Yazar/Author
Feyza ÖZDİNÇ[*]

Makale Adı/Article Name

Examining the Status Quo Bias for the Recent Economic Crisis: The Case of Türkiye[**]

Son Küresel Ekonomik Kriz Süreci İçin Statüko Yanlılığı Analizi: Türkiye Örneği

ÖZ

Bu makalenin amacı, davranışsal ekonominin temel kavramlarından biri olan "statüko yanlılığı"nı, Türkiye'de son dönemde yaşanan ekonomik krize ilişkin mevcut makroekonomik verilerle incelemektir. Dünya ekonomisinin mevcut durumu bu fikrin analiz edilmesi ve çalışılması için yeterli ve ilgili girdilerin bulunması için mükemmel bir fırsat yaratmıştır. Bu makale, Türkiye'de Covid-19 salgını sonrası ortaya çıkan ekonomik kriz öncesi ve sonrası tüketim ve gelir arasındaki ilişkiyi ARDL Sınır Testi kullanarak "statüko yanlılığı" özelinde incelemektedir. Analiz sonuçları, 2013-2022 dönemi için Türkiye'de statüko yanlılığının geçerli olduğunu desteklemektedir. Türkiye'nin davranışsal ekonomi alanında fazla ilgi görmediği göz önüne alındığında, bu makale, Türkiye'nin, son dönemde Covid-19 salgınının getirdiği ekonomik krize Statüko Önyargısı'nın geçerli olduğu bir ülke oluşuna dair destekleyici kanıtlar sunarak literatüre katkıda bulunmaktadır.
Anahtar Kelimeler: Davranışsal Ekonomi, Homo-ekonomikus, Statüko Yanılgısı, ARDL Modeli

ABSTRACT

The objective of this paper is to examine the "status quo bias," which is a key concept in behavioral economics, using macroeconomic data from the recent economic crisis in Türkiye. The current global economic situation provides a favorable opportunity to analyze this idea, as there are abundant and relevant inputs for this type of study. Specifically, this paper analyzes the nexus between consumption and income prior to and after the economic crisis which was triggered by the Covid-19 pandemic in Türkiye, with the aim of examining the "status quo bias" by employing ARDL Bounds Test. The analysis findings support that Türkiye has exhibited status quo bias for the period from 2013 to 2022. This research fills a gap in the literature by presenting evidence that Türkiye, a country that has been overlooked in the field of behavioral economics, exhibits the status quo bias in the context of recent global crisis triggered by the Covid-19 outbreak.
Keywords: Behavioral Economics, Homo-economicus, Status Quo Bias, Heuristic, ARDL Model.

[*] Dr., Gaziantep Üniversitesi, feyzaozdinc@gantep.edu.tr (iD)
[**] This paper is produced from the author's Ph.D. thesis.

Introduction

Conventional economics, based on the assumption of rationality, regards individuals as rational beings, known as Homo-economicus. Yet, the concept of Homo-economicus does not exist in the real world. The historical record of economic crises serves as evidence of the shortcomings of Conventional Economics (CE). The singular lesson that history has taught us about economics is that the standard approaches of Neo-Classical economics are insufficient in preventing an economic crisis. Given that CE fails to provide a sufficient explanation for the recent global crisis, it is imperative to approach the situation from an alternative perspective.

While CE views humans as utility-maximizing and rational individuals who adjust their expectations and make well-informed decisions, behavioral economics (BE) acknowledges that even highly educated and experienced individuals can be influenced by their emotions and external factors, leading to biased judgment.

The status quo bias, a notion in Behavioral Economics, refers to the tendency of individuals to prefer maintaining their current state due to its familiarity and comfort. The recent global crisis has created an economic environment that allows us to examine how individuals prefer to maintain their current economic situation, in other words their status quo.

This study aims to evaluate the impact of income, credit card expenditure, inflation rate, credit interest rate on consumption, and the effective exchange rate with the specific goal of assessing the status quo bias. The rationale for utilizing these independent variables stems from their direct impact through primary channels on consumption.

In this study, an ARDL - Autoregressive Distributed Lag model will be used to examine the impact of income, credit card expenditure, inflation rate, the effective exchange rate, and credit interest rate on consumption. The use of this test confirms that income, the effective exchange rate, inflation rate, credit card expenditure, and the interest rate on credits have a significant long-term impact on consumption. Thus, it can be inferred that individuals who live in Türkiye are influenced by the status quo bias.

1. Theoretical Framework

Thaler and Sunstein (2008:34) attribute the origin of the term 'status quo bias' to Samuelson and Zeckhauser (1988). This theory, also employed as the default option in some circumstances, posits that the present condition, namely the original state, is more desirable than a novel and/or different scenario.

Essentially, the term "comfort zone" that we commonly use refers to the difficulty of relinquishing something due to its familiarity. This cognitive bias, known as the status quo bias, explains why individuals may struggle to terminate unhappy marriages and find it challenging to secure new employment despite their dissatisfaction with their existing work environment.

Samuelson and Zeckhauser (1988) argue that, contrary to what is commonly seen in economic texts, individuals often have a tendency to maintain their present decision and preserve their existing status quo in real-life decision-making. Experiments on decision-making demonstrate that individuals tend to stick to their current state of affairs, known as the status quo bias.

Research conducted on organ donations, political elections, and educational choices has demonstrated that individuals tend to adhere to the default option (Xiong, 2022). The study conducted by Kang et al. (2018) discovered that incumbency has an impact on local elections in South Korea, but does not have the same effect on national elections.

