

The ESRC Network for Integrated Behavioural Science is a partnership among the Universities of Nottingham, Warwick, and East Anglia. Visit us online at <http://www.behavioural-science.ac.uk>

Workshop Update

Our NIBS workshop took place last month at the University of Nottingham. In addition to many interesting presentations of research undertaken by NIBS co-investigators and collaborators, Professor Bob Sugden (UEA) chaired a special session to explore ideas that might be of interest to the regulatory community. With contributions from colleagues at the FCA, CMA and HSE, the session identified several 'hot topics' for potential future policy-focussed workshops with regulators.

Our next regular 'internal' workshop will take place 18 to 20 September 2019 at the University of Warwick.

Welcome to our New PhDs

It was great to welcome our NIBS affiliated PhD researchers at the September Workshop, where they had an opportunity to introduce themselves and outline their research interests. We have a mix of first and second year students who are supervised by NIBS co-investigators across the three institutions.

Welcome to Prachi, Sid, Neo, Sarah, Malte, Richard, Yu-Chun, Merle and Lara (Lara will join us in 2019/20).

Details of all NIBS fellows and students are available on [our website](#).

The prominence of price

NIBS PhD student, Merle van den Akker (Warwick) presented her research in October at a CeDEx Brown Bag Seminar. It's an experimental investigation into the nature and causes of differences between spending patterns when people use contactless versus other methods of payment for shopping.

CeDEx Brown Bag seminars take place weekly at Nottingham. They are for PhD students, Post Docs and Faculty to present 'work-in-progress' to their peer group to get feedback on an experimental design, or maybe a first interpretation of data.

These seminars offer great opportunities for cross network presentations from NIBS PhDs and Post Docs. They are also an opportunity for experiments funded by our NIBS 'small grants' to be presented at an early stage of design, or data collection.

NIBS PhD Sarah Bowen (Nottingham) will present her work later this month at a similar seminar at the University of Warwick.

New member of NIBS Advisory Group

The strategic direction of NIBS and key operational issues are discussed by our Management Group (chaired by the Director with representatives from UEA, Nottingham, and Warwick). NIBS is also supported by an Advisory Group, which includes external academic advisors and affiliate members invited to represent business, industry, media and government.

We periodically assess membership of the Group and are delighted to announce that **Karen Croxson** (Head of Research & Deputy Chief Economist at the Financial Conduct Authority) has agreed to join the Group.

Advisory Group members participate in a variety of ways including: providing written feedback, speaking at our conferences and attending our workshops. We would like to thank all our members for their valuable contributions and a list of our current members can be viewed on [our website](#).

How do people repay their debt?

In our last newsletter we told you about this NBER working paper by John Gathergood, Neale Mahoney, Neil Stewart & Joerg Weber which uses information on credit card contract terms, monthly statements, and repayments for 1.4 million individuals in the UK to study how individuals choose to allocate repayments across their credit cards. The work identifies the important role played by simple heuristics in this domain.

We are delighted to share the news, that the paper has now been accepted by the [American Economic Review](#). At the time of writing the preview is available online for AER members only.

The red, the black and the plastic

Another previously featured paper is “The Red, the Black, and the Plastic: Paying Down Credit Card Debt for Hotels Not Sofas” by Edika Quispe-Torreblanca, Neil Stewart, John Gathergood and George Loewenstein. The paper was published in 2017 via [SSRN](#) but has recently been accepted by Management Science.

Using transaction data from millions of credit card accounts, the authors test a theoretical prediction that consumers will pay off expenditure on transient forms of consumption more quickly than expenditure on durables. According to the theory, this is because the pain of paying can be offset by the future anticipated pleasure of consumption only when money is spent on consumption that endures over time. Results were consistent with the prediction, as they found that repayment of debt incurred for non-durable goods is 9% more likely than repayment of debt incurred for durable goods. The size of this effect is large and comparable to an increment in 15 percentage points in the credit card APR.

Do Consumers Take Advantage of common pricing standards?

In this experimental investigation, Bob Sugden and Jiwei Zheng study a hypothesis, derived from recent theoretical work, suggesting that when some, but not all, competing products are priced in a common standard, boundedly rational consumers might follow heuristics which lead them to favour common standard offers and thereby reinforcing incentives for firms to offer them.

Contrary to this prediction, their findings show that offers priced in common standards were “more likely to be inspected but less likely to be chosen”. This appeared to result from experimental subjects using a simple heuristic in the form of a “dominance editing” operation that eliminated transparently dominated offers during the process of either shortlisting options to consider or sorting them. A consequence of this type of heuristic is to discriminate against common-standard offers, thereby creating dis-incentives for sellers to use common standards.

Published in [Management Science](#) (online March 2017, and in print May 2018, Volume 64, Issue 5, pages 1975-2471)

'Markets that work for all: helping vulnerable consumers'

NIBS Co-Investigators, Amelia Fletcher & Graham Loomes, took part in a CMA symposium on 24 July 2018, in London. The symposium brought together a wide range of stakeholders to consider the challenges facing vulnerable consumers and the potential solutions to these challenges. The attendees included representatives of government departments, competition academics and experts from the UK and abroad; plus representatives of vulnerable consumer charities, consumer groups, UK regulators, competition law firms, economic consultancies, and business groups.