Welcome to our experiment!

During this experiment you will act as a manager, who makes investment decisions for a company. The experiment will take about an hour and a half and will contain two parts.

PART 1: skill

The first part aims at measuring your skill as a manager and its task will comprise of 20 financial knowledge questions. The better you perform in this part, the higher the skill level assigned to you in Part 2 and the higher your expected earnings (earnings) in the experiment. You will not be told about how well you have performed in Part 1 until the end of the experiment, so you will need to form an expectation about your performance (skill level).

PART 2: investment decisions

In the second part, you will make investment decisions in 6 different Projects. Your earnings in a Project will depend on your decisions and also on your skill level from Part 1. All Projects are independent and the earnings in one Project do not depend on your decisions in other Projects. Note that your skill level in Part 2 remains the same for all 6 Projects (as it is determined by your performance in Part 1) and remains fixed.

At the end of the experiment you will see your performance in all 6 Projects. However, earnings from only one Project will be randomly selected and will be added to a show up fee of 4 Euro. You will do this random selection at the end of the experiment, when you will blindly draw a card from a set of six cards with numbers 1 to 6. The number on the card you draw will determine the Project, for which you will receive the earnings. Note, that each Project has equal probability to be selected for the final earnings calculation. Your final earnings (the sum of the earnings of the Project you selected randomly and the show-up fee) will be paid into your bank account within 2 working days after the experiment. (At the end of the experiment, you are asked to provide your account number.)

For both tasks you will also receive additional instructions on the computer screen.

Part 1

Please enter your ID written on the card in front of you
Please enter your ID again
Submit

PART 1: skill

In order to assess your skill, you are asked to answer 20 questions related to financial knowledge. The questions are presented in sets of 5. You will have 4 minutes (240 sec) to answer each set of 5 questions, i.e. in total 16 minutes to answer all 20 questions.

For each question, you are given two possible answers (only one answer is correct), and you have to pick the correct answer. For each question, select an answer and also state how confident you are that your answer is correct by giving a probability between 50% and 100%.

Your confidence in your answer corresponds to the probability that this answer is correct.

If you assign a 100% probability to the answer, then you should be certain that the answer is correct. If you assign a lower probability (e.g. 65% or 78%) that the answer is correct, you are less confident in your answer. If you assign a 50% probability that the answer is correct, you are not confident in your answer at all and the other possible answer is equally likely.

Note also that your skill depends on the number of correct answers you give. The more correct answers you give, the higher your skill level and the higher your expected earnings in Part 2.

Continue

Remaining time [sec]: 232

Questions 1-5

1. Inflation may create problems in many ways. Which group would have the greatest problem during periods of high inflation that last several years?

- Older people living on fixed retirement income
- Young working couples with children and a mortgage

Enter the probability that your answer is correct (between 50 and 100 percent)

2. If interest rates rise, what will typically happen to bond prices?

- Fall
- Rise

Enter the probability that your answer is correct (between 50 and 100 percent)

3. Scott and Eric are young men. Each has a good credit history. They work at the same company and make approximately the same salary. Scott has borrowed 6,000 Euro to take a foreign vacation. Eric has borrowed 6,000 Euro to buy a car. Who is likely to pay the lowest finance charge?

- Eric will pay less because the car is collateral for the loan
- They will both pay the same because consumer credits have the same interest rate.

Enter the probability that your answer is correct (between 50 and 100 percent)

4. Justin just found a job with a take-home pay of 2,000 Euro per month. He must pay 800 Euro for rent and 200 Euro for groceries each month. He also spends 200 Euro per month on transportation. If he budgets 100 Euro each month for clothing, 150 Euro for restaurants and 250 Euro for everything else, how long will it take him to accumulate savings of 900 Euro. (Assume no interest rate payment on savings).

- 3 months
- 5 months

Enter the probability that your answer is correct (between 50 and 100 percent)

5. A young person with $100,000 to invest should hold a riskier financial investment than an older person with $100,000 to invest.

- True
- False

Enter the probability that your answer is correct (between 50 and 100 percent)

Next>

Remaining time [sec]: 237

Questions 6-10

6. An investor wants to buy a house but does not have sufficient funds. He invests in a risky project and his investment (including the returns) doubles in size every quarter. If it takes 48 quarters to reach the necessary funds to purchase the house, how many quarters would it take to have sufficient funds to purchase half of the house?

- 24 quarters
- 47 quarters

Enter the probability that your answer is correct (between 50 and 100 percent)

7. Buying a single company's stock usually provides

- a safer return than a stock mutual fund
- a riskier return than a stock mutual fund

Enter the probability that your answer is correct (between 50 and 100 percent)

8. Elena started her pension program at age 20 and put in €2,000 each year for 15 years. Rebecca started her pension program at age 35 and put in €2,000 each year for 30 years. If they both get 6% per year on their investments, who will have more money at age 65?

- Rebecca
- Elena

Enter the probability that your answer is correct (between 50 and 100 percent)

9. Employees should have the majority of their retirement funds in their current employers stock.

- True
- False

Enter the probability that your answer is correct (between 50 and 100 percent)

10. If it takes 5 machines 5 minutes to make 5 widgets, how long would it take 100 machines to make 100 widgets?

- 5 minutes
- 100 minutes

Enter the probability that your answer is correct (between 50 and 100 percent)

Next>

Remaining time [sec]: 239

Questions 11-15

11. It is possible for investors to be diversified even if they invest all their money in one mutual fund.

- True
- False

Enter the probability that your answer is correct (between 50 and 100 percent)

12. You would prefer 5,000 Euro over a Euro cent doubled every day for a month.

- True
- False

Enter the probability that your answer is correct (between 50 and 100 percent)

13. If you have to sell one of your stocks, you should sell one which has gone up in price rather than one which has gone down.

