

B. Experiment instructions

Please note that the instructions were written in the expectation that we can provide the names of the moneylenders. As described in section 2.1.4 this was not possible, so the indicated gaps for their name were left empty in the verbal instructions.

Experiment Protocol

English version

Instructions

§1. Thank you all for taking the time to join us here today. My name is XXX and this is Maria Isabel Santana/Frederik Weber. I am a research assistant and Maria Isabel/Frederik is a researcher at the University of Mannheim, in Germany. The complete session will last approximately 3 hours. In this study we want to play some games for the purpose of economic research. Some decisions will involve actual money, and whatever you earn today will be paid to you in private at the end of the session and is yours to take home.

§2. The money you can earn today is not Maria Isabel's/Frederik's own money. The funds for this project are provided by the German Ministry of Science particularly for this research study. The study is carried out with similar games throughout Iloilo, Capiz and Guimaras.

§4. It is very important that you understand the games... If there is something you do not understand, you may always ask the assistants to explain the rules.

§5. Before the games you participated in the first part of a small survey. After the games, you will be asked to participate in the second part of the survey by answering some additional questions. Once the second part of the questionnaire is completed, you will receive your payment.

§6. There will be four parts of games played in this session [refer to agenda]. The first two parts are a money valuation game, the third one is a lottery game, and the fourth one is an investment game. We will explain you the rules for each game before each of the games are to be played. The games are to be played by each player individually, therefore we kindly ask you to remain silent during the games and to take decisions individually.

§7. After you have played the games and answered the questionnaire, Maria Isabel/Frederik will give you your payment and a receipt for you to sign.

Upcoming decisions

§9. Within the three first parts, you will take 54 decisions [show bag with balls]. You will be paid for only one decision. At the end of all games, you will randomly select one of 54 balls that indicates the number of the decision paid for you. All decisions are equally likely to be selected by you; therefore you should make each decision seriously as the one that would be paid out.

Money Valuation Game

§10. In this game you are asked to make decisions about how to allocate money between two dates, one date would be today and the other date will be later in time. The later date in which you will possibly receive your payment is either in 1 week, that is in 7 days from today or in 4 weeks, that is in 28 days from today. In parts 1 and 2, you will in each part make 18 decisions of the same kind.

§11(NWTF). If the decision to be paid to you has a payment to be paid today, then you will receive this payment today together with any other additional payments from the game played in part 4. If the decision to be paid to you has a payment in a later date, then this payment will be kept for storage at Negros Women for Tomorrow foundation (NWTF), which is the organization that runs Project Dungganon and delivered to you to your house at the according date, either in 7 days or in 28 days. §11(ML). If the decision to be paid to you has a payment to be paid today, then you will receive this payment today together with any other additional payments from the game played in part 4. If the decision to be paid to you has a payment in a later date, then this payment will be kept for storage at _____, a local moneylender from the municipality of _____, and delivered to you to your house at the according date, either in 7 days or in 28 days.

Part 1 [refer to agenda]

§14(No-Check/Check; NWTF). NWTF is responsible for payment at the later date and promises that the payment will be delivered to you, but we cannot provide you with any written legal note to secure this payment for the 18 questions in this part 1. Only for the later 18 questions in part 2 we will be able to – on top of the promise – offer to secure the payment with a signed check to your name which is dated for the due date of the payment and which you can take home with you.

§14(Check/No-Check; NWTF). NWTF is responsible for payment at the later date and promises that the payment will be delivered to you. On top of that promise and only for the coming 18 questions in this part 1, we will be able to offer to secure this payment with a signed check to your name which is dated for the due date of the payment and which you can take home with

you. [Show example check and pass around so participants can see it.] This is an example check made to be paid out in 7 days under the name of one of the participants.

You do not need to cash the check. It is only a securement of payment. When the later payment is delivered to you at your house, you have to return the check and receive your later payment. Of course, if the delivery does not happen you can cash the check and this way receive the promised later payment. The check can be cashed in a BDO branch. Alternatively, we have arranged for cashing methods within your local area which will be specified at the payment.

