

## Financial Literacy and Buying Behavior Evidence from a Discrete Choice Experiment

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Every day, consumers make purchase decisions in which they have to trade-off different attributes of a good. This study departs from standard consumer theory and considers the influence of price, terms of payment, information and promotional incentives on the decision to buy. We adopt a discrete choice experiment (DCE) to reveal the aspects that influence the choice of consumers. Our analysis is based on a unique sample of 1665 individuals, including young adolescents, university students and adults. We show that the purchase decision is mainly affected by information on the quality of the good provided by reviews. Moreover, individuals seem to understand the costs of credit, as they are less likely to choose the option that includes a cost for a payment plan. While free gifts have a positive effect on the decision to buy a good, price seems to have a negative influence. Finally, the reluctance towards consumer credit, and the value attached to information provided by other consumers are positively correlated with financial literacy. Hereby, we provide evidence that financially literate individuals demonstrate a more considered decision process.

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