

# Economic Psychology

Edited by  
Rob Ranyard



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# Economic Psychology

EDITED BY

**ROB RANYARD**  
**CENTRE FOR DECISION RESEARCH,**  
**UNIVERSITY OF LEEDS, UK**



The British  
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**WILEY**

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# Preface

The 28 chapters of this book present an overview of contemporary economic psychology in a manner suitable for the core text of a course at the intermediate or final-year level of a UK honours degree in psychology, or equivalent. The 50 chapter authors are internationally recognized experts in their fields of research. Our focus is on individual and household economic decision-making, ranging widely across financial matters such as borrowing and saving, and economic behaviour such as trading and entrepreneurial activity. Part 1 presents an introduction to the field and to important theoretical developments in economic decision theory. Next, in Part 2, material to equip the student to understand a range of contemporary research methods and to undertake an empirical study in economic psychology is presented. Following this, Parts 3–5 deal with central aspects of economic psychology in everyday life. In addition to reviewing current knowledge on each topic, they also consider its practical and policy implications for supporting economic decision-making. Finally, we consider two broader perspectives. Part 6 presents a life-span developmental approach, from childhood to old age; and Part 7 deals with important societal issues such as charitable giving and pro-environmental behaviour. There is growing interest in both economic psychology and behavioural economics; graduate students and researchers in both areas will find the book useful and insightful.

A course in economic psychology was first introduced in a European university by Karl-Erik Wärneryd at Stockholm University in 1957, assisted by Folke Ölander who subsequently moved to Denmark to teach the subject at Aarhus University. Later, in 1972, Gery van Veldhoven and Fred van Raaij developed economic psychology courses at Tilburg in The Netherlands, and the field began to slowly spread across the continent.

At the same time, researchers were investigating economic behaviour, though with little communication with each other. For example, Reynaud and Paul Albou in Strasbourg, France, and Hermann Brandstätter in Augsburg, Austria, were developing research centres. This somewhat scattered scenario was to change in 1976, when a group of twelve economic psychologists gathered in Tilburg to discuss their findings and experience in the area, in an informal setting (a pizza parlour), that would, nevertheless, have important consequences: this would be the first colloquium of a long series of annual conferences that began to gather researchers not only from Europe, but other parts of the world as well. This organization is today known as the *International Association for Research in Economic Psychology* (IAREP), created in 1982. Just before that, in 1981, the *Journal of Economic Psychology* was founded; 2016 saw the 53rd volume, with six parts a year, and growing visibility and impact.

A round-table on the history of economic psychology took place at the IAREP Conference in Prague, the Czech Republic, in 2005, when experienced pioneer researchers in the area (Karl-Erik Wärneryd, Folke Ölander, Fred van Raaij and

Stephen Lea) discussed the recent history of the discipline, which allowed data about this period to be gathered (Ferreira, 2007). In 2016, the 41st IAREP-SABE Conference took place, in Wageningen, The Netherlands (SABE is the Society for the Advancement of Behavioral Economics, also created in 1982).

Finally, we should mention two important textbooks that contributed to the establishment of contemporary economic psychology (1) *The Individual in the Economy: A Survey of Economic Psychology* (1987) by Stephen Lea, Roger Tarpy and Paul Webley; and (2) the *Handbook of Economic Psychology* (1988) edited by Fred van Raaij, Gery van Veldhoven and Karl-Erik Wärneryd. The present volume aims to document developments in the field over the following decades and to introduce a new generation of readers to this fascinating area of psychology.

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# Notes on Contributors

**Gerrit Antonides** is a Professor Emeritus of Economics of Consumers and Households at Wageningen University, The Netherlands. He obtained his PhD at Erasmus University, Rotterdam, in 1988 and has published in the areas of behavioural economics, economic psychology, and consumer behaviour. He has been an editor of the *Journal of Economic Psychology*, has (co-)authored several textbooks in consumer behaviour and economic psychology and is past President of the Society for the Advancement of Behavioural Economics (SABE). The behavioural aspects of consumer decision-making concerning issues of finance, household, environment and health, are an important part of his current research activities.

