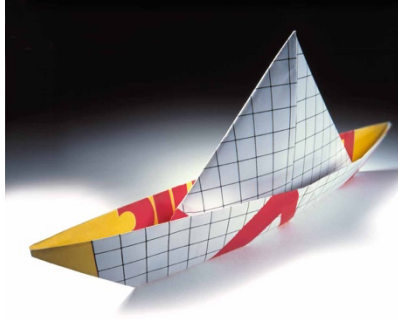




IAREP

International Association
for Research in Economic Psychology

<http://www.iarep.org/>

Spring 2026 IAREP Newsletter

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Date: April 21st, 2026

1. Letter from the IAREP President

By Ofer Azar

Dear IAREP members,

This is the last newsletter for which I am writing the “Letter from the IAREP President” item; at the end of the conference in Castellón de la Plana in June, Agata Gąsiorowska will become IAREP President. It was an honor to serve IAREP in this position for the last couple of years, and as President-Elect (who is also part of the Managing Committee) for the year before that. Economic psychology is an important field that IAREP helps to foster through its conferences, affiliated journal (*Journal of Economic Psychology*), and support of activities such as workshops, and I am glad I had the opportunity to contribute to IAREP twice (as the Honorary Secretary in the past and as the President now).

I look forward to being at the conference in Castellón de la Plana in June and to seeing many of you there. On behalf of IAREP, I want to thank Miguel Ginés-Vilar, Jaume Garcia-Segarra, and everyone else involved in organizing the conference, which promises to be another great IAREP conference. Thanks also to Eva Hofmann, who not only contributes enormously in her role as IAREP Honorary Secretary, but also organizes the Early Career Workshop in Castellón de la Plana.

Finally, I want to thank all the others on the Managing Committee for their work on behalf of IAREP. This work continues year-round, and each MC member has unique role-specific responsibilities, in addition to participating in the Managing Committee and engaging in frequent email discussions and Zoom meetings.

I look forward to seeing you in Castellón de la Plana,

Ofer Azar
IAREP President

2. Minutes IAREP General Assembly, 3:40-4:45pm June 19, Tartu, Estonia

By Eva Hofmann

a. Minutes GA August 2024 (by Eva Hofmann on behalf of Vera Ferreira)

The minutes were accepted as a true record of the meeting by 11 of the participants of the general assembly (2 abstain).

b. Results of Election Managing Committee (by Eva Hofmann)

According to IAREP rules 10% of IAREP members need to vote so that the results are legit; 439 members were allowed to vote, and 54 have been voting. The results are

President-elect, President in 2026 Agata Gasiorowska

Honorary Treasurer Irene Mussio

Honorary Secretary Eva Hofmann

Honorary Digital Media Specialist Lorenzo Gagliardi

All positions were elected for 2 years, whereby the president additionally serves one year as President-elect based on current rules.

c. Treasurer's Report (by Leonhard Lades)

The balance with 19.06.2025 is 35,511.- GBP. Expenditures mainly for the student paper competition and IAREP events between 22.08.2024 and 19.06.2025 are 3,636.- GBP. Income from membership fees (190 Dundee, 26 from Website) and support by Elsevier for the same time period amounts to 11,057 GBP.

d. JoEP Editors' Report (by Yaniv Hanoch)

The Impact Factor of the Journal of Economic Psychology (JoEP) dropped to 2.3 from 3.1. Nevertheless, JoEP is still a very good Journals in Economics. Published articles are mainly from authors from Europe but also increasingly from Asia. More review articles and brief reports are very welcome. There will be a call for Special Issues (organising one). IAREP members are encouraged to organise a special issue. The acceptance rate is currently very low. If you intend to submit, read Carlos Github blog <http://alosferrer.wordpress.com>.

e. Funding activities - Workshops (by Eva Hofmann)

In 2025 three workshops are funded with 2,500.- EUR each.

Workshop on the Psychology of climate risk communication

University of Leeds, Leeds, UK, September 8

Organizers

Dr. Irene Mussio, Department of Economics and Centre for Decision Research, Leeds University Business School

Professor Barbara Summers, Director, Centre for Decision Research, Leeds University Business School

The workshop is open to Researchers and Policymakers interested in psychological and economic insights to enhance climate change communication.

