



# Anchoring in financial decision-making: Evidence from *Jeopardy!*

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## Abstract

This paper analyzes 12,596 *Daily Double* wagering decisions of 6,064 contestants in the US game show *Jeopardy!*. We exploit a situation in which a player has to, unexpectedly, wager on responding correctly to an unknown clue (known as a *Daily Double* clue). We find evidence consistent with the hypothesis of contestants anchoring heavily on the initial dollar value of a clue in wagering. This positive relationship remains statistically significant at the one percent level after controlling for other characteristics that may independently affect wagering decisions, such as scores, clue categories, time trends, individual *Jeopardy!* experience, and player-fixed effects. Exploiting within-player variation only, raising the anchoring amount by \$100 translates to an increase of \$29 in the wager. An alternative explanation of underlying strategic considerations appears unlikely and results are consistent throughout a number of robustness checks. Overall, these findings suggest that anchoring can play a substantial role in financial decision-making under pressure.

*Keywords:* anchoring, behavioral economics, financial decision-making, heuristics

**JEL Classification:** D03, D81, D83, G11

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