**John K. Ashton** is a Professor of Banking at Bangor University, UK, Editor of the *Journal of Financial Regulation and Compliance* and Academic Director of the Chartered Banker MBA at Bangor Business School. John has previously worked at the University of Leeds, the University of East Anglia and Bournemouth University, publishing numerous academic articles on pricing, regulation, monetary policy transmission and competition within retail banking markets. These academic outputs have been informed by a career teaching banking through universities and with appropriate professional bodies.

**Jan Willem Bolderdijk** received his PhD in Environmental Psychology in 2011 from the University of Groningen The Netherlands. He is fascinated by people's tendency to make 'irrational' decisions, and frequently employs field experiments to explore new research ideas in realistic consumer settings. He currently works as an Assistant Professor at the Department of Marketing, University of Groningen, where he studies ways to promote sustainable consumer behaviour. He was awarded a 'Veni' career grant by the Dutch National Research Council (NWO) in 2014.

**Nicolao Bonini** is full Professor of Psychology of Consumer Choice in the Department of Economics and Management, at the University of Trento, Italy. His research training was at the University of Padua, from where he graduated in 1987. Then he was awarded a PhD on experimental psychology at the University of Trieste. Subsequently, he has held various research and lecturing posts in psychology, including Professor of Psychology at the University of Trento from 1999 to the present. He has undertaken psychological research using a range of methods, and has published widely on economic psychology and decision research. He has served the European Association of Decision Making as President, President-Elect, and a member of the steering board.

**Christopher J. Boyce** is currently a Research Fellow at Stirling Management School, the University of Stirling, UK. He graduated from the University of Surrey with a BSc in Economics in 2005 and then moved to the University of

Warwick to complete an MSc in Economics. At Warwick, he completed a PhD in Psychology in 2009 on the topic of subjective well-being. After his PhD he held positions as a Research Fellow at the Paris School of Economics, the University of Manchester, and at the Institute of Advanced Studies. His current research crosses the boundaries of economics and psychology, and he tries to unite ideas from both disciplines. Specifically he is concerned with understanding how an individual's health and happiness are influenced by the world around them.

**Wändi Bruine de Bruin** holds a University Leadership Chair in Behavioural Decision Making at the Leeds University Business School, UK, where she co-directs the Centre for Decision Research. She is also affiliated with Carnegie Mellon University, the University of Southern California, and the RAND Corporation. She holds a PhD in behavioural decision-making and psychology and an MSc in behavioural decision theory from Carnegie Mellon University, as well as an MSc in cognitive psychology and a BSc in psychology from the Free University Amsterdam. Her research focuses on judgement and decision-making, risk perception and communication, as well individual differences in decision-making competence across the life-span.

**W. Ray Crozier** is Honorary Professor in the School of Social Sciences, Cardiff University, UK. Previously, he has held chairs in psychology in Cardiff University and the University of East Anglia. He received research training at the University of Keele, where his PhD was on risky decision-making. He has published widely on topics in social and educational psychology including the emotions, shyness in childhood and adulthood, and artistic creativity. He is a Fellow of the British Psychological Society.

**Michael Daly** is a Reader affiliated to the Behavioural Science Centre of the Stirling Management School, the University of Stirling, UK. Previously, he has been a Fulbright Scholar visiting Florida State University, a lecturer in the University of Manchester School of Psychology, and a CARA Fellow at the University of Aberdeen Institute of Applied Health Sciences, funded by the Marie Curie Programme. His research focuses on how ideas shaped at the interface of psychology and economics can be investigated and applied to policy. Michael has published a broad set of papers on human health and well-being, how they are interrelated, and how they are determined by psychological traits (e.g., self-control) and economic circumstances (e.g., unemployment).

**Liam Delaney** is SIRE Professor of Economics and Co-director of the Behavioural Science Centre in the Stirling Management School, the University of Stirling, UK,. He is also PhD Director of the Scottish Graduate Programme in Economics, and Director of Research and Deputy Head of the Stirling Management School. He is a Marie Curie Career Integration Fellow and an investigator with the ESRC-funded Scottish Centre on Constitutional Change. In 2009, he received the Statistical and Social Inquiry Society of Ireland's Barrington Medal. He was a 2011 Fulbright Fellow at Princeton University. His main research interests involve using novel measures of well-being and time preferences to shed light on long-running questions about the determinants of health and well-being.