According to Ortovela (2010), an economic agent's level of risk aversion increases when there is a status quo option compared to when there isn't. In a study conducted by Dean et al. (2017), it was found that individuals are more inclined to stick with their default option, i.e., the status quo, when they have a wider range of alternatives available to them, as opposed to having only a limited number of choices.

An exemplary instance in this context is the practice of organ donation. Johnson and Goldstein (2003) examined how the default option can influence organ donation behavior in their study.

Research demonstrates a significant surge in organ donation rates when individuals are required to take additional measures to opt out of being an organ donor while obtaining a driver's license, as opposed to simply asking if they wish to donate their organs in the event of their death during the form-filling process. This phenomenon occurs due to individuals' inclination to opt for options that are convenient and accessible. In the context of organ donation, individuals exhibited a reluctance to undertake further measures, resulting in their decision not to contribute their organs. Put simply, individuals just choose to maintain the existing state of affairs and refrained from altering the default choice (Thaler and Sunstein, 2008: 174-186).

Although facing economic disadvantages such as high inflation, low employment, and a significantly devalued currency is unfortunate, an economic crisis presents a valuable opportunity to examine behavioral economics concepts, specifically the status quo bias, as explored in this paper.

Given the utilization of macroeconomic data in this study, the analysis will encompass the entire country rather than being limited to a sample of the population used for experimental purposes.

2. Country Selection: Why Türkiye? Türkiye and the Global Crisis

Baker and others argue that the recent economic crisis is more severe than the 2008-2009 financial crisis and bears striking resemblance to the Great Depression of 1929-33 (Baker et al., 2020). Figure 1 illustrates that the Volatility Index at the start of 2020 is nearly equivalent to the levels observed during the 2008-2009 financial crisis.
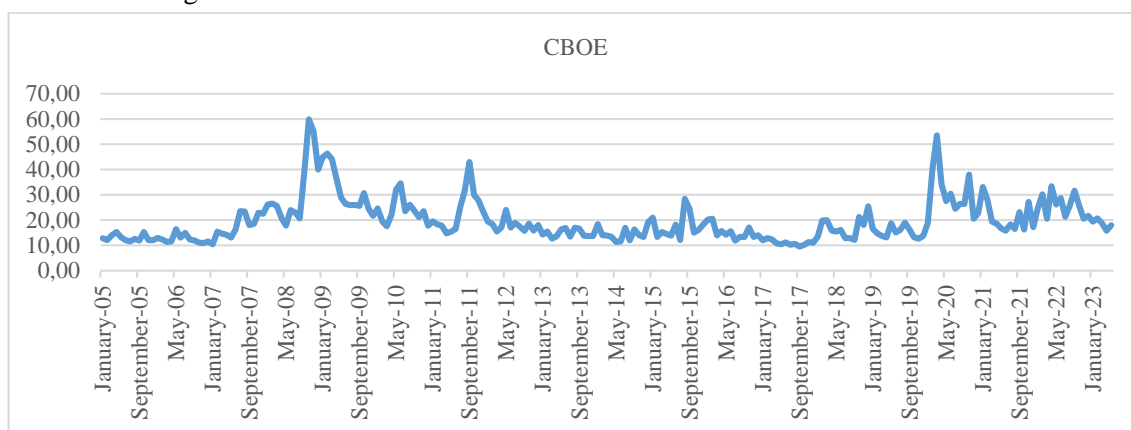

Figure 1: The Volatility Index

Source: CBOE Volatility, S&P Historical Data, investing.com (Accessed on 11.06.2023)

The VIX, also known as the Chicago Board Options Exchange Volatility Index (CBOE), is a metric that measures the level of volatility in the S&P 500 Index. The origin of this can be traced back to the research conducted by Menachem Brenner and Dan Galai in 1989 (Brenner and Galai, 1989). The significance of this lies in its ability to gauge the degree of stress or worry present in the stock market. Additionally, it is utilized for forecasting purposes as it serves as a leading indication. A high VIX number signifies investor anticipation of significant volatility in the stock market, whereas a low VIX reading shows investor anticipation of stability in the stock market.

Given that the VIX is nearly at the same level as it was the 2008-2009 crises period as depicted in Figure 1, it is reasonable to conclude that the market conditions during the 2008-2009 crisis and the subsequent economic crisis triggered by the Covid-19 Pandemic were highly comparable.

The Covid-19 virus was initially detected in China, making it the first country to report its presence. Subsequently, in March 2020, the World Health Organization officially declared it a pandemic. China, known for its stringent pandemic precautions, lifted all remaining restrictions on January 8, 2023, and has resumed international flights. However, the global population continues to experience the lingering effects of the pandemic, which has resulted in atypical and unpleasant economic circumstances, leading to a significant economic downturn for a large portion of the world.

Although the recent global economic and health crises is of utmost significance for the entire world, it coincided with a particularly difficult era for Türkiye, as the country was already grappling with a currency crisis since the conclusion of 2018. There is no doubt that the Turkish economy has been negatively impacted by other concerns, such as the refugee situation that began with events in Syria after 2011 and the failed coup attempt in 2016.

