



Increasing short-term savings

Even having a small cushion of savings can go a long way to improving the financial health of many people earning low- and moderate-incomes. **The CFPB found recently** that a third of adults regularly struggle to make ends meet and experience material hardship. According to a 2016 **Urban Institute Report**, households with just \$250 in savings were less likely to be evicted or miss a housing or utilities payment. Unfortunately, **more than 40% of adults** in 2017 could not cover an unexpected expense of \$400 without borrowing money or selling something.

We know there are systematic and individual barriers that coalesce to make building and maintaining savings difficult. Overcoming the systematic problems that undermine financial security requires longer-term efforts to find ways to **boost stagnating wages** and help people to **build employable skills** that prepare them for the next generation of jobs.

However, we also know that even people who can save do not always do so. We can help people to build savings if we recognize there are aspects of our psychology and in our environment that make saving difficult, regardless of financial circumstances.

Over the past year, we worked with 6 organizations to help develop interventions to boost savings. Within these partnerships, we tried to reduce friction or add motivation to build savings in three ways.

1. Make saving automatic.

People tend to think about saving as what they have left at the end of the month. Categorizing savings in this way is problematic. People have to stay motivated for the whole month in order to save, even when things come up throughout the month. Even more, organizing finances in this way means that saving comes at the expense of something else. In order to save, we have to sacrifice spending throughout the month.

One way to make saving a little easier is to simply make savings automatic. When we don't have to think about it, saving is less painful and we don't have to make the same trade-offs in order to save. Although useful, we also know that people are hesitant to use = automatic transfers for a number of reasons.

In partnership with Narmi, we explored different ways of structuring automatic savings and found that majority of people actually prefer some sort of saving automatically. We're looking ahead to testing whether automating savings in a way that directly connects with someone's payday will alleviate some of the fear people have about automated savings.

We also worked with Earn to incorporate automatic savings transfers into their SaverLife program, which tries to help people build savings habits. We tested whether offering overdraft protection would assuage some of the fears people have and encourage more people to sign up for automatic savings transfers.

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2. Make saving timely

When we try to encourage people to save, we often don't think about timing, but we should – asking people to set aside savings at the wrong times or when they don't feel like they have slack in their budgets is unlikely to be successful. Instead, we might have more success in encouraging people to save if we take advantage of “savings moments,” or times when we know that people are more likely to have a little extra slack in their budgets.



In two partnerships this year, we explored “savings moments” beyond tax time. In particular, we were interested to see how employers can support the financial health of their employees. In one project with Credit Human Federal Credit Union, we tried to nudge employees to save some of their annual bonus.



With IH Mississippi Valley Credit Union, we created a special savings event for employees and tested whether a savings reminder was more effective if it coincided with someone's paycheck. Both of these suggest that there is more that employers can do to contribute to the financial health of their employees.

3. Separate savings

People navigate their financial lives by creating categories or mental accounts that help them to organize and manage their finances. When people separate money into multiple accounts and designate it as especially for saving, **people tend to exhibit greater self-control**. On the other hand, people are more likely to dip into their savings and struggle to build savings in the first place when their money is pooled together in one place.

In two projects with Lake Trust Credit Union, we tried to figure out what kind of messaging is the most motivating. We tested messaging that encourages members to re-engage with an unused savings CD and we are currently testing “in-the-moment” pop-up messages through their online banking platform.

We also partnered with Netspend, a prepaid card provider, to see if we could encourage more cardholders to use the savings wallet that Netspend offers with their prepaid card. We found that motivating people to rearrange their finances and use new products is difficult, but that we can frame savings in ways that will make savings products more attractive to people.



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Assessing Demand for Smart, Automatic Savings

Narmi

Partner Type	Tech
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed



Background

A system where individuals are defaulted to automatically set aside some of their paycheck has been an effective way to get people to **save for retirement**. In one study, opting new workers into a retirement plan increased the number of employees contributing to their retirement plans from approximately **60% to well over 95%**. Surprisingly, we have yet to see this same default savings mechanism applied to short-term saving, despite how **few people are consistently saving**.

In an effort to explore how we might encourage people to set up automatic transfers to build savings, we partnered with the fintech company **Narmi**. Narmi provides clean and easy to use white label user interfaces for credit unions and banks of all sizes.