**Fabio Del Missier** is senior research scientist and tenured Assistant Professor in the Department of Life Sciences at the University of Trieste, Italy, and an affiliated

research scientist at Stockholm University, in the Department of Psychology. After graduating with a PhD in Psychology from the University of Trieste, he was a post-doc researcher at the University of Trento. His research focuses on memory and cognitive underpinnings of decision-making, basic memory and control processes, and decision-making competence across the adult life-span. His work has been published in the main cognitive psychology, neuropsychology, and decision-making journals.

**Artur Domurat** is an Assistant Professor in the Faculty of Psychology, at the University of Warsaw, Poland, where he graduated in 2004 with a PhD on psychological methods. His background lies both in economics (Warsaw School of Economics, M.Sc., 1998) and psychology (University of Warsaw, M.A., 2000). He has also been collaborating with the Centre for Economic Psychology and Decision Sciences at Kozminski University since 2001. His interdisciplinary research interests encompass studies in judgement and decision-making (risk-taking, heuristics and Bayesian reasoning) and economic psychology (psychology of entrepreneurship and investing).

**Mark Egan** is a PhD student at the Behavioural Science Centre, the Stirling Management School, the University of Stirling, UK. His research draws on large, longitudinal data-sets to examine how individual psychological differences in childhood and adolescence predict future economic and health outcomes. Prior to his PhD, he graduated from the MSc Human Decision Science programme at Maastricht University.

**Antony Elliott** is Chief Executive of the Fairbanking Foundation. He has a degree in Banking and International Finance from City University, London, and a Master's degree in Operational Research from Imperial College, London. In 2014, he was awarded an OBE for services to bank customers. Antony has been actively involved in researching the field of financial well-being since 2004 and has published a large number of reports in the field. He was lead author for the Money Advice Service report, *Transforming Financial Behaviour* (2010), examining the role of behavioural economics in improving financial capability. He founded the Fairbanking Foundation in 2008, which conducts research, provides advice and is the certification body for the Fairbanking Mark.

**Vera Rita de Mello Ferreira** has a PhD in social psychology, and is a member of NEC, the Behavioural Studies Center at CVM (the Brazilian Securities Exchange Commission). She is an economic psychology lecturer at B3 Educacional, in São Paulo, and at other institutions in both São Paulo and other states, an independent consultant for organizations and policy-making (VERTICE PSI), in Brazil and abroad, and author of the first Brazilian books on economic psychology. She is the representative in Brazil of IAREP, and a former member of the Executive Committee of the International Confederation for the Advancement of Behavioral Economics and Economic Psychology (ICABEEP). Vera has been directly involved in the development of economic psychology in Brazil since 1994.

**Bruno S. Frey** is Professor of Economics at the University of Zurich, Switzerland, and Research Director of CREMA – Center for Research in Economics, Management

and the Arts, Zurich, Switzerland. He was Distinguished Professor of Behavioural Science at the Warwick Business School at the University of Warwick, UK, from 2010 to 2013, Professor of Public Finance at the University of Constance, Germany, from 1970 to 1977 and Professor of Economics at the University of Zurich, Switzerland, from 1977 to 2010. He seeks to extend economics beyond standard neo-classics by including insights from other disciplines, including political science, psychology and sociology. According to the Institute for Scientific Information, he belongs to the group of 'the most highly cited Researchers'.

**Jana Gallus** is an Assistant Professor at UCLA's Anderson School of Management, USA. She holds a PhD in Economics from the University of Zurich, Switzerland. As a scholarship holder of the German National Merit Foundation, she previously studied at the Institut d'études politiques de Paris (IEP Paris/Sciences Po) in France, the University of California at Santa Barbara (UCSB) in the United States, and the University of St Gallen (HSG) in Switzerland.

**Amelie Gamble** is an Associate Professor in the Department of Psychology, and is affiliated with the Centre for Finance, School of Business, Economics, and Law at the University of Gothenburg, Sweden. She graduated in 2005 in psychology from the University of Gothenburg. Her research interests are economic decision-making and well-being.

