



# March 19, 2019

## Law and Economics Seminar: Paige Skiba

Time: 4:30pm - 6:00pm

Location: Tanenbaum 320

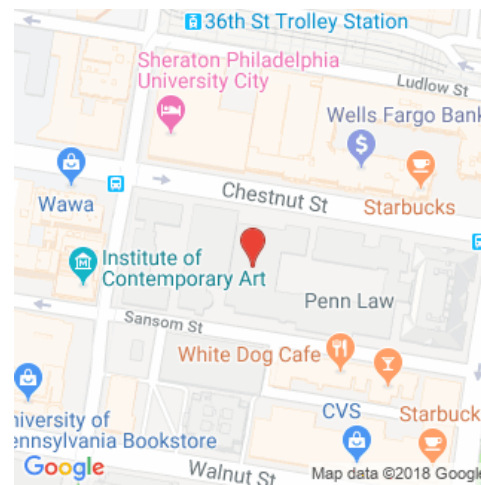
Paige Skiba, Professor of Law, Vanderbilt Law School

*Time to Repay or Time to Delay? The Effect of Having More Time Before a Payday Loan is Due*

Abstract: Payday-loan borrowers pay sizable fees for short-duration loans and often borrow repeatedly. We explore the effects of longer loans, exploiting regulations that give some borrowers an additional pay cycle to repay their initial loan without increased interest charges. We show theoretically that while an exponential discounter would use this "grace period" to save and smooth consumption, naïve borrowers with sufficient present-biased would not because they procrastinate on making consumption sacrifices when due dates are distant. Consistent with predictions under naïve present bias, borrowers with longer loans did not make larger initial loan payments and had similar repeat borrowing patterns.



Sandy Campbell Photography



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Feedback