Key Insights

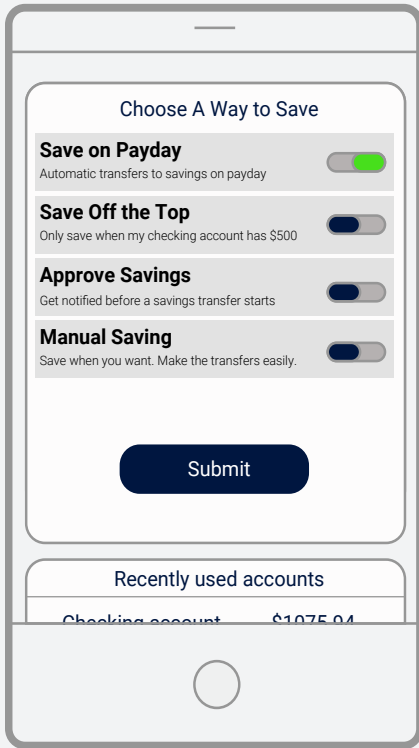
This partnership builds off of **our previous work** investigating why people are hesitant to adopt automatic transfers. That previous work highlights two barriers that discourage people from setting up automatic transfers:

- » People fear overdraft fees. When people are asked to set up automatic transfers, they feel they are sacrificing some degree of control.
- » People actually prefer ease and automation, as long as they don't think they will be taken advantage of. In a previous experiment with Payable, we found that people are concerned about maintaining control, but they also prefer ease and automation when it comes to difficult or arduous tasks like tax preparation.

Experiment

With these two insights in mind, we worked with Narmi to design potential savings products that would both default users into saving for the short term and decrease their concern with automatic savings tools. We hypothesized that if we were able to mitigate the fear of overdrafting, people would be more likely to adopt automatic savings plans.

CASE STUDY



In order to test whether customers will realistically sign up for a new feature, we designed a pilot to test demand for different types of automatic savings plans. We offered 124 Narmi users the chance to enroll in the new savings product. To measure how people actually behave, users were notified that their selection was under development for the future, if they chose to enroll.

The pilot offered users four potential savings strategies. Each was chosen because we hypothesized they may mitigate the fear of automatic savings.

- » Users could opt to “save on payday,” where a transfer would only be initiated the day that income was deposited into the account.
- » Users could “save off the top,” where a transfer would only be initiated when a threshold was met (i.e. Only save when there is \$500 in the checking account).
- » Users could sign up for automatic transfers and “approve the transfer before they happen,” where users would be sent a notification before a transfer was initiated and they could approve or deny it.
- » Users could sign up for “manual transfers”, the traditional option offered by all banks.

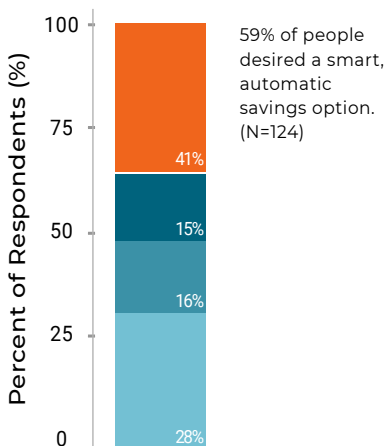
Results

While the most commonly chosen answer was the traditional manual option, results also indicate that the majority of users wanted some type of “smarter” automatic savings option. Of these options, “Save on Payday” was the most popular. “Approving Savings” and “Save Off The Top” were selected at relatively similar rates.

Narmi also provided data on users savings rates and deposit amounts. We observed a small but significant negative correlation between people who preferred manual savings and total deposit amount. People who had lower deposit balances were more likely to select the “manual savings” option. While correlational, these observations are in line with previous findings that suggest lower-net-worth users may be more reluctant to use automatic savings tools.

We plan to continue working with Narmi going forward to launch an experiment with new credit unions or banks that encourages users to save more money using automatic transfers in a way that alleviates the fear of overdrafting. Based on our survey, we hypothesize that defaulting users into a program that automatically contributes money to a savings account on payday will increase savings rates and more people will opt-in to and stay in automatic savings plans.

