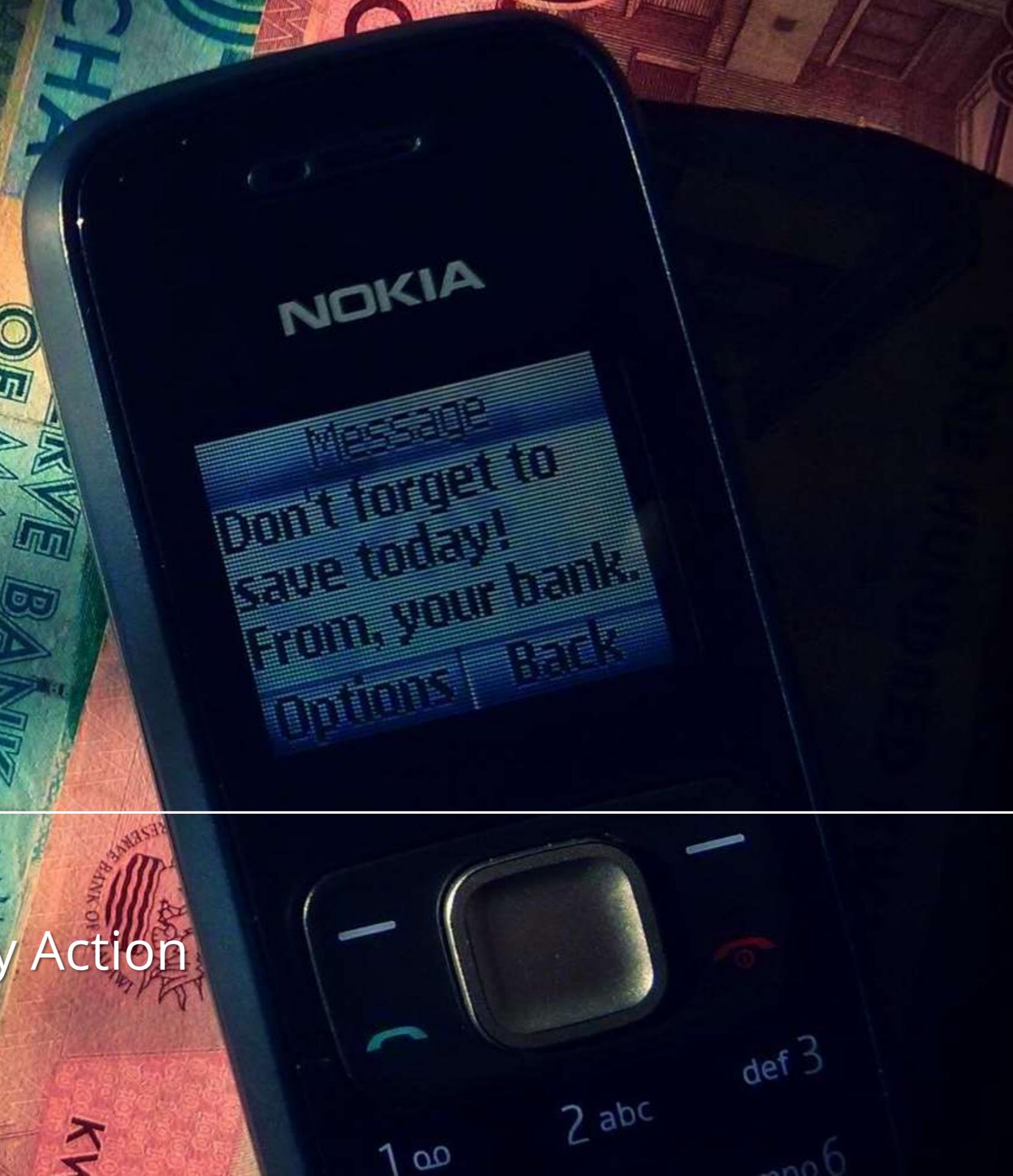


SMS Nudges to Build Savings

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Agenda

- Background & research questions
- Summary of field research
- Prelim. results & lessons learned



