

IAAP Division 9 – Economic Psychology

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Letter from Division President – David Leiser

Dear Friends,

The conjunction of Psychology and Economics remains in the news. In many countries, complex decisions involving psychological and economic aspects are discussed everyday, whether regarding unemployment, pension systems, or labor law. Economics meets Psychology.

IAAP continues to focus on two goals: promoting our discipline, and serving as a resource and catalyst for progress. Members of IAAP have, collectively, significant expertise that can have a significant effect on society and its welfare, and this is becoming increasingly recognized. May I suggest that we consider whether our professional competences could help this process along? In this newsletter, I report on a one-day workshop on Financial Literacy, which might serve as an example of one way of bringing academic expertise to bear on current affairs.

As you know, the 31st International Congress of Psychology is taking place July 24-29 in Yokohama. This will be a memorable Conference, and I hope to see many of you in Yokohama!

With best regards,

David Leiser
President

Workshop Report – Financial Literacy (IAAP sponsored workshop)

The International Association of Applied Psychology has a clearly articulated mission: "...to promote the science and practice of applied psychology and to facilitate interaction and communication about applied psychology around the world". The

Economic Psychology chapter received support of IAAP to help organize an event designed to bring together all the main forces operating in the field of Financial Literacy, to exchange insights and knowledge, and to promote networking among their representatives, who typically function independently from one another. The workshop took part on March 3, 2016. Participation was free but advanced registration was required. We aimed for attendance from a broad variety of people, and succeeded. One hundred and five participants joined us, hailing from all major universities, several colleges, several branches of the government, financial houses and NGOs. Prior to the event, several newspaper articles and interviews on financial literacy appeared in the press, as did announcements about the conference. The workshop was comprised of three sessions: the first was chaired by Prof. David Leiser, the conference convener, and president of the Economic Psychology division of the IAAP. It consisted of lectures by three leading researchers, who provided a comprehensive and critical perspective on this domain. The invited speakers were:

- Prof. W. Fred van Raaij, Department of Social Psychology, Tilburg University, the Netherlands, and author of *Money Management in an Age of Financial Illiteracy* (2016),
- Prof. Elsa Fornero, the Center for Research on Pension and Welfare Policies at University of Turin, and former Italian Minister of Labor and Social Affairs, who was responsible for major reforms in the pensions regime and Labor law in the technocratic government led by Monti. Her talk, informed by that experience, stressed the importance of economic literacy for a responsible citizenship and to enable needed reforms.
- Prof. Carmela Aprea, Chair of Business and Economic Education at Friedrich Schiller University Jena, Germany, co-Editor of the *International Handbook of Financial Literacy* (2016), discussed methodologies for developing FL educational programs and testing them properly.

The second session presented the work done in this domain by the State (Ministries of Finance and of Education), the financial industry and by NGOs. This session provided a survey of the different definitions and goals co-existing in the field, and the approaches and methods used to deliver and implement financial literacy interventions outside the lab.

The speakers included:

- Hila Gluzman, Head Financial Literacy Department, Ministry of Finance
- Daniela Friedman, Supervisor of Social Sciences Education and Director of Civil Education and Shared Life, Ministry of Education
- Keren Barnea Berger, VP Marketing, Psagot Investment House (the largest investment house in Israel), that has extensive activity in FL education
- Uriel Lederberg, CEO Paamonim, the leading NGO in Financial Literacy intervention
- Ehud Peleg, CEO Israel Consumer Council

This session was organized in a round-table format, with short presentations and extensive discussions between the presenters and members of the public. It was moderated by Prof. Avia Spivak, the Center's Director.

The last session gave young researchers (PhD and Post-doc students) an opportunity to present their work and receive feedback from experienced researchers and practitioners.

- Abigail Hurwitz, The Hebrew University of Jerusalem. Can smoking harm your long term saving decisions?
- Shachar Zemach, Ben-Gurion University of the Negev, Israel's Pension System: The Impact of Demographic And Economic Trends
- Zohar Rusou, IDC Herzliya, Gender Differences in Debt Management
- Noam Brenner, The Hebrew University of Jerusalem, Financial Literacy: Expansion and Translation in the Private, Public and Non-Profit Sectors in Israel
- Eyal Carmel, Ben-Gurion University of the Negev, Short and Long Term impact of Financial Literacy Intervention.

The day was wrapped up by a discussion by Prof. Avia Spivak: Financial Literacy – an economist's analysis.

Division 9 will be present at the International Congress of Psychology in Yokohama, Japan, July 2016

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

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

The symposium presents 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. Trzcinska et al. studied the impact of parental money attitudes on economic socialization of their children. Zaleskiewicz and Gasiorowska use lab and field studies to demonstrate that intelligence and economic knowledge predict likelihood of saving in 7-9 year old children. Pesowski and Friedman show that preschoolers use product ownership to predict people's behaviors and understand the consequences of ownership on people's emotions. Chaplin et al. use 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. demonstrate 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)
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Annual Conference of the International Association for Research in Economic Psychology (IAREP), Wageningen, Netherlands, July 2016

IAREP is a scientific association that closely cooperates with IAAP Division 9. Many members of IAREP also active in IAAP, Division 9. Every year IAREP members meet for the annual meeting to present their research and exchange ideas. This year the conference will be held in Wageningen, Netherlands. This is going to be a joint conference with SABE – Society for Advancement in Behavioral Economics.

Papers that will be presented at the conference are related to such topics as: the psychology of money, consumer behavior, experimental economics, behavioral economics, decision making, risk perception, the psychology of economic behaviors.

Keynote speakers:

- Eldar Shafir, Princeton University (Daniel Kahneman lecture)
- Cass Sunstein, Harvard University (Herbert Simon lecture)
- Erwin Bulte, Wageningen University
- Catherine Eckel, Texas A&M University

More details are presented at the conference web site:

<https://www.wageningenur.nl/en/activity/Behavioural-Insights-in-Research-and-Policy-Making.htm>