

Welcome!

Thank you for joining the webinar **on Insights to impact: What behavioural science tells us about building financial well-being**

hosted by Prosper Canada.

The presentation will begin shortly. (Audio will begin when the presentation starts)

Technology Details:

- For technical assistance, please call GoToWebinar support line 1-855-352-9002.
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 - Tel (Canada): +1 (647) 497-9386
 - Access Code: 919-338-245
 - Toll free option not available

Webinar logistics

- Audience members have all been **put on “mute”** for this webinar
- Please **share any questions you have using the “Question box”** (located in the control panel at the right side of your screen).
- We will share webinar slides with all participants and post a recording of the session within a few days.
- Tweet with us at #Prosperwebinars **@prospercan**

Today's presentation

1. About Prosper Canada and the Insights to Impact Report
2. Intro to behavioral science and ideas42
3. Cognitive biases and shortcuts
4. Using behavioral science to build financial empowerment
5. Q&A

Prosper Canada – Who we are

Founded in 1986, Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation.

As **Canada's leading champion of financial empowerment**, we work with governments, businesses and groups to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians.

We help service systems and organizations in all sectors to build proven financial empowerment approaches into their businesses in ways that:

- Are **sustainable**
- Help them **achieve their goals**
- Tangibly **increase the financial well-being of the low-income people** they serve.



Prosper Canada: Insights to impact



<http://prospercanada.org/Resources/Publications.aspx>

TODAY'S PRESENTERS



Katy Davis is a Managing Director at ideas42, where she oversees consumer finance and student financial capability work based in the US



Emily Zimmerman is a Vice President at ideas42, where she contributes to education, health, and consumer finance projects



WHAT BEHAVIOURAL SCIENCE TELLS US ABOUT BUILDING FINANCIAL WELL-BEING



Emily Zimmerman and Katy Davis

July 7, 2017

THE BEHAVIORAL PERSPECTIVE

24
HOUR

FITNESS

OPENED

QUALITY FITNESS

MEMBERSHIP

24 HOURS

DAY

INT. 1000

WEIGHT LOSS
AND TONING

24 HOURS

FITNESS

24
HOUR

24
HOUR

What is **ideas**⁴² ?

we use insights from the **behavioral sciences**
to **design solutions** to some of the world's most
persistent social problems

WE WORK ACROSS MANY DOMAINS



int'l development



education



health



consumer finance



economic mobility



government

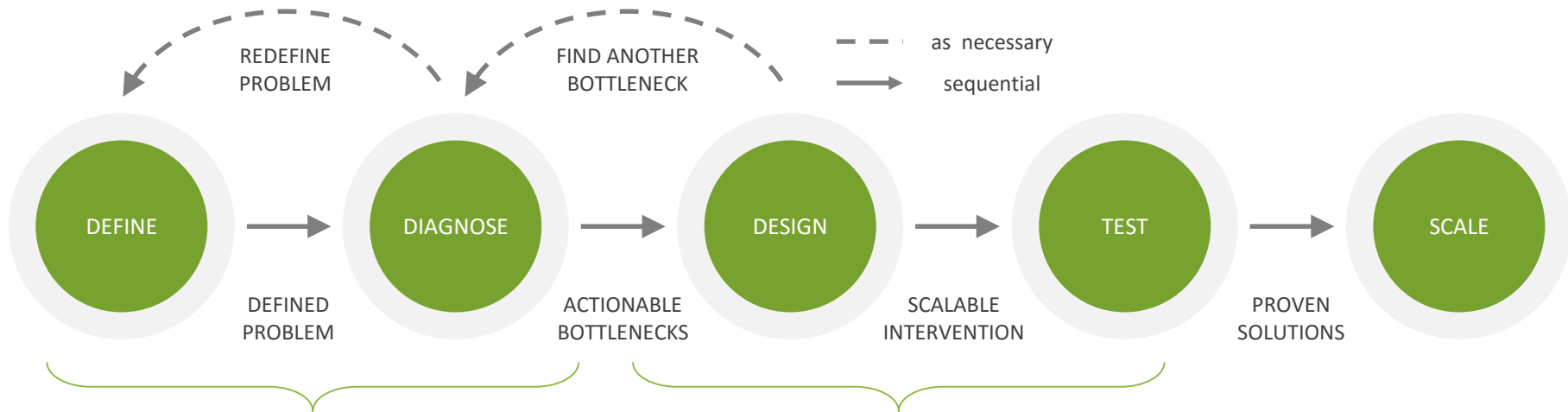


criminal justice



energy / environment

OUR METHODOLOGY



- Secondary research
- Qualitative research
- Data analysis

- With partner, design and implement intervention
- Test via randomized controlled trial (RCT)

