Title:

Gambling Behavior in Controlled Laboratory Experiments

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Abstract

We designed a slot machine interface to study gambling behavior over real monetary amounts in a controlled laboratory environment. The interface allowed us to study the effect of multiple paylines compared to single paylines, the use of abstract tokens instead of allowing the gambler to see expenditures and payoffs in a natural currency, the effect of “near miss” displays on subjective beliefs about the chances of winning, and the effect of “wins disguised as losses” on gambling behavior. We measured the risk preferences of each subject, allowing for probability weighting and loss aversion, as well as the evolution of subjective beliefs of expected winnings for some subjects. Every subject also completed popular survey screens for disordered gambling, allowing an evaluation of their predictive accuracy with respect to gambling over real stakes up to $1,500. All experiments were implemented for real rewards, so that responses were incentivized.

Author biographies

Don Ross is Professor and Head of the School of Sociology, Philosophy, Criminology, Government, and Politics, University College Cork, Ireland; Professor in the School of Economics, University of Cape Town, South Africa; and Program Director for Methodology in the Center for Economic Analysis of Risk, Georgia State University. He is former Research Director for the National Responsible Gambling Programme of South Africa, and author or editor of 13 books and many scientific articles.

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Morten I. Lau is Professor of Economics at Copenhagen Business School and Professor of Behavioral Finance at Durham University Business School. His research
interests span experimental economics and finance, behavioral econometrics, and applied microeconomics. He has published in general journals such as *Econometrica, American Economic Review, International Economic Review*, and *Journal of Financial & Quantitative Analysis*. His academic research has 4,268 citations on Google Scholar, and a h-index of 26.