Limited Attention

A Barrier to Savings

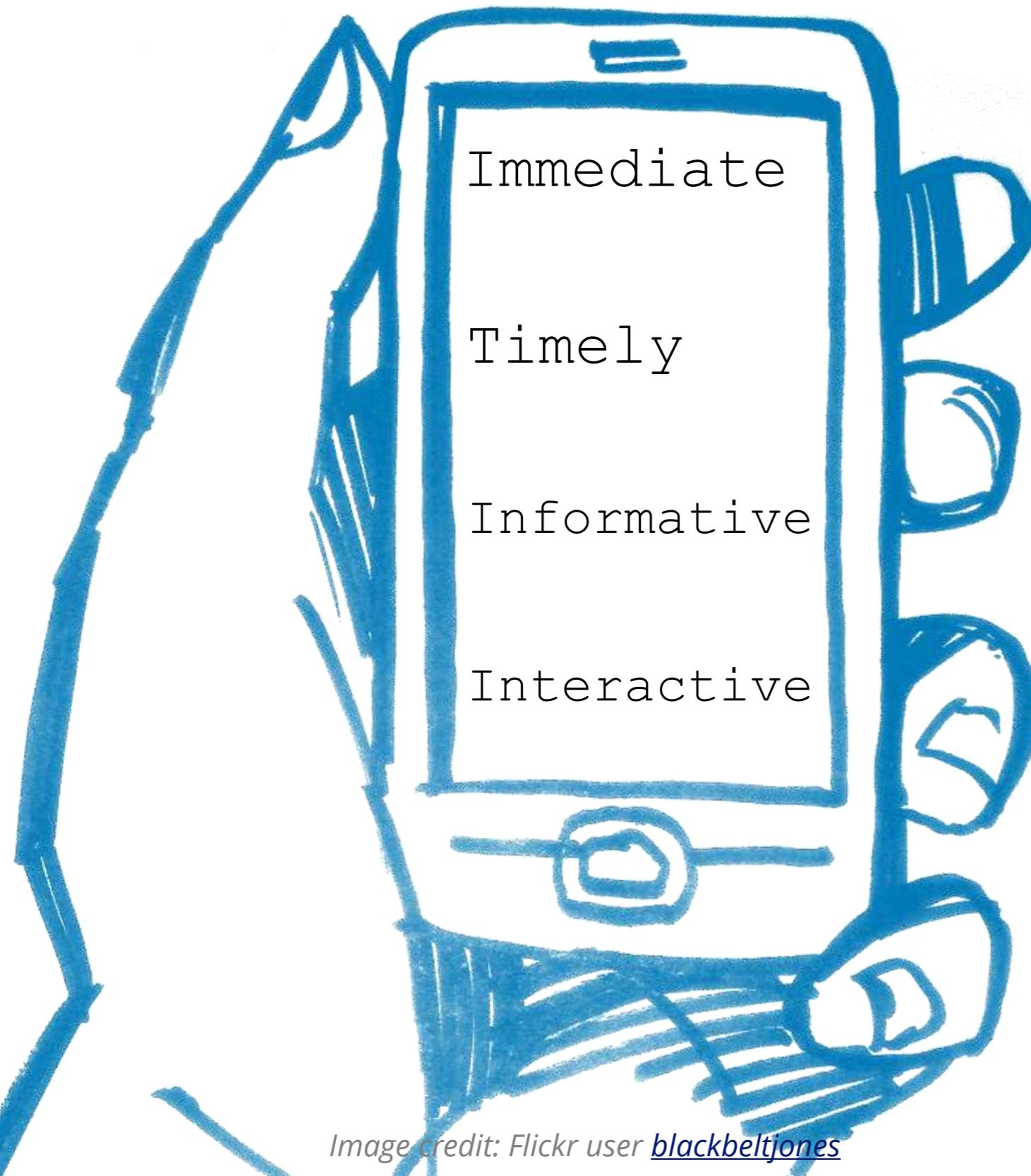
We have limited bandwidth to prioritize demands on money
(Karlan et al., 2015)

- We pay more attention to everyday expenses, like food
- We pay less attention to “extraordinary” expenses, like:

| | |
|----------------------------|----------------------------------|
| Predictable but infrequent | <i>Rent, loan payment</i> |
| Predictable but distant | <i>New child, house purchase</i> |
| Unpredictable | <i>Repairs, medical bills</i> |