Contrary to the previous crises in 1994, 2001, and 2009, where the Turkish economy contracted, asset values plummeted, and output declined significantly, the 2018 crisis was characterized by a combination of low economic growth, difficulties in repaying debts, deteriorating investment performance, increasing unemployment, high inflation, and the devaluation of the Turkish Lira (Orhangazi and Yeldan, 2021). Due to the inadequate implementation of essential structural reforms, the Covid-19 pandemic that began in 2020 has exacerbated the challenges faced by the Turkish economy, hence highlighting its vulnerability more prominently.

As of 2023, Türkiye continues to grapple with a significantly elevated inflation rate, devalued currency, current account deficit, heightened unemployment rate, and low growth rates. While many countries throughout the world face global difficulties, Türkiye stands out with its exceptionally high inflation rate. Given that high inflation rates lead to a decrease in the population's ability to purchase goods and services, Türkiye is an ideal choice for an investigation of the status quo bias.

3. An Overview of the Turkish Economy

The Turkish Economy has been significantly impacted by the recent crisis, as it was already facing substantial strain owing to its existing conditions. This section will provide an overview of the economic situation in Türkiye by discussing and explaining various macroeconomic indicators and related data.

Figure 2 illustrates the data on Türkiye's gross external debt from 2011 to 2022. The magnitude of a country's gross external debt is crucial as it diminishes the effectiveness of its investment, particularly for emerging nations, although not affecting the overall volume of investment (Pattillo et al., 2002). The presence of a substantial amount of external debt also gives rise to the issue of debt sustainability, which in turn leads the country to confront a multitude of issues and heightens its susceptibility (Loser, 2004). Figure 2 illustrates that Türkiye's external debt is steadily rising and has already reached 443 trillion Turkish Liras.

Figure 2: Gross External Debt of Türkiye
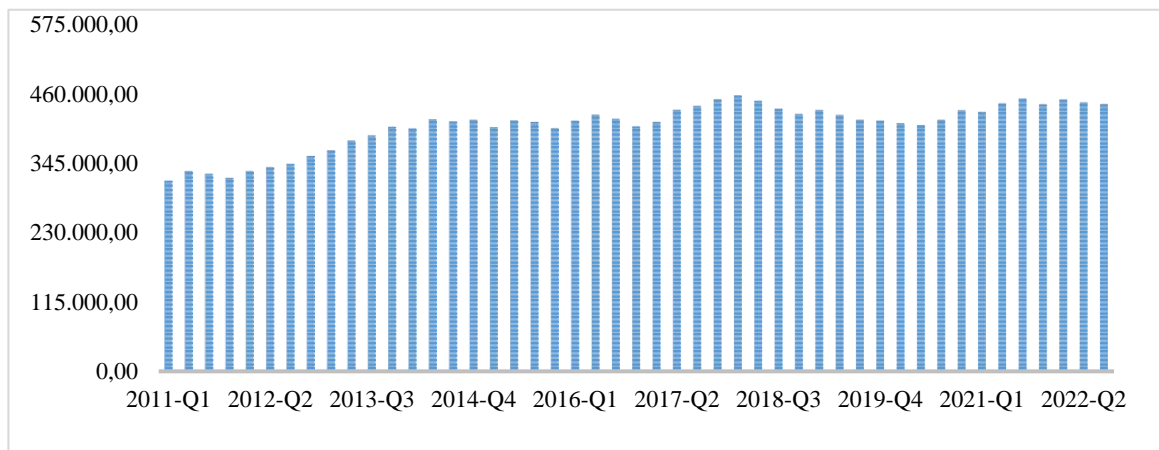
Source: Republic of Türkiye Ministry of Treasury and Finance (Accessed on 11.02.2023)

Figure 3 displays the exchange rates between the US Dollar and Euro in relation to the Turkish Lira from 2002 to 2023. By the end of 2022, the exchange rate between the United States Dollar (USD) and the Turkish Lira (TRY) was at approximately 18.78, while the exchange rate between the Euro (EUR) and the Turkish Lira (TRY) reached 20. The economic research implies that a devalued currency can have both positive and negative impacts on the economy. Although

Krugman and Taylor (1976) and Singh (2009) both propose that a devalued currency will have a detrimental impact on the economy, Sun and Kim (2018) discover varying effects in the short-run, medium-run, and long-run. In the short term, they recommend boosting industrial production, manufacturing, and employment. In the medium term, they observe that depreciation leads to inflation as consumer price, import price, producer price, and export price all rise. Lastly, in the long term, they highlight that depreciation has a negative impact on the economy due to reduced personal consumption, stock prices, and consumer confidence.
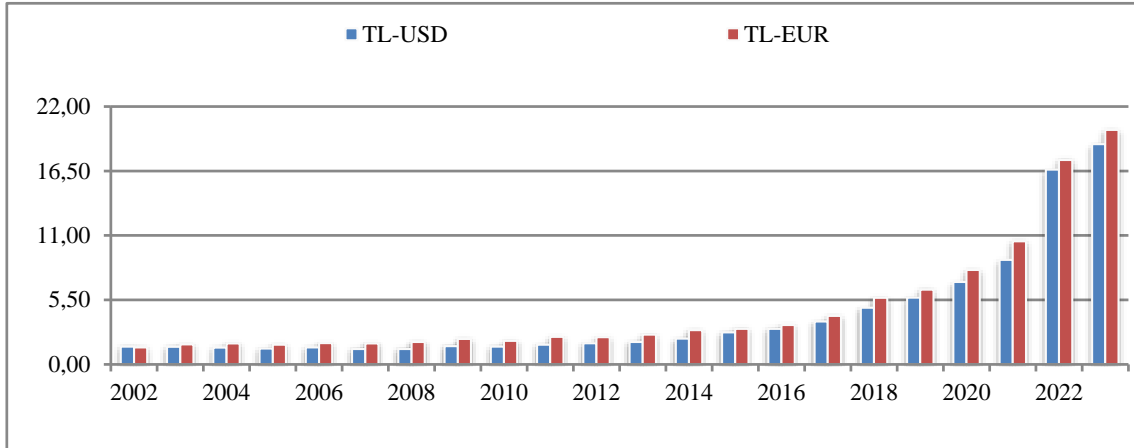

