

Title: Optimal Disclosure of Sensitive Information

Abstract:

Nora Szech

We analyze optimal information structures in settings in which choosing the wrong amount of information can have drastic impacts. One example is genetic testing. Most patients shy away from precise tests, thereby foregoing options to adapt their life and career plans to test results. We find that in many cases, less than precise disclosure of information turns out optimal. Specifically, pooling bad signals is often best. In a dynamic procedure, we demonstrate how optimal information disclosure can be achieved without much knowledge about the receiver's preferences for information.