We may inadequately save as a result

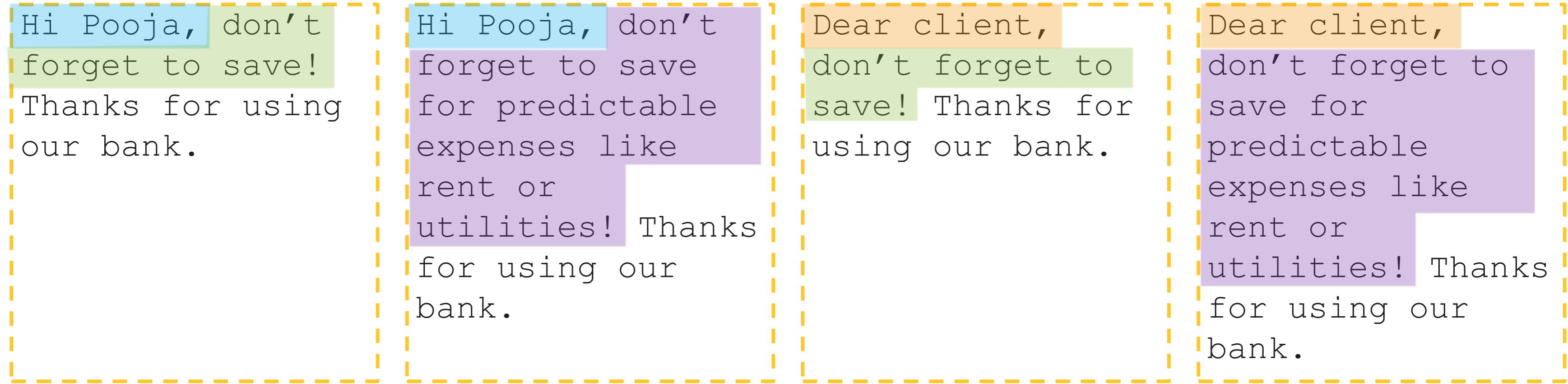
Mobile Phone Messages can Overcome Biases



- 89% of all SMS are read within 3 minutes
- Focuses attention at crucial moments
- Efficiently provide information
- Interaction creates relationship

Image credit: Flickr user [blackbeltjones](#)

What does it look like to evaluate SMS campaigns?



= 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

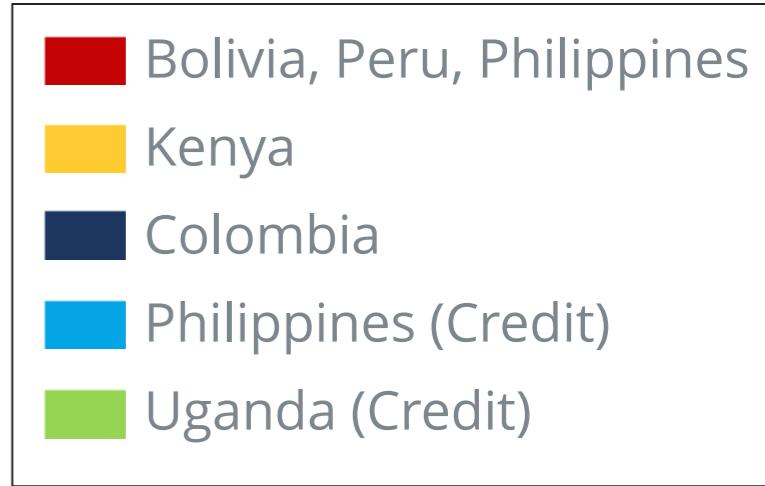
- Personalization (sender, recipient)
- Timing: time of day, day of week, frequency
- Duration

Field Experiments in Financial Messaging

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 ■



Messages for Financial Behavior: Lessons Learned

New preliminary findings (do not cite)

Philippines

- Increased likelihood of depositing by 13%...but no overall impact on balances.
- Simple reminder or goal-oriented messages increased balances by 1 pp (19% more than control)
- Personalization & action-oriented ending had similar impact

Peru

- Increased account balances by 6%
- Successful messages: Simple reminder, future expenses, banking information
- Personalization had no impact

Messages for Financial Behavior: Lessons Learned

New preliminary findings (do not cite)

Dominican Republic

- Decreased transaction activity, but no impact on balances
 - However, older clients increased deposits
- Goals survey did not predict treatment response

Pooled Results

- Very small impact on transaction volumes (< 1%)
- No impact on balances

Implications of Early Findings

- No clear picture of response to SMS
 - Divergent responses among individual sites & subgroups
- SMS cost-effective in Peru
 - Active userbase, higher transaction volumes
 - Can reactivate clients, but not enough
- Personalization, customized content, action-orientation can work in right context

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
- Complete ongoing sites – Colombia, Ghana
- Continue subgroup analysis & results pooling

Thank you

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