Contact: Irene Mussio i.mussio@leeds.ac.uk

Public Acceptability of Behavioural and Non-Behavioural Policy Interventions

University of Stirling, Stirling, UK, in September 23/24 2025

Organizers: Dr. Till Stowasser, Stirling University, Prof Leonhard Lades, Stirling University

The workshop is open to Researchers, PhD Students, and MSc Students interested in economic psychology and behavioural science, in particularly those interested in acceptability of policies.

Contact: Till Stowasser till.stowasser@stir.ac.uk.

Workshop on the Psychological and Economic Perspectives of Economic Inequality

University of Amsterdam, Roeterseiland Campus, Amsterdam, Netherlands, October 9-10, 2025

Organizers: Dianna Amasino, Tilburg University, Leon Hilbert, University of Amsterdam, Christoph Kogler, Tilburg University, Sarah Vahed, Radboud University

The workshop is open to PhD Students, Postdocs, and Professors researching economic inequality spanning Economics, Business, and Psychology.

Contact: Dianna Amasino d.r.amasino@tilburguniversity.edu.

f. Country Representatives (Leonhard Lades on behalf of Ofer Azar)

For several years we had no election of CRs and no active “Board.” But Country Representatives (CR) exist in our rules as part of the “Board of the Association.”

We suggest ...

- To remove the CRs from the Board in the rules.
- To add 2 new elected members (without a specified role) to the Managing Committee (and thus the Board).
- To keep CRs as named individuals who should represent IAREP in the relevant countries.

One member suggests to have country representatives for 4 years as contact persons of IAREP in the respective countries. Although members are more and more internationally and representatives might change countries, they might still be needed to reach out to new members in the respective countries. Some members want to activate the Board including country representatives. This would need to be voted on a few weeks after the announcement via e-mail.

Rob Ranyard adds that legally IAREP is a limited company of the UK and as such needs a Board but also a General Assembly is needed. Three board members are needed from a legal perspective (with a person from the UK): Treasurer, President, and another role. IAREP's office is officially based at the Business School in Leeds

g. Change of IAREP Rules (Vera Ferreira)

Currently rule 5 from 2022 says:

5. The Managing Committee is composed of the President, the Secretary, the Treasurer, the Digital Marketing Specialist (DMS), the Editors of the Journal of Economic Psychology, and, when already appointed, the President-elect. The President represents the association in financial matters in concert with the Treasurer. The Board of the Association is composed of the above-mentioned committee, of one representative for each country in which the association has members and of at most four coopted members. The Board is responsible for the general conduct of the matters of the Association. All members of the Board must be chosen from the Association members.

Instead, after the proposed change it will be:

5. The Managing Committee is composed of the President, the Secretary, the Treasurer, the Digital Marketing Specialist (DMS), the Editors of the Journal of Economic Psychology, and, when already appointed, the President-elect. When the President-elect is not yet appointed, the immediate Past President will be part of the Board. The President represents the association in financial matters in concert with the Treasurer. The Board of the Association is composed of the above-mentioned committee, of one representative for each country in which the association has members and of at most four coopted members. The Board is responsible for the general conduct of the matters of the Association. All members of the Board must be chosen from the Association members.

It is discussed that the Past President should not be part of the Board but the Managing Committee. Therefore, there will be an electronic voting process. Some members stated that IAREP members should know that the change would be for the good of IAREP and its Managing Committee.

h. Socia Media (by Vera Ferreira & Eva Hofmann on behalf of Lorenzo Gagliardi)

LinkedIn

Over the last 365 days (06/3/24 – 06/3/25), IAREP LinkedIn page acquired 213 new followers (27% of the whole user base). This growth was completely organic (no paid ads). Over the last 365 days (06/3/24 – 06/3/25), our LinkedIn posts received 501 reactions and over 16k impressions. Highest peaks were reached in August 2024, right after IAREP-SABE 2024 and in January 2025, right after the announcement of IAREP 2025
IAREP Member could help by ...

- 1st) following the IAREP LinkedIn page
- 2nd) inviting their own followers to follow the IAREP page
- 3rd) supporting IAREP's content (by leaving a reaction whenever they can, or maybe even share it with their own community!)

