



Behavioural Economics in Tanzania: Insights for Consumer Protection Strategies

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Abstract

Behavioural economics explores how individuals' decisions deviate from those predicted by traditional economic models, often due to psychological and social factors. In African markets, such deviations can lead to significant financial misallocation and exploitation of vulnerable consumers. A mixed-methods approach was employed, involving both quantitative surveys ($n = 500$) \wedge qualitative interviews ($n = 20$). Data were collected through online platforms, ensuring broad representation across different socio-economic groups in Tanzania. The survey revealed a significant proportion of respondents—38%—displayed overconfidence bias when assessing their ability to manage credit debt effectively. Consumer protection strategies must address these behavioural biases by implementing education programmes that highlight the risks associated with financial products and promoting transparency in pricing and terms. Policy makers should consider mandating clear disclosure of fees and interest rates on all financial instruments, alongside mandatory consumer awareness campaigns targeting common cognitive pitfalls.

Keywords: *African markets, Behavioural economics, Consumer psychology, Decision theory, Experiment design, Market segmentation, Social norms*

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