Figure 3: Euro and US Dollar Exchange Rates
Source: Central Bank of Republic of Türkiye (Accessed on 11.01.2023)

In addition, as stated by Kandil et al. (2007), if there is an anticipation of currency depreciation, it will have considerable negative impacts, including reduced growth of real output, a decrease in demand for exports and investment, and increased price inflation. However, if the changes in the currency rate are unexpected, it has an unbalanced impact on the economy. Unforeseen swings in the currency rate lead to a contraction in output growth, as well as a decrease in private consumption and investment, notwithstanding an increase in exports.

Figure 4 depicts the interest rate trends for personal bank loans from 2002 to 2022. Personal loans can be utilized to offset the decrease in individuals' salaries resulting from rising inflation. The reduced interest rate on personal loans facilitates loan acquisition and mitigates reluctance towards obtaining loans. Figure 4 illustrates that in 2020, interest rates on personal loans reached a record low of 15.78% due to the implementation of government programs by the Turkish government in response to the Covid-19 pandemic.
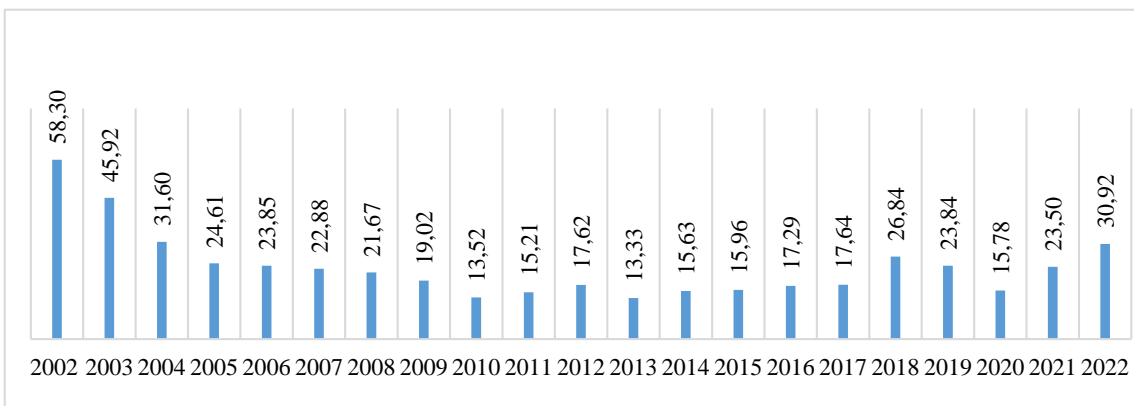

Figure 4: Interest Rates on Personal Banks Loans
Source: Central Bank of Republic of Türkiye (Accessed on 11.01.2023)

Due to the implementation of stringent measures in 2020, such as curfews and lockdowns, a significant number of individuals experienced unemployment and numerous businesses faced bankruptcy. In order to mitigate the impact of the challenging circumstances caused by the pandemic, the Turkish government has implemented a reduction in the interest rate applied to personal bank loans. Nevertheless, it has increased to 30.92% in 2022.

Figure 5 below illustrates that Türkiye currently holds the highest quarterly inflation rate among OECD countries in the 3rd quarter of 2022, standing at 81.1%. The issue arising from such a substantial inflation rate is the decline in purchasing power experienced by the country's population, notwithstanding the increase in their nominal income. Therefore, this raises the question of how such significant inflation impacts the correlation between consumption and income. Although diminished purchasing power is terrible for the community, it provides an excellent opportunity to test to see the applicability of the status quo bias.

The inflation rate is a metric that quantifies the speed at which the overall costs of goods and services are increasing, resulting in a decrease in purchasing power. The inflation rate is displayed in Figure 6 from 2015 to 2022. Central banks and governments commonly utilize the inflation rate as a gauge of the economic health. The inflation rate is commonly assessed by utilizing a price index, like the Producer Price Index (PPI) and/or the Consumer Price Index (CPI). The inflation rate can be expressed as a percentage change on a monthly, quarterly, or annual basis. This study uses the Consumer Price Index (CPI) to examine the consumer's status quo bias. The figure below displays the monthly rates of the CPI.