Desired Savings Options



Offering Overdraft Protection to Encourage Automatic Transfers

Earn

Partner Type	Tech
Partner Cohort	2018
Project Type	Optimization
Project Status	In Field



Background

Having a small cushion of savings to fall back on is critical to someone's financial well-being and security, yet far too many people struggle to build sufficient savings. There are many reasons why we find saving difficult, but one important reason is that **saving feels painful**. Building savings requires sustaining motivation over time and regularly making contributions to savings, effectively giving up some amount of spending in the short-term.

To explore how we might make saving a little easier, we partnered with a non-profit organization called EARN. EARN adopts the philosophy that small savings can make a big difference and works to help low-income Americans build healthy savings habits in order to achieve financial security. Specifically, EARN offers a program called SaverLife that incentivizes saving by paying users \$10 every month if they save at least \$20 themselves every month for up to six months.

While the financial incentive increases savings behavior, some evidence suggests that making incentives contingent upon ongoing performance – such as paying people for successfully saving – can **"crowd out"** people's willingness to continue the behavior after the incentive is taken away. We worked with EARN to see if we could increase the number of users who reached their monthly savings goal during SaverLife's six-month term and continued to do so after the program ended.

Key Insights

One of the most effective ways to help people save regularly is to have them **set up an automatic transfer** to their savings. Automatic transfers work because setting one up is a decision someone only has to make once, but this decision locks them into a behavior that is painful in the short term but good for them in the long-term. While automatic transfers make sense in theory, they are practically difficult for several reasons:

- » Setting up automatic transfers is more difficult if someone has irregular or variable income.

CASE STUDY

- » When people set up automated payments, they tend to **set them up for smaller amounts**. This is problematic because people feel a sense of achievement: they are making consistent progress. In reality, they are slower to achieve their longer-term savings goals.
- » Low-income individuals are at greater risk of overdraft fees. Since the consequences can be high, **many fear automated transfers** for savings.

Experiment

We are testing our hypothesis that reducing the consequences of overdraft will increase uptake of automated savings transfers by sending SaverLife users two different emails.

Condition 1.

Standard automatic transfer messaging

This email encourage EARN's SaverLife users to sign-up for an automatic transfer to ensure they receive the additional \$10 monthly savings bonus from EARN.

Condition 2.

Overdraft protection messaging

This email notes that EARN will cover any possible overdrafts that occur because of an automatic transfer as they participate in the SaverLife program.

Action Required: Finalize your savings method

We want all SaverLife members to get their \$60 in rewards. The easiest way to make sure this happens is to set up automatic transfers.



2 easy steps to make sure you get your \$60 in rewards:

- 1 Click the "Yes, let's save!" button above. Under "Transfer & Pay," select "Transfer Money."
- 2 We recommend setting the date of the transfer to a day or two after payday. Select "Continue" and watch your savings grow!

Action Required: Finalize your savings method

We want all SaverLife members to get their \$60 in rewards. The easiest way to make sure this happens is to set up automatic transfers.



Overdraft fees are a common concern when it comes to setting up automatic transfers. Don't worry! We have you covered. If you get an overdraft fee because of your automatic transfer, we'll reimburse you.

2 easy steps to make sure you get your \$60 in rewards:

- 1 Click the "Yes, let's save!" button above. Under "Transfer & Pay," select "Transfer Money."
- 2 We recommend setting the date of the transfer to a day or two after payday. Select "Continue" and watch your savings grow!

Results

Our experiment is set to launch into the field in early 2019. We plan to measure which automatic transfer email leads to higher interest in automatic transfers, higher sign-up rates, higher SaverLife goal completion rates, and greater deposits into tracked savings accounts. We anticipate results will be shared in 2019.

Using an annual bonus as a savings moment

Credit Human Credit Union

Partner Type	Credit Union
Partner Cohort	2017
Project Type	Optimization
Project Status	Completed



Background

Finding ways to build a cushion of short-term savings is a critical part of our financial well-being, but making ongoing, regular contributions to savings is difficult to do. In addition to creating a system that makes saving more automatic, many researchers have pointed to savings “moments” as important opportunities for people to set aside savings.