COGNITIVE BIASES AND SHORTCUTS

UNDERSTANDING PEOPLE INFORMS DESIGN



odd choice

www.hellogiggles.com

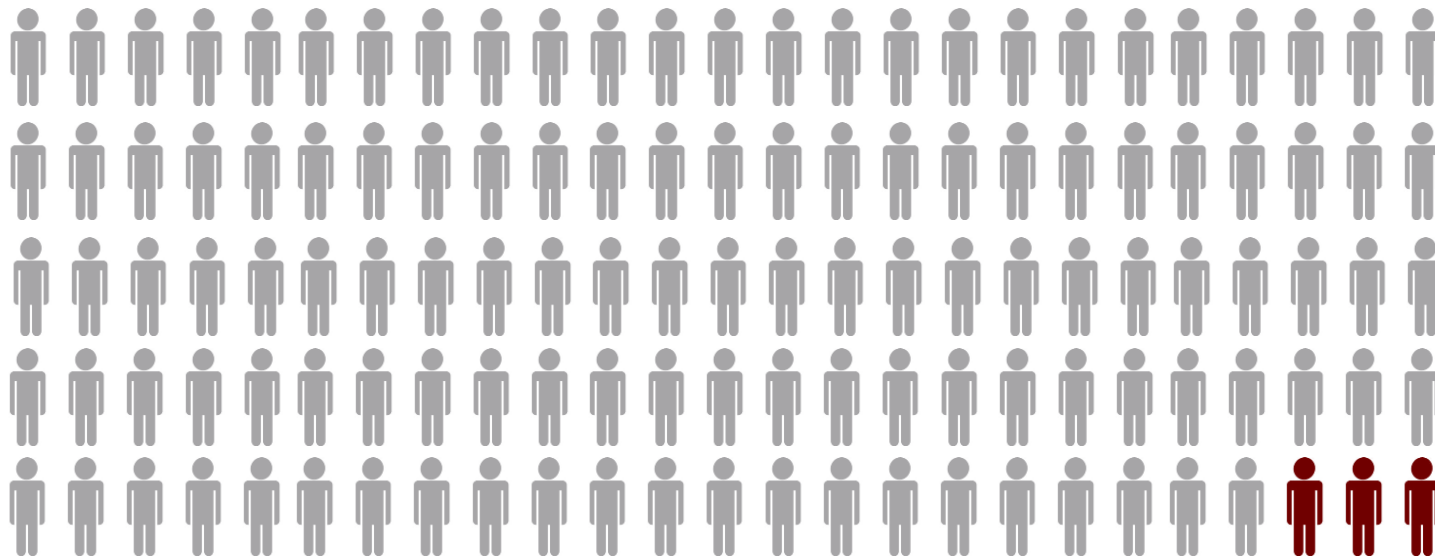






CONTEXT MATTERS WAY MORE THAN YOU REALIZE

THE PSYCHOLOGY OF RETIREMENT SAVINGS



**Out of every 100
surveyed
employees**

**68 self-report
saving too little**

**24 plan to raise
savings in the
next 2 months**

**3 actually follow
through over the
next 4 months**

Choi, Laibson, Madrian, & Metrick, 2004

SCARCITY COMPOUNDS THE PROBLEM



VS





Image source: flickr user sean_hickin, Creative Commons Attribution License

TWO SCENARIOS

EASY

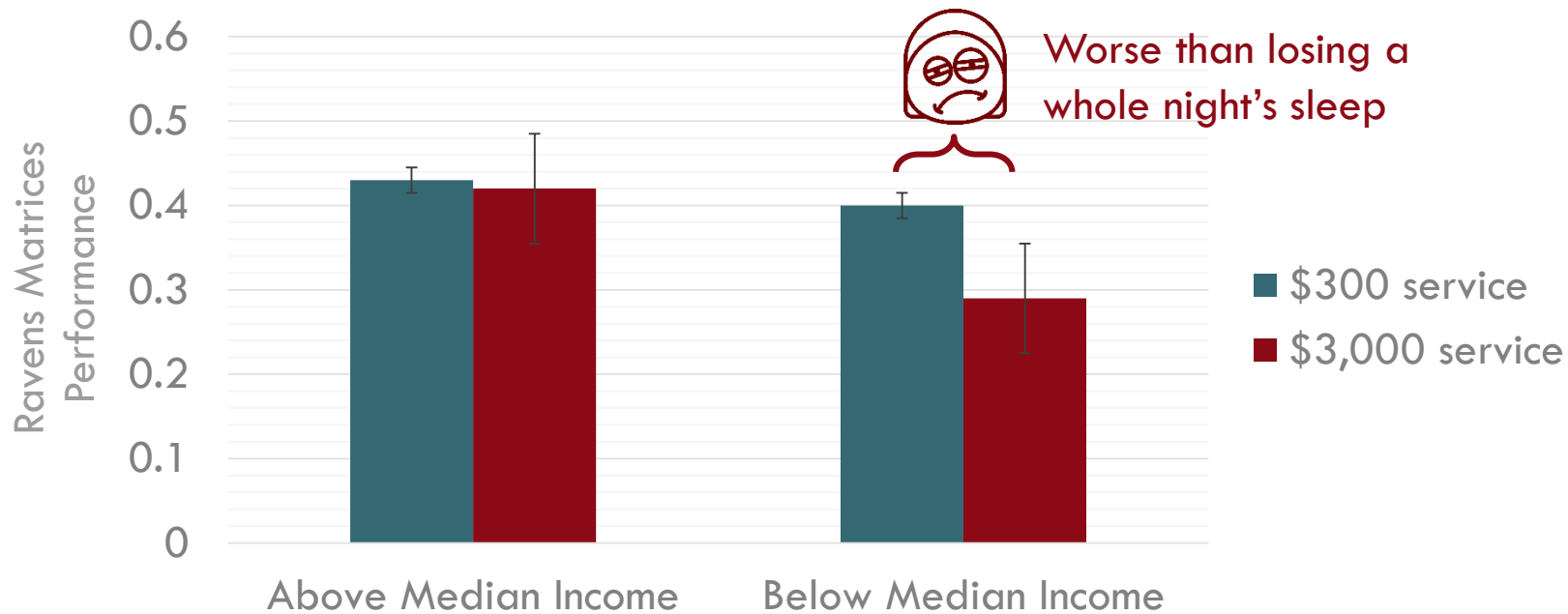
Imagine that your car has some trouble, which requires **a \$300 service**. Your auto insurance will cover half the cost. You need to decide whether to go ahead and get the car fixed, or take a chance and hope that it lasts for a while longer. How would you go about making such a decision?

Financially, would it be an easy or a difficult decision for you to make?

HARD

Imagine that your car has some trouble, which requires **an expensive \$3,000 service**. Your auto insurance will cover half the cost. You need to decide whether to go ahead and get the car fixed, or take a chance and hope that it lasts for a while longer. How would you go about making such a decision? Financially, would it be an easy or a difficult decision for you to make?

