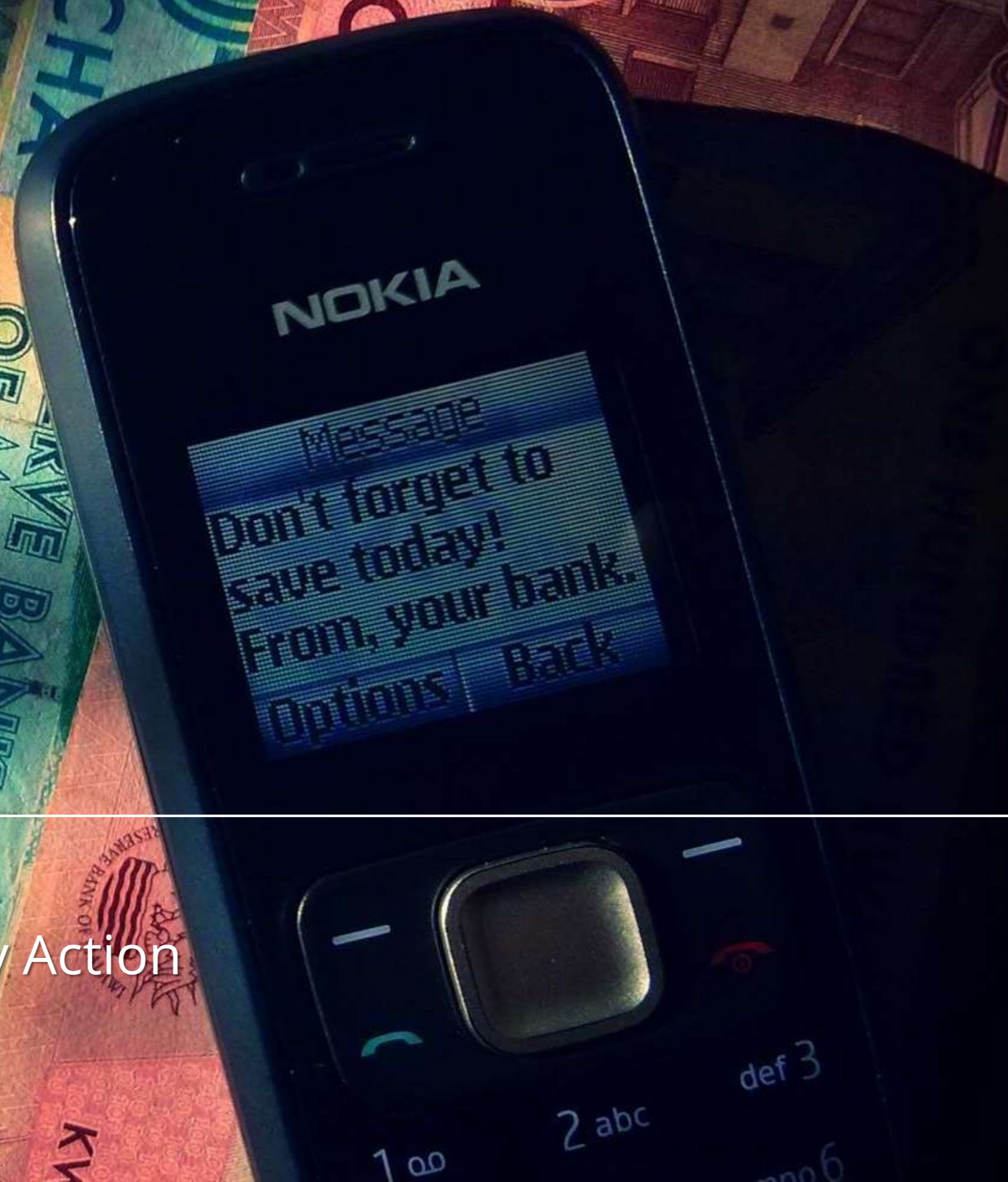


SMS Nudges to Build Savings

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Agenda

- Background & research questions
- Summary of field research
- Prelim. results & lessons learned



Limited Attention

A Barrier to Savings

We have limited bandwidth to prioritize demands on money (Karlan et al., 2015)

- We pay more attention to everyday expenses, like food
- We pay less attention to “extraordinary” expenses, like:

Predictable but infrequent

Rent, loan payment

Predictable but distant

New child, house purchase

Unpredictable

Repairs, medical bills

We may inadequately save as a result

Mobile Phone Messages can Overcome Biases



Immediate

Timely

Informative

Interactive

- 89% of all SMS are read within 3 minutes
- Focuses attention at crucial moments
- Efficiently provide information
- Interaction creates relationship

What does it look like to evaluate SMS campaigns?

