Why do people sometimes make poor financial choices? What drives individuals’ decisions about what to do with their money? IPA is partnering with a private shipping company in Lima, Peru to deliver a financial coaching program that aims to address behavioral biases that could be preventing their employees from making healthy financial choices. Researchers will evaluate the impact of the program on the employees’ financial decisions related to credit, savings, and money management.

**Policy Issue**
People often make choices with their money that can seem irrational, such as using limited funds to buy non-essential goods and services, or taking out high-interest loans instead of saving for future expenditures. Financial education could be one potential tool to help people make smarter financial choices, but recent impact evaluations have shown that many financial education programs—typically a general curriculum delivered in a classroom setting—do not lead to significant improvements in financial behaviors in terms of credit, savings, and money management. In some cases, it appears that even when people successfully absorb financial concepts, they continue to engage in financial behaviors that are potentially harmful, suggesting that other factors may be preventing behavior change. This evaluation applies insights from psychology to investigate these factors, and aims to help policymakers and practitioners develop better financial products and more effectively provide information to promote the financial health of the poor.

**Evaluation Context**
This study is taking place in Lima, Peru, among low- to middle-income employees of a shipping company. The company expressed interest in providing financial coaching to its employees because they had noticed a pattern of poor financial management among them. Specifically, they observed that many employees were resorting to expensive informal lending and using a portion of their regular paychecks to pay off their high-interest debt.

**Details of the Intervention**
Researchers are evaluating the impact of an intensive, personalized financial coaching program on the financial decision-making of employees of a shipping company in Peru. The company will offer the coaching program to all of its employees. Researchers will randomly allocate interested employees into two groups: those in Group 1 will receive coaching (approximately 100 employees), those in Group
2 will serve as a comparison group. IPA is implementing the coaching program, and will be responsible for hiring, training, and oversight.

Employees who receive the coaching program will meet one-on-one with their coach once a week for six months. The first 4–6 weeks of the program will consist of in-person meetings in a private or semi-private space to help establish trust between the coaches and employees, and the sessions will thereafter be both in person and over the phone.

The program will feature personalized sessions on banking, building a family budget, good credit management, making a comprehensive debt management plan, goal-setting, savings, insurance, and pension funds. Coaches will work one-on-one with the clients to make calculations that may assist them in focusing on the future, such as how much they could save by cutting down on non-essential expenses. The program will incorporate techniques from behavioral psychology and motivational interviewing, and coaching sessions will be tailored to the specific needs and circumstances of the client, based on intake information and transactional information that coaches track between sessions.

Researchers will examine clients’ financial decisions in terms of credit, savings, and money management to determine if their choices are driven by lack of access, money, or time; behavioral biases; and/or lack of financial literacy. The intervention will also allow researchers to understand the extent to which it is possible to address these different constraints through coaching.

**Results and Policy Lessons**

Project ongoing; results forthcoming.