

Accepted Manuscript

The goal gradient effect and repayments in consumer credit

Moritz Lukas

PII: S0165-1765(18)30248-9

DOI: <https://doi.org/10.1016/j.econlet.2018.06.025>

Reference: ECOLET 8098

To appear in: *Economics Letters*

Received date: 8 April 2018

Revised date: 17 June 2018

Accepted date: 22 June 2018



Please cite this article as: Lukas M., The goal gradient effect and repayments in consumer credit. *Economics Letters* (2018), <https://doi.org/10.1016/j.econlet.2018.06.025>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

The Goal Gradient Effect and Repayments in Consumer Credit

Moritz Lukas^{a,1}

^a*Chair of Banking and Behavioral Finance, University of Hamburg, Moorweidenstraße 18, 20148 Hamburg, Germany*

Abstract

Based on a unique dataset, I show that repayments in consumer credit increase with the proximity of a borrower's current debt level to the debt level with the next lower leftmost digit. This behavior is consistent with the goal gradient effect. The effect is only observed for borrowers who have not committed to monthly minimum repayments.

Keywords: Behavioral Finance, Household Finance, Consumer Credit, Banking

Email address: moritz.lukas@uni-hamburg.de (Moritz Lukas)

¹The author thanks the anonymous referee whose comments significantly improved the paper and acknowledges the cooperation and helpful discussions with the provider of the dataset.

Download English Version:

<https://daneshyari.com/en/article/7348686>

Download Persian Version:

<https://daneshyari.com/article/7348686>

[Daneshyari.com](https://daneshyari.com)