1. Title
Measuring Risk and Time Preferences During the Emergence of the COVID-19 Crisis

2. Authors and affiliations and contact emails
Jorgo T.G. Goossens, Tilburg University, department of Econometrics and Operations Research, j.t.g.goossens@uvt.nl
Marike Knoef, Leiden University, department of Economics, m.g.knoef@law.leidenuniv.nl

3. Abstract
We measure risk and time preferences, and examine the relationship with the disposition effect. Firstly, to estimate preferences, we use and compare several well-known quantitative and qualitative methods. Our main specification is an extended version of the Convex Time Budget method of Andreoni and Sprenger (2012, AER). We elicit present bias, loss aversion, probability weighting and the discount rate in a large field experiment by means of a survey. We compare how risk and time preferences evolve during the COVID-19 crisis. Secondly, we test the disposition effect – the tendency of investors to hold losing investments too long and sell winning investments too early – by a simple experiment based on realization utility from Barberis and Xiong (2012, JFE). Because of our simultaneous measurements, we are able to investigate whether individual trading behavior behaves in line with the structurally estimated preferences and its theoretical predictions from realization utility. Finally, we relate the estimated preferences to attitudes for insurance products and personal background characteristics.

4. Data description
We implement an experiment on a representative sample in The Netherlands coincidentally during the COVID-19 crisis on risk and time preferences, in combination with an experiment for stock trading behavior and attitudes towards pension decisions. The experiments were conducted simultaneously between the turbulent period of March 1 and April 1, the peak period of global stock market crashes and severe lockdown measures in The Netherlands. On March 1 The Netherlands had 10 confirmed cases, 0 deaths and no measures, while April 1 The Netherlands had 13.614 contaminations, 1.173 deaths and a so-called intelligent lockdown.

All our survey data are taken from the LISS panel (Longitudinal Internet Study in the Social Sciences), gathered by CentERdata. This panel is recruited through address based sampling (no self-selection), and households without a computer and/or internet connection receive an internet connection and computer free of charge. This representative household panel receives online questionnaires each month, on different topics. When respondents complete a questionnaire, they receive a monthly incentive. The data can be directly linked to personal (government) information, personal administration from the tax offices and pension funds.

5. JEL codes for the project
D01, D03, D12, D14, D80, D91, G02, G11

6. Key-words
micro-economic preferences, decision-making under uncertainty, field experiment, behavioral finance, disposition effect