- True
- False

Enter the probability that your answer is correct (between 50 and 100 percent)

14. How do income taxes affect the income that people have to spend?

- They decrease the amount of goods and services that can be purchased.
- They decrease spendable income in deflationary times and increase spendable income in inflationary times.

Enter the probability that your answer is correct (between 50 and 100 percent)

15. You invest 1000 in a project and the discount factor is 10%. The return is expected to be 1100 in year 1 and 1200 in year 2 (when the project ends). The net present value is approximately:

- 1000
- 1300

Enter the probability that your answer is correct (between 50 and 100 percent)

Next>

Remaining time [sec]: 240

Questions 16-20

16. At takeovers, the bidding firm usually pays a large premium to the target firm. Therefore, upon announcement, the target firm's share price increases substantially as it anticipates the premium to be paid in the takeover. Hence, if you own shares of a target firm (before the announcement), you will very likely make a large profit if you sell them after the announcement.

- ○ True
- ○ False

Enter the probability that your answer is correct (between 50 and 100 percent)

19. To do well in the stock market, you should buy and sell your stocks often.

- ○ True
- ○ False

Enter the probability that your answer is correct (between 50 and 100 percent)

17. A bat and a ball cost 1.10 Euro in total. The bat cost 1 Euro more than the ball. How much does the ball cost?

- ○ 0.10 Euro
- ○ 0.05 Euro

Enter the probability that your answer is correct (between 50 and 100 percent)

20. The cost of capital of the average listed firm is about

- ○ 10%
- ○ 20%

Enter the probability that your answer is correct (between 50 and 100 percent)

18. Yolanda has three credit cards and she owes €500 on each of them. The interest rates are 7% for card A, 9% for card B and 8% for card C. If Yolanda has €1,000 to pay some of her debt, on which cards should she pay the debt if she wants to minimize future interest payments?

- ○ €333 to card A and €334 to card B and €333 to card C
- ○ €500 to card B and €500 to card C

Enter the probability that your answer is correct (between 50 and 100 percent)

Next>

Skill

Your skill in Part 2 depends on the number of correct answers you gave in Part 1 in the following way.

Number of correct answers, N	0 - 11	12 - 13	14 - 15	16 - 17	18 - 20
Skill level	1	2	3	4	5

So according to this table:

Your skill equals **1**, if you gave **0 - 11** correct answers.

Your skill equals **2**, if you gave **12 - 13** correct answers.

Your skill equals **3**, if you gave **14 - 15** correct answers.

Your skill equals **4**, if you gave **16 - 17** correct answers.

Your skill equals **5**, if you gave **18 - 20** correct answers.

Estimate in your mind your skill level and remember it for Part 2.

Continue

Part 2

Remaining time [sec]: 275

PART 2: investment

In this part you need to make investment decisions in 6 different Projects. For each Project you need to make an investment decision about how much you want to invest into the Project. Projects differ in terms of possible revenues. Your earnings in a Project depend on your investment decisions and on your skill level from Part 1.

Each project consists of two screens.

Screen 1: you have 5 minutes (300 sec) to study the revenues table and answer 10 questions about it (they will appear on the right hand side).

These questions help you to understand the project and do not influence your earnings. You need to answer all of them correctly before you can move to the next screen and make your decision. So, the questions are just to help you to understand the project.

Screen 2: you have 30 seconds to make your investment decision.

Revenue

Each decision generates different revenues, which together with your skill will affect your total earnings (see below).

Your skill is fixed (as determined in Part 1), but you can now choose among 5 different investment levels, which vary from 1 up to 5, where 1 is the lowest possible investment level and 5 is the highest possible investment level.

Below you see a table which shows how your revenues depend on your skill level and investment level in Project 1. The revenues table may be different in other Projects.

You choose investment level 1, then your revenues equal 400 Eurocents only if your skill is 1; your revenues equal 0 otherwise.
You choose investment level 2, then your revenues equal 600 Eurocents only if your skill is 2; your revenues equal 0 otherwise.
You choose investment level 3, then your revenues equal 850 Eurocents only if your skill is 3; your revenues equal 0 otherwise.
You choose investment level 4, then your revenues equal 1150 Eurocents only if your skill is 4; your revenues equal 0 otherwise.
You choose investment level 5, then your revenues equal 1500 Eurocents only if your skill is 5; your revenues equal 0 otherwise.

1 Eurocent = 0.01 Euro

Investment costs

While a higher investment level may result in higher revenues, it also costs more money. Below you see a table with the cost of investment next to the revenues table. Investment costs do not depend on the realized revenues.

You choose investment level 1, then you pay 60 Eurocents for sure.
You choose investment level 2, then you pay 130 Eurocents for sure.
You choose investment level 3, then you pay 220 Eurocents for sure.
You choose investment level 4, then you pay 340 Eurocents for sure.
You choose investment level 5, then you pay 500 Eurocents for sure.

Endowment

For each project you are given an endowment of 500 Eurocents, which you may spend to pay the cost of the investment that you choose.
You will be able to keep that part of the endowment that you don't use to pay the cost of investment: the unused endowment will be added to your realized revenues.

Earnings

So for a project your **earnings = revenues + (endowment - cost of investment)**

So, what you should do is: (a) estimate your skill level (from Part 1) and (b) choose an investment level to maximize your earnings in the current Project.