YouTube

This is yet another reminder that IAREP's YouTube channel belongs to all of us members! If you hold any relevant interesting activity concerning economic psychology, consider posting it on the channel – please contact our Digital Media Specialist Lorenzo Gagliardi and he'll let you know how to go about it. And of course do check the videos that are already there – there are very interesting presentations by researchers like Katy Milkman, Catherine Eckel, Cass Sunstein and several others, plus interviews and some keynotes from past conferences – make sure to subscribe too!

i. Conference at Castellon de la Plana in 2026 (by Eva Hofmann on behalf of Jaume Garcia Segarra & Miguel Gines Vilar)

The 50th IAREP Conference 2026 “Motives and Preferences in Economic Decisions” will take place in the Faculty of Health Sciences, at the University Jaume I de Castelló de la Plana, in Castellón, Spain. Castellón de la Plana is a quiet city with a population of 180,000 inhabitants, located in eastern Spain, on the Mediterranean Sea. It is 60 km north of Valencia and 280 km south of Barcelona.

How to arrive:

Airport of Castellón (CDT), then bus or taxi (30 min).

Airport of Valencia (VLC), then metro (20 min) and regional train (1h).

Airport of Barcelona (BCN), then metro (30 min) and train (2h to 4h, depending on the train).

Airport of Madrid (MAD), then regional train from the Terminal (30 min) and train (2:45h to 4h, depending on the train).

More details in our website www.iarep2026.com

The IAREP 2026 Conference will take place from Tuesday June 9th (afternoon) to Friday June 12th (noon).

The Early Career Researcher Workshop 2026 will take place on Tuesday June 9th (morning).

Important Dates

Acceptance of presentation: April 1st, 2026

Early Registration: until April 24th, 2026

Late Registration: from April 25th to May 7th, 2026

Why should members participate:

- Because the weather is usually shiny and smooth in early June
- Because the features of the Campus and the Faculty of Health Sciences bring the perfect environment to enjoy an excellent conference
- Because we have planned an exciting social programme that showcases the best of our gastronomy and culture

Finally, we leave a video that shows an overview of the city of Castellón and surroundings, the Campus and the Faculty of Health Sciences https://iarep2026.com/IAREP_web.mp4

j. **Future Conference in 2027** (by Jozsef Pantya)

Jozsef Pantya was presenting the venue for the conference. He will join forces with the economics faculty and have the joint IAREP-SABE conference in the Economics Department.

The General Assembly agreed to have the conference organized by Jozsef Pantya in Budapest, Hungary.

k. **Information from IAAP, Division 9 – Economic Psychology** (by Erik Hölzl & Edoardo Lozza)

News by the Division 9 “Economic Psychology” of the International Association of Applied Psychology (IAAP)

President Erik Hoelzl

President elect Edoardo Lozza

Honorary Secretary Agata Gąsiorowska

Next ICAP <https://www.icap2026.org/> will take place in Firenze, Italy, July 21-25 2026.

l. **Expression of gratitude to the conference organisers** (by Agata Gąsiorowska)

Unfortunately, the conference organisers couldn't take part in the General Assembly, therefore IAREP's gratitude was expressed at the social event in the evening of the day.

m. **Any other business** (by Eva Hofmann)

Vera Ferreira invites members to think about organising a IAREP conference in 2028 and later. Proposals are to be sent to the President Ofer Azar (azar@bgu.ac.il) and the President elect Agata Gąsiorowska (agasiorowska@swps.edu.pl).

3. IAREP conference *Motives and Preferences in Economic Decisions* - 9-12 June 2026 in Castellon de Plana, Spain

By Jaume Garcia-Segarra

We warmly invite you to join us in Castelló de la Plana for a four-day international and interdisciplinary conference on Motives and Preferences in Economic Decisions, held at the University Jaume I of Castelló. Taking place during the late spring season and marked by long Mediterranean evenings, the event offers a vibrant setting for researchers, policymakers, and behavioral science professionals to exchange ideas, present findings, and engage in thoughtful discussions on the drivers of decision-making.

