

Online Appendix for

Do Professional Norms in the Banking Industry Favor Risk-taking?

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1. Survey for bank employees in the professional identity condition

This is the English version of the survey. The survey was also offered in the local language.

Ladies, Gentlemen:

We are researchers at the [name of the university] and are conducting a study on “Life and Satisfaction among Employees”. Your personal opinions and attitudes are of great interest to us. We thus ask you to answer all questions completely and not to discuss the study with other participants.

Participation will take about 15 minutes, and with your participation, you will make an important contribution to research. You can also earn money – one in five participants wins! At the end of the study, you will determine with a random draw whether you are one of the winners.

Governmental research agencies are funding the study. Your answers will be treated with complete confidentiality and only evaluated in an anonymous form. Your employer will never receive any access to your personal data.

Thank you very much for participating!

Participants had to give informed consent before they could start filling out the survey.

Life and satisfaction

- How satisfied are you at present with your life in general?

Not at all satisfied

Very satisfied

0	1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- What does happiness mean to you? Happiness means for you that you...

Not at all
agree

Fully
agree

0	1	2	3	4	5	6
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- and your family are healthy?
- are able to be enjoy small things?
- have time for your own interests?
- don't have to worry about money?

Professional background

Only asked in the professional identity condition

- At which bank are you presently employed? _____
- What is your function at this bank? _____
- For how many years have you been working in the banking sector? _____
years
- Why did you decide to become a bank employee? Please describe your answer in two to three sentences.

- What are, in your opinion, the three major advantages of your occupation as a bank employee?

(1)
(2)
(3)

- Which three characteristics of your personality do you think are typical for a bank employee?

(1)
(2)
(3)

- What are the three most important things you learned in your occupation as a bank employee?

(1)
(2)
(3)

You can now earn money!

There are two independent parts (part A and part B) now following in which you can **earn money**. Your earnings will be sent to you in the form of a XXX gift card (see picture) after completion of the study.

[Picture of gift card]

The amount you earn will depend, among other things, on your decisions. It is thus very important that you read the explanations very carefully.

Please note that **either part A or part B** will be relevant for your payment. Which part is relevant for your payment will be determined randomly.

One in five participants wins! At the end of the study, you will determine with a random draw whether you are one of the winners.

Part A[B]: Investment task

Note that original currency is in the following replaced with corresponding amount in US Dollars.

Your initial endowment is **200 USD**. You can now decide what share of this you would like to invest in a risky asset. You can keep the remaining amount that you do not invest.

The investment decision works like this

You have a 50% chance of winning 2.5 times the amount you have invested

You have a 50% chance of losing your investment and you will not get anything back

Your earnings are thus calculated as follows:

- If you win

Your earnings = 200 USD *minus* investment *plus* (2.5 x investment)

- If you lose

Your earnings = 200 USD *minus* investment

Your decision: how many USD would you like to invest (0 - 200)? _____ USD

Part B[A]: Coin tossing task

Please take any coin at hand. In a few moments, we will ask you to toss the coin 10 times and to write down the outcomes (heads or tails). You can see whether you won based on the corresponding payment table. If you won, your earnings will be increased by 20 USD; this means that you can earn a total of up to 200 USD.

An example of the payment table below:

If you check tails, you win and your earnings are increased by 20 USD. If you check heads, you lose and do not earn anything.

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD

Important information for the payment:

In a pilot study, 10 randomly selected employed persons already participated in the coin tossing task. If your earnings in this task are lower than the earnings of a randomly chosen person from the pilot study, your earnings will not be paid out.

Take the coin into your hand and toss it 10 times. In each round, please make a check mark next to the corresponding result. You can see from the corresponding payment table whether you won or not.

Toss 1

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 2

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	20 USD	0 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 3

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 4

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 5

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	20 USD	0 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 6

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 7

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	0 USD	20 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 8

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	20 USD	0 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 9

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	20 USD	0 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Toss 10

	<i>Picture of a coin showing heads</i>	<i>Picture of a coin showing tails</i>
Earnings	20 USD	0 USD
Your outcome	<input type="checkbox"/>	<input type="checkbox"/>

Word quiz

This is the manipulation check for the induction of professional identity salience. For the survey in the local language we used slightly different words (with similar meanings) in some cases. In order to prevent any indications about the identity of the participating banks we do not report the words in the local language.

- Try to fill the gaps with letters to form existing words. Please enter in each case the full solution word into the input field.

Example: _ o u s e H o u s e

_ _ o c k

_ a t

_ _ o k e r

_ o n e y

T h _ n _

B _ n d

Work attitudes

- To what extent do you agree with the following statement: Social status is primarily determined by financial success.

Not at all
agree

1

2

3

4

5

6

7

Fully
agree

- How important is it to you what other people think of you?

Not at all important

1

2

3

4

5

6

7

Very important

- How important is it to you what other people think of the banking industry?

Not at all important

1

2

3

4

5

6

7

Very important

- How important is it to you to be the best at what you do?

Not at all important

1

2

3

4

5

6

7

Very important

Math quiz

This is the Berlin Numeracy test developed by (Cokely et al. 2012) which provides a measure of risk literacy. We applied the computer adaptive test format. The scoring is based on answers to 2-3 questions following the adaptive structure. The correct answers are as follows: 1 = 25; 2a = 30; 2b = 20; 3 = 50.

