

# Poverty makes financial decisions harder. Behavioral economics can help

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***PBS:***

Last month, behavioral economist Dan Ariely and his team at the Center for Advanced Hindsight opened up the Common Cents Lab. Its goal is twofold: to examine how those living in poverty misspend their money and to help the poor make better financial decisions.

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**Kristen Doerer:** What's new about this initiative?

**Dan Ariely:** The important new initiative is that we're going to go into financial institutions for the poor — the Latino community banks, the self-help bank, the federal credit unions, all types of financial institutions that serve lower, middle-income Americans — and we're going to try to figure out what we can do to help them out. So we will bring a behavioral economics, social science perspective and examine their procedures. For example, let's see where people should be taking cheaper loans, but don't; where people should be borrowing less, but don't; where people should put a little bit of money to the side, but don't.

Read the whole story: [PBS](#)