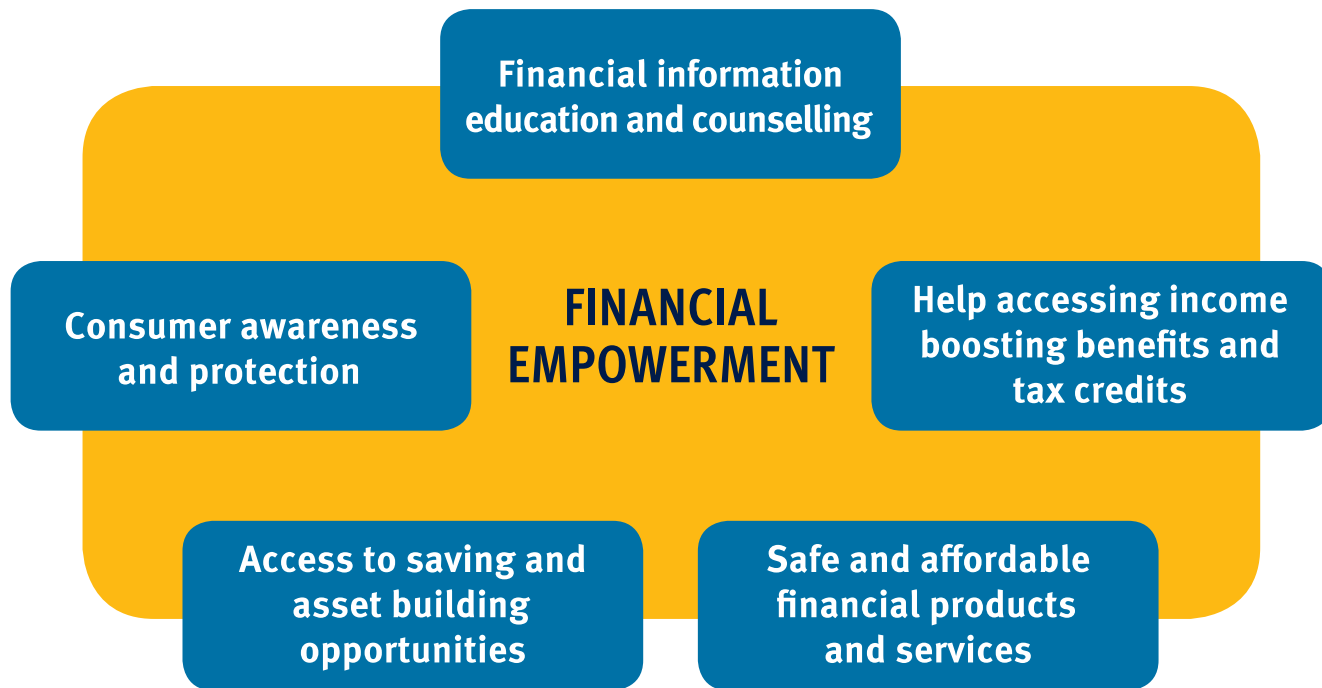
THE COST OF SCARCITY



Source: Mani et al, 2013

USING BEHAVIORAL SCIENCE TO BUILD FINANCIAL EMPOWERMENT

FINANCIAL EMPOWERMENT



Source: Prosper Canada. (2016). Insights to Impact: Harnessing Behavioural Science to Build Financial Well-Being