From Figure 6, it is evident that the inflation rate exhibits a rising pattern, with a noticeable surge in inflation starting in 2020 that is easily observable. Regrettably, Türkiye has encountered a significant surge in inflation rates throughout the year 2022. In October 2022, the Consumer Price Index (CPI) reached a peak of 85.51%.
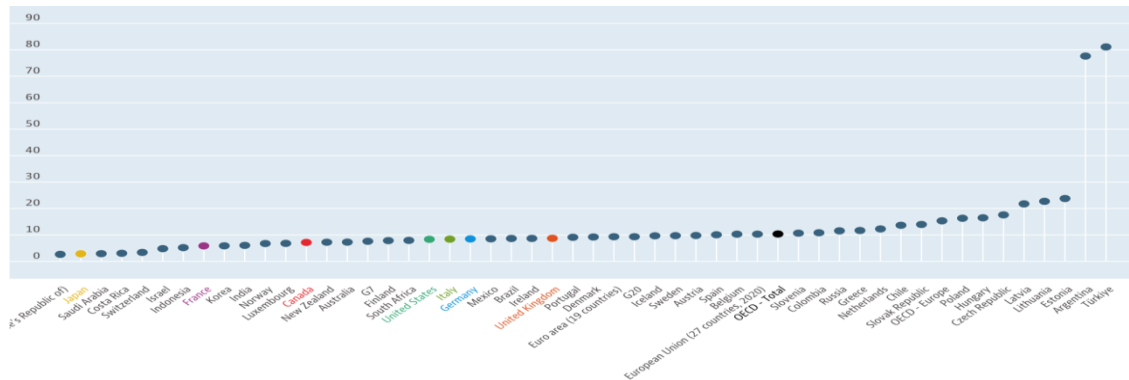

Figure 5: Inflation Rate in Türkiye and other OECD Countries
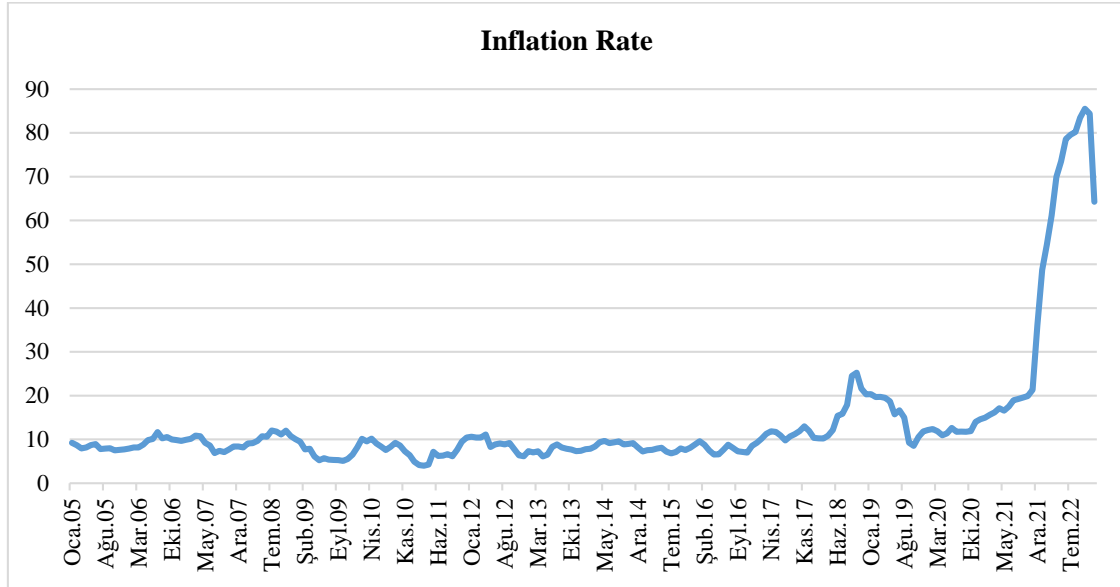**Source:** OECD, Inflation Rate (CPI) (Accessed on 06.12.2022)

Figure 6: Inflation Rate

Source: Central Bank of Republic of Türkiye (Accessed on 11.01.2023)

4. Data and Methodology

There are numerous elements that influence private consumption. Guo and Papa (2010) identified household income, the expansion of the financial sector, employment in the service industry, and interest rates as the primary determinants of private consumption in China. Consumption can also be influenced by factors such as purposes, social environments, and historical background (Ribeiro et al. 2019).

This paper aims to analyze the correlation between consumption and income, effective exchange rate, inflation rate, credit card spending, and interest rate for personal loans. It employs common econometric techniques to empirically evaluate the concept of "status quo bias". The examination will utilize quarterly time series data from 2013 to 2022. Due to the unavailability of per capita data for all datasets at the required frequency, the study relies on country-level variables.

Table 1: Variable List

Variables	Definition of the Variables	Sources	Period	Category
Consumption	Natural logarithm of consumption spending	TURKSTAT	2013Q1-22Q2	Quarterly
Income	Natural Logarithm of GDP	TURKSTAT	2013Q1-22Q2	Quarterly
Inflation	Inflation Rate	CBRT	2013Q1-22Q2	Quarterly
Effective	Effective Exchange Rate	CBRT	2013Q1-22Q2	Quarterly
Card	Natural Logarithm of Credit Card Expenditure	CBRT	2013Q1-22Q2	Quarterly
Interest Rate	The interest rate for personal loans	CBRT	2013Q1-22Q2	Quarterly

The variables used in the analysis are listed in Table 1 as follows: consumption, income, inflation, credit card spending (Card), effective exchange rate (Effective), interest rate on personal loans (Credit), and volume of personal loans. Consumption is the dependent variable. Additionally, a dummy variable is included to assess the impact of the recent economic crisis followed by the

Covid-19 pandemic. The data for these variables is sourced from the CBRT and TURKSTAT. It is important to note that the natural log of consumption, credit card expenditure, and income is used in the analysis.