For the 18 questions coming later in part 2, we cannot provide you with any written legal note to secure the payment.

§14(No-Check/Check; Moneylender). The Moneylender ____ is responsible for payment at the later date and promises that the payment will be delivered to you, but we cannot provide you with any written legal note to secure this payment for the 18 questions in this part 1. Only for the later 18 questions in part 2 we will be able to – on top of the promise – offer to secure the payment with a signed check to your name which is dated for the due date of the payment and which you can take home with you.

§14(Check/No-Check; Moneylender). The Moneylender ____ is responsible for payment at the later date and promises that the payment will be delivered to you. On top of that promise and only for the coming 18 questions in this part 1, we will be able to offer to secure this payment with a signed check to your name which is dated for the due date of the payment and which you can take home with you. [Show example check and pass around so participants can see it.] This is an example check made to be paid out in 7 days under the name of one of the participants.

You do not need to cash the check. It is only a securement of payment. When the later payment is delivered to you at your house, you have to return the check and receive your later payment. Of course, if the delivery does not happen you can cash the check and this way receive the promised later payment. The check can be cashed in a BDO branch. Alternatively, we have arranged for cashing methods within your local area which will be specified at the payment.

For the 18 questions coming later in part 2, we cannot provide you with any written legal note to secure the payment.

§15. In the money evaluation game, we will present you with options of receiving money today or receiving money with interest at a later date. Your decision is reached in a two- to three-stage process. In a first stage[point to the first screenshot on the poster], you will decide between an option of getting 150 PHP today and 0 Pesos later and another option of receiving a higher amount in either 7 or 28 days and 0 or little today. You can view this as either using

money today or saving it for the future and earning interest. In a second stage [point to the second screenshot on the poster], you have these two options plus further options in which you get some of the 150 Pesos today and let only the remainder earn interest for later. Finally [point to the last screenshot on the poster], you get a confirmation of your choice and the option to define your choice to the Peso unit. Throughout the screens, amounts received today are shown in blue, amounts received in the later date are shown in orange.

§16. Let us now consider one of the interest rates as an example. Here, you are first asked whether you prefer getting 150 Pesos today and 0 later [point again to the first screenshot, now on the blue bar, RA associates real money to column (150-0)] or 0 pesos today and 300 pesos in 7 days. [point again to the first screenshot, now on the orange bar, associate money to (0-300)]. Take a moment to think which one you would prefer and click the bar when you are decided. You will then see the same two options and further options in between Note that towards the left columns the today payments gets higher, and towards the right the later payments get higher [point again to the second screenshot, RA associates real money to columns (150-0, 0-300, 50-200, 20-260, 80-140)]. Again, take a moment to consider which combination of payments today and later you prefer. Click the bar of the combination that you prefer. On the last screen you get a confirmation of your choice. If you want, you can also specify your choice to the Peso level in a drop-down menu.

Overall, you can allocate any amount between 0 and 150 today. The remaining amount will be multiplied and paid out later. You will see that the interest increases from low to very high, and it is shown at the top of the screen. That means that if you for example decide to keep 80 today in the first decision you get 70 in 7 days, but in subsequent decisions you get 93, 117, 140, 187 and even higher amounts in 7 days. The same with any other amount that you choose to keep between 0 and 150 for today. Whatever you save for later will increase in value throughout the decisions.

Please note that steps 2 and 3 are the ones that count. You can at any point go back to change your decision.

Please note that in decisions 1-9 you receive the amount saved for later in 7 days and in decisions 10-18 you make the same decision but receive the amount saved for later in 28 days.

Do you have any questions? It is important that you understand the options available to you. Before you take your decisions that count for your payment, we will go through a trial of the 9 decisions. If you do not understand the options available to you or the way you can choose the option that you would like to have paid to you, you may always ask the assistants for an explanation. Once everybody is finished and all questions are answered we will start the decisions that count. We now start the trial.

