Questionnaires

These questionnaires must be anonymous and the information provided will not allow identifying, in any case, the respondent of each questionnaire. Please, respond to the questionnaires with total sincerity. It is preferable not to do them than to give insincere answers. We sincerely appreciate your participation and the time you dedicate to us. Thank you very much.

Age: ……

Gender: Man ……Woman ……

Major: ……

INSTRUCTIONS

Imagine the following situation. You are working in a large company where you currently earn 10,000 Yuan per month after taxes, and your job is guaranteed for at least the next 5 years.

Experiment 1

You want to buy a new car from a car dealer. The price of the car is 120,000 Yuan. However, currently you do not have enough money to buy it so the dealer offers you a loan for this exact amount. This loan is for 5 years. You may select from the following 3 payment proposals (at 10%/0% interest)

Your tasks:

1)Please try to score EACH PROPOSAL from 1 to 7, where 1 is the score to be assigned to the proposal least favorable and 7 to the most favorable proposal.

2)Please select the reason of choice of (A~E), please specify the reason if you choose E.

You want to buy a 6,000 Yuan smart phone. The vendor offers you a loan for this exact amount. This loan is for 5 years. You may select from the following 3 payment proposals (at 10%/0% interest)

Your tasks:

1)Please try to score EACH PROPOSAL from 1 to 7, where 1 is the score to be assigned to the proposal least favorable and 7 to the most favorable proposal.

2)Please select the reason of choice of (A~E), please specify the reason if you choose E.

Experiment 2 Now please consider to buy a new car and a phone by using a combination loan. This loan is for 5 years. You may select from the following 5 payment proposals(at 10%/0% interest)

Your tasks:

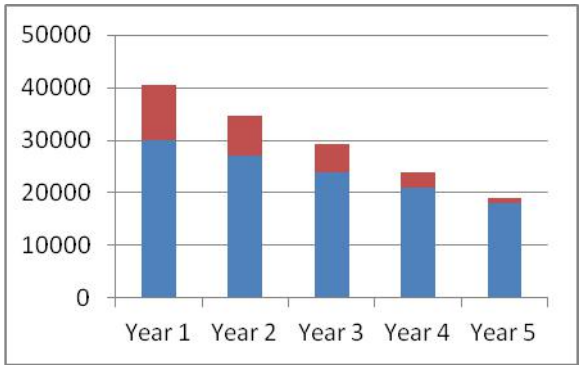
1)Please try to score EACH PROPOSAL from 1 to 7, where 1 is the score to be assigned to the proposal least favorable and 7 to the most favorable proposal.

2)Please select the reason of choice of (A~E), please specify the reason if you choose E.

Questionnaire in experiment 1 (10% car loan)

PROPOSAL #1 (falling Car Loan)

The monthly principal repayments of this car loan are ¥2,500 in year 1, ¥2,250 in year 2, ¥2,000 in year 3, ¥1,750 in year 4 and ¥1,500 in year 5. Each month you will pay 10% p.a. (per annum) interest for the outstanding debt.



Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

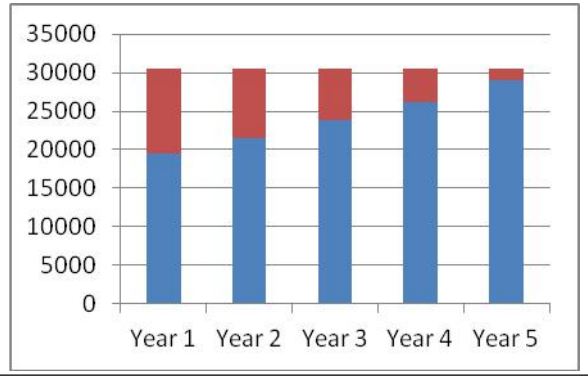
	Principal	Interest	Total payment
Year 1	30000	10625	40625
Year 2	27000	7762.5	34762.5
Year 3	24000	5200	29200
Year 4	21000	2937.5	23937.5
Year 5	18000	975	18975
Total	120000	27500	147500

Score PROPOSAL #1 (1 ~ 7)

_____

PROPOSAL #2(constant Car Loan)

This plan is a fully amortized level-payment car loan. The monthly payments are identical over the life of loan. Each monthly payment includes principal repayment and 10% p.a. interest for the outstanding debt.



Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

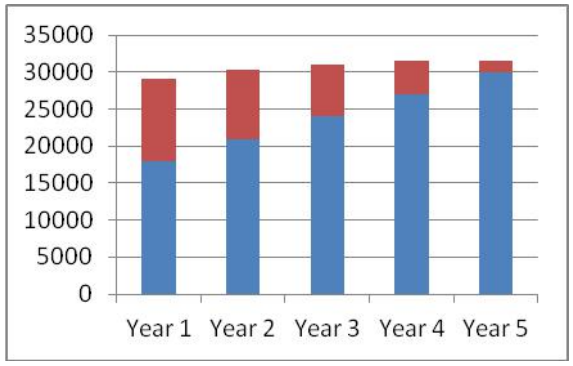
	Principal	Interest	Total payment
Year 1	19472.2	11123.6	30595.7
Year 2	21511.2	9084.6	30595.7
Year 3	23763.7	6832.1	30595.7
Year 4	26252.0	4343.7	30595.7
Year 5	29001.0	1594.8	30595.7
Total	120000.0	32978.7	152978.7

Score PROPOSAL #2 (1 ~ 7)

_____

PROPOSAL #3(rising Car Loan)

The monthly principal repayments of this car loan are ¥1,500 in year 1, ¥1,750 in year 2, ¥2,000 in year 3, ¥2,250 in year 4 and ¥2,500 in year 5. Each month you will pay 10% p.a. interest for the outstanding debt.



Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

	Principal	Interest	Total payment
Year 1	18000	11175	29175
Year 2	21000	9237.5	30237.5
Year 3	24000	7000	31000
Year 4	27000	4462.5	31462.5
Year 5	30000	1625	31625
Total	120000	33500	153500

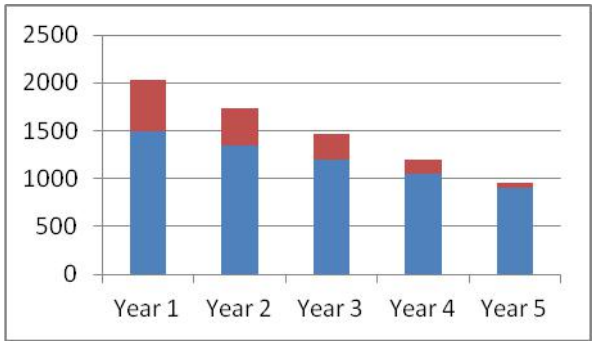
Score PROPOSAL #3 (1 ~ 7)

_____

Questionnaire in experiment 1 (10% phone loan)

PROPOSAL #1 (falling phone Loan)

The monthly principal repayments of this phone loan are ¥125 in year 1, ¥112.5 in year 2, ¥100 in year 3, ¥87.5 in year 4 and ¥75 in year 5. Each month you will pay 10% p.a. (per annum) interest for the outstanding debt.



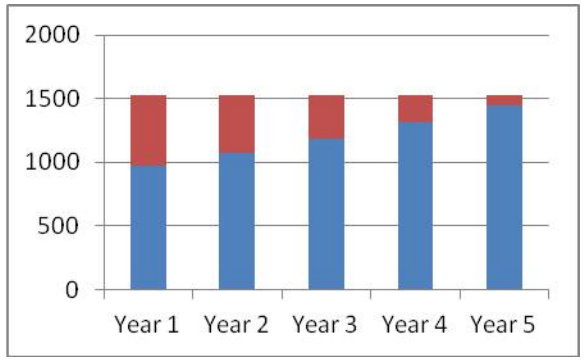
Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

	Principal	Interest	Total payment
Year 1	1500	531.25	2031.25
Year 2	1350	388.125	1738.125
Year 3	1200	260	1460
Year 4	1050	146.875	1196.875
Year 5	900	48.75	948.75
Total	6000	27500	7375

Score PROPOSAL #1 (1 ~ 7) _____

PROPOSAL #2(constant phone Loan)

This plan is a fully amortized level-payment phone loan. The monthly payments are identical over the life of loan. Each monthly payment includes principal repayment and 10% p.a. interest for the outstanding debt.