Given that the data set is a time series, it is crucial to ascertain whether there is a unit root present or not. To assess this, the Philips-Perron (PP) (1988) test was conducted using the Barnett Kernel method as the spectral estimation method. Additionally, the Augmented Dickey Fuller (ADF) and New-West Bandwidth unit root tests were employed. It was discovered that the dependent variable, Consumption, is stationary at the 1st difference, while the independent variables are stationary at varying degrees. Consequently, the ARDL (Autoregressive Distributed Lag) bounds test was chosen. In order to use this test the dependent variable has to be stationarity at the 1st difference, whereas the independent variables must be stationarity at different levels. The ARDL bounds test is used to examine the co-integration relationship.

Table 2 shows that the dependent variable, Consumption, is stationary at the first degree. The independent variables, Income and Card, are also stationary at the first degree. The variable Effective Exchange Rate is stationary at the level, while the Inflation Rate variable is stationary at the 2nd difference based on the results of the Philips-Perron unit root test. Additionally, the Inflation Rate variable is stationary at the first degree based on the ADF unit root test results.

Table 2: Unit Root Test Findings

ADF Unit Root Test Findings, Level				
Variable Name	**t-Statistic cons.**	**Probability**	**T adf trend & intercept**	**Probability**
Consumption	4.3020	1.0000	5.1176	1.0000
Inflation Rate	4.7550	1.0000	-0.2576	0.9890
Income	3.2234	1.0000	3.1882	1.0000
Interest Rate	-1.4922	0.5264	-2.1662	0.4935
Exchange Rate (Effective)	-0.0825	0.9439	-3.3742	0.0710
Card	7.9911	1.0000	4.1209	1.0000
ADF Unit Root Test Findings, 1st Differences				
Variable Name	**T adf intercept**	**Probability**	**T adf trend & intercept**	**Probability**
Consumption	3.0252	1.0000	-4.7599	0.0026
Inflation Rate	-1.6985	0.4234	-2.2304	0.4593
Income	2.2590	1.0000	-5.5722	0.0003
Interest Rate	-5.0054	0.0002	-4.9271	0.0017
Exchange Rate (Effective)	-8.5815	0.0000	-8.5463	0.0000
Card	-0.2352	0.9245	-3.9342	0.0206
Phillips-Perron Unit Root Test Findings, Level				

Variable Name	Adj. t-Stat pp const.	Probability	Adj. t-Stat trend & const.	Probability
Consumption	4.3019	1.0000	8.3749	1.0000
Inflation Rate	3.6606	1.0000	2.3182	1.0000
Income	4.1803	1.0000	3.0011	1.0000
Interest Rate	-1.7474	0.3998	-2.4732	0.3387
Exchange Rate (Effective)	-0.5073	0.8785	-3.3927	0.0678
Card	9.0777	1.0000	7.4085	1.0000

Phillips-Perron Unit Root Test Findings, 1st Differences and 2nd Differences				
Variable Name	Adj. t-Stat pp const.	Probability	Adj. t-Stat pp trend & const.	Probability
Consumption	-3.6387	0.0100	-4.7654	0.0026
Inflation Rate	-0.6985	0.4234	-2.2304	0.4593
Income	-4.5584	0.0080	-5.5676	0.0003
Interest Rate	-5.0109	0.0002	-4.9333	0.0017
Exchange Rate (Effective)	-9.7258	0.0000	-12.0141	0.0000
Card	-1.1181	0.6980	-3.9503	0.0199
Inflation Rate 2nd difference	-6.9893	0.0000	-7.4922	0.0000

Source: Own Calculations

5. Results

An investigation into the status quo bias for Turkish individuals is conducted using the ARDL bounds test. The study utilizes consumption as the dependent variable while income, inflation rate, credit card spending, the effective exchange rate, and the interest rates on personal loans are the independent variables. To evaluate any differences prior to and following the outbreak of Covid-19 pandemic a dummy variable is employed. Table 3 presents the results of the long run prediction, while Table 4 showcases the Error Correction form.

Table 3: ARDL Long Run Form and ARDL Bond Test Findings

Dependent Variable: Consumption				
Variable Names	Coefficient	Std. error	*t*-Statistic	Probability
Inflation	0.0016	0.0003	4.9654	0.0000
Income	0.9121	0.0247	36.9024	0.0000
Interest	-0.0048	0.0011	-4.3035	0.0002
Effective	0.0007	0.0003	1.7479	0.0914
Card	0.1095	0.0447	2.452	0.0207

Dummy	-0.0428	0.0188	-2.2665	0.0313

Adj. R^2:	0.9993		**Durbin-Watson est:**	1.7006

Diagnostic test	Statistic	Probability
ARCH(1)	0.9827	0.3285
Ramsey Reset Test	0.0638	0.9026
Breusch-Godfrey Serial Corr. LM Test	1.8541	0.1767
Jarque-Bera Test	1.1154	0.5725

Source: Own Calculations

Consumption= 0.0016Inflation + 0.9121Income - 0.0048Interest + 0.1095Card + 0.0007Effective -0.04280 Dummy

The results of the ARDL co-integration test indicate a statistically significant long-run relationship between the variables (refer to Table 3). Specifically, a 1% increase in income leads to a 0.91 unit increase in consumption in the long run. Similarly, a 1% rise in credit card spending results in a 0.11 unit rise in consumption. Inflation and the effective exchange rate also contribute to an increase in consumption, while a rise in the interest rate for personal loans has a negative impact on consumption. Furthermore, the prediction results suggest that the consumption level was significantly affected by the pandemic and the ensuing economic crisis. These findings indicate that the global economic crisis followed by the Covid-19 had a detrimental effect on the consumption level.

