

In many developing countries, households have the option of saving their assets denominated in a foreign currency. When done in aggregate, this can expose the economy to systemic risk. This project examines how individual households make these savings decisions and how differential levels of saliency to macroeconomic events like large and sudden currency depreciations can have long lasting impacts on financial decisions. Using data provided by a large commercial bank in Armenia and exploiting the unique structure of Armenian savings accounts, which quasi-randomly varies the level of saliency to a currency depreciation, our preliminary evidence indicates that households respond to these currency depreciations differentially depending on the level of saliency. These differences in behavior are persistent over long periods of time, suggesting behavioral factors such as experience effects may play a large role in savings decisions.