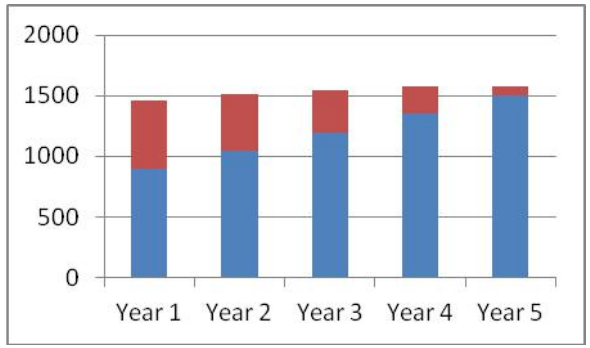
Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

	Principal	Interest	Total payment
Year 1	973.61	556.18	1529.79
Year 2	1075.56	454.23	1529.79
Year 3	1188.18	341.60	1529.79
Year 4	1312.60	217.19	1529.79
Year 5	1450.05	79.74	1529.79
Total	6000.00	1648.94	7648.94

Score PROPOSAL #2 (1 ~ 7) _____

PROPOSAL #3(rising phone Loan)

The monthly principal repayments of this phone loan are ¥75 in year 1, ¥87.5 in year 2, ¥100 in year 3, ¥112.5 in year 4 and ¥125 in year 5. Each month you will pay 10% p.a. interest for the outstanding debt.



Monthly payment = principal repayment + interest (principal repayments in blue and interests in red):

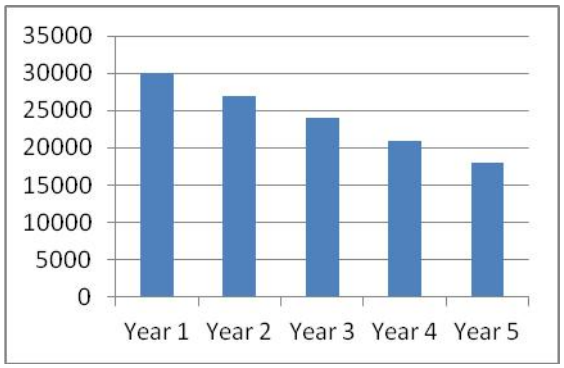
	Principal	Interest	Total payment
Year 1	900	558.75	1458.75
Year 2	1050	461.875	1511.875
Year 3	1200	350	1550
Year 4	1350	223.125	1573.125
Year 5	1500	81.25	1581.25
Total	6000	1675	7675

Score PROPOSAL #3 (1 ~ 7) _____

Questionnaire in experiment 1 (0% car loan)

PROPOSAL #1 (falling Car Loan)

The monthly principal repayments of this car loan are ¥2,500 in year 1, ¥2,250 in year 2, ¥2,000 in year 3, ¥1,750 in year 4 and ¥1,500 in year 5. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

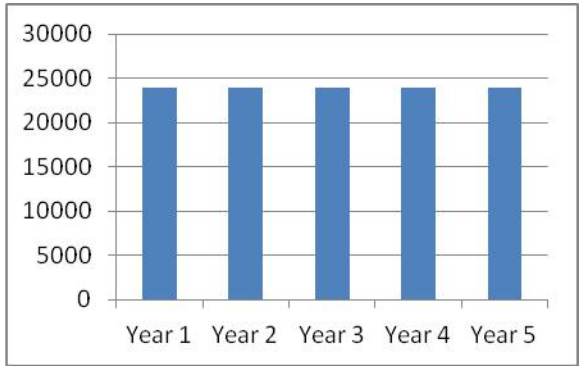
	Principal
Year 1	30000
Year 2	27000
Year 3	24000
Year 4	21000
Year 5	18000
Total	120000

Score PROPOSAL #1 (1 ~ 7)

_____

PROPOSAL #2(constant Car Loan)

This plan is a fully amortized level-payment car loan. The monthly payments are identical over the life of loan. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

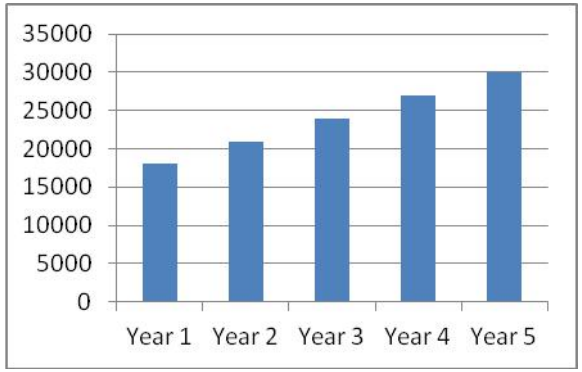
	Principal
Year 1	24000
Year 2	24000
Year 3	24000
Year 4	24000
Year 5	24000
Total	120000

Score PROPOSAL #2 (1 ~ 7)

