

# The Impact of Text Message Reminders on Savings in the Philippines



People often report wanting to save more money than they actually do, and rigorous evidence has shown that simple reminders to save can be effective at helping people save more. Researchers working with IPA carried out evaluations in Ghana, Peru, the Philippines, and the Dominican Republic to build the evidence base about text-message reminders to save. In the Philippines, the research team worked with BankO to evaluate the impact of behaviorally targeted text messages on savings behavior. Preliminary results find that the reminders to save led people to use their bank accounts slightly more frequently, but this did not lead to increased savings.

## Policy Issue

People often report wanting to save more money than they actually do. There are a variety of potential reasons for this: misleading or incomplete information about savings products may prevent people from choosing the best one, they may not anticipate how changes in their financial situation could change their savings needs in the future, the human tendency to value instant gratification over future benefits may lead them to spend more in the short run, or they may simply forget to set aside money.<sup>1</sup>

Rigorous evidence has shown that simple reminders to save can be effective at helping people save more. For example, a study conducted with three financial institutions in Peru, Bolivia and the Philippines found that individuals randomly assigned to receive a monthly reminder via text message or letter deposited more money in savings accounts than a comparison group that did not receive reminders.<sup>2</sup> Text message are a particularly promising way to deliver these reminders, with over 93 percent of adults in low- and middle-income countries having access to an active SIM card.<sup>3</sup> However, more evidence is needed to better understand how text message reminders work in different contexts and better understand the mechanisms by which they may affect financial behavior.

This study in the Philippines was carried out in tandem with other messaging projects in [Ghana](#), [Peru](#), and the [Dominican Republic](#).

### RESEARCHERS

Dean Karlan, Gharad Bryan, Margaret McConnell, Jonathan Zinman, Jake Kendall

### COUNTRY

Philippines

### PARTNER

BankO

### PROGRAM AREA

Financial Inclusion

### TOPICS

Reminders, Savings

### TIMELINE

2014-2016

## Evaluation Context

The Department of Social Welfare and Development (DSWD) in the Philippines operates a conditional cash transfer program, Pantawid Pamilyang, to address the health and education needs of households with children living in poverty. The program distributes up to PHP1400 (about USD\$28) per month to recipients. BankO, the implementing partner in this study, is a national branchless bank in the Philippines with over 100,000 clients and partners with the DSWD to conduct financial literacy trainings for Pantawid Pamilyang recipients and provide them with the opportunity to open a BankO account.

## Details of the Intervention

Researchers working with IPA partnered with BankO to evaluate the impact of behaviorally targeted text messages on account use and savings behavior. A total of 108,000 women, all of whom were currently enrolled in Pantawid Pamilyang and had no active bank loans, were assigned either to receive messages or to a comparison group that did not receive any messages.

The clients in the text messages group received one of seven randomly-assigned variants:

- **Example of account use:** Received a message encouraging the client to use a service, such as purchasing insurance.
- **Account feature information:** Received reminders about how to use the account.
- **Financial literacy encouragement:** Received reminders to use the lessons learned in the clients' financial literacy class.
- **Planned expense reminders:** Received reminders to prioritize saving for planned expenses.
- **Reminders of savings goals:** Encouraged clients to meet their own savings goals.
- **Basic savings reminders:** Received simple reminders to save.
- **Specific savings goal reminders:** Highlighted a savings goal of PHP50 per week and reminded users how savings could accumulate over time.

In addition to content, the research team also randomized other elements of message delivery:

- **Time of day:** Either 12pm or 5pm.
- **Day of the week:** A day between Monday and Saturday.
- **Duration:** Either four, six, or eight months.
- **Personalization:** Either a greeting with the client's name, a "casual" greeting, or a formal "Dear Client."
- **Week within cycle:** Either the first, second, third, or fourth week of the month.
- **Ending:** Either a generic ending thanking the client for using the service, or an "action-oriented" ending encouraging bank account use.

## Results and Policy Lessons

*Note: these results are preliminary and may change after further data analysis.*

The text message reminders to save had small and marginal positive impacts on users' likelihood of using their bank accounts. Clients who received text message reminders were slightly more likely to make a transaction, regardless of whether they were actively using their account before the treatment began. It took time for the messages to have an impact: they did not increase account usage in the first month for any group of users, but did slightly in later months. The increases in account use did not

result in higher savings levels.

Within the group that received reminders, most of the variations in how the reminders were delivered did not have significant impacts relative to a generic savings message. There were two exceptions. First, *inactive* users (those who had not made a transaction in the last month) were more likely to make a transaction if they received a message with an action-oriented ending than one with a generic ending. Second, *active* users were more likely to make a transaction if they received a reminder in the second, third, or fourth week of a month than the first week.

Overall, the reminders made clients slightly more likely to make bank transactions over time. The content and timing of the messages was generally unimportant in affecting client behavior, and both withdrawals and deposits increased, suggesting that the increased activity did not result in increased savings.

## Sources

<sup>1</sup> For a discussion of recent empirical literature of these behavioral biases, see: Karlan, D., Ratan, A. L., & Zinman, J. (2014). Savings by and for the Poor: A Research Review and Agenda. *Review of Income and Wealth*, 60(1), 36-78.

<sup>2</sup> Karlan, D., McConnell, M., Mullainathan, S., & Zinman, J. (2016). Getting to the top of mind: How reminders increase saving. *Management Science*.

<sup>3</sup> ITU: Key ICT Statistics 2005-2016. Available at: [http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2016/ITU\\_Key\\_2005-2016\\_ICT\\_data.xls](http://www.itu.int/en/ITU-D/Statistics/Documents/statistics/2016/ITU_Key_2005-2016_ICT_data.xls) (accessed 8/26/2016).

---

### GLOBAL HEADQUARTERS

101 Whitney Avenue  
New Haven, CT 06510 USA  
+1 203.772.2216 | [contact@poverty-action.org](mailto:contact@poverty-action.org)

**poverty-action.org**