EXAMPLE

CARD Bank



PROBLEM: CARD BANK CUSTOMERS WEREN'T SAVING ENOUGH

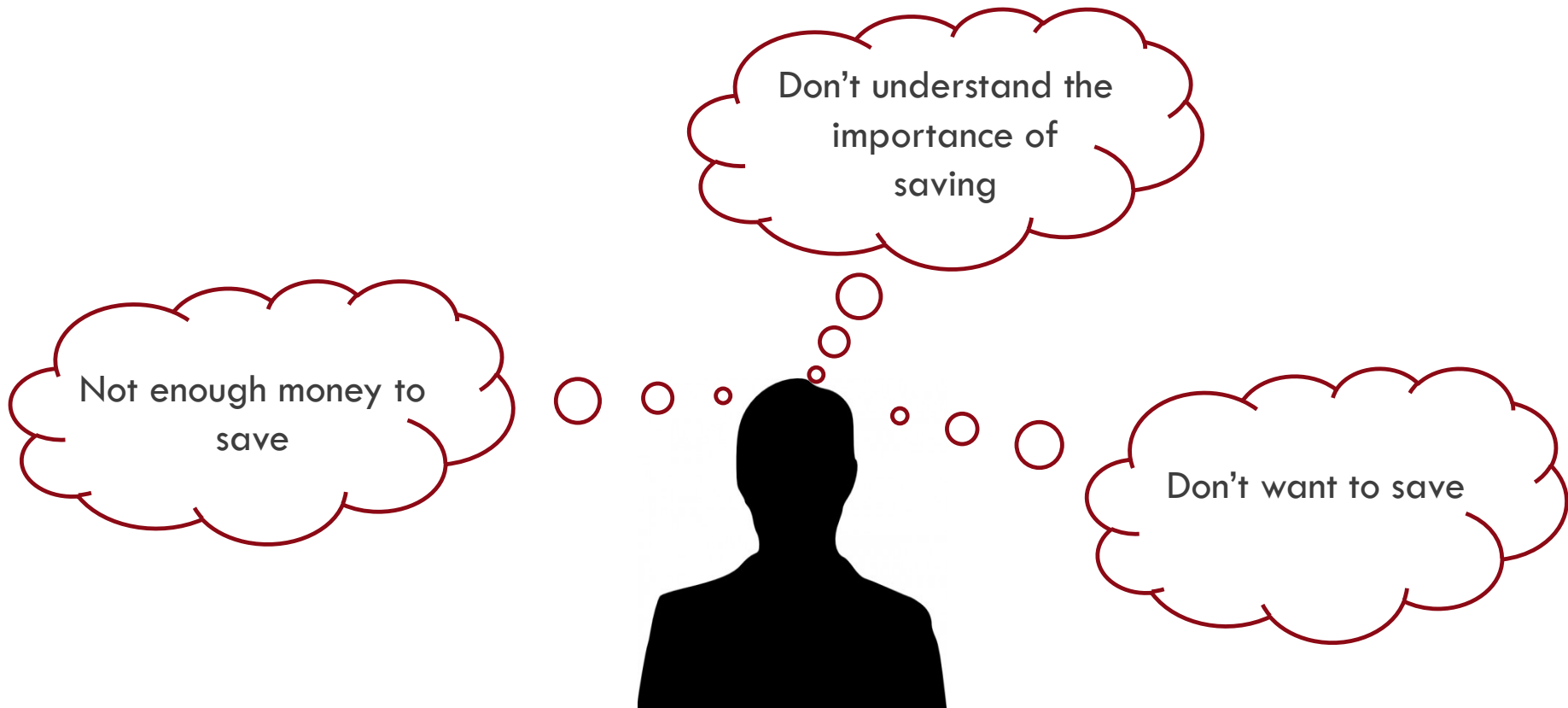
INACTIVITY

58% of people who opened an account didn't make a second transaction by the end of the year

SMALL DEPOSITS

Most deposits were close to the 50 peso minimum deposit amount


TRADITIONAL APPROACH TO THE PROBLEM



BEHAVIORAL APPROACH TO THE PROBLEM



DESIGN TO CLOSE THE INTENTION-ACTION GAP

SAVINGS PLAN 

Pagbati mula sa CARD Bank!


Nais naming buhay sa iyo at sa iba pa'ng nait mag-impok sa inyong lugar ang isang Savings Plan na mukakulong na mas mapalaki ang inyong ipon sa mga suunod na buwan. Ang plano na ito ay mayon upang agad na mapapaluan ang inyong mga mithin sa buhay! Atin ng simulan!

SAVINGS PLAN PARA KAY: _____ Pangalan (Lagay sa itaas ng pangalan.)

SAVINGS PLAN PARA SA:

☐ KAKANGKATK ☐ MAAAGAP ☐ MATAKAT ☐ PLEDGE ☐ TAGUMPAY ☐ TIWALA


Maraming mga kadalanan kung bakit nag-impok ang tao ng pera. Lagyan ng marka ang lahat ng dahlan kung bakit ka nag-impok. Maaari mo ring isulat kung mayroon ka pang ibang dahlan.



Edukasyon


Pagmamalasakit sa CARD Bank


Mababait na buhay


Makapalad na buhay


Mga kahaliling pangalan


Mababait na buhay


At iba pang dahlan para mag-impok

1. Magkano ang nais mong iponin para sa mithing ito? _____

2. Magkano ang karamiwang nalipon mo sa isang araw? _____ /day

3. Kung inyong nanaisin, kaya nyo baing mag-impok nang higit pa dito sa suunod na linggo? ☐ Yes ☐ No

Ngayon ay hanap mo ng simulan ang inyong Savings Plan!

Gagamitin ko ang Savings Calendar na ibinigay ng CARD Bank. Isusulat ang halaga na aking iponin sa bawat araw sa aking savings account.

Isang madaling kopya at ang inyong pamilya na magkaroon ng mas matatag na bukas, ang CARD Bank ay nagmamuhay na regular kang magdedeposito sa inyong savings account. Mayroon kayong iba pang pagpapali kung paano kaya magdedeposito. Pumili sa mga sumusunod kung alin ang pinaka-angkop na pamamaraan para sa iyo.

☐ 1. Upang mas maging madali, nais kong pumunta ang Savings Officer (SO) o Account Officer (AO):

a. Sa aking: ☐ Bahay ☐ Negosyo Address: _____

b. Gaano kadalas? ☐ Daily ☐ Weekly ☐ Other _____

c. Anong araw o mga araw? (Tandaan na ang pangangolekta sa inyong bahay o lugar ng inyong negosyo ay sa araw na hiniit kayo magdedeposito sa center meeting ng CARD.)