Tax time is the most common “moment” where people may feel better able to save, but a tax refund is not the only such opportunity. For example, receiving an annual bonus at work is another chance to build a cushion of savings. We partnered with [Credit Human Federal Credit Union](#), a credit union based in Texas, to explore how we might take advantage of employer bonuses to help employees save.

Key Insights

There are many reasons why someone might not save some or all of their annual bonus. To understand how these barriers affect saving and to look for opportunities to nudge employees to save, we conducted interviews with employees and evaluated the current process employees go through in order to receive the bonus. Three barriers stood out as especially relevant:

- » There was no prompt for Credit Human employees to save their bonus. Even if employees want to save part of their bonus, when it actually arrives, an employee might be faced with short-term needs and temptations and forget about their previous intention.
- » There is no mechanism for Credit Human Employees to save their bonus. If a Credit Human employee was inclined to save their bonus, they would need to take several steps and make several decisions in order to do so.
- » Employees may treat their bonus as different from their normal income, which research suggests makes saving windfalls particularly challenging.

Experiment

We worked with Credit Human to send eligible employees an email that invited the employee to pre-commit to save their bonus before the bonus was actually received.

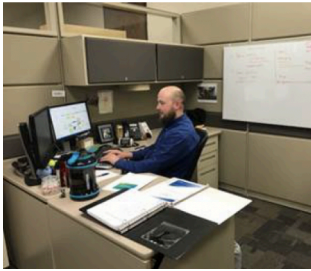
CASE STUDY

The prompt also gave the employees a deadline and a short time-frame for acting to avoid procrastination. The actual savings mechanism that was developed was a partially pre-populated online form.

Employees randomly received an invitation email. There were two versions of the email testing the messenger effect, or the idea that who delivers the message impacts the response. In both versions, Credit Human noted that there was hard work behind the effort to make it easy for employees to start saving.

Condition 1. Identifiable Person

The email showed someone from the Human Investment Group and included a picture of him at work at his desk.

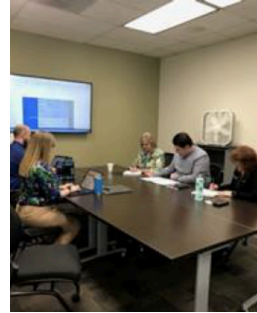


I'm John Youngkrantz in the Human Investment Group Total Rewards Team, and I'm working hard to make it easy for you to get started saving/save more to build financial slack.



Condition 2. Group

The email showed the who Human Investment Group working at a table and referenced their group efforts.



The Human Investment Group Total Rewards Team is working hard to make it easy for you to get started saving/save more to build financial slack.



Results

Only about 4% of employees enrolled in the Bonus Savings Program, and neither version of the email significantly changed enrollment in the program.

Of those who decided to save some of their bonus, about 36% opted to save all of their bonus. 21% saved 50% of their bonus and a little more than 17% saved at least 10%. Employees who signed up to save their bonus were sent a survey about the experience and the response was positive. Interestingly, some employees requested more support from Credit Human for savings. This suggests that there are likely more opportunities to explore bonuses not just as an employee retention tool but as another “moment” to encourage savings and improve employee financial health.

Creating an autumn savings fest with savings reminders

IH Mississippi Valley Credit Union

Partner Type	Credit Union
Partner Cohort	2017
Project Type	Optimization
Project Status	Completed



Background

Annual bonuses and tax refunds represent important moments when people have a relatively easier time saving because the windfall gives them more liquidity and slack in their budget. Although important, these savings moments are irregular. They don't help people smooth their income to match the ups and downs of expenses in the same way regularly setting aside some part a paycheck might.

There are opportunities for employers to play an influential role in helping their employees engage in positive financial behaviors like setting aside savings. This not only has benefits for the employee – some research suggests that **improving financial health positively affects work productivity** as well. We partnered with IH Mississippi Valley Credit Union (IHMVCU), which is based in the Quad Cities, to explore how an employer might encourage positive financial behaviors like savings.

