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**Unshrouding Effects on Demand for a Costly Add-on:  
Evidence from Bank Overdrafts in Turkey**

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**Abstract**

The pricing and advertising of tied add-ons and overages have come under increasing scrutiny. Working with a large Turkish bank to test SMS direct marketing promotions to 108,000 existing holders of “free” checking accounts, we find that promoting a large discount on the 60% APR charged for overdrafts reduces overdraft usage. In contrast, messages mentioning overdraft availability without mentioning price increase usage. Neither change persists long after messages stop, suggesting that induced overdrafting is not habit-forming. We discuss implications for interventions to promote transparency in pricing and advertising, and for models of shrouded equilibria, limited attention, and salience.

**Other keywords:** contingent charges, deceptive advertising, transaction-linked credit, small-dollar loans, consumer banking, retail banking, deposit accounts

**JEL codes:** D12, D14, G2

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