**Tommy Gärling** is Emeritus Professor of Psychology affiliated with the Department of Psychology and Centre for Finance at the School of Business, Economics, and Law at the University of Gothenburg, Sweden. He graduated with a PhD from Stockholm University in 1972 and held university positions at the Royal Institute of Technology in Stockholm and the University of Umeå before being appointed Professor of Psychology at the University of Gothenburg. He is a Fellow of the International Association of Applied Psychology and has conducted research and published extensively in environmental psychology, economic psychology and transportation psychology.

**Agata Gasiorowska** is an Associate Professor affiliated to the Centre for Research in Economic Behaviour, SWPS University of Social Sciences and Humanities, Poland. She received her PhD in management from Wroclaw University of Technology in 2003 and her PhD in psychology from the University of Wroclaw in 2009. She has undertaken research on the psychology of money and consumer behaviour, and is currently the Polish representative for the International Association for Research in Economic Psychology, and the President of Polish Academic Association for Economic Psychology.

**Anouk Griffioen** received her MSc degree in Social Psychology at the VU University, Amsterdam. She is now a Climate-KIC PhD student at Wageningen University, The Netherlands. Her project, 'Saving energy when others pay the bill: A field experimental approach to behavioural aspects of energy conservation' aims to improve knowledge about stimulating pro-environmental behaviour when financial incentives are absent. An additional goal is to translate these findings into functioning interventions in practice. To accomplish this, she has collaborated closely with the Student Hotel, a hotel chain which provides a 'living lab' by allowing experimental test interventions for energy conservation.



**Michel Handgraaf** received his PhD in social psychology from Leiden University. Since 2011, he has been an Associate Professor at Wageningen University, The Netherlands. Most of his research using (field) experimental methods and surveys can be described as 'behavioural economics'. It mainly deals with differences between what rational economic theories would predict and the psychology behind deviations from such predictions. Besides research on fairness and ethics, his current research focuses on decisions in the environmental domain. These decisions typically feature uncertainty, temporal trade-offs and social trade-offs.

**Nigel Harvey** is a Professor of Judgement and Decision Research, University College London, UK, and Visiting Fellow in the Department of Statistics at the London School of Economics and Political Science. He is a past President of the European Association for Decision Making and is co-editor of the *Blackwell Handbook of Judgment and Decision Making*. He works on judgement in forecasting, advice-taking, and the calibration of subjective probabilities.

**Bill Heberton** teaches and researches at the Centre for Criminology and Criminal Justice in the School of Law and is a Research Associate of the Manchester Centre for Chinese Studies, Manchester University, UK. He has published widely on comparative criminology and criminal justice, and has a particular research interest in China and Greater China. He is chief editor of the Palgrave Macmillan book series 'Palgrave Advances in Criminology and Criminal Justice in Asia'. His other research interests can be categorized broadly around three themes: demystifying the 'smoke and mirrors' of contemporary crime and criminal justice, including sexual crime, sentencing and 'enforcement' of judicial penalties; applications of crime science; and situational versus dispositional explanation and implications for criminology.

**Martin Hedesström** is an Associate Professor of Psychology, University of Gothenburg, Sweden, and is affiliated with the Centre for Finance at the same university. His research is mainly experimental and often related to savings and investments in the stock market. Current research interests also include behavioural spillover from moral decisions and choice architecture.

**Erik Hoelzl** is Professor of Economic and Social Psychology at the University of Cologne, Germany. He obtained his PhD in 2000, and his Habilitation in 2005, from the University of Vienna, Austria. He moved to the University of Cologne in 2010. His major research interests are decisions about the use of money, ranging from consumer spending over credit to taxation. He has published in international, peer-reviewed journals on economic and applied psychology. He was Editor-in-Chief of the *Journal of Economic Psychology* (jointly with Erich Kirchler). His interests also include the development of the scientific method, and meta-research. He is member of several scientific societies and on the editorial board of several scientific journals.

