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Present-Biased Preferences and Credit Card Borrowing

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Article Information

Abstract

Some individuals borrow extensively on their credit cards. This paper tests whether present-biased time preferences correlate with credit card borrowing. In a field study, we elicit individual time preferences with incentivized choice experiments, and match resulting time preference measures to individual credit reports and annual tax returns. The results indicate that present-biased individuals are more likely to have

credit card debt, and to have significantly higher amounts of credit card debt,

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