The 50th IAREP (International Association for Research in Economic Psychology) conference programme includes a robust schedule running from Tuesday, June 9th to Friday, June 12th, 2026. The core academic program spans across seven blocks of parallel sessions, offering ample time for research presentations, supported by scheduled coffee and lunch breaks, as well as the IAREP General Assembly. A central highlight of the conference will be its three keynote talks: Prof. Birte Forstman will open with Keynote Lecture I, followed by Prof. Ellen Peters presenting the prestigious Keynote Kahneman Lecture, and Prof. Peter Bossaerts delivering Keynote Lecture II. To complement the academic schedule, the social program provides several networking opportunities, beginning with a welcoming Drinks & Food Cocktail Reception outside the Faculty

of Healthcare Sciences on June 9th. Attendees will also enjoy a Cocktail Dinner hosted at Hotel Luz on June 10th, and culminating in a formal Gala Dinner at Fuente la Reina on June 11th, which includes convenient bus transfers directly from Hotel Luz.

Registration and Accommodation. See for more information the conference website <https://iarep2026.com/> or contact iarep2026@spainexcellence4events.es. When reserving your accommodation, please remember to mention the reference “IAREP 2026” to ensure your booking is linked to the conference. To benefit from the discounted rate listed on the conference website, reservations must be made via email, phone, or WhatsApp. Please note that this special rate is not available through the hotel’s website.

4. Best Student Paper Competition

By Agata Gasiorowska

We encourage students (e.g., undergraduate, graduate, and PhD) to participate in the IAREP/Elsevier Best Student Paper Competition 2026!

The Best Student Paper Competition is a highlight of each IAREP conference. Elsevier, the publisher of the Journal of Economic Psychology, sponsors the competition.

The winner of the Elsevier/IAREP Best Student Paper Competition 2026 receives 1,000 Euros and a year’s electronic subscription to the Journal of Economic Psychology. The second and third place winners will receive a year’s electronic subscription to the journal. The winners will be honored at the conference, will receive a certificate, and will be listed in the association’s newsletters. A committee of IAREP members will evaluate the submitted papers.

The criteria are:

- (a) The interest of the paper topic for economic psychology and/or behavioral economics;
- (b) quality of research;
- (c) quality of writing;
- (d) contribution of the student to the paper (the student has to be the first/corresponding author, and their presentation has to be accepted for the conference)

To apply, send an email with your full paper to Agata Gasiorowska at agasirowska@swps.edu.pl. You must use “Submission to the Best Student Paper Competition 2026 IAREP Castillon” as the subject of the email. The deadline is May 24, 2026.

5. Call for future conferences

By Eva Hofmann

If you are interested in hosting an IAREP conference, please let Ofer Azar, the current IAREP President, (azar@som.bgu.ac.il) or Agata Gasiorowska, the President-elect, (agasirowska@swps.edu.pl) know by email.

An IAREP conference is a great opportunity to showcase your university and your programs of study, get your students excited about our field, and host the prestigious Kahneman Lecture. Conference chairs propose the dates of the conference, location, registration fee, and conference program. The IAREP General Assembly decides on the proposals. The IAREP managing

committee selects the Kahneman Lecturer and can provide information to assist in organizing the conference.

6. Workshop funded by IAREP in 2026

By Eva Hofmann

This January IAREP has received one proposal for funding of Workshops and Summer Schools in 2026. After evaluating the proposal, the IAREP Managing Committee has decided to fund the proposed Workshop in 2026.

The **Workshop on Decision Making across the Lifespan: Judgments and Preferences** is organized by Julia Nolte, Ph.D., Assistant Professor of Economic Psychology, Department of Social Psychology, Tilburg University, Netherlands, Sebastian Horn, Ph.D., Senior Researcher, Department of Psychology, University of Zurich, Switzerland, Yaeji Kim-Knauss, Ph.D., Postdoctoral Researcher, Institute of Psychogerontology, University of Erlangen und Nuremberg, Germany, Salima Douhou, Ph.D., Senior Researcher, Centerdata, Tilburg, Netherlands/Munich Research Institute for the Economics of Ageing, Munich, Germany/Max Planck Institute for Social Law and Social Policy, Munich, Germany, and will take place at **Tilburg University Campus, Netherlands, September 2026**. The workshop is open to faculty members, post-doctoral fellows, Ph.D. students, or policy-makers interested in the intersections of Economics, Psychology, Decision Research and Aging Research. For more information, please contact the organizer Julia Nolte, J.Nolte@tilburguniversity.edu.

