

IAAP Division 9 – Economic Psychology

Newsletter January 2017



Division President
David Leiser
Ben Gurion University
Beer Sheva, Israel



Division President-Elect
Tomasz Zaleskiewicz
SWPS University of Social Sciences and
Humanities
Wroclaw, Poland



Honorary Secretary
Fabian Christandl
Fresenius University of Applied Sciences
Cologne, Germany

1. Letter from Division President – David Leiser

Dear Friends,

This is an exciting time for our division. Economic Psychology as Applied Psychology is a domain whose time has come, as attested by the countless occasions where our members are being invited to comment or intervene in current affairs. Economic Psychologists appear in the media, in talk shows and children programs, are invited to help forge public policy as consultants to Finance Ministries, are involved in

developing educational programs to improve financial literacy in schools and for the public at large, as in the example showcased below. And of course, basic fundamental research that informs all those applied activities continues apace. This newsletter presents several recent examples of our members' activity, please write to us to share news happening at your end.

2. Changes in the Division 9 Board

It is our pleasure to announce that Prof. Dr. Fabian Christandl joined the Division 9 Board as Honorary Secretary. Fabian is Associate professor at Fresenius University of Applied Sciences Cologne. His recent publications have focused on such topics as: consumers' perception of fairness, psychological aspects of the financial crisis, price-consumption anomaly, lay and expert perception of economic growth. In the upcoming months Fabian will be responsible for creating and managing the division web site.

3. Report from the conference on economic psychology – Wageningen, Netherlands, July 2016

Many members of Division 9, who also are members of IAREP – International Association for Research in Economic Psychology, participated last summer in the Annual IAREP Conference in Wageningen. This was a joint conference with SABE – Society for Advancement in Behavioral Economics. The conference consisted of many sessions covering such topics as: decision making, experimental economics, consumer behaviors, finance/debts, well-being, the psychology of money, choice under risk and uncertainty, moral behavior, consumption and sustainability etc. The main topic of the conference was: “Behavioral Insights in Research and Policy Making”. Keynote talks were given by researchers who had a great impact on the development of economic psychology as well as behavioral economics: Cass Sunstein, Eldar Shafir, Erwin Bulte, and Catherine Eckel.

During the conference we also advertised activities of the IAAP Division 9 and encouraged IAREP members to join our division.

The next IAREP Annual Conference will be held in Israel (September, 2017), the local organizers are Prof. Tal Shavit and Prof. David Leiser. All Division 9 members are warmly invited to submit their papers and present results of their research on different aspects of economic psychology. More info can be found on the conference website <http://www.iarep2017.colman.ac.il>

4. Report from the IAAP Division 9 sponsored symposium held at the 2016 International Congress of Psychology (Yokohama, Japan, July 2016)

Members of Division 9 organized the IAAP sponsored symposium at the International Congress of Psychology in Yokohama.

The title of the symposium was: “Children in the material world” (chair: Agata Gasiorowska from SWPS University of Social Sciences and Humanities, Wroclaw, Poland).

The symposium presented research conducted in North America and Europe with children aged from 3 to 18. It contributes to our understanding of how children think and behave in a world saturated with consumption cues like money and material

possessions. Trzcińska et al. presented studies on the impact of parental money attitudes on economic socialization of their children. Zaleskiewicz and Gasiorowska informed how they used lab and field studies to demonstrate that intelligence and economic knowledge predict likelihood of saving in 7-9 year old children. Pesowski and Friedman showed in their paper that preschoolers use product ownership to predict people's behaviors and understand the consequences of ownership on people's emotions. Research presented by Chaplin et al. used cross sectional, experimental and longitudinal designs to demonstrate that young children derive more happiness from material goods than from experiences; as they age though, they pattern reverse. Vohs et al. demonstrated in their paper that money causes children as young as 3 years-old to switch from communal to market mode.

Symposium talks:

- Parental attitudes towards money and economic socialization of their children (A. Trzcinska, K. Sekscinska, D. Maison)
- Intelligence and economic knowledge predict saving in children at the age from 7 to 9 (T. Zaleskiewicz, A. Gasiorowska, J. Rudzinska-Wojciechowska)
- What Underlies Retrospective Appreciation of Experiences: Cross-sectional, Longitudinal, and Experimental Investigations with Children (L. Nguyen Chaplin, T. M. Lowrey, A. A. Ruvio, L. J. Shrum, K. D. Vohs)
- Young children use ownership to predict people's behaviors and emotions (M. L. Pesowski, O. Friedman)

5. Economic Psychology Museum in Brasil

Several years ago one of our colleagues – Dr. Vera Rita de Mello Ferreira from Brasil – initiated the Economic Psychology Museum project. We are happy to announce that the project has been completed. Below we present some information about the museum and its main goals.

ECONOMIC PSYCHOLOGY AT THE CENTRAL BANK OF BRAZIL MONEY MUSEUM – Vera Rita de Mello Ferreira

In March 2015, the exhibit "Have you stopped to think [about it]?", was opened at the Central Bank of Brazil [BCB] Money Museum, in Brasília, Brazil's capital, during the National Week of Financial Education, as part of the Brazilian National Strategy for Financial Education [Enef, in Portuguese], an initiative launched by the financial market regulators some years ago.

The exhibit addresses the psychological dimension found in economic and financial decision-making, focusing systematic errors studied by economic psychology and applied behavioural science that are often part of these processes, presented to the lay population, including children and young people, using attractive visual devices. By providing information of this nature the goal is set to clearly protect individuals, groups and organisations from mistakes while analysing data and making choices, by means of offering them tools for better handling their economic choices with responsibility and autonomy.

To our knowledge, this is the first time that a central bank money museum has ever hosted an exhibit specifically dedicated to applied behavioural science, in this case focusing economic psychology and aiming to inform about this discipline, while also

warning and raising awareness over cognitive and emotional limitations and vulnerabilities that could be explored against the benefit of citizens.

As financial education initiatives have begun, over the past few years, to undergo serious scrutiny by specialists questioning their true efficacy regarding actual behavioural change towards greater financial capability, the need has emerged to deliver financial education in different formats, hopefully more effective in this respect, and the exhibit seeks to respond to that. Therefore, this pioneering approach has been selected based on the assumption that technical information alone seldom reaches the objective of conveying these notions to the intended recipients.

Differently from conventional programs, a wide array of resources have been used in this case, going from large colourful posters in plain language [including some that introduce the field of economic psychology to visitors], to quizzes, brief explanations about heuristics and biases filled with examples, and also with the help of proverbs and popular sayings, real life situations and warnings about marketing traps. Short videos were also made and are displayed both there and on the Bank's website addressing daily life situations and choices about money, and combining a financial education perspective to psychological insights. At the end of the visit, people have the chance to register their own personal testimonies on video, telling about past economic decisions, impressions about the exhibit itself, or insights that may have been triggered by it.

This project was made possible, dating back to 2010, through the technical cooperation agreement between the BCB and IAREP-the International Association for Research in Economic Psychology, after Dr. de Mello Ferreira first devised the idea in the end of 2009, and in 2013, when she was contracted by the BCB to be the project consultant. The exhibit itself was set up by the Bank's Museum, Financial Education and Communication teams, and it is now beginning to be displayed also in other cities in the country.