_____

PROPOSAL #3(rising Car Loan)

The monthly principal repayments of this car loan are ¥1,500 in year 1, ¥1,750 in year 2, ¥2,000 in year 3, ¥2,250 in year 4 and ¥2,500 in year 5. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

	Principal
Year 1	18000
Year 2	21000
Year 3	24000
Year 4	27000
Year 5	30000
Total	120000

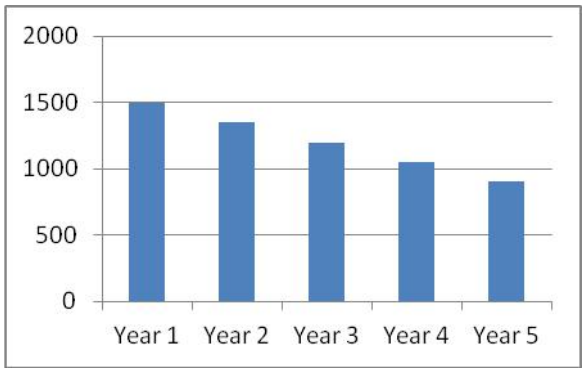
Score PROPOSAL #3 (1 ~ 7)

_____

Questionnaire in experiment 1 (0% phone loan)

PROPOSAL #1 (falling phone Loan)

The monthly principal repayments of this phone loan are ¥125 in year 1, ¥112.5 in year 2, ¥100 in year 3, ¥87.5 in year 4 and ¥75 in year 5. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

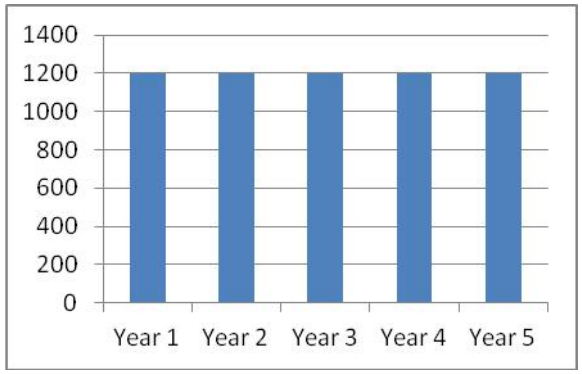
	Principal
Year 1	1500
Year 2	1350
Year 3	1200
Year 4	1050
Year 5	900
Total	6000

Score PROPOSAL #1 (1 ~ 7)

_____

PROPOSAL #2(constant phone Loan)

This plan is a fully amortized level-payment phone loan. The monthly payments are identical over the life of loan. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

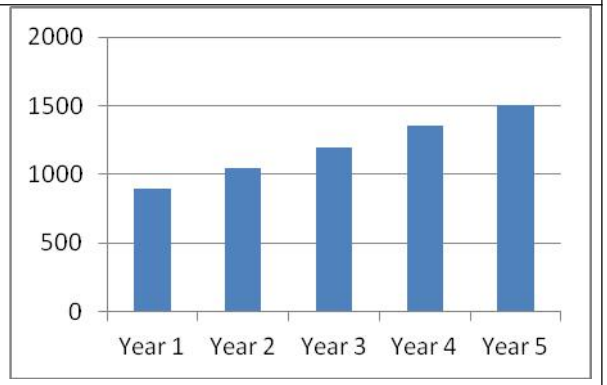
	Principal
Year 1	1200
Year 2	1200
Year 3	1200
Year 4	1200
Year 5	1200
Total	6000

Score PROPOSAL #2 (1 ~ 7)

_____

PROPOSAL #3(rising phone Loan)

The monthly principal repayments of this phone loan are ¥75 in year 1, ¥87.5 in year 2, ¥100 in year 3, ¥112.5 in year 4 and ¥125 in year 5. No interest is charged.



Monthly payment = principal repayment (principal repayments in blue):

	Principal
Year 1	900
Year 2	1050
Year 3	1200
Year 4	1350
Year 5	1500
Total	6000

Score PROPOSAL #3 (1 ~ 7)

_____

Please select the reason of choice in experiment 1 (A~E), please specify the reason if you choose E.

Reason of choice: A: Optimization B: Constrained optimization C:Ideal distribution D:Ideal consumption E. other reasons Please specify the reason if you choose E_____

A: Optimization

I always choose the profile that maximize my utilities, the loan payment plan with the lowest present value in this case.