☐ Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐ Friday

d. Anong oras? ☐ Morning (8am - 12pm) ☐ Afternoon (1pm - 4pm)

Tandaan na pwede mong i-lead ang CARD Bank SO o AO upang ipalain ang araw ng pagkuha ng inyong impok. Kung kayo ay interesado paing ito, aguraduhing mayroon kang cellphone number ng tauhan ng CARD Bank.

Cellphone # ng SO o AO: _____

☐ 2. Magdedeposito ako sa center meeting ng CARD Bank.

Anong araw o mga araw ng center meeting na nais mong magdedeposito?

☐ Monday ☐ Tuesday ☐ Wednesday ☐ Thursday ☐ Friday

☐ 3. Magdedeposito ako sa CARD Bank o MBO sa araw na makuwag para sa akin.

Commitment + Social Accountability

Vivid Goal Visualization

Breaking Down Goals into Concrete Steps

Source: Fiorillo, Potok. & Wright (2014). Applying Behavioral Economics to Improve Microsavings Outcomes. *ideas42* and Grameen Foundation
<http://www.ideas42.org/wp-content/uploads/2015/05/Applying-BE-to-Improve-Microsavings-Outcomes-1.pdf>

DESIGN TO CLOSE THE INTENTION-ACTION GAP

CARD Bank Savings Calendar
Encouraging you to save little by little, day by day

My name is: _____
 I'm saving for: _____

June								Total for the Week	
	Mon	Tues	Wed	Thurs	Fri	Sat	Sun		
Week 1							1	2	P
Week 2		3	4	5	6	7	8	9	P
Week 3		10	11	12	13	14	15	16	P
Week 4		17	18	19	20	21	22	23	P
Week 5		24	25	26	27	28	29	30	P
GRAND TOTAL								P	

Spend less, Save more!

Saving should come from the heart
 DOLORES M. TORRES • CARD Bank President & CEO

Reinforce progress visually

Combat the “peanuts problem”

Reminders to capture attention

Source: Fiorillo, Potok, & Wright (2014). Applying Behavioral Economics to Improve Microsavings Outcomes. *ideas42* and Grameen Foundation
<http://www.ideas42.org/wp-content/uploads/2015/05/Applying-BE-to-Improve-Microsavings-Outcomes-1.pdf>

RESULT: HIGHER SAVINGS BALANCES

+ 15%

Initial deposits

+ 73%

Customers who initiated a
deposit

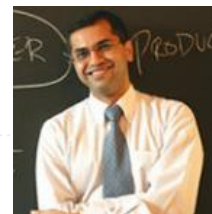
+ 37%

Average savings balance

Source: Fiorillo, Potok. & Wright (2014). Applying Behavioral Economics to Improve Microsavings Outcomes. *ideas42* and Grameen Foundation
<http://www.ideas42.org/wp-content/uploads/2015/05/Applying-BE-to-Improve-Microsavings-Outcomes-1.pdf>

EXAMPLE

Partitioning savings in India



Dilip Soman
University of Toronto

PROBLEM: PEOPLE STRUGGLE TO SET ASIDE SAVINGS

"ONE WEEK AT A TIME"

Focus on short term budgets and present needs

DESIRE TO SAVE

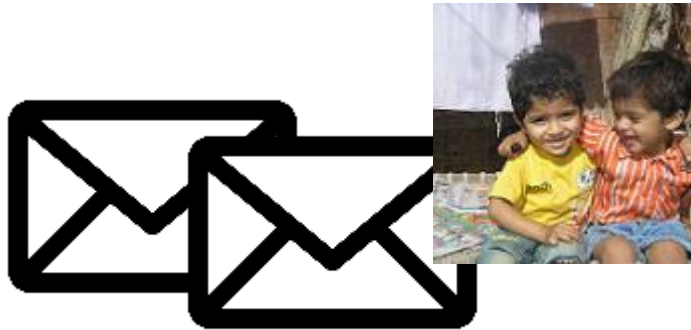
Participants want to save but don't follow through

Source: Soman and Cheema (2011). "Earmarking and Partitioning" <http://www-2.rotman.utoronto.ca/facbios/file/earmarking-jmrPP.pdf>

BEHAVIORAL APPROACH TO THE PROBLEM



DESIGN TO MAKE SAVINGS GOALS MORE SALIENT



Physically separating savings
into two envelopes

+

Picture of the participant's child
on the envelope



95%
higher savings

Source: Soman and Cheema (2011). "Earmarking and Partitioning." <http://www-2.rotman.utoronto.ca/facbios/file/earmarking-jmrPP.pdf>