Your revenues depending on your skill and investment level

Investment level	Skill 1	Skill 2	Skill 3	Skill 4	Skill 5
1	400	0	0	0	0
2	0	600	0	0	0
3	0	0	850	0	0
4	0	0	0	1150	0
5	0	0	0	0	1500

Cost of investment

Investment level	Cost
1	60
2	130
3	220
4	340
5	500

Answer these questions before you proceed to choice screen

Questions will appear here

Continue

Remaining time [sec]: 294

Project 1

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

Your revenues depending on your skill and investment level

Investment level	Skill 1	Skill 2	Skill 3	Skill 4	Skill 5
1	400	0	0	0	0
2	0	600	0	0	0
3	0	0	850	0	0
4	0	0	0	1150	0
5	0	0	0	0	1500

Cost of investment

Investment level	Cost
1	60
2	130
3	220
4	340
5	500

Answer these questions before you proceed to choice screen

Imagine that your skill is 1 and you choose investment level 1.
a.(1) What are your revenues then?

b.(2) What is the cost of investment?

c.(3) What are the earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 2 and you choose investmnet level 1.
a.(4) What are your revenues then?

b.(5) Which investment level will bring you the highest revenues?

Imagine that your skill is 3 and you choose investment level 3.
(6) What are your earnings? Earnings= revenues + (endowment - cost of investment)

Imagine that your skill is 4 and you choose investment level 3.
a. (7) What are your revenues then?

b. (8) What are your earnings? Earnings = revenues + (endowment - cost of investment)

c. (9) Which investment level will bring you the highest revenues?

Imagine that your skill is 5 and you investment level 5.
(10) What is the cost of investment?

Proceed to choice screen

Remaining time [sec]: 23

Project 1

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	400	0	0	0	0
2	0	600	0	0	0
3	0	0	850	0	0
4	0	0	0	1150	0
5	0	0	0	0	1500

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Choose your investment level

- ○ 1
- ○ 2
- ○ 3
- ○ 4
- ○ 5

Next>

Remaining time [sec]: 296

Project 2

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	400	490	530	550	565
2	440	600	690	750	765
3	475	650	850	950	980
4	505	700	900	1150	1220
5	530	750	950	1230	1500

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Answer these questions before you proceed to choice screen

Imagine that your skill is 1 and you choose investment level 3.
a. (1) What are your revenues then?

b. (2) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 1 and you choose investment level 1.
(3) What are your earnings then? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 2.
a. (4) Which investment level will bring you the highest revenues?

b. (5) Which investment level will bring you the highest earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 3 and you choose investment level 3.
(6) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 4 and you choose investment level 3.
a. (7) What are your earnings? Earnings = revenues + (endowment - cost of investment)

b. (8) Which investment level will bring you the highest earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 5 and you choose investment level 1.
(9) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 5.
(10) Which investment level will bring you the highest earnings?

Proceed to choice screen

Remaining time [sec]: 28

Project 2

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	400	490	530	550	565
2	440	600	690	750	765
3	475	650	850	950	980
4	505	700	900	1150	1220
5	530	750	950	1230	1500

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Choose your investment level

- ○ 1
- ○ 2
- ○ 3
- ○ 4
- ○ 5

Next>

Remaining time [sec]: 285

Project 3

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

Note that in this Project the cost of different investment levels is constant.

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	850	0	0	0	0
2	0	850	0	0	0
3	0	0	850	0	0
4	0	0	0	850	0
5	0	0	0	0	850

Cost of investment	
Investment level	**Cost**
1	220
2	220
3	220
4	220
5	220

Answer these questions before you proceed to choice screen

Imagine that your skill is 1 and you choose investment level 1.
a. (1) What are your revenues then?

b. (2) What is the cost of investment?

c. (3) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 2 and you choose investment level 1.
a. (4) What are your revenues then?

(5) Which investment level will bring you the highest revenues?

Imagine that your skill is 3 and you choose investment level 3.
(6). What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 3 and you choose investment level 4.
a. (7) What are your revenues then?

b. (8) What are your earnings? Earnings = revenues + (endowment - cost of investment)

c. (9) Which investment level will bring you the highest revenues?

Imagine that your skill is 5 and you choose investment level 4.
(10) What is the cost of investment?

Proceed to choice screen

Remaining time [sec]: 27

Project 3

Revenues depending on skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	850	0	0	0	0
2	0	850	0	0	0
3	0	0	850	0	0
4	0	0	0	850	0
5	0	0	0	0	850

Cost of investment	
Investment level	**Cost**
1	220
2	220
3	220
4	220
5	220

Choose your investment level

- (•) 1
- ( ) 2
- ( ) 3
- ( ) 4
- ( ) 5

Next>

Remaining time [sec]: 265

Project 4

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

Note that in this Project your revenues do not depend on your skill level but only on your investment level.

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	530	530	530	530	530
2	690	690	690	690	690
3	850	850	850	850	850
4	900	900	900	900	900
5	950	950	950	950	950

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Answer these questions before you proceed to choice screen

Imagine that your skill is 1 and you choose investment level 4.
a. (1) What are your revenues then?

b. (2) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill equals 1 and you choose investment level 1.
(3) What are your earnings then? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill equals 2.
a. (4) Which investment level will bring you the highest revenues?

b. (5) Which investment level will bring you the highest earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 3 and you choose investment level 3.
(6) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 4 and you choose investment level 3.
a. (7) What are your earnings? Earnings = revenues + (endowment - cost of investment)

b. (8) Which investment level will bring you the highest earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 5 and you choose investment level 2.
(9) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Imagine that your skill is 5 and you choose investment level 5.
(10) What are your earnings? Earnings = revenues + (endowment - cost of investment)

Proceed to choice screen

Remaining time [sec]: 26

Project 4

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	530	530	530	530	530
2	690	690	690	690	690
3	850	850	850	850	850
4	900	900	900	900	900
5	950	950	950	950	950

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Choose your investment level

- ○ 1
- ○ 2
- ◉ 3
- ○ 4
- ○ 5

Next>

Remaining time [sec]: 285

Project 5

Below you see a reward table for Project 5.