**Erich Kirchler** is Professor of Economic Psychology at the University of Vienna, Austria. He obtained his PhD in 1973, from the University of Vienna and his Habilitation in 1989, from the University of Linz, Austria. His first academic position was at the University of Linz. He moved to the University of Vienna in 1992. His major research interests are household financial decision-making and tax behaviour. He is

an advisor at the Austrian Science Fund (FWF), was President of the International Association for Research in Economic Psychology (IAREP) and the Austrian Psychological Society (ÖGPs). He was Editor-in-Chief of the *Journal of Economic Psychology* and past-president of Division 9 (Economic Psychology) of the IAAP (International Association of Applied Psychology).

**Tehila Kogut** is an Associate Professor at the Department of Education and the Center for Decision Making and Economic Psychology at Ben-Gurion University in Israel. She received her PhD from the Hebrew University. Her research is in the field of social psychology and decision making, focusing on pro-social decisions among children and adults.

**Zeev Krill** is a senior researcher in the Chief Economist Department, Ministry of Finance, in Israel. His interests include macroeconomics and fiscal policy, lay understanding of economics and nudge economics. Before joining the ministry, he worked as a consultant and as a lecturer in Economics at Ben-Gurion University, from where he also received a BA in Economics and Psychology and an MA in Economics.

**Anton Kühberger** is Professor of Psychology working at the Department of Psychology, and is also a member of the Centre for Cognitive Neuroscience at the University of Salzburg, Austria. He has carried out extensive research into judgement and decision-making, especially in the context of risk.

**David Leiser** is Full Professor of Economic and Social Psychology in the Department of Psychology, Ben-Gurion University, Israel. He was educated in Mathematics (Hebrew University of Jerusalem BSc, 1972), Adult Education (University of Illinois at Urbana Champaign, MSc, 1973), and Psychology (Université de Genève, Switzerland, PhD, 1978). He was the founder and director (2003–2013) of the Center for Decision Making and Economic Psychology, and Co-Founder of the Center for Research on Pension, Insurance and Financial Literacy (2014–), both at Ben-Gurion University. He served as President (2010–2014) of IAREP and currently is President (2014–) of the Economic Psychology Division of the International Association for Applied Psychology. His current work centres on the analysis of lay understanding, in particular in the economic domain.

**Cäzilia Loibl**, Ph.D., CFP®, is an Associate Professor in the Department of Human Sciences, Ohio State University Columbus, Ohio, USA, and held an appointment as Marie Curie Fellow at the Centre for Decision Research at Leeds University Business School, UK (2014–2016). Her research focuses on consumer financial decision-making.

**Sandie McHugh** is an Associate Researcher in Psychology, at the University of Bolton, UK. She originally studied social and economic history at the University of Manchester and became interested in applied psychology during a career in the civil service and as a member of the GB Women's Target Sports National Squad. She has been involved in a series of research projects in the Household Financial Decision Making group of the Psychology Department and is the co-author of published papers. She is a representative on the University of Bolton's Centre for Worktown Studies and has published on happiness research conducted in the town of Bolton.



**Simon McNair** is currently a Leverhulme Early Career Research Fellow in the Centre for Decision Research, Leeds University Business School, UK. He was awarded his PhD in 2013 by Queen's University, Belfast, for research on the cognitive psychology of Bayesian reasoning. Simon's interest in economic psychology developed as a post-doc, when he conducted research for Grant Thornton UK LLP, a leading consumer financial insolvency firm. More recently, Simon has conducted research in the area of financial capability (with partners Suitable Strategies), and from 2016 will begin a three-year project in partnership with the Citizens Advice Bureau to develop more effective financial support provision.

**Ellen K. Nyhus** is Professor of Marketing in the Department of Management, School of Business and Law, the University of Agder, Norway. She is also a senior researcher at the Department of Innovation at Agderforskning AS. She has held former positions at the Norwegian School of Economics and Business Administration, Bergen, Norway, and at the Centre for Economic Research in Tilburg, The Netherlands. Ellen is past President of IAREP and an editorial board member of the *Journal of Economic Psychology*. She is conducting research in the field of consumer behaviour, behavioural economics, labour market behaviour, socialization processes and travel and tourism.

**Annette Otto** is a researcher in the field of economic and developmental psychology and is currently teaching at the Johannes Gutenberg University, Mainz, Germany. She earned her PhD from the University of Exeter in 2009 on the economic psychology of adolescent saving. Her research focuses on the development of saving behaviour within the social context of the family and adolescent learning within the family and school context. She is a member of the academic research group of 'Child and Youth Finance International'. Her work has been published in the *Journal of Economic Psychology*, the *Economics of Education Review*, and the *Journal of Consumer Affairs*.