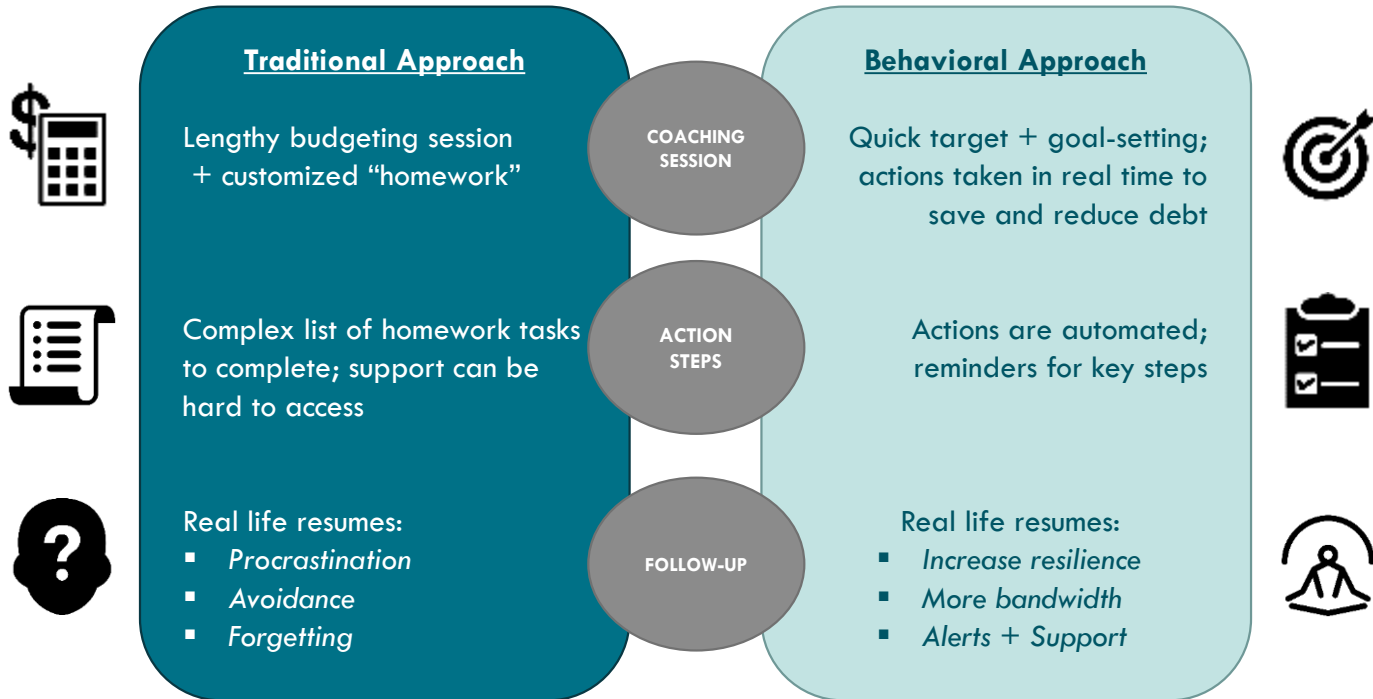
Image source: flickr user narendra ayar

EXAMPLE

Financial Health Check



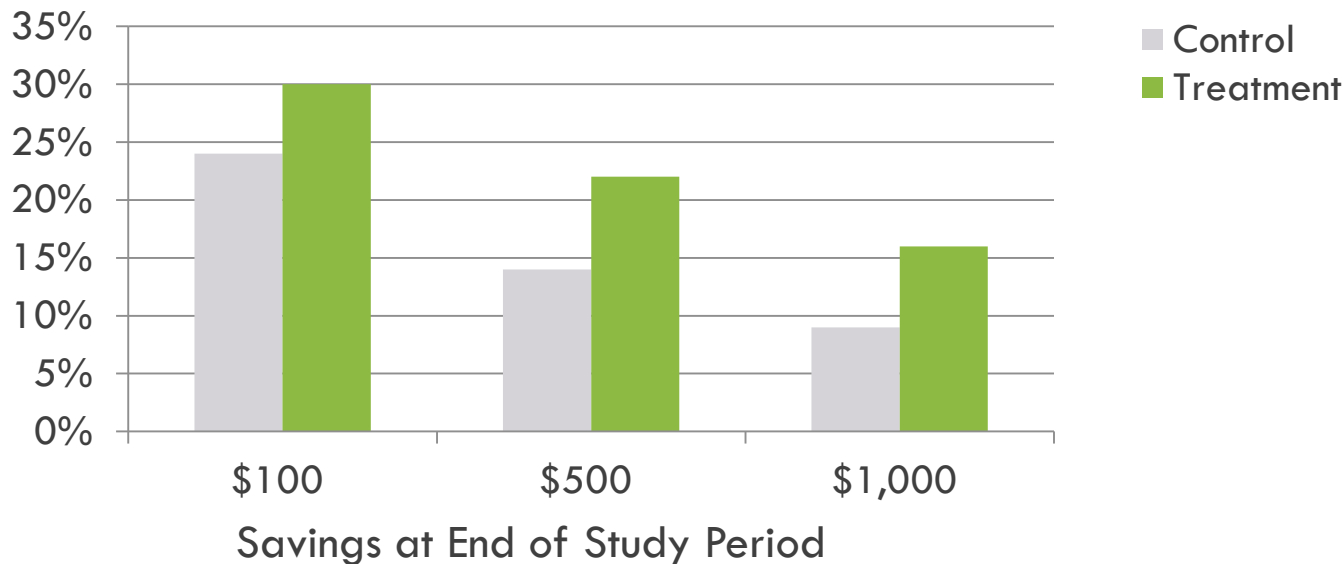
A BEHAVIORAL APPROACH TO FINANCIAL COACHING



Source: Schoar, A., & Tania, P. (2014). The financial health check: A behavioral approach to financial coaching. *ideas42*.

RESULTS: INCREASED SAVINGS

2010-2012 pilot (RCT) found 20% higher savings balances for members with no savings at the start



Source: Schoar, A., & Tania, P. (2014). The financial health check: A behavioral approach to financial coaching. ideas42. <http://www.ideas42.org/blog/boosting-financial-health-simple-phone-call/>

BRINGING THE BEHAVIORAL PERSPECTIVE INTO YOUR PROGRAMS

QUESTIONS TO ASK IN YOUR PROGRAM

- What **behavior(s)** are we trying to promote or discourage?
- What **potential barriers** are participants likely to encounter?
- Which of these barriers do we **need to address**?
- What **behavioral insights** can I apply to reduce these barriers?
- Is the intervention **working**?

EAST MODEL



Source: Prosper Canada. (2016). Insights to Impact: Harnessing Behavioural Science to Build Financial Well-Being

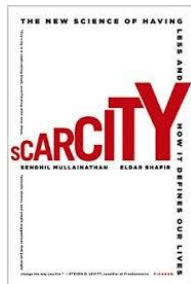
RESOURCES



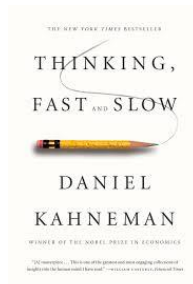
www.ideas42.org/publications