Please answer the questions that follow. Do not use a calculator but feel free to use scratch paper for notes.

1. Out of 1,000 people in a small town 500 are members of a choir. Out of these 500 members in a choir 100 are men. Out of the 500 inhabitants that are not in a choir 300 are men. What is the probability that a randomly drawn man is a member of the choir? Please indicate the probability in percent (0-100).

_____ percent

- 2a. Imagine we are throwing a five-sided die 50 times. On average, out of these 50 throws how many times would this five-sided die show an odd number (1, 3, or 5)?

_____ out of 50 throws.

- 2.b Imagine we are throwing a loaded die (6 sides). The probability that the die shows a 6 is twice as high as the probability of each of the other numbers. On average, out of these 70 throws how many times would the die show the number 6?

_____ out of 70 throws.

3. In a forest 20% of mushrooms are red, 50% brown and 30% white. A red mushroom is poisonous with a probability of 20%. A mushroom that is not red is poisonous with a probability of 5%. What is the probability that a poisonous mushroom in the forest is red?

_____ percent

Personal information

- Age: _____ years
- Gender:
Male
Female
- Nationality: _____
- What is your highest completed level of education?
University degree
Technical school, Teacher training
Higher vocational training, vocational training school
Practical teaching degree
Baccalaureate
Completed apprenticeship
Mandatory school
- Which department do you work in?
Private banking and wealth management
Trading and investment functions
Support services
- How high is your salary in comparison to that of other employees in the same firm?

Lower							Higher
than average							than average
1	2	3	4	5	6	7	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you for your participation!

2. Survey for bank employees in the control condition

The control group answered the following seven questions instead of the professional identity questions.

- What is your favourite leisure activity? Please describe your answer in two to three sentences.
- Which 3 opportunities for leisure activities would you most like in your area?
- How many hours per week on average do you watch TV?
- Where did you spend your last vacation?
- Which 3 things did you like most about your last vacation?
- Are you actively involved or have you ever been involved in a club?
- Which 3 leisure activities do you enjoy most with your friends or family?

We also included the question about work experience in the banking industry that was part of the priming question in the professional identity condition. This question was asked at the end of the survey, i.e., after the experimental tasks.

- For how many years have you been working in the banking sector? _____ years

3. Survey for non-banking employees

Below we report the professional identity questions for the non-banking employees.

- In which industry are you presently employed?
- What is your function in this industry?
- For how many years have you been working in this industry?
- Why did you choose this profession? Please describe your answer in two to three sentences.
- What are, in your opinion, the three major advantages of your occupation?
- Which three characteristics of your personality do you think are typical for people in your profession?
- What are the three most important things you learned in your occupation?

The control questions were identical to the experiment with the bank employees. We slightly changed or excluded questions that were specifically designed for bank employees. For example, we asked the non-banking employees about the years of experience in their respective industry rather than the banking industry. We also asked them to report their management level (lower, middle, upper management level, or none) instead of the bank business unit. We further asked them about their salary relative to the national average on a scale from 1 (lower than average) to 7 (higher than average). Finally, we did not ask the

question concerning the image of the banking industry (“How important is it to you what other people think about the banking industry?”), and we did also not include the measure of risk literacy.

4. Survey for bank employees in replication experiment

The survey and experimental procedure were essentially the same as in the main experiment with the bank employees from the large international bank. But instead of the coin tossing task, subjects had to guess how many successful coin tosses the other bank employees had reported on average. Participants could earn money for guesses that were close to the actual outcome. The investment task was again part of the experiment. Unlike in the previous experiments, however, in this experiment we did not counterbalance the order of the two incentivized tasks (i.e., belief task and investment task).

Part A: Coin tossing task

128 people from the banking industry previously participated in a similar study. In this part of the study the participants were instructed to take any coin at hand, toss it ten times, and report the outcomes (i.e., “heads” or “tails”) online. For each coin toss they could win 20 (as opposed to 0) USD depending on the outcome they reported. Participants knew in advance for each coin toss whether heads or tails yielded a payoff of 20 (or 0) USD. Thus, they could earn a total of up to 200 USD. However, the earnings from the coin tossing task were only paid out if a participant earned more than a randomly chosen person from a pilot study. Note that nobody could detect whether the reported outcomes (i.e., heads or tails) were true or not. Now we would like you to predict the behavior of the participants from the previous study.

What do you think: how many of the 10 coin flips did the participants win on average?

If your estimate matches the average (+/- 0.2) you earn 50 USD.

Your estimate (0.0-10.0): _____

At the end of the survey we additionally asked the participants about their beliefs about the risk taking behavior of other bank employees in the experimental investment task (we did not incentivize their answers):

- What do you think: how many USD did other participants invest on average (0 – 200)? ____ USD

Moreover, in this experiment we asked the bank employees both about their management level (lower, medium, upper management level, or none) as well as their business unit in the

bank. In addition to the question about their income relative to the national average, we also asked them about the percentage of variable pay:

- How much of your last year's salary has been variable pay (e.g., bonuses)? _____ percent variable pay

Finally, we excluded the measure of risk literacy, the word completion task, as well as the four questions on "Work Attitude".

References

Cokely, Edward T., Mirta Galesic, Eric Schulz, Saima Ghazal, and Rocio Garcia-Retamero. 2012. "Measuring Risk Literacy: The Berlin Numeracy Test." *Judgment and Decision Making* 7 (1): 25–47.