**Davide Pietroni** is a senior research scientist, a tenured Assistant Professor in the Department of Business Studies at the University d'Annunzio of Chieti-Pescara, Italy, and a trainer in the area of personal and organizational development. After attaining his PhD in cognitive science at the University of Padua, he consolidated a research partnership with the Social Psychology Department at the University of Amsterdam. His research focuses on conflict management and negotiation with an emphasis on the interpersonal effects of emotions in bias mitigation and coordination; most recently his research is centred on the use of nudging to promote wealth and well-being. His work has been published in the leading social psychology journals and he has authored four books on negotiation.

**Rob Ranyard** is a freelance researcher and Visiting Professor affiliated to the Centre for Decision Research, University of Leeds, UK. His research training was at the University of Stirling, from where he graduated in 1972 with a PhD on the psychology of decision-making. Subsequently he has held various research and lecturing posts in psychology, including Professor of Psychology at the University of Bolton from 2001 to 2014. He has undertaken psychological research using a range of methods, has published widely on economic psychology and decision research, and is currently the UK representative for the International Association for Research in Economic Psychology. He is an Associate Fellow of the British Psychological Society.

**Daniel Read** is Professor of Behavioural Science at Warwick Business School University of Warwick, UK. He has previously held positions at the University of Leeds, the London School of Economics and Durham Business School, and has held lengthy visiting positions at Carnegie Mellon University, Pittsburgh, USA, the University of Rotterdam, and the Yale School of Management. He has published widely in prestigious journals including *Management Science*, *Organizational Behavior and Human Decision Process*, *Psychological Review*, and the *Journal of Experimental Psychology*. Most of Daniel's research has been in the area of intertemporal choice, including many papers with Marc Scholten. He is also interested in Bayesian inference, choice heuristics, strategic thinking, and applications of behavioural science to social problems.

**Ilana Ritov** is a Professor of Psychology at the School of Education in the Hebrew University of Jerusalem, Israel. She is the Director of the Center for Empirical Studies of Decision Making and the Law at the Hebrew University. Her research area is the psychology of judgement and decision-making, with a special focus on choice in social contexts. The issues she studies include, among others, determinants of altruistic behaviour, the role of social comparison, and the distinction between abstract choices and those involving identified individuals.

**Marc Scholten** has been, since 2013, Associate Professor with Habilitation at the Universidade Europeia Lisbon, Portugal. In 1993, he took his PhD in Economic Psychology at Tilburg University. Since 2002, his research has expanded on the simple, but not innocuous, premise that people make direct comparisons between available options in reaching a decision. This was the premise underlying his journal articles on a model of decisional conflict (*Journal of Experimental Psychology: General*, 2006) and on a later model of intertemporal choice (*Psychological Review*, 2010). Most of his subsequent publications have been an orchestrated effort to cement this perspective on decision-making, both theoretically and methodologically. Recently, his research has shifted attention from choices between options with single consequences to choices between options with multiple consequences.

**Michael Schulte-Mecklenbeck** is a lecturer in Consumer Behaviour, at the University of Bern, Switzerland, and an Adjunct Researcher at the Max Planck Institute for Human Development, Berlin. He received his PhD from the University of Fribourg, Switzerland, in 2005, and worked in industrial consumer research at a large food company and in different academic institutions in Europe and the United States. His research focuses on the cognitive processes in decision-making, consumer behaviour and food choice. Furthermore, he is interested in research methods to capture and understand human data acquisition.

**Joyce Serido** is an Associate Professor in Family Social Science at the University of Minnesota-Twin Cities, USA. She holds an MBA in finance from Seton Hall University and an MS and PhD in family studies and human development from the University of Arizona. Her research focuses on financial behaviour, specifically, the intersection of family processes and personal well-being of youth and young adults. As principal investigator for the *Arizona Pathways to Life Success for University Students (APLUS)* research initiative, she leads a multi-university team in the first longitudinal,

multidisciplinary study of young adults' financial behaviours. Dr Serido currently serves on the editorial boards for the *Journal of Consumer Affairs* and *Journal of Financial Counseling and Planning*.