Key Insights

Recent research has found that people tend to spend more immediately after payday. The inflow of income makes sustaining self-control and not giving into temptations more difficult. As a result, many people have a **tendency to splurge** when they get paid and then have little left over at the end of the month to save. This project drew on two aspects of behavioral research to help encourage savings:

- » Previous research shows that **reminders can help people sustain their self-control**. This body of research also suggests that the closer a reminder is to the desired behavior, the more potent it is.
- » To overcome our bias for the status quo, people often need a shock or something that feels special or out of the ordinary to **break the inertia of our habits**. Creating a new or special context can make it more likely for people to adopt a new behavior.

Experiment

We hypothesized that creating a special “savings event” would encourage more employees to start saving. We also hypothesized that aligning reminder emails with an employee’s payday would make remembering to save easier. Together with IHMV Credit Union, we created an “Autumn Savings Festival” where employees were

CASE STUDY

encouraged by senior leadership to save a little bit each week in October. Each week, employees received a reminder email prompting them to save.

Employees were randomly assigned to either receive a reminder email on Monday or on Thursday, which is when employees are paid each week. Embedded in the email were randomly generated entries that employees could use each week to play a lottery for a \$25 gift card. Employees could win the gift card regardless if they saved or not – all they had to do was record if they saved that week.

Condition 1. Monday reminder

OCTOBER 2018

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

I'm just reminding you that this is the second week in the Autumn Savings Fest! Everyone is trying to save a little bit each week. This week is a great week for you to put a little into savings!

Also, don't forget to submit your word to claim your spot in this week's drawing for a \$25 Amazon gift card! Your word this week is:

[lottery entry]

You've already been entered to win and I wouldn't want to draw your word on Friday only to see that you haven't claimed your spot.

All you need to do is just click the link below, type in your word, and follow the instructions!

[Autumn Savings Fest](#)

Best of luck!

Condition 2. Thursday reminder

OCTOBER 2018

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
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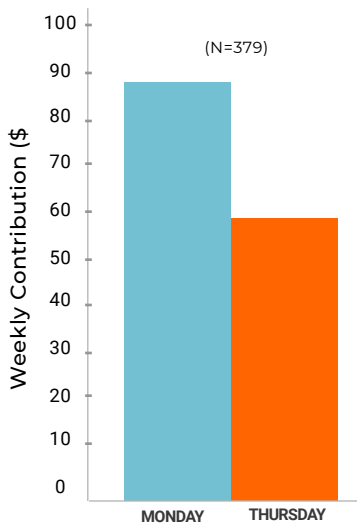
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[Autumn Savings Fest](#)

Best of luck!

Average Savings Contributions Between Groups



Results

More than 20% of all employees reported saving at least once during the Autumn Savings Festival and employees saved more than \$18,600 in total. The median savings contribution was \$50, while the average was a bit higher at almost \$90. There was no statistically significant difference between Monday or Thursday reminders on whether people decided to save or not.

Interestingly, however, people receiving reminders on Monday saved about \$30 more than those receiving reminders on Thursday. We expected that aligning reminders with payday would encourage people to save more, but they actually saved less.

It could be that on Monday, people feel close to their next paycheck and willing to put aside more. On Thursday, people may already be looking ahead and planning for the weekend and therefore more conservative in their savings amount.

Finding the right savings nudge for a website pop-up

Lake Trust Credit Union

Partner Type	Credit Union
Partner Cohort	2018
Project Type	Optimization
Project Status	In Field



Background

While the evidence suggests that setting up automatic transfers is an effective way to encourage people to build savings, there are times when automating savings is not feasible. In these cases, interventions to build savings instead must find ways to motivate people to actively and manually contribute to savings.

We partnered with [Lake Trust Credit Union](#), a credit union based in Michigan, to explore ways we might help their members build short-term savings. Specifically, we were interested in whether incorporating a simple nudge when customers login to the website would encourage more people to save. Lake Trust already had the capability to present members with a pop-up message after they login; the only question was what kind of message would be the most motivating.

Key Insights

As we began designing the message to motivate members to save, there were two specific questions that we wanted to explore:

- » Is thinking of saving for a spontaneous, fun activity more motivating than thinking of saving for a serious emergency? On one hand, many people think of savings behavior as a serious domain. Therefore, encouraging savings in service of something serious may be more effective because it fits the way **most people conceptualize savings**. Alternatively, **people experience greater motivation and goal success** when pursuing tasks they “want-to” do rather than they “have-to” do. In this case, a hedonic frame may be more effective at encouraging people to save.
- » Is providing a specific example more motivating than a general reminder to save? We generally believe that **concrete action plans** can improve the likelihood of success in goal pursuit. On the other hand, a concrete example may only be effective when **the individual feels like the goal is relevant** and closely related to their circumstances. In this case, a general reminder to save may be more broadly applicable.