For this project the cost of investment and your endowment (500 Eurocents) are the same as in the previous Projects. However, the revenues table contains intervals instead of numbers. This means that if you choose a specific investment level, your revenues will determined not only by your skill but to some degree by chance as you will get revenues drawn from an interval according to a uniform distribution. So before you continue with the Project 5, let us have a look at uniform distributions.

Suppose you choose investment level 1 and your skill equals 1. Then your revenues have a uniform distribution on the interval [350; 450] with step 10.

On the right you see your revenues distribution for this particular case of investment level 1 and skill level 1. The revenues may thus be equal to 350, 360, 370, 380, 390, 400, 410, 420, 430, 440 and 450 with equal probability. As your revenues may have 11 different values with equal probability, this probability equals to 1/11 or 9.09%. So, the probability of each outcome 350, 360, 370, 380, 390, 400, 410, 420, 430, 440, 450 is exactly 9.09%.

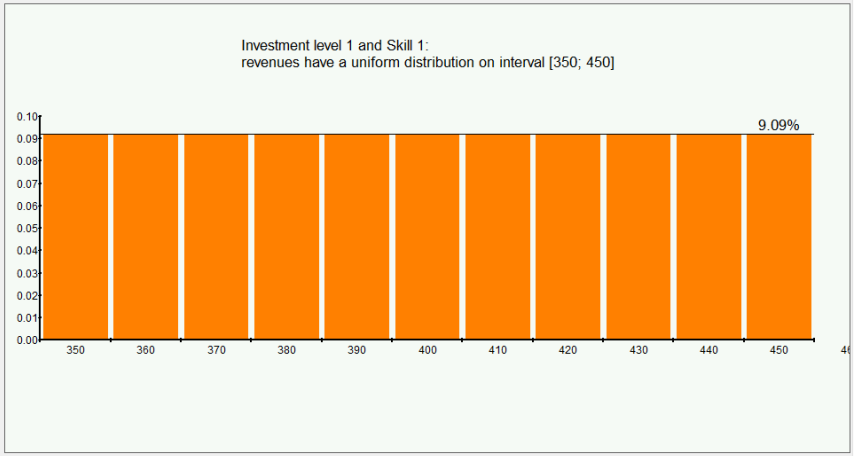
On the next screen you will need to answer several questions, which will help you to understand the uniform distribution of your revenues better.

Your revenues depending on your skill and investment level

Investment level	Skill 1	Skill 2	Skill 3	Skill 4	Skill 5
1	[350;450]	[440;540]	[480;580]	[500;600]	[515;615]
2	[390;490]	[550;650]	[640;740]	[700;800]	[715;815]
3	[425;525]	[600;700]	[800;900]	[900;1000]	[930;1030]
4	[455;555]	[650;750]	[850;950]	[1100;1200]	[1170;1270]
5	[480;580]	[700;800]	[900;1000]	[1180;1280]	[1450;1550]

Cost of investment

Investment level	Cost
1	60
2	130
3	220
4	340
5	500



Continue

Remaining time [sec]: 273

Project 5

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

In the next screen, you will be asked to answer 4 more questions. Afterwards you can make your investment decision in project 5.

Answer these questions before you proceed to the next screen

Imagine that your skill is 2 and you choose investment level 3. Below you see distribution of your revenues in this case.

1. What are the maximal revenues you can get?

2. What are your earnings in this case? Earnings = revenues + (endowment - cost of investment)

3. What are the minimal revenues you can get?

2. What are your earnings in this case? Earnings = revenues + (endowment - cost of investment)

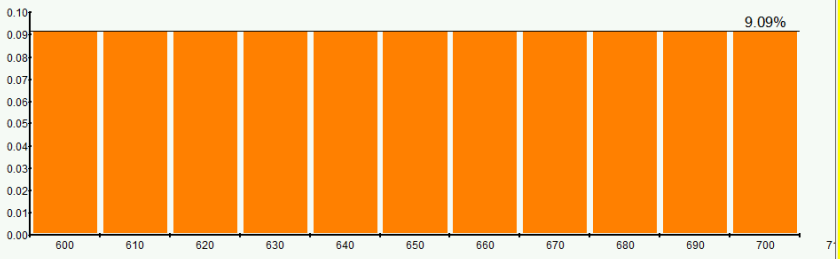
Your revenues depending on your skill and investment level

Investment level	Skill 1	Skill 2	Skill 3	Skill 4	Skill 5
1	[350;450]	[440;540]	[480;580]	[500;600]	[515;615]
2	[390;490]	[550;650]	[640;740]	[700;800]	[715;815]
3	[425;525]	[600;700]	[800;900]	[900;1000]	[930;1030]
4	[455;555]	[650;750]	[850;950]	[1100;1200]	[1170;1270]
5	[480;580]	[700;800]	[900;1000]	[1180;1280]	[1450;1550]

Cost of investment

Investment level	Cost
1	60
2	130
3	220
4	340
5	500

Investment level 3 and Skill 2:
revenued have a uniform distribution on interval [600; 700]



Continue

Remaining time [sec]: 297

Project 5

You now have 5 minutes (300 sec) to study the revenues table and answer the questions about it.