[SNACKS]

Part 2 [refer to agenda]

§24. Now, comes part 2. Here, you will again like in part 1 be asked to make 18 decisions about payment options on two dates, one date being today and the other date being in 7 or in 28 days. Remember that the upcoming 18 decisions are also part of the 54 decisions of which one will be randomly chosen and paid out to you.

§25(No-Check/Check; NWTF). Like before, NWTF is responsible for payment at the later date and promises that the payment will be delivered to you. On top of that promise and only for the coming 18 questions in this part 2, we will be able to offer to secure this payment with a signed check to your name which is dated for the due date of the payment and which you can take home with you. [Show example check and pass around so participants can see it.] This is an example check made to be paid out in 7 days under the name of one of the participants.

You do not need to cash the check. It is only a securement of payment. When the later payment is delivered to you at your house, you have to return the check and receive your later payment. Of course, if the delivery does not happen you can cash the check and this way receive the promised later payment. The check can be cashed in a BDO branch. Alternatively, we have arranged for cashing methods within your local area which will be specified at the payment.

§25(Check/No-Check; NWTF). Like before, NWTF is responsible for payment at the later date and promises that the payment will be delivered to you, but we cannot provide you with any written legal note to secure this payment for the 18 questions in this part 2.

§25(No-Check/Check; Moneylender). Like before, the Moneylender ____ is responsible for payment at the later date and promises that the payment will be delivered to you. On top of that promise and only for the coming 18 questions in this part 2, we will be able to offer to secure this payment with a signed check to your name which is dated for the due date of the payment and which you can take home with you. [Show example check and pass around so participants can see it.] This is an example check made to be paid out in 7 days under the name of one of the participants.

You do not need to cash the check. It is only a securement of payment. When the later payment is delivered to you at your house, you have to return the check and receive your later payment. Of course, if the delivery does not happen you can cash the check and this way receive the promised later payment. The check can be cashed in a BDO branch. Alternatively, we have arranged for cashing methods within your local area which will be specified at the payment.

§25(Check/No-Check; Moneylender). Like before, the Moneylender ____ is responsible for payment at the later date and promises that the payment will be delivered to you, but we cannot provide you with any written legal note to secure this payment for the 18 questions in this part 2.

Do you have any questions?

Lottery Game (Part 3) [refer to agenda]

§18. In this game you are asked to allocate money between a certain payment and a risky lottery. All payments from this game will be paid out today after the session. The upcoming 18 decisions are the last part of the 54 decisions of which one will be randomly chosen and paid out to you.

§19. In the lottery game, we will present you with options of receiving a payment for sure or playing a risky lottery that might lead to a larger payment or no payment. The result of the risky lottery depends on a random draw of yours of one of ten balls in this red bag.

§19a. You will win when an orange ball is drawn and lose when a white ball is drawn. The chance of winning depends on the number of orange balls in this bag of ten balls. The number of orange balls in the coming decision will be between 1 and 9. There is no decision without an orange ball, since then it would be sure that you lose. With 1 orange ball, out of 10 people drawing a ball, on average only 1 will win the lottery. [Prepare such a bag, maybe a transparent bag] With 2 orange balls, 2 out of 10 people on average will win the lottery, and so on. [Prepare such a bag] With 9 orange balls it is very certain to win since 9 out of 10 draws on average win the lottery. [Prepare such a bag] There is no decision with 10 orange balls since it would be sure that you win.

§20. In the first stage of the lottery game [point to the first screenshot on the poster], you will decide between an option of getting 150 PHP for sure and another option of receiving a higher amount when winning the lottery and 0 or little when losing. In a second stage [point to the second screenshot on the poster], you have these two options and further options in which you get some of the 150 Pesos for sure and put some money into the risky lottery. Finally [point to the last screenshot on the poster], you get a confirmation of your choice and the option to define your choice to the Peso level. Throughout the screens, amounts received for sure are shown in blue, amounts received when winning the lottery are shown in orange. The amount received from a lost lottery is always 0.

