

WWZ Research Seminar

Faculty of Business and Economics, University of Basel

Tuesday, October 12, 2021, 12:30, seminar room S 13, HG, WWZ and Zoom

## Dr. Dietmar Fehr, Assistant Professor University of Heidelberg

"Perceived Relative Wealth and Risk Taking" (with Yannick Reichlin, EUI Florence)

### **Abstract**

We show that perceptions of relative rank in the wealth distribution shape individuals' willingness to take risks. Using a representative large-scale survey, we manipulate perceptions of relative standing by randomly varying response categories when asking respondents about their wealth level. Respondents who are induced to perceive their relative position as low display more tolerance towards risk in a subsequent incentivized lottery task. This effect is mainly driven by individuals who more firmly believe that life outcomes are beyond their control.

This interaction between risk preferences and underlying beliefs spotlights the benefits of incorporating personality traits into economic analysis.

*All seminars are open to the public and take place in hybrid format with lecturer present. For updates (place, abstracts etc.) kindly visit <https://wwz.unibas.ch/de/researchseminar/>*

*Non-faculty members, who would like to register for the seminars, please send an email to [forschungsseminar-wwz@unibas.ch](mailto:forschungsseminar-wwz@unibas.ch).*