CASE STUDY

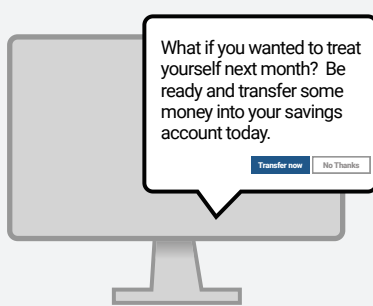
Experiment

In order to answer these questions, we developed an experiment where members would be presented with multiple versions of the online pop-up. Lake Trust created a list of approximately 115,000 members with online accounts and randomly assigned them to 1 of 4 groups.

Condition 1. Hedonic and specific



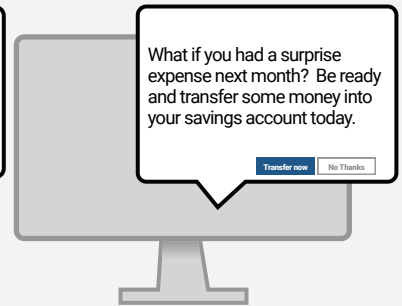
Condition 2. Hedonic and general



Condition 3. Serious and specific



Condition 4. Serious and general



After the member saw the pop-up once, it was not shown again. Members could choose “Transfer now” or “No thanks” in the pop-up. We measured click behavior on the pop up as well as how many members made at least one transfer to a savings account after seeing the message.

Results

We found that savings was not reliably affected by any of the pop up messages. There were no differences among the conditions and even the effect of any pop-up message on day of transfers was not statistically significant. The savings pop-up campaign differed from other Lake Trust pop-up campaigns in that members only saw the savings pop-up one time. It’s possible that repeated exposure to the pop-up might have resulted in more click through and transfer activity.

A review of member deposit activity revealed that members are making frequent small deposits into savings accounts. This suggests that members are using outside programs and/or making manual transfers to increase their savings. Lake Trust is considering how to capitalize on this desire for small and automatic savings. A subsequent pop-up campaign might focus on suggesting small savings amounts, rather than potential reasons for savings.

Learning about member needs using a financial health survey

Lake Trust Credit Union

Partner Type	Credit Union
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed



Background

For financial institutions, helping people save – and to achieve a greater degree of financial well-being generally – revolves around creating products that actually meet people's financial needs. However, financial institutions may not know what those needs are and finding ways to engage with members to ensure that new products actually fit the financial needs of their members is not always easy.

We partnered with Lake Trust to help them learn more about the needs of their membership and to develop new products that match those needs. [Lake Trust Credit Union](#) recently was certified as Michigan's largest [Community Development Financial Institution \(CDFI\)](#). Like other CDFI's, Lake Trust is dedicated to being responsive to the needs of their membership and developing products that serve those needs, particularly their members with low- and moderate-incomes. The first step was to encourage their members to get their [CFSI Financial Health Score](#).

Key Insights

We needed to give members a reason to take the survey. There were certainly long-term benefits to the member: getting products that better serve their needs. However, those benefits by themselves are not very compelling because they are abstract and far off in the future. Instead, we know that there are several ways we might use findings from behavioral science to increase response rate:

- » Provide a short-term benefit to the member for taking survey (get a score) rather than long-term benefit.
- » Tell members they will learn how their financial health score compares to other people (social norms).
- » Be clear and specific about what the "ask" is. Let member know how much time the survey will take (rather than the number of questions).

Experiment

E-mails encouraging member participation were sent to all 80,000 Lake Trust members with emails on record. Members were randomly assigned to receive one of two versions:

Condition 1. Personal Benefit

Members received an email that communicated how they could benefit from getting a financial health score.

Condition 2. Social Comparison

Members received an email that communicated how they could find out how their score compared to others.