**Stefanie J. Sonnenberg** is a Senior Lecturer in Psychology at the University of Portsmouth, UK. She completed an MSc in Economic Psychology at the University of Exeter in 1998 and a PhD in Social Psychology at the University of St Andrews in 2004. Stefanie's research interests span a range of topics within social and economic psychology, including the social psychology of money and household money management. Her specific interests in these broad domains concern the ways in which we conceptualize the 'self' and the role identity plays in understanding socio-economic processes.

**John Thøgersen** is Professor of Economic Psychology in the School of Business and Social Sciences at Aarhus University, Denmark, where he heads the Marketing and Sustainability research group. He received his MSc and PhD from Aalborg University, Denmark, in 1980 and 1985, and his advanced doctoral degree, Dr. Merc., from Aarhus School of Business in 1999. His research focus is on sustainable consumption in a broad sense, including sustainable lifestyles and 'spillover', social norms, values, intergenerational transfer, eco-labelling, energy consumption, travel mode choice, and organic food. He is editor of the *Journal of Consumer Policy*.

**Tadeusz Tyszka** is Head of the Centre for Economic Psychology and Decision Sciences, Kozminski University, Warsaw, Poland. He has been involved in research on human judgement and decision-making for many years, including: decision-making in situations of conflicts of interests; decision-making among multi-attribute alternatives; and risk perception. Results of these studies have been published in international journals. His group also edits its own multi-disciplinary journal in Polish/English – *Decyzje/Decisions*. He has been President of IAREP (1992–1994) and President of the Economic Psychology Division in the International Association of Applied Psychology (2006–2010).

**Ivo Vlaev** is Professor of Behavioural Science at Warwick Business School, University of Warwick, UK, and received a DPhil (PhD) in Experimental Psychology from the University of Oxford. His research is to advance understanding of human decision-making (behavioural economics) and behaviour change. It is a convergence of psychology, neuroscience and economics, which achieves results that none of the disciplines can achieve alone. Ivo is also a co-author of the UK Cabinet Office MIND-SPACE report, advising policy-makers on how to effectively use behavioural insights.

**Kathleen Vohs** is Land O'Lakes Chair in Marketing at the Carlson School of Management, Minneapolis, USA, and has an extensive background in psychology. She applies her understanding of psychological science to business issues in order to advance new areas of marketing research. Her research specialties include self-regulation; self-esteem; the psychology of money; meaningfulness in life, and heterosexual sexual relations as predicted by economic principles. She has authored more than 160 scholarly publications and served as the editor of eight books. She has written invited articles for *Scientific American*, the *New York Times*, and *Science*.

**Alex M. Wood** is Professor and Director of the Behavioural Science Centre, the Stirling Management School, the University of Stirling, UK. He was possibly the youngest full professor in UK history, gaining his first Chair in 2012 when aged 29. After his PhD in Psychology at the University of Warwick in 2008, he was Lecturer then Senior Lecturer at the University of Manchester, which also awarded him an honorary Chair in 2013. His 100 papers related to well-being have been published in leading journals across psychology, medicine, and economics. He is an expert on psychometrics as he believes that evaluating the quality of the measurement of well-being is integral to the validity of the subsequent scientific literature. He balances work with travel, philosophy, reading, wild swimming, and hanging out with his Scottish musician friends.

**Juemin Xu** is currently a PhD student in the Department of Experimental Psychology at University College London, UK. Her research interests include gambling and financial decision-making. She has studied online gambling and risk taking in daily economic activities.

**Tomasz Zaleskiewicz** is Professor of Psychology at the SWPS University of Social Sciences and Humanities in Wrocław, Poland, and graduated in 1998 with a PhD in psychology. His research focuses on different aspects of economic psychology (mainly psychology of money, saving, behavioural finance) and decision-making under risk. His work has been published in international journals and handbooks on economic psychology, decision sciences and social psychology. He is currently Honorary Secretary of IAREP, President Elect of the Division of Economic Psychology, International Association of Applied Psychology, and Associate Editor of the *Journal of Economic Psychology*.

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