7. Tribute to Daniel Kahneman: Two years ago, on March 27, our dear friend and 2002 Nobel Prize winner passed away

By Francesco Scacciati, former IAREP President 2005-2007

Daniel Kahneman and Amos Tversky, in 1979, developed the *Prospect Theory*. Their discoveries, such as the *endowment effect*, the *status quo bias* and the *loss aversion* – the principle that the psychological pain of a loss is roughly twice as intense as the pleasure of an equivalent gain – paved the way for the development of the prospect theory and for a new understanding of economic behaviour.

John Pratt (1964) and Kenneth Arrow (1965) focused on the formalization of *risk aversion*, whilst Daniel Ellsberg (1961) offered a seminal analysis of *uncertainty aversion* (also known as ambiguity aversion): this line of research was further advanced by Itzhak Gilboa and David Schmeidler (1989) through their MEU models¹.

A flashback. After the Great Depression, for several decades, John Mynard Keynes's theories (1936) dominated unchallenged over the general interpretation of macroeconomic events and economic policy decisions. But when the idea that the market is constantly and automatically in equilibrium – first in the medium run, then in the short run and, finally, instantly² – took hold

¹ Frank Knight, in 1921, provided the first formal distinction between *risk* and *uncertainty*, identifying them as the two fundamental features of the imperfect decision-making environment faced by entrepreneurs.

² Respectively Milton Friedman (1968), Robert Lucas (1976) and Finn Kydland & Edward Prescott (1982).

during and after the stagflation period, the besieged Post- and Neo-Keynesians were in serious difficulty answering the question why economy deviates from virtuous paths. As a matter of fact, it was the return to orthodoxy, unimaginable only a few years earlier, when the republican president Richard Nixon famously declared in an off-camera interview “I am now a Keynesian in economics”.

Modern macroeconomic models. The 2008 financial crisis (“the *Great Recession*”) and its aftermath, forced the dominant economic consensus to acknowledge some of its failures; nevertheless, it has maintained its dominant position. Driven by factual evidence – as well as symbolic turning points like Queen Elisabeth II’s criticism of economists (handsomely bankrolled with taxpayers’ money) failing to forecast the impending economic turndown and Mario Draghi’s “Whatever it takes” – orthodox models have gradually incorporated some of Neo-Keynesian thinkings. The most recent *Heterogeneous Agent New Keynesian* (HANK) models – adopted both by the FED and the ECB – in spite of their heterogeneous agents and differences in income and richness distribution, still assume *perfect information* and *rational expectations*. This, to my view, makes them yet incompatible with John Mynard Keynes’s theory, leaving Keynesian economists the sop of sticky wages and prices. While certainly useful, these additions to genuine orthodox models – such as the RBC and DSGE – can’t, nevertheless, satisfy Keynesian economists because it would be equal to admit that, during a depression, a drop of real wages and of prices would be, if it were possible, the solution for the crisis. Keynes believed exactly the opposite: the fall in demand that they would produce – the former reducing the workers’ purchasing power, the latter inducing consumers to delay spending – would drag the economy in an even deeper depression.

The *loss aversion*, I believe, is the long sought for “missing link” between microeconomics and Keynesian macroeconomics.

This because individual *loss aversion* scales into systemic Keynesian stagnation, providing a convincing micro-foundation for underinvestment. Investments may easily fall short – missing the equilibrium with savings – because of entrepreneurs’ psychological fear of a loss. Whether interest rates are high (fear of defaulting on loans) or low (fear of weak demand) entrepreneurs may hesitate, quite before the snapping of the *liquidity trap* (one of Keynes’ most important intuitions, but almost forgotten until Paul Krugman resurrected it in 1998).

It is not necessary that all entrepreneurs³ are subject to loss aversion: the mere existence of a significant number of entrepreneurs who do, will, sooner or later, lead to under-investment; unless a surge of widespread euphoria, with “animal spirits” at work, overrides this psychological brake. Loss aversion is therefore likely to become one of the primary drivers of entrepreneurial decision-making. Consequently, underinvestment emerges as a systemic outcome; this contradicts the view that recessions are exclusively shock-driven phenomena. Through the multiplier effect, this creates a demand shortage, fueling a downward spiral into recession and widespread involuntary unemployment. At this point, Albert Hirschman steps in: the market responds to those with purchasing power but remains deaf to the unemployed. If entrepreneurs could collectively perceive their potential demand, they would hire and end the recession. However, they cannot.

