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**Timeline**

2009-2012

**Sample Size**

4,000 credit union clients

**Research Implemented by IPA**

Yes

# Increasing Savings and Reducing Reliance on Credit Card Debt for Low-Income Individuals in Washington DC

## Abstract

This project will evaluate the impact of commitment contracts and reminder messaging on savings behaviors among low- and medium-income credit union members in Washington DC. Traditional financial products which dominate the consumer finance market tend to operate under the assumption that consumers act in a rational manner and fail to take into account cognitive biases which can impede the realization of financial goals. Here we test a savings product that includes two features designed to overcome these biases. A built-in commitment contract attempts to encourage consumers to forego present expenditures in lieu of future payoffs. Regular messaging attempts to overcome limited attention, which may result in an inability to stick to a budget or savings plan.

March 25, 2013