Results

Lake Trust reported a record high open rate compared to similar email campaigns, which may be due in part to the subject lines that we helped them design. Across the credit union's whole membership, 25% opened the survey (over 20,000 members). However, there were no significant differences in open rates based on email version or significant differences in click-through rates.

Lake Trust gained valuable insights from the survey results, however, including that "saving" and "planning" were the areas where members had the biggest needs.

Encouraging credit union members to re-engage with a savings CD

Lake Trust Credit Union

Partner Type	Credit Union
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed



Background

When we think about how we might encourage people to save, we commonly offer financial incentives or increased interest rates. People can take advantage of these incentivized savings products to earn more on their savings. Unfortunately, many of these beneficial products go underutilized.

To explore how we might use behavioral science to increase uptake and utilization of these kinds of specialty products, we again partnered with [Lake Trust Credit Union](#). Lake Trust had recently launched the [Aspire CD](#). The Aspire CD has features that encourage savings such as allowing members to make interest earning deposits into the CD during the two-year CD term. A key feature is that members create a savings goal amount when they open the CD. If the member meets their goal amount, they can withdraw the money early without penalty.

While the Aspire CD attracted interest initially, deposit activity among members with the CD was markedly bimodal. Some members were highly engaged: 26% of members with the CD made six deposits or more. However, 30% never made another deposit after the initial opening. Together with Lake Trust, we worked to see if we might encourage people in this second group, who opened the account but have not used it, to re-engage with the account.

Key Insights

Opening the account takes around ten minutes or longer and requires members to deposit a minimum of \$50. Why were some individuals not taking advantage of the CD even though they invested the initial deposit in order to open Aspire CD?

The idea that someone plans to do something and then doesn't follow through is referred to as the [intention-behavior gap](#). Despite one's best intentions, without additional support, goal pursuit may end in failure. We identified two possible psychological barriers to deposit activity despite account opening.

CASE STUDY

- » The environment in which members open the account is very different from the environment in which they make deposits for the account. The account opening process generally takes place at the branch and often includes a personal conversation about one's financial and life goals. Subsequent deposits are likely online and impersonal, and so it may be difficult for people to connect deposit activity to their goal.
- » There is no urgency, accountability, or structure to help the member work towards their goal and make deposits. Aspire CD holders do not receive follow-up reminders to contribute, so the account could simply be forgotten or ignored.

Experiment

We hypothesized that simply asking members to think about the specific goal they had in mind when they opened the account would increase the likelihood they would re-engage with the account. A simple prompt with instructions can be an effective path to action in its own right. However, we expected that including an additional prompt to think about one's original goal and its importance would increase deposit behavior.

Emails were sent to all 286 Aspire CD account holders with active email addresses. Members were randomly assigned to receive one of two versions of the email:

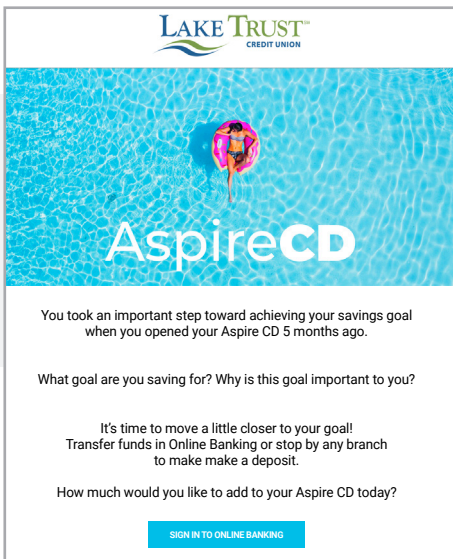
- » **A control version** that reminded members of the account and asked them "How much would you like to add to your account?"
- » **An experimental condition** that also prompted members to remember why they opened their account. Specifically, these members were asked, "What goal are you saving for? Why is this goal important to you?"

In both conditions, the email prompted the member to make a deposit and gave clear instructions as to how to do that, including a direct link to a deposit page.

Results

Just about 35% of the 286 recipients opened the email. Of the 100 members who saw the email in total, only 7 total members clicked through between both conditions. There were no significant differences between the two groups.

We also examined deposit activity in the month following the emails. Of the 100 people who opened the email, 42 made deposits in the following month. There were no statistically significant differences between conditions. These results suggest that simply reminding someone of their goal was as effective as our added behavioral nudge.