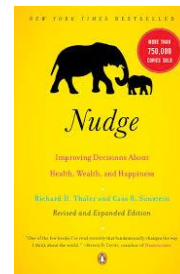
www.bhub.org



Scarcity: Why Having So Little Means So Much
Eldar Shafir and
Sendhil Mullainathan



Thinking, Fast and Slow
Daniel Kahneman



Nudge: Improving Decisions About Health, Wealth, and Happiness
Richard Thaler and
Cass Sunstein

THE
BEHAVIOURAL
INSIGHTS TEAM

www.behaviouralinsights.co.uk/publications



Questions

ideas

42

THANK YOU

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For more insights



Insights to Impact report

<http://prospercanada.org/Resources/Publications.aspx>



ABLE 2015 conference - Dr. Eldar Shafir

Scarcity: Why having too little means so much

<https://www.youtube.com/watch?v=n7AINuZghiQ>

Thank you for joining us!

- **We will be sending you an email soon with:**
 - Slides from today's webinar
 - Link to webinar recording
 - Link to post webinar survey
- **We will also post the recorded webinar at www.prospercanada.org under 'Resources'**

Upcoming webinar

Income volatility in Canada: Why it matters and what to do about it

- Join us August 23rd, 1:00-2:00pm ET
- Speaker: Liz Mulholland, CEO of Prosper Canada

Register now

- <http://prospercanada.org/News-Media/News/Webinar-Income-volatility-in-Canada-Why-it-matters.aspx>

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