An important paper by Alex Imas (2016) on *loss aversion* provides a solid empirical foothold to my hypothesis. It shows that – once losses are crystallized, because of unsold output –

³ By the term “entrepreneurs” I also include managers, insofar as they make decisions regarding corporate investment.

entrepreneurs become increasingly more hesitant to take on new debt⁴. This makes it increasingly unlikely that the market will be able to rebound from a recession through its own self-correcting mechanisms. Furthermore, nominal wage stickiness is not the true culprit. Even with perfectly flexible wages, a drop in pay would only further depress aggregate demand. Following the accelerator principle, investment flows are dictated by changes – whether already occurred or expected – in aggregate demand, so that the stock of the invested capital may reach the desired level, upwards, but also downwards, as in the case of a slump. Therefore, things would increasingly worsen.

Final remarks. The core of these brief insights is discussed in “The *loss aversion*”. Kahneman and Tversky’s discovery of loss aversion provides (together with risk aversion and uncertainty aversion that add their negative effect) the most reliable microeconomic explanation for the shift away from full-employment equilibrium toward economic depression and the fearsome underemployment equilibrium. While Keynes might have viewed micro-foundations with scepticism, these are now essential for modern modelling.

Current HANK models, despite the innovative role of wealth and income distribution and the stickiness of wages and prices, still miss the mark, failing to capture the true nature of Keynesian thought, and relying on inaccurate investment functions in terms of expected return because they ignore the “kink” at the entrepreneur’s *status quo*, which is their *reference point*⁵.

In standard models, the investment function is typically differentiable: a small change in interest rates or expectations yields a proportional change in investment. Introducing a kink means that at the reference point (the entrepreneur’s *status quo*), the left-hand and right-hand derivatives differ. Mathematically, this is expressed through a piecewise function or, more elegantly, by applying a Tversky-Kahneman value function⁶ to the net present value of investment. Here I feel it’s required to underline how important Amos Tversky has been for the development of Economic Psychology: had he not passed away – it will soon be the 30th anniversary – before the academy realized the importance of his contributions, the Nobel Prize would certainly have been awarded to him as well.

Indeed, loss aversion is not necessary to explain why entrepreneurs under-invest during an existing economic recession. It is sufficient to observe that the demand for factors of production – namely labour and capital – is determined not so much by their prices (wages and interest rates) rather than by the aggregate demand for the goods they contribute to produce. Consequently, a micro-founded theory of recession must identify the drivers of under-investment within a ‘normal’ economic environment. This is where entrepreneur’s loss aversion necessarily comes into play: its dampening effect on investment, in fact, constitutes a systemic catalyst of recession.

If all this holds, a new more robust macro-economic model should incorporate – alongside wage and price stickiness (because that’s how it is in reality) – loss, risk and uncertainty aversion as a structural brake on investment, each of them contributing to the permanent existence of an

⁴ Only seemingly in conflict with Tversky and Kahneman’s findings, according to which entrepreneurs with loss-making investments take higher risks in the hope of breaking even (*gamble for resurrection*): in this case losses are not yet crystallized. This hypothesis stands, on the contrary, in contrast to Hyman Minsky’s (1986). It is not excessive confidence or financial over-leverage that triggers a slump; rather, it is a lack of confidence that leads to underinvestment.

⁵ Ciccarone and Marchetti, (2013) study the *loss aversion* effect on macroeconomics within a “Lucas-style” signal extraction model: agents react more strongly to negative signals than to positive ones.

⁶ Kahneman, D. and Tversky, A. 1979, when they introduce the Prospect Theory as a descriptive alternative to the expected utility. And, later, in 1992, when they developed the Cumulative Prospect Theory.

environment of looming economic depression. Critics may claim That all this is hard to formalize, but the extensive literature – from Kahneman and Tversky’s pioneering experimental researches to that reported by Alexander L. Brown et al. (2024) and by Richard Thaler and Alex Imas (2025) – proves that these psychological effects are measurable. In fact, also wage and price stickiness was integrated into otherwise orthodox models solely on the basis of empirical evidence.

