typically utilized a multi-method approach including conjoint exercise, reaction time based tasks, behavioral priming, and neurophysiology toward the goal of a better understanding of the decision making process. Yi received her B.S. in Biological Science from Peking University and her Ph.D. in Social Psychology from Brandeis University, with a research focus on Social Neuroscience.

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Conference Co-Chairs

Donald R. Lichtenstein is Provost Professor and Chair of the Division of Marketing. He received his undergraduate degree at the University of Alabama (1978) and his Ph.D. at the University of South Carolina (1984). His research interests lie primarily in the areas of consumer processing of price and sales promotion information. Much of his research has focused on consumer processing of reference price advertisements, consumer price-quality perceptions, influences on consumer price acceptability, and consumer perceptions and response to alternative sale promotion techniques. More recently, he has done research regarding corporate social responsibility, consumer-company identification, and consumer processing of nutritional information. Prior to the University of Colorado in 1988, he was an assistant at Louisiana State University (1984-1988). In addition to his current administrative position as marketing division chair, he has also served as Associate Dean of Faculty and Academic Programs (1998-2001). He is the recipient of the 2004 Fordham Life-time Achievement Award in Behavioral Pricing Research. His work has appeared in journals such as the *Journal of Consumer Research*, the *Journal of Marketing Research, The Journal of Marketing*, and *Marketing Science*. Professor Lichtenstein currently serves on the editorial review board of the J*ournal of Consumer Research* and *the Journal of Marketing.*

John G. Lynch, Jr. is the Ted Andersen Professor of Free Enterprise at the Leeds School of Business, University of Colorado Boulder, and the Director of the Center for Research on Consumer Financial Decision Making. Lynch received his BA in economics, his MA in psychology, and his Ph.D. in psychology, all from the University of Illinois at Urbana-Champaign. He was a member of the faculty at University of Florida from 1979-1996, where he was Graduate Research Professor. From 1996-2009 he was the Roy J. Bostock Professor of Marketing at the Fuqua School of Business at Duke University. Lynch is a 2010 Fellow of the Association for Consumer Research, a Fellow of the American Psychological Association, and a Fellow of the Society for Consumer Psychology. Five of his papers have been honored as outstanding article of the year; he has thrice been honored by the *Journal of Consumer Research*, once by the *Journal of Marketing Research* and once by the *Journal of Marketing*. He is a member of the editorial boards of *Journal of Consumer Research, Journal of Consumer Psychology,* and *Journal of Marketing,* and he was the 2008-2010 President of the Policy Board of the *Journal of Consumer Research*. Lynch is past president of the Association for Consumer Research, past associate editor for the *Journal of Consumer Research* and past associate editor and co-editor for the *Journal of Consumer Psychology.*

Center for Research on Consumer Financial Decision Making

The mission of the Center is to support interdisciplinary scholarship that informs theory, practice, and public policy pertaining to consumer financial decision making. The Center conducts basic research and more applied work to inform public policy. It engages in educational outreach aimed at improving consumer welfare by fostering conversation among consumer groups, public policy officials, business people serving financial markets, and researchers with common interests in these topics across a wide variety of social science disciplines

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