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by Quang Nguyen, Marie Claire Villeval, Hui Xu  
(September 2012)

**Abstract:**

We study the influence of risk and time preferences on trust and trustworthiness by conducting a field experiment in Vietnamese villages and by estimating the parameters of the Cumulative Prospect Theory and of quasi-hyperbolic time preferences. We find that while probability sensitivity or risk aversion do not affect trust, loss aversion influences trust indirectly by lowering the expectations of return. Also, more risk averse and less present biased participants are found to be trustworthier. The experience of receiving remittances influences behavior and a longer exposure to a collectivist economy tend to reduce trust and trustworthiness.

**Text:** See [Discussion Paper No. 6851](#)

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