Your endowment = 500 Eurocents

You have to spend (part of) it by choosing an investment level that you expect to maximize your earnings in the current Project. The part of the endowment that you don't use to pay the cost of investment is added to your realized revenues in the following way:

Your **earnings = revenues + (endowment - cost of investment)**

Answer these questions before you proceed to choice screen

Imagine that your skill is 5 and you choose investment level 4. Below you see distribution of your revenues in this case.

5. What are your earnings if you get the maximal revenues? Earnings = revenues + (endowment - cost of investment)

7. What are your earnings in this case? Earnings = revenues + (endowment - cost of investment)

6. What are the minimal revenues you can get?

8. Which revenues are more likely?

- Minimal
- Maximal
- Both are equally likely

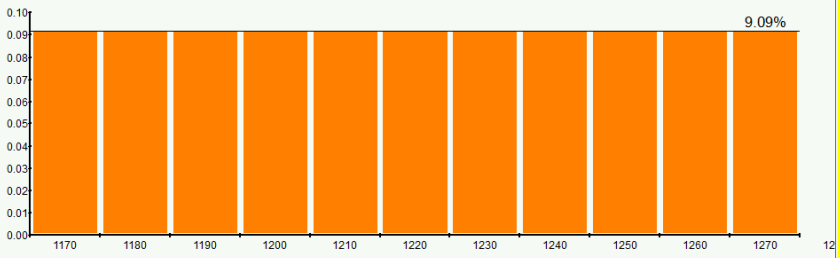
Your revenues depending on your skill and investment level

Investment level	Skill 1	Skill 2	Skill 3	Skill 4	Skill 5
1	[350;450]	[440;540]	[480;580]	[500;600]	[515;615]
2	[390;490]	[550;650]	[640;740]	[700;800]	[715;815]
3	[425;525]	[600;700]	[800;900]	[900;1000]	[930;1030]
4	[455;555]	[650;750]	[850;950]	[1100;1200]	[1170;1270]
5	[480;580]	[700;800]	[900;1000]	[1180;1280]	[1450;1550]

Cost of investment

Investment level	Cost
1	60
2	130
3	220
4	340
5	500

Investment level 4 and Skill 5:
revenues have a uniform distribution on interval [1170; 1270]



Proceed to choice screen

Remaining time [sec]: 26

Project 5

Your revenues depending on your skill and investment level					
Investment level	**Skill 1**	**Skill 2**	**Skill 3**	**Skill 4**	**Skill 5**
1	[350;450]	[440;540]	[480;580]	[500;600]	[515;615]
2	[390;490]	[550;650]	[640;740]	[700;800]	[715;815]
3	[425;525]	[600;700]	[800;900]	[900;1000]	[930;1030]
4	[455;555]	[650;750]	[850;950]	[1100;1200]	[1170;1270]
5	[480;580]	[700;800]	[900;1000]	[1180;1280]	[1450;1550]

Cost of investment	
Investment level	**Cost**
1	60
2	130
3	220
4	340
5	500

Choose your investment level

- ○ 1
- ○ 2
- ○ 3
- ○ 4
- ○ 5

Next>

Remaining time [sec]: 291

Project 6

This Project is different from the previous ones. In this screen you read the explanations about the Project and answer the question.
You do not need to make any decisions on this screen.

Below you see a table with 10 Decisions. Each decision is a paired choice between "Option A" and "Option B".

Option A pays you 540 Eurocent or 840 Eurocent.
Option B pays you 140Eurocent or 1300 Eurocent.

Here is a set of 10 cards that will be used to determine your earnings; the faces of the cards are numbered from 1 to 10. After you have made all of your decisions, you will draw two cards (with replacement) from this set, one card to select one of the ten decisions to be used, and the second card to determine what your earnings are for the option you chose (A or B) for the particular decision selected.

Even though you will make 10 decisions, only one of them will end up affecting your earnings, but you will not know in advance which decision will be used. Obviously, each decision has an equal chance of being used in the end.

Now, look at Decision 1 at the top. Option A pays 840 Eurocents if the number on the drawn card is 1, and it pays 540 Eurocents if the number is 2-10. Option B yields 1300 Eurocents if the number on the drawn card e is 1, and it pays 140 Eurocents if the number is 2-10.

The other Decisions are similar, except that as you move down the table, the chances of the higher payoff for each option increase. In fact, for Decision 10 in the bottom row, the second card draw will not be needed since each option pays the highest earnings for sure, so your choice here is between 840 Eurocents or 1300 Eurocents.

The questions you see on the right hand side are there to help you to understand the Project and do not influence your earnings. You need to answer all of them correctly before you can move to the next screen and make your decisions. So, the questions are just to help you to understand the Project.