Table 4: ARDL Error Correction Regression Findings

Dependent variable: Consumption				
No Constant & No Trend				
Variable Name	**Coefficient**	**Std. error**	***t*-Statistic**	**Probability**
Interest	-0.0027	0.0006	-4.3736	0.0002
Effective	0.0015	0.0003	4.3514	0.0002
CointEq(-1)	-0.9903	0.046	-20.2554	0.0000

Source: Own Calculations

As indicated in Table 4, the error correction term coefficient is both negative and statistically significant, as anticipated. This suggests that any short-term shocks will be gradually corrected by around 0.99% in the long run, leading to an equilibrium state.

The presence of a structural break in the Autoregressive Distributed Lag (ARDL) bound model can be determined using the CUSUM and CUSUM SQ test results. Analysis of Figure 7 and Figure 8 reveals a statistically significant and consistent relationship between the variables at a significance level of 5%. Therefore, it can be inferred that the model remains stable throughout the estimation period.
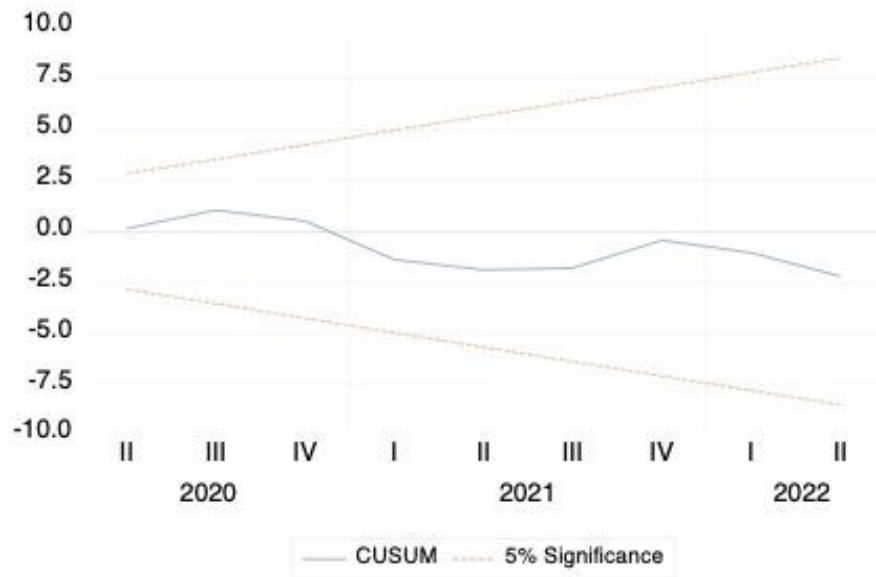
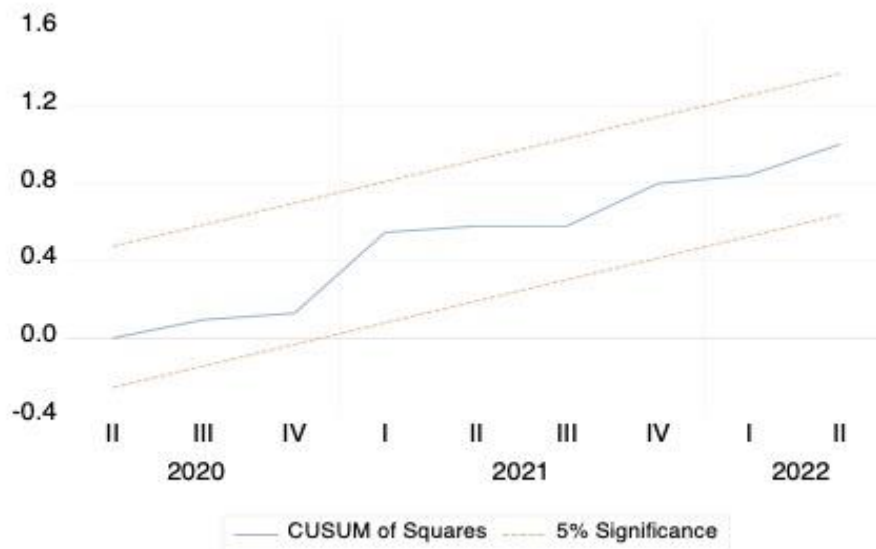**Figure 7:** CUSUM
Source: Own Calculations

Figure 8: CUSUM of Squares
Source: Own Calculations

Conclusion and Discussion

This paper examines the validity of the status quo bias for individuals who live in Türkiye. The study investigates the relation between consumption and inflation rate, income, credit card expenditure, interest rate on personal loans, and effective exchange rate. By conducting the ARDL Bound Test, the analysis demonstrates that the time series data employed in this study supports a significant long-term relation between consumption and inflation rate, income, credit card expenditure, interest rate on personal loans, and effective exchange rate. Consequently, the data and the analysis support that the status quo bias holds in Türkiye, indicating that Turkish individuals prefer to maintain their current economic status. The estimation results reveal that, apart from their income, Turkish individuals are depended on credit card spending to uphold their status quo.