§21. Let us now consider an example. In this example, the chance that you win is 60%, that is, there are 6 orange balls and 4 white balls in the bag. [Prepare a bag with 6 orange balls and 4 white balls in front of the participants.] The chance that you win is always indicated at the top of the screen [point to the screenshot]. You are first asked whether you prefer getting 150 Pesos for sure [point again to the first screenshot, now on the blue bar, no money handling] or 300 pesos when you win the lottery and 0 otherwise. [point again to the first screenshot, now on the orange bar]. Take a moment to think which one you would prefer and click the bar when you are decided. You will then see the same two options as well as further options in between. Again, take a moment to consider which combination of a sure payment and a risky lottery you prefer. Click the bar of the combination that you prefer. On the last screen you get a confirmation of your choice. If you want, you can also specify your choice to the peso level in a drop-down menu. Overall, you can decide to get any amount between 0 and 150 for sure. The remaining amount will be multiplied and paid out when you win the lottery. Please note that steps 2 and 3 are the ones that count. You can at any point go back to change your decision.

Note that in each question, the number of orange balls will be different, that is, the chance that you win changes going from a low chance to a higher chance. Also, there are 9 decisions in which the lottery wins you up to 300 pesos and 9 decisions in which the lottery wins you up to 400 pesos while you still get at least 50 pesos for sure.

Do you have any questions? It is important that you understand the options available to you. Before you take your decisions that count for your payment, we will therefore go through all 9 decisions that you will take for a possible lottery gain of 300 pesos. Further, we will go through 2 decisions for a lottery gain of 400. If you do not understand the options available to you or the way you can choose the option that you would like to have paid to you, you may always ask the assistants for an explanation.

Once everybody is finished and all questions are answered we will start the decisions that count. We now start the trial.

Investment Game (Part 4) [refer to agenda]

§26. This game is played by pairs of individuals. Each pair is made up of an Investor and a Recipient. Half of you will be Investors, the other half of you will be Recipients. You will be notified on the screen which role you have. You will be playing with someone from this session, but none of you will know exactly with whom you are playing.

§27. If you are an Investor you will start with 50 PHP. You have to choose how much of the 50 PHP you would like to send to the Recipient. Whatever amount you choose will be tripled and then go to the Recipient.

§28. If you are a Recipient you will be informed about the amount available to you. You then indicate how much of the tripled amount you want to send back to the Investor. You can freely choose to return a part, everything or nothing. You simply keep what you do not return. Then the game is over.

§29. Whatever you hold as an Investor or Recipient, we will pay you in cash at the end of the meeting.

In summary, first the investor indicates the amount to be sent to the Recipient. It could be 0, 10, 23, 46. Any amount between 0 and 50 Pesos. Then, the amount sent is tripled and notified to the Recipient.

Once the Recipient knows the amount available, he decides how much to send back to the Investor and indicates it in the screen. Could be 0, 10, 50, 150, that is any amount between 0 and the full amount available to the Recipient.

Finally, the investor and recipient will be informed of the total earnings. The Investor earns the amount kept and the amount returned by the Recipient. And the Recipient earns the amount that was not returned from the available tripled amount.

The amounts earned will be paid out at the end of the session, after the games are played and the second part of the questionnaire is completed.

Do you have any questions? If there are no further questions, let's start the Investment Game.

Choice of Round to be Paid

Now, we will choose the round to be paid. To do this, we will insert 54 numbered balls in this big black bag, from where you will take one ball and the number in the ball will be the round paid out to you.

[2 RAs place numbered white balls in the big black bag clearly so participants have no doubt of numbers of balls in the bag]

Many thanks for your participation. We are almost done.

We will now ask you to please answer the second part of the questionnaire. Afterwards, you will collect your payment. One final comment regarding your payment. Your payment receipt will have a secret code enclosed in the envelope with the later payment. You will be given a copy of this code. Please keep this code with you. In order to get your payment, you need to present this code otherwise you will need to present an id. If you have received a check, you will need to hand in the check when you receive your payment in the later date.