Your earnings

Decision number	Option A	Option B	Your choice
1	1/10 of 840Cent, 9/10 of 540Cent	1/10 of 1300Cent, 9/10 of 140Cent	Option A ○ ○ Option B
2	2/10 of 840Cent, 8/10 of 540Cent	2/10 of 1300Cent, 8/10 of 140Cent	Option A ○ ○ Option B
3	3/10 of 840Cent, 7/10 of 540Cent	3/10 of 1300Cent, 7/10 of 140Cent	Option A ○ ○ Option B
4	4/10 of 840Cent, 6/10 of 540Cent	4/10 of 1300Cent, 6/10 of 140Cent	Option A ○ ○ Option B
5	5/10 of 840Cent, 5/10 of 540Cent	5/10 of 1300Cent, 5/10 of 140Cent	Option A ○ ○ Option B
6	6/10 of 840Cent, 4/10 of 540Cent	6/10 of 1300Cent, 4/10 of 140Cent	Option A ○ ○ Option B
7	7/10 of 840Cent, 3/10 of 540Cent	7/10 of 1300Cent, 3/10 of 140Cent	Option A ○ ○ Option B
8	8/10 of 840Cent, 2/10 of 540Cent	8/10 of 1300Cent, 2/10 of 140Cent	Option A ○ ○ Option B
9	9/10 of 840Cent, 1/10 of 540Cent	9/10 of 1300Cent, 1/10 of 140Cent	Option A ○ ○ Option B
10	10/10 of 840Cent, 0/10 of 540Cent	10/10 of 1300Cent, 0/10 of 140Cent	Option A ○ ○ Option B

Answer these questions before you proceed to choice screen

Imagine that in one of the Decisions you choose option B.
(a) 1. What are your lowest possible earnings then?

(b) 2. What are your highest possible earnings then?

Imagine that in one of the Decisions you choose option A.
(a) 3. What are your lowest possible earnings then?

(b) 4. What are your highest possible earnings then?

Imagine that in Decision 1 you choose option B.
5. Which earnings are more likely?
○ 140
○ 1300
○ They are equally likely

Imagine that in Decision 5 you choose option A.
6. Which earnings are more likely?
○ 540
○ 840
○ They are equally likely

Proceed to choice screen

Remaining time [sec]: 299

Project 6

Make a choice between option A and B in each of 10 Decisions

Your earnings			
Decision number	**Option A**	**Option B**	**Your choice**
1	1/10 of 840Cent, 9/10 of 540Cent	1/10 of 1300Cent, 9/10 of 140Cent	Option A ○ ○ Option B
2	2/10 of 840Cent, 8/10 of 540Cent	2/10 of 1300Cent, 8/10 of 140Cent	Option A ○ ○ Option B
3	3/10 of 840Cent, 7/10 of 540Cent	3/10 of 1300Cent, 7/10 of 140Cent	Option A ○ ○ Option B
4	4/10 of 840Cent, 6/10 of 540Cent	4/10 of 1300Cent, 6/10 of 140Cent	Option A ○ ○ Option B
5	5/10 of 840Cent, 5/10 of 540Cent	5/10 of 1300Cent, 5/10 of 140Cent	Option A ○ ○ Option B
6	6/10 of 840Cent, 4/10 of 540Cent	6/10 of 1300Cent, 4/10 of 140Cent	Option A ○ ○ Option B
7	7/10 of 840Cent, 3/10 of 540Cent	7/10 of 1300Cent, 3/10 of 140Cent	Option A ○ ○ Option B
8	8/10 of 840Cent, 2/10 of 540Cent	8/10 of 1300Cent, 2/10 of 140Cent	Option A ○ ○ Option B
9	9/10 of 840Cent, 1/10 of 540Cent	9/10 of 1300Cent, 1/10 of 140Cent	Option A ○ ○ Option B
10	10/10 of 840Cent, 0/10 of 540Cent	10/10 of 1300Cent, 0/10 of 140Cent	Option A ○ ○ Option B

Next>

Questionnaire

Enter your ID number again

1. What do you think is your skill level in this experiment? (State a number between 1 and 5).

2. Your age

3. Your gender:
0 = Male
1 = Female

4. Your civil status:
0 = Single
1 = Living together
2 = Married

5. In what country were you raised?
0 = Netherlands
1 = Other west European country
2 = East European country
3 = China
4 = Other Asian country
5 = Latin America
6 = Other

6. What is the highest degree you obtained to date?
0 = High school
1 = Bachelor
2 = Master of Arts
3 = Master of Science
4 = Research Master
5 = PhD
6 = Other

7. What is your current field of study?
0 = Economics
1 = Econometrics/Operations Research
2 = Finance
3 = Accounting
4 = Marketing
5 = Organization and Strategy
6 = Psychology and Social Sciences
7 = Law
8 = Other

8. In what year are you currently?
0 = Year 1 of Bachelor
1 = Year 2 of Bachelor
2 = Year 3 of Bachelor
3 = Year 4 or higher of Bachelor
4 = Year 1 of Master
5 = Year 2 of Master
6 = PhD
7 = Graduated
8 = Other

9. In Part I you were asked to answer 20 financial knowledge questions. For how many of these questions do you think you gave the correct answer? (State a number between 0 and 20).

10. In Part I other students were asked the same 20 financial knowledge questions. For an average student participating in this experiment how many answers do you think were correct? (State a number between 0 and 20).

If you have to do real investment decisions (investing in stocks, bonds, other securities or funds), how would you estimate your investing abilities? (Provide the answers for the following two questions).

