

Southeast Asian Behavioural Economics Challenges

Behavioural Economics · Answer Key · 25 Questions

1. In a densely populated urban area like Jakarta, a government initiative aims to reduce plastic bag usage by introducing a small fee at supermarkets. This fee leverages which behavioural economics concept to encourage a shift from habitual consumption?

- A) Loss aversion**
- B) Framing effect
- C) Endowment effect
- D) Anchoring bias

2. Consider mobile money adoption in the Philippines, where users are often hesitant to store large sums due to perceived risks. A successful strategy to overcome this might involve which behavioural intervention?

- A) Presenting long-term benefits over immediate security concerns
- B) Offering small, frequent, and visible rewards for consistent usage**
- C) Promoting complex financial literacy programs
- D) Emphasizing the historical stability of traditional banking methods

3. A street food vendor in Bangkok subtly places the more expensive, premium dishes at eye-level on their menu board, while standard options are placed slightly lower. This is an application of:

- A) Availability heuristic
- B) Confirmation bias
- C) Choice architecture (positioning)**
- D) Scarcity principle

4. In Malaysia, a campaign to increase organ donation rates focuses on making the opt-out system the default. This strategy primarily aims to influence decisions through:

- A) Reciprocity norm
- B) Social proof
- C) Default bias (status quo bias)**
- D) Mental accounting

5. A microfinance institution in Vietnam introduces a 'commitment savings' product where individuals lock away funds for a specific period to achieve a goal, like buying school supplies. This product directly addresses the behavioural challenge of:

A) Hyperbolic discounting

- B) Bandwagon effect
- C) Dunning-Kruger effect
- D) Optimism bias

6. During a heatwave in Singapore, public transport authorities want to encourage citizens to use the MRT over private cars. A behavioural nudge might involve:

A) Doubling MRT fares to increase perceived value

B) Displaying real-time air pollution levels inside buses and at bus stops

- C) Offering a significant discount on parking fees for MRT commuters
- D) Reducing the frequency of MRT services to create scarcity

7. A rice farmer in Cambodia faces uncertainty about adopting a new, higher-yield seed variety. A behavioural intervention that could encourage adoption is:

A) Mandating the use of the new seeds by decree

B) Providing substantial upfront subsidies without addressing risk perception

C) Organizing field days where early adopters share positive testimonials

D) Focusing solely on the theoretical economic benefits of the new seeds

8. In Myanmar, a campaign to improve handwashing habits among children uses colourful posters featuring popular cartoon characters. This taps into which behavioural principle?

A) Hindsight bias

B) Representativeness heuristic

C) Affect heuristic (emotional appeal)

D) Procrastination

9. A fintech startup in Indonesia offers a 'round-up' feature for digital payments, where the spare change from each transaction is automatically invested. This is a practical application of:

A) Attentional bias

B) Affective forecasting

C) Automated saving (saving-by-default)

D) Cognitive dissonance

10. To encourage saving for retirement in the Philippines, where immediate gratification is often prioritized, a common behavioural pitfall to overcome is:

A) Overconfidence

B) Present bias (hyperbolic discounting)

C) Negativity bias

D) Status quo bias

11. A tourism board in Thailand wants to promote responsible tourism. They might use signage that highlights the majority of tourists who adhere to environmental guidelines, leveraging the principle of:

A) Authority bias

B) Anchoring effect

C) Social proof (descriptive norms)

D) Halo effect

12. In Vietnam, a public health campaign against smoking might use vivid imagery of the long-term health consequences of smoking on children and family members. This approach is primarily aimed at influencing behaviour through:

A) Priming

B) Fear appeals (related to loss aversion)

C) Mere-exposure effect

D) Confirmation bias

13. A ride-sharing service in Kuala Lumpur notices a dip in driver availability during non-peak hours. A behavioural incentive to address this could be:

A) Increasing surge pricing during off-peak times

B) Offering bonus payments for completing rides during historically low demand periods

C) Reducing the commission rate for all drivers

D) Implementing a loyalty program based on total rides completed

14. A mobile app in Cambodia designed to help users track and reduce their food waste might employ which behavioural tool to make progress more salient?

A) Displaying abstract statistics of waste reduction

B) Providing personalized weekly summaries with visual progress charts

C) Suggesting users buy more food to compensate for potential waste

D) Ignoring individual user data to maintain privacy

15. In Indonesia, when individuals are encouraged to buy insurance, the difficulty in imagining distant future losses (e.g., illness, accident) represents a challenge related to:

- A) Availability heuristic
- B) Affective forecasting errors**
- C) Endowment effect
- D) Confirmation bias

16. A government in Laos implementing a water conservation campaign might use messages that emphasize that 'most households in your neighbourhood are already conserving water.' This is an example of using:

- A) Personalization
- B) Social proof (injunctive norms)**
- C) Cognitive dissonance
- D) Framing effect

17. A social enterprise in the Philippines distributing mosquito nets might face resistance due to individuals' perception that they are not personally at high risk. This relates to:

- A) Optimism bias**
- B) Availability heuristic
- C) Bandwagon effect
- D) Scarcity principle

18. In Singapore, a policy to encourage cycling might involve creating physically separated bike lanes, thereby making cycling the easiest and safest option. This is a form of:

- A) Rational choice theory
- B) Libertarian paternalism (choice architecture)**
- C) Economic deterrence
- D) Utilitarianism

19. A teacher in Thailand uses a sticker system where students earn stickers for completing homework on time, with bonus stickers for exceptional effort. This leverages:

- A) Reciprocity
- B) Loss aversion
- C) Gamification (reward systems)**
- D) Authority bias

20. Consider a scenario in Malaysia where consumers are presented with two identical products: one labelled 'Organic' and the other 'Natural'. The 'Organic' label is likely to evoke a stronger positive response due to:

- A) Anchoring bias
- B) Halo effect**
- C) Representativeness heuristic
- D) Default bias

21. To combat the common tendency to spend windfalls immediately, a financial advisor in Vietnam might suggest:

- A) Investing the entire windfall in high-risk assets
- B) Putting the windfall into a highly liquid, easily accessible savings account
- C) Setting up an automatic transfer of a portion of the windfall to a long-term investment or savings account**
- D) Sharing the windfall with as many people as possible to spread good fortune

22. A company in the Philippines selling artisanal coffee might offer a 'tasting flight' where customers can sample several smaller portions of different coffee beans. This helps overcome which behavioural challenge related to trying new, potentially expensive products?

- A) Endowment effect
- B) Framing effect
- C) Choice paralysis (overchoice)**
- D) Status quo bias

23. In a rural community in Cambodia, a health worker promoting vaccinations might use testimonials from respected village elders. This strategy relies on the power of:

- A) Social proof (normative influence)**
- B) Availability heuristic
- C) Reciprocity
- D) Anchoring bias

24. A mobile payment app in Indonesia wants to encourage users to pay merchants directly rather than withdraw cash. They could offer a small, immediate discount for direct payments, utilizing the principle of:

- A) Loss aversion
- B) Framing effect**
- C) Zero-sum bias
- D) Priming

25. A community-led initiative in Thailand to reduce single-use plastic in a coastal town could use social media campaigns that highlight local influencers and community leaders actively participating in beach clean-ups. This is primarily aimed at fostering:

A) Authority bias

B) Social proof (injunctive and descriptive norms)

C) Confirmation bias

D) Affect heuristic