

[IZA News](#)[About IZA](#)[Organization Chart](#)[People](#)[Research](#)[Labor Policy](#)[Publications](#)[Discussion Papers](#)[Policy Papers](#)[Standpunkte](#)[Books](#)[Research Reports](#)[IZA Compact](#)[IZA in the Press](#)[Publication Record](#)[Journals](#)[Events](#)[IZA Prize / YLE Award](#)[Teaching](#)[Links / Resources](#)[Press](#)

IZA



What Drives Taxi Drivers? A Field Experiment on Fraud in a Market for Credence Goods

by Loukas Balafoutas, Adrian Beck, Rudolf Kerschbamer, Matthias Sutter
(May 2011)

revised and extended version forthcoming in: Review of Economic Studies

Abstract:

Credence goods are characterized by informational asymmetries between sellers and consumers that invite fraudulent behavior by sellers. This paper presents the results of a natural field experiment on taxi rides in Athens, Greece, set up to measure different types of fraud and to examine the influence of passengers' presumed information and income on the extent of fraud. Results reveal that taxi drivers cheat passengers in systematic ways: Passengers with inferior information about optimal routes are taken on longer detours while asymmetric information on the local tariff system leads to manipulated bills. Higher income seems to lead to more fraud.

Text: See [Discussion Paper No. 5700](#)



[Back](#)