11. I would never buy securities or funds that will underperform in the future.
1 = Totally disagree
2 = Somewhat disagree
3 = Neither agree nor disargee
4 = Somewhat agree
5 = Totally agree

12. I would not be able to identify securities or funds with above-average performance.
1 = Totally disagree
2 = Somewhat disagree
3 = Neither agree nor disargee
4 = Somewhat agree
5 = Totally agree

OK

Earnings in the lottery-choice task

Your earnings

Decision number	Option A	Option B	Your choice
1	1/10 of 840Cent, 9/10 of 540Cent	1/10 of 1300Cent, 9/10 of 140Cent	Option A ○ ○ Option B
2	2/10 of 840Cent, 8/10 of 540Cent	2/10 of 1300Cent, 8/10 of 140Cent	Option A ○ ○ Option B
3	3/10 of 840Cent, 7/10 of 540Cent	3/10 of 1300Cent, 7/10 of 140Cent	Option A ○ ○ Option B
4	4/10 of 840Cent, 6/10 of 540Cent	4/10 of 1300Cent, 6/10 of 140Cent	Option A ○ ○ Option B
5	5/10 of 840Cent, 5/10 of 540Cent	5/10 of 1300Cent, 5/10 of 140Cent	Option A ○ ○ Option B
6	6/10 of 840Cent, 4/10 of 540Cent	6/10 of 1300Cent, 4/10 of 140Cent	Option A ○ ○ Option B
7	7/10 of 840Cent, 3/10 of 540Cent	7/10 of 1300Cent, 3/10 of 140Cent	Option A ○ ○ Option B
8	8/10 of 840Cent, 2/10 of 540Cent	8/10 of 1300Cent, 2/10 of 140Cent	Option A ○ ○ Option B
9	9/10 of 840Cent, 1/10 of 540Cent	9/10 of 1300Cent, 1/10 of 140Cent	Option A ○ ○ Option B
10	10/10 of 840Cent, 0/10 of 540Cent	10/10 of 1300Cent, 0/10 of 140Cent	Option A ○ ○ Option B

Card	Card	Card	Card	Card
Choose me	Choose me	Choose me	Choose me	Choose me
Card	Card	Card	Card	Card
Choose me	Choose me	Choose me	Choose me	Choose me

Now it is time to determine your earnings in Project 6.

To the left you see a table with your decisions made in Project 6.

Below you see 10 cards, which correspond to numbers from 1 to 10 in random order.
Select one card to determine the Decision number, which will be used to determine your earnings.

Your earnings

Decision number	Option A	Option B	Your choice
1	1/10 of 840Cent, 9/10 of 540Cent	1/10 of 1300Cent, 9/10 of 140Cent	Option A ○ ○ Option B
2	2/10 of 840Cent, 8/10 of 540Cent	2/10 of 1300Cent, 8/10 of 140Cent	Option A ○ ○ Option B
3	3/10 of 840Cent, 7/10 of 540Cent	3/10 of 1300Cent, 7/10 of 140Cent	Option A ○ ○ Option B
4	4/10 of 840Cent, 6/10 of 540Cent	4/10 of 1300Cent, 6/10 of 140Cent	Option A ○ ○ Option B
5	5/10 of 840Cent, 5/10 of 540Cent	5/10 of 1300Cent, 5/10 of 140Cent	Option A ○ ○ Option B
6	6/10 of 840Cent, 4/10 of 540Cent	6/10 of 1300Cent, 4/10 of 140Cent	Option A ○ ○ Option B
7	7/10 of 840Cent, 3/10 of 540Cent	7/10 of 1300Cent, 3/10 of 140Cent	Option A ○ ○ Option B
8	8/10 of 840Cent, 2/10 of 540Cent	8/10 of 1300Cent, 2/10 of 140Cent	Option A ○ ○ Option B
9	9/10 of 840Cent, 1/10 of 540Cent	9/10 of 1300Cent, 1/10 of 140Cent	Option A ○ ○ Option B
10	10/10 of 840Cent, 0/10 of 540Cent	10/10 of 1300Cent, 0/10 of 140Cent	Option A ○ ○ Option B

6	5	9 The Decision number **9** will be used to determine your earnings.	3	2
4	8	10	7	1

Now it is time to determine your earnings in Project 6.

To the left you see a table with your decisions made in Project 6.

Below you see 10 cards, which correspond to numbers from 1 to 10 in random order.
Select one card to determine the Decision number, which will be used to determine your earnings.

OK

Your earnings

Decision number	Option A	Option B	Your choice
1	1/10 of 840Cent, 9/10 of 540Cent	1/10 of 1300Cent, 9/10 of 140Cent	Option A ○ ○ Option B
2	2/10 of 840Cent, 8/10 of 540Cent	2/10 of 1300Cent, 8/10 of 140Cent	Option A ○ ○ Option B
3	3/10 of 840Cent, 7/10 of 540Cent	3/10 of 1300Cent, 7/10 of 140Cent	Option A ○ ○ Option B
4	4/10 of 840Cent, 6/10 of 540Cent	4/10 of 1300Cent, 6/10 of 140Cent	Option A ○ ○ Option B
5	5/10 of 840Cent, 5/10 of 540Cent	5/10 of 1300Cent, 5/10 of 140Cent	Option A ○ ○ Option B
6	6/10 of 840Cent, 4/10 of 540Cent	6/10 of 1300Cent, 4/10 of 140Cent	Option A ○ ○ Option B
7	7/10 of 840Cent, 3/10 of 540Cent	7/10 of 1300Cent, 3/10 of 140Cent	Option A ○ ○ Option B
8	8/10 of 840Cent, 2/10 of 540Cent	8/10 of 1300Cent, 2/10 of 140Cent	Option A ○ ○ Option B
9	**9/10 of 840Cent, 1/10 of 540Cent**	**9/10 of 1300Cent, 1/10 of 140Cent**	Option A ○ ○ Option B
10	10/10 of 840Cent, 0/10 of 540Cent	10/10 of 1300Cent, 0/10 of 140Cent	Option A ○ ○ Option B

Decision number 9

Now you will draw a card to determine your earnings according to the Option chosen in Decision 9.

