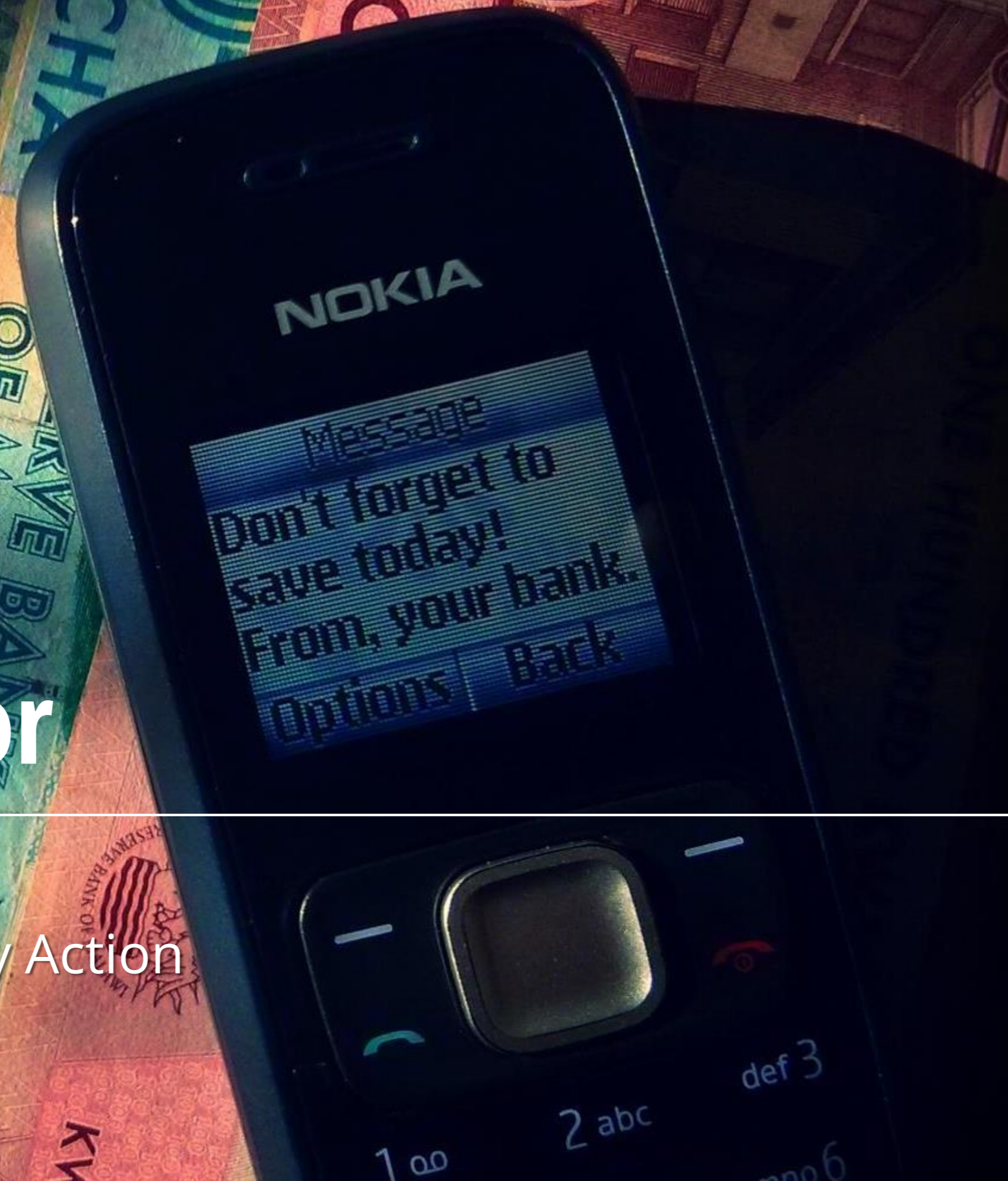


# SMS Nudges for Savings & Credit Behavior

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# Agenda

- Behavioral mechanisms
- Summary of field research
- 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 

	Bolivia, Peru, Philippines
	Kenya
	Colombia
	Philippines (Credit)
	Uganda (Credit)



# Messages for Financial Behavior: Lessons Learned

New preliminary findings (do not cite)

- SMS reminders increased likelihood of depositing by **13%** in the **Philippines (PH)** and reduced likelihood of withdrawing by **2%** in **Peru (PE)**
  - Reduced total sum withdrawn by 7% in **Peru**
  - No effects found in Dominican Republic
- Most effective content:
  - Referencing future expenses (**PE**)
  - Goal-oriented or simple reminder (**PH**)
- Personalization works (**PH**)
- Friday and Saturday are the days to send (**PE, PH**)
- Late in the day is effective (**PE, PH**), but early can be too (**PH**)
- Action-oriented ending is effective (**PH**)

# 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
- Open new research sites

# Thank you

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