



Seminari di Economia

Giovedì 25 maggio 2023

Ore 12:00 – Aula Anfiteatro

Facoltà di Scienze Economiche Giuridiche e Politiche - Via Sant'Ignazio 17

Lorenzo Pandolfi

Università di Napoli Federico II

It's a Sure Win! Experimental Evidence on Overconfidence in Betting Behavior

con Martin Chegere, Paolo Falco, Marco Nieddu, Mattea Stein

Abstract. As sports betting is surging worldwide, so are the concerns about excessive gambling, especially among the most disadvantaged households. To shed light on the drivers of sports betting, we conduct an experiment with regular sports bettors in urban Tanzania to investigate how they value their bets and form expectations about winning probabilities. We find that subjects assign higher certainty equivalents and winning probabilities to sports bets than to urn-and-balls lotteries with identical odds, even though, in fact, they are not more likely to win. Coupled with novel survey data on betting frequency and motives, our experimental evidence suggests that, by leveraging gamblers' overconfidence in their ability to predict sports outcomes, sports betting exacerbates their financial losses.