B: Constrained optimization

I am aware of my motivational or cognitive limitations (I cannot control my spending, I cannot understand the true cost of the loan), and thus, I will select the option that can maintain my outcomes as close as possible to optimal results.

C:Ideal distribution

The distribution of the loan payment make me feel comfortable, is linked to a feeling of mastery of life.

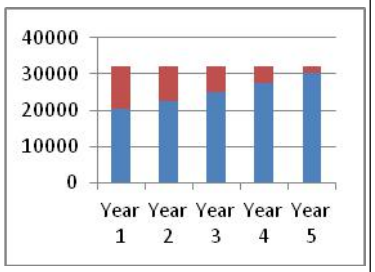
D:Ideal consumption

The profile is appropriate, because I can have the money available when it is needed.

Questionnaire in experiment 2 (10% combination loan)

PROPOSAL #1
(constant car+ constant phone)

This is a combination of a constant car loan and a constant phone loan. All elements stay the same. Loan rate is 10%.



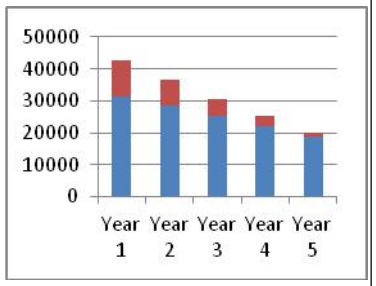
P-principal; I- interest

Year	P	I	Sum
1	20446	11680	32126
2	22587	9539	32126
3	24952	7174	32126
4	27565	4561	32126
5	30451	1675	32126
Sum	126000	34628	160628

Score PROPOSAL #1 (1 ~ 7) _____

PROPOSAL #2
(falling car+ falling phone)

This is a combination of a falling car loan and a falling phone loan. All elements stay the same. Loan rate is 10%.

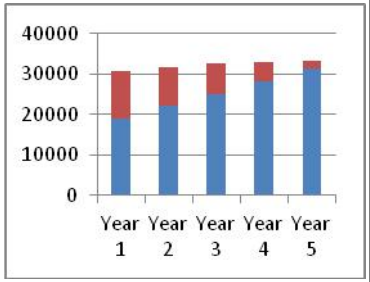


Year	P	I	Sum
1	31500	11156	42656
2	28350	8151	36501
3	25200	5460	30660
4	22050	3084	25134
5	18900	1024	19924
Sum	126000	28875	154875

Score PROPOSAL #2 (1 ~ 7) _____

PROPOSAL #3
(rising car + rising phone)

This is a combination of a rising car loan and a rising phone loan. All elements stay the same. Loan rate is 10%.

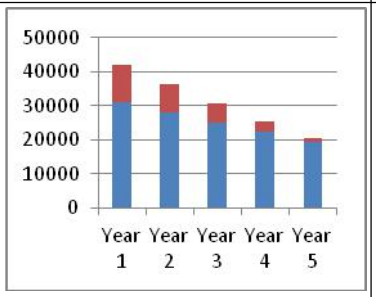


Year	P	I	Sum
1	18900	11734	30634
2	22050	9699	31749
3	25200	7350	32550
4	28350	4686	33036
5	31500	1706	33206
Sum	126000	35175	161175

Score PROPOSAL #3 (1 ~ 7) _____

PROPOSAL #4
(falling car+ rising phone)

This is a combination of a falling car loan and a rising phone loan. All elements stay the same. Loan rate is 10%.

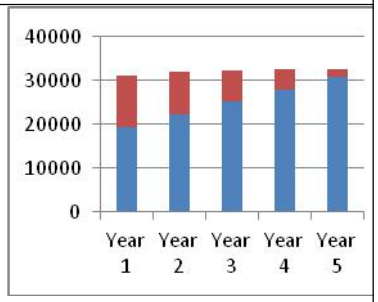


Year	P	I	Sum
1	30900	11184	42084
2	28050	8224	36274
3	25200	5550	30750
4	22350	3161	25511
5	19500	1056	20556
Sum	126000	29175	155175

Score PROPOSAL #4 (1 ~ 7) _____

PROPOSAL #5
(rising car + falling phone)

This is a combination of a rising car loan and a falling phone loan. All elements stay the same. Loan rate is 10%.



