

De-biasing Retail Structured Products: A Field Experiment on Nudge Interventions

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Abstract

In a randomized field experiment run with Korea's financial regulator at 45 branches of a major bank, we test whether the presentation of structured products at the point of sale shapes retail demand. Standard sales materials draw losses on a smaller scale than gains and compare the recommended product only with other high-risk products. We add one page against each feature: a diagram showing losses as clearly as gains, and a comparison that includes principal-protected alternatives. The diagram shifts purchases of equity-linked securities (ELS) toward contracts with lower early-redemption barriers. The comparison lowers the probability of an ELS purchase by 22%; the displaced demand moves to exchange-traded funds, not to the alternatives displayed. Neither page reduces the probability of a purchase. Applied to an ELS cohort behind Korea's 2024 mis-selling crisis, these responses correspond to about a quarter of realized losses, three times the gains foregone.

Keywords: structured products, nudges, field experiment, disclosure, consumer financial protection, household finance.

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