Further research is required. As previously noted, it is necessary to investigate to which extent also entrepreneurs are subject to loss aversion: the average loss aversion coefficient, ranging from 2 to 2.25, might not hold within the entrepreneurial cohort. To this matter, Martin Koudstaal, Randolph Sloof and Mirjam van Praag (2016) offer a substantial contribution. In their lab-in-the-field experiment they find that entrepreneurs display a significantly lower coefficient λ (loss aversion) than that of managers and employees (and of general population), with values ranging from 1.2 to 1.3 (and reaching as low as 1 in some sub-sets)⁷. Actually, entrepreneurs often exhibit risk-seeking behaviour when operating below their reference point, due to the hope of returning to a break-even state (the downwards tail of Kahneman and Tversky’s curve). This is by no means inconsistent with my arguments thus far. Indeed, as stated above, only some loss aversion among some entrepreneurs and managers (not necessarily during a recession already underway) would be enough to lead to under-investment: consequently, the primary challenge will lie in defining the reference point for an entrepreneur⁸: if we formalize the reference point as a variable – as shown by Imas et al. (2025) – the model becomes path-dependent.

Obviously, by definition, quantifying uncertainty aversion—first described by Frank H. Knight in 1917 and later, in 1961, by Daniel Ellsberg’s paradox—is just as complicated (albeit for different reasons). Koudstaal et al.’s research is highly relevant: they find that the coefficient for uncertainty aversion among entrepreneurs and managers is approximately 15% higher than those for risk or loss aversion. This only strengthens the hypothesis of a systemic tendency toward under-investment, as also established, through different routes, by Itzhak Gilboa and David Schmeidler. Certainly, as noted above, both risk aversion—already embedded in HANK models—and uncertainty aversion, which reflects the pervasive sense of uncertainty at the heart of Keynes’s vision of the economy, contribute to the difficulty in maintaining sufficiently high investment levels. Loss aversion, however, is a latent, systematic drag on investment: by inherently overvaluing potential losses relative to gains, it exerts a constant downward pressure regardless of prevailing economic conditions.

Finally, a further question is whether to incorporate these three friction effects separately into the investment function or to bundle them into a single aggregate “friction factor” within the investment function. In any case, once an investment function incorporating loss, risk, and uncertainty aversion is established, it should be standard practice for macroeconomic policy models to integrate these frictions into their core framework.

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⁷ Risk aversion turns out to be equal between entrepreneurs and managers (whilst employees’ is lower), whereas uncertainty aversion (also said ambiguity aversion) is similar in the three groups.

⁸ Status quo (the previous year’s capital level) or target point (the expected profit margin)?

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8. CfP Research in Behavioral Finance Conference (RBFC)

By Martijn van den Assem

Call for Papers:

Sixth Research in Behavioral Finance Conference (RBFC)

18 & 19 September 2026

Amsterdam, the Netherlands

Keynote speakers:

Lauren Cohen (Harvard Business School)

Andrew Lo (MIT Sloan School of Management)

Elisabeth Kempf (Harvard Business School)

Program and location:

RBFC 2026 takes place on the campus of the Vrije Universiteit Amsterdam, situated in close proximity to Amsterdam Airport Schiphol. There will be no online or hybrid sessions. The program spans two full days, consisting of keynote speeches, parallel sessions, and a conference dinner on the evening of Friday 18 September. The conference offers ample opportunity for discussion and interaction.

Paper submission procedure:

We invite paper submissions on all aspects of behavioral finance. This includes work that examines the financial behavior of individuals (in their role as consumers, investors, managers or advisors), the financial behavior of groups and organizations (in the public or private sector), the dynamics of markets, and work at the intersection of any of these areas. Submissions can be in the form of a full paper or an extended abstract. Submissions and presentations are restricted to one per person. Full papers and extended abstracts can be submitted in PDF format until 31 May through the conference website www.rbfc.eu. Notifications will be sent at the end of June.

Visit the conference website for more information and updates: www.rbfc.eu.

Conference organizers:

Marieke Bos

Saskia ter Ellen

Martijn van den Assem

Rex Wang Renjie

Remco Zwinkels

Contact: info@rbfc.eu

9. IAREP Contact Information

To become a member of IAREP and receive this newsletter twice per year, please contact Irene Mussio, Honorary Treasurer, University of Leeds, i.mussio@leeds.ac.uk or visit our membership website: <http://iarep.org/index.php/membership>

This newsletter was edited by Eva Hofmann. Feedback is always welcome: hofmann.b.eva@gmail.com

Current and past newsletters are on the association's website: <https://www.iarep.org/index.php/news/newsletter>

The IAREP managing committee by April 21th, 2026:

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