Year	P	I	Sum
1	19500	11706	31206
2	22350	9626	31976
3	25200	7260	32460
4	28050	4609	32659
5	30900	1674	32574
Sum	126000	34875	160875

Score PROPOSAL #5 (1 ~ 7) _____

Reason of choice:

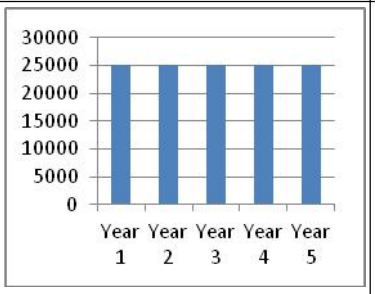
A: Optimization B: Constrained optimization C:Ideal distribution D:Ideal consumption E. other reasons

Please specify the reason if you choose E_____

Questionnaire in experiment 2 (0% combination loan)

PROPOSAL #1
(constant car+ constant phone)

This is a combination of a constant car loan and a constant phone loan. All elements stay the same. No interest is charged.



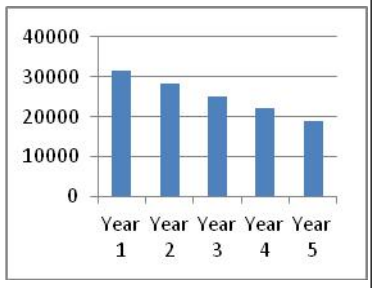
P-principal

Year	P
1	25200
2	25200
3	25200
4	25200
5	25200
Sum	126000

Score PROPOSAL #1 (1 ~ 7) _____

PROPOSAL #2
(falling car+ falling phone)

This is a combination of a falling car loan and a falling phone loan. All elements stay the same. No interest is charged.

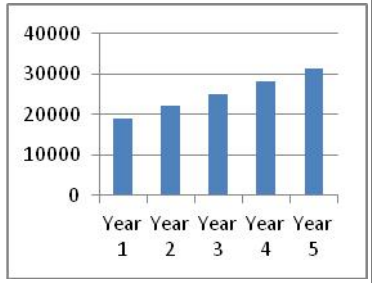


Year	P
1	31500
2	28350
3	25200
4	22050
5	18900
Sum	126000

Score PROPOSAL #2 (1 ~ 7) _____

PROPOSAL #3
(rising car + rising phone)

This is a combination of a rising car loan and a rising phone loan. All elements stay the same. No interest is charged.

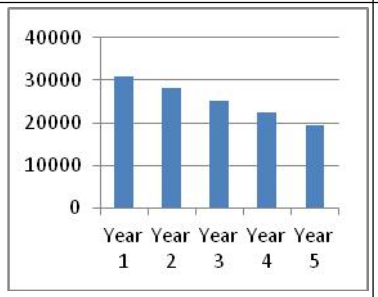


Year	P
1	18900
2	22050
3	25200
4	28350
5	31500
Sum	126000

Score PROPOSAL #3 (1 ~ 7) _____

PROPOSAL #4
(falling car+ rising phone)

This is a combination of a falling car loan and a rising phone loan. All elements stay the same. No interest is charged.

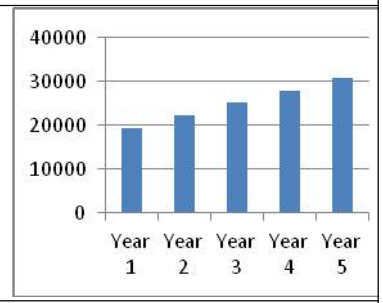


Year	P
1	30900
2	28050
3	25200
4	22350
5	19500
Sum	126000

Score PROPOSAL #4 (1 ~ 7) _____

PROPOSAL #5
(rising car + falling phone)

This is a combination of a rising car loan and a falling phone loan. All elements stay the same. No interest is charged.



Year	P
1	19500
2	22350
3	25200
4	28050
5	30900
Sum	126000

Score PROPOSAL #5 (1 ~ 7) _____

Please select the reason of choice in experiment 2 (A~E), please specify the reason if you choose E.

Reason of choice: A: Optimization B: Constrained optimization C:Ideal distribution D:Ideal consumption E. other reasons Please specify the reason if you choose E_____

A: Optimization

I always choose the profile that maximize my utilities, the loan payment plan with the lowest present value in this case.

B: Constrained optimization

I am aware of my motivational or cognitive limitations (I cannot control my spending, I cannot understand the true cost of the loan), and thus, I will select the option that can maintain my outcomes as close as possible to optimal results.

C:Ideal distribution

The distribution of the loan payment make me feel comfortable, is linked to a feeling of mastery of life.

D:Ideal consumption

The profile is appropriate, because I can have the money available when it is needed.