Reframing the benefits of a prepaid card savings wallet

Netspend

Partner Type	Startup
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed



Background

While specialty savings CDs offer additional incentives for saving for banked consumers, **many individuals are either unbanked or underbanked**. Prepaid cards offer a **secure and convenient alternative or complement to a bank account** without a credit check. However, prepaid cardholders rarely take advantage of the savings features that are included by some card providers.

To help understand if and how prepaid cards could help consumers save, we partnered with prepaid card provider **Netspend**. Compared to other prepaid card providers, Netspend offers their users the highest interest savings account at 5.00% APY for balances of \$1,000 or less. We explored how we might encourage more of their cardholders to take advantage of the available savings features.

Key Insights

There are several findings from behavioral science that we thought would be relevant to encouraging more cardholders to take advantage of the savings features associated with their card:

- » Reframing messaging to add intrigue or mystery can make it more motivating. For example, **we previously tested** whether reframing messaging about calling to lower your credit card payment to “A Secret Money Hack” and “The APR trick you’ll tell everyone.” Adding this kind of intrigue increased call rates from 3.8% to 5.22%.
- » Framing saving as “earning money” is more appealing. Not only was the 5%-interest rate a standout feature, but we know from **our prior research** that a value proposition to ‘earn money’ can be more appealing than a value proposition to ‘save money.’

Experiment

We wondered if adding an element of secrecy to the Netspend messaging and reframing the savings features as opportunities to earn money would similarly entice cardholders to take action and save.

CASE STUDY

Netspend targeted more than 45,000 cardholders who had previously opened a savings account but had a balance of \$0. These individuals were randomly sent one of three emails. All of the email body copy was identical except for the one headline which highlighted the secrecy messaging to encourage individuals to save.

Condition 1. Earn Framing

NETSPEND

A Way to Earn Money

You could earn up to 5.00% Annual Percentage Yield (APY) to increase your savings potential.

[Add Money to Your Savings Account >](#)

You already have a Savings Account. Are you taking full advantage of it?

Set up AutoSave to automatically transfer an amount you choose to your Netspend Savings Account every time you load funds to your Card Account to take the work out of saving.

[Set up AutoSave >](#)

Condition 2. Social Proof

NETSPEND

Some People Know the Obvious Way to Earn Money

You could earn up to 5.00% Annual Percentage Yield (APY) to increase your savings potential.

[Add Money to Your Savings Account >](#)

You already have a Savings Account. Are you taking full advantage of it?

Set up AutoSave to automatically transfer an amount you choose to your Netspend Savings Account every time you load funds to your Card Account to take the work out of saving.

[Set up AutoSave >](#)

Condition 3. Unique Framing

NETSPEND

A Way to Earn Money Some People Don't Know

You could earn up to 5.00% Annual Percentage Yield (APY) to increase your savings potential.

[Add Money to Your Savings Account >](#)

You already have a Savings Account. Are you taking full advantage of it?

Set up AutoSave to automatically transfer an amount you choose to your Netspend Savings Account every time you load funds to your Card Account to take the work out of saving.

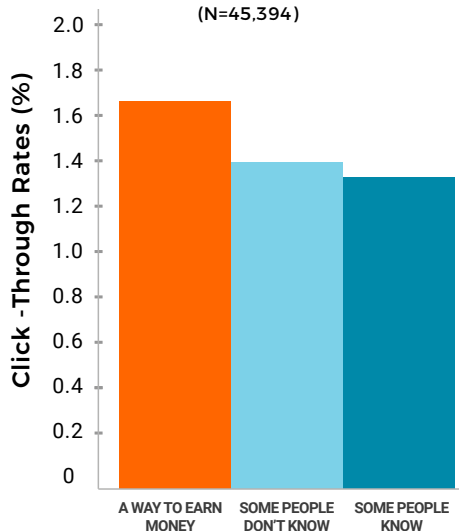
[Set up AutoSave >](#)

Results

There was no effect between conditions on open rates. However, the average open rates among the experiment's conditions were 4-points greater – a 26% increase – than Netspend's average open rates for this type of email.

Average Click Rates Between Groups

(N=45,394)



We did see differences in click-