Thus, it can be concluded once again that people are irrational beings but rather want to maintain their status quo and compensate spending with loans even if the current income is not sufficient for the time being to keep their status quo. The study's findings indicate that despite a severe economic crisis and its resulting adverse conditions, individuals do not opt to reduce their consumption. Instead, they continue to consume, even if it means accumulating debt through different means such as credit cards. Consequently, it can be reaffirmed that individuals are not driven by rationality, but rather by a desire to maintain their social standing and offset their spending through loans, even when their current incomes are insufficient.

Furthermore, the findings align with Vaskovskyi's (2020) research on status quo bias in Latvia during the 2008-2009 financial crisis. Therefore, future studies should consider conducting a comparative analysis using panel data to examine the variations in status quo bias across different countries and country groups. This approach will provide insights into the extent to which countries are inclined towards maintaining the status quo and their vulnerability based on their development status. Additionally, it is recommended to investigate any changes in the determinants of consumption by testing the status quo bias before and after the crisis, after a significant period of time has passed.

Bibliography

Baker, S. R., Farrokhnia, R. A., Michaela Pagel, M., and Yannelis, C. (2020). How does household spending respond to an epidemic? Consumption during the 2020 COVID-19 Pandemic, *The Review of Asset Pricing Studies*, 10(4), 834–862. https://doi.org/10.1093/rapstu/raaa009.

Brenner, M., and Galai, D. (1989). New financial ınstruments for hedging changes in volatility. *Financial Analysts Journal.* 45 (4), 61-65. doi:10.2469/faj.v45.n4.61.

Central Bank of Republic of Türkiye (2023). Exchange Rates, Inflation Rate (CPI), Interest Rate on Personal Loans, January. Access adress: www.cbrt.gov.tr/en.

Dean, M., Kıbrıs, Ö., and Masatlioglu, Y. (2017). Limited attention and status quo bias, *Journal of Economic Theory*, 169(C), 93-127.

Guo, K., and Papa, N. (2010). Determinants of China's Private Consumption: An International Perspective. *IMF Working Paper*. 10/93.

Investing.com. (2023, June). Volatility S&P Historical Data. https://www.investing.com/

Johnson, E.J., and Goldstein, D.G. (2004). Defaults and donation decisions. *Transplantation*, 78 (12), 1713-1716.

Kandil, M., Berument, H., and Dincer, N.N. (2007). The effects of exchange rate fluctuations on economic activity in Türkiye, *Journal of Asian Economics*, 18 (3), 466-489. https://doi.org/10.1016/j.asieco.2006.12.015.

Kang, W, C., Park, W, H., and Song, B, K. (2018). The effect of incumbency in national and local elections: Evidence from South Korea. *Electoral Studies*, 56, 47-60. https://doi.org/10.1016/j.electstud.2018.09.005.

Krugman, P., and Taylor, L. (1976). Contractionary Effect of Devaluation. *Journal of International Economics*, 8.

Loser, C.M. (2004). External Debt Sustainability: Guidelines for Low- and Middle-income Countries, G-24 Discussion Paper Series 26, *United Nations Conference on Trade and Development.*

Orhangazi, Ö., and Yeldan, A.E. (2021). Re-Making of the Turkish economic crisis. *Development and Change* 0(0): 1–44. doi:10.1111/dech.12644.

Ortoleva, P. (2010). Status quo bias, multiple priors and uncertainty aversion. *Games and Economic Behavior*, 69(2), 411-424. https://doi.org/10.1016/j.geb.2009.11.007.

Pattillo, C., Poirson, H., and Ricci, L. (2002). External debt and growth. *Review of Economics and Institutions*, 2. doi:10.5202/rei.v2i3.45.

Phillips, P. C. B., and Perron, P. (1988). Testing for a unit root in time series regression. *Biometrika*, 75, 335-346.

Republic of Turkiye Ministry of Treasury and Finance (2023). https://en.hmb.gov.tr. (Accessed on 11.02.2023).

Ribeiro, A.P., Harmsen, R.O., Carreón, J.R., and Worrell, E. (2019). What influences consumption? Consumers and beyond: Purposes, contexts, agents and history. *Journal of Cleaner Production*, 209, 200-215.

Samuelson, W., and Zeckhauser, R. J. (1988). Status quo bias in decision making. *Journal of Risk and Uncertainty*, 1, 7-59.

Singh, S. (2009). Depreciation of the Indian currency: Implications for the Indian economy. World Affairs: *The Journal of International Issues*, 13(2), 148–165. https://www.jstor.org/stable/48505193.

Sun, W., and Kim, G. (2018). Assessing the effects of exchange rate depreciation on the US economy: Evidence from a factor-augmented VAR model, *Journal of Economic Studies*, 45 (6), 1242-1271. https://doi.org/10.1108/JES-04-2017-0081.

The Organization for Economic Co-operation and Development (OECD). (2022). Inflation (CPI) (indicator), December. doi: 10.1787/eee82e6e-en.

Thaler, R. H., and Sunstein, C. R. (2008). *Nudge: Improving Decisions About Health, Wealth, And Happiness*. Penguin Books.

Turkish Statistical Institute (TURKSTAT) (2023). February. https://www.tuik.gov.tr.

Vaskovskyi, A. (2020). *Analysis of the Status Quo Behavioral Concept During the Global Economic Crisis,* Prague Economic Papers 30(2), 133-155. doi: 10.18267/j.pep.75.

Xiong, Y. (2022). Status quo bias in behavioral economics and its applications. *BCP Business & Management*, 25, 352–356. https://doi.org/10.54691/bcpbm.v25i.1842.

Financial disclosures

Acknowledgements