Hi Pooja, don't forget to save!
Thanks for using our bank.

Hi Pooja, don't forget to save for predictable expenses like rent or utilities! Thanks for using our bank.

Dear client, don't forget to save!
Thanks for using our bank.

Dear client, don't forget to save for predictable expenses like rent or utilities! Thanks for using our bank.

  = Personalization Variation

  = Content Variation

Field Experiments in Financial Messages

What has been tested?

Content Variations









- Simple
- Goal-Oriented
- Incentive Reminder
- Product Information
- Financial Education
- Future Expenses
- Framing: Gain v. Loss

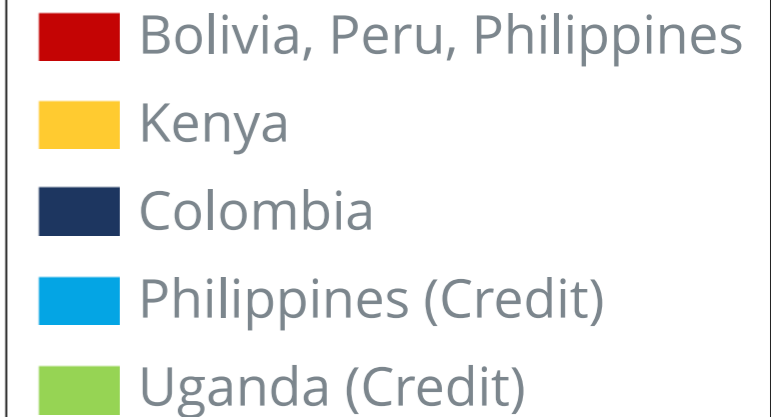
Other Variations

- Personalization (sender, recipient)
- Timing: time of day, day of week, frequency
- Duration

Messages for Financial Behavior: Lessons Learned

What we already know

- The right messages can improve behavior
 - Increased savings by 6 – 100% relative to no messages   
 - Improved total loan repayment by 7-9% () ,
timeliness by 24% ()
- Personalization is effective for loan repayment 
- Messages that invoke both goal and incentive are particularly effective 
- Reminders work better than financial education 



Messages for Financial Behavior: Lessons Learned

New preliminary findings (do not cite)

Philippines

- Increased likelihood of depositing by 13%...but no overall impact on balances.
- Simple reminder or goal-oriented messages increased balances by 1 pp (19% more than control)
- Personalization & action-oriented ending had similar impact

Peru

- Increased account balances by 6%
- Successful messages: Simple reminder, future expenses, banking information
- Personalization had no impact

Messages for Financial Behavior: Lessons Learned

New preliminary findings (do not cite)

Dominican Republic

- Decreased transaction activity, but no impact on balances
 - However, older clients increased deposits
- Goals survey did not predict treatment response

Pooled Results

- Very small impact on transaction volumes (< 1%)
- No impact on balances

Implications of Early Findings

- No clear picture of response to SMS
 - Divergent responses among individual sites & subgroups
- SMS cost-effective in Peru
 - Active userbase, higher transaction volumes
 - Can reactivate clients, but not enough
- Personalization, customized content, action-orientation can work in right context

Next Steps for Messaging Research

- Many unanswered questions remain
 - Long-term impacts
 - Other behavioral mechanisms
 - Interactivity
 - Trust-building
- Release preliminary findings from Wave 1 in Q4 2016
- Complete ongoing sites – Colombia, Ghana
- Continue subgroup analysis & results pooling

Thank you

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