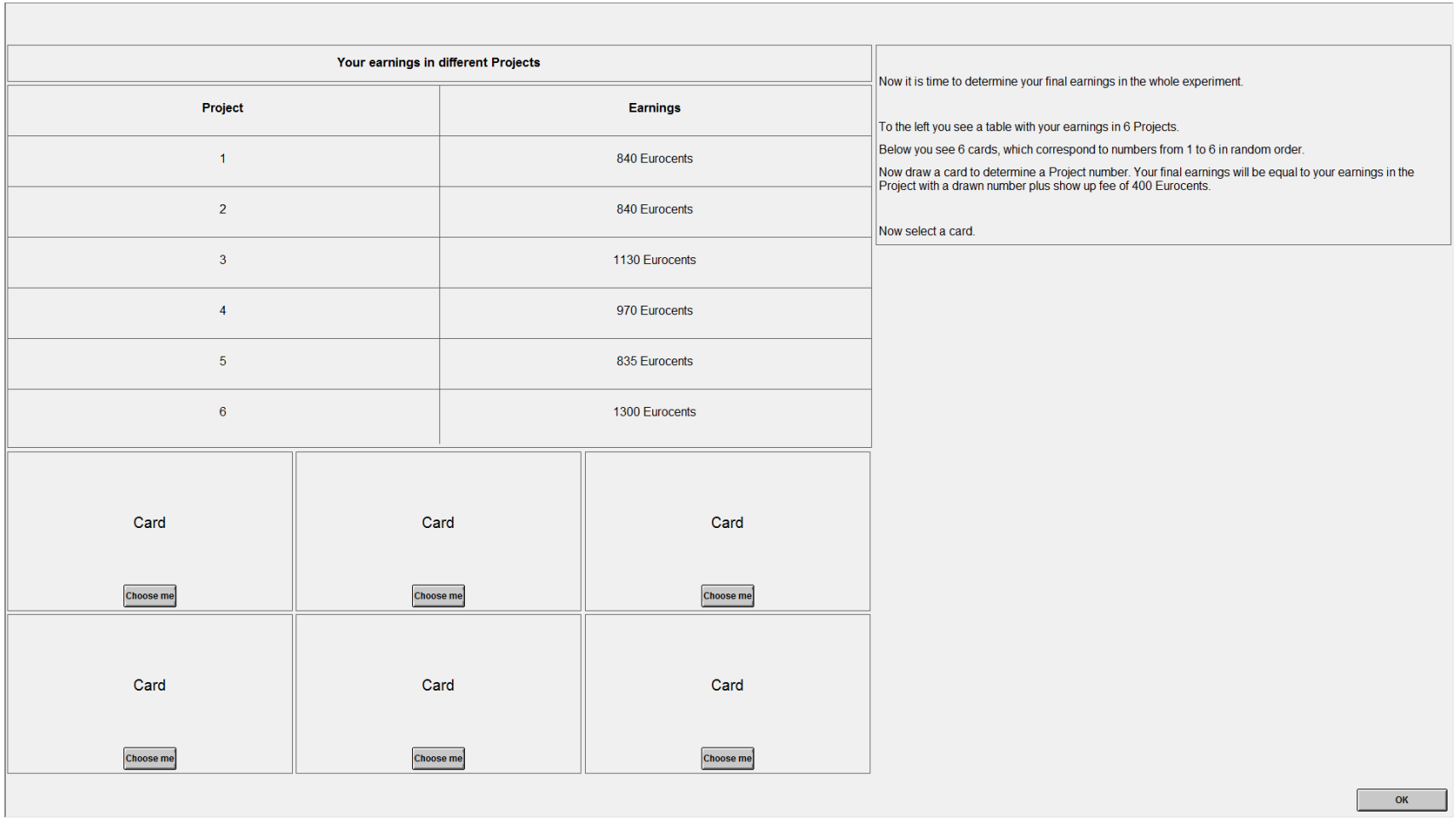
You have chosen Option B in Decision 9.
In this case Option B pays 1300 Eurocents if the number on a card drawn is 9 or smaller and 140 Eurocents otherwise.

Your earnings in Project 6 = 1300Euroce

2	1	6	8	7 The Decision number **7** will be used to determine your earnings.
5	4	9	10	3

OK

Final Earnings



Your earnings in different Projects

Project	Earnings
1	840 Eurocents
2	840 Eurocents
3	1130 Eurocents
4	970 Eurocents
5	835 Eurocents
6	1300 Eurocents

Card — Choose me | Card — Choose me | Card — Choose me

Card — Choose me | Card — Choose me | Card — Choose me

Now it is time to determine your final earnings in the whole experiment.

To the left you see a table with your earnings in 6 Projects.

Below you see 6 cards, which correspond to numbers from 1 to 6 in random order.

Now draw a card to determine a Project number. Your final earnings will be equal to your earnings in the Project with a drawn number plus show up fee of 400 Eurocents.

Now select a card.

OK

Your earnings in different Projects

Project	Earnings
1	840 Eurocents
2	840 Eurocents
3	1130 Eurocents
4	970 Eurocents
5	835 Eurocents
6	1300 Eurocents

4	1	5
3	2	6

Now it is time to determine your final earnings in the whole experiment.

To the left you see a table with your earnings in 6 Projects.

Below you see 6 cards, which correspond to numbers from 1 to 6 in random order.

Now draw a card to determine a Project number. Your final earnings will be equal to your earnings in the Project with a drawn number plus show up fee of 400 Eurocents.

Project number is	1
Your earnings in this Project equal	840Eurocent
Your final earnings (including show up fee of 400 Eurocents) equal	1240Euroce

OK

Your final earnings equal 12.40 Euro.

Please, fill in the payment receipt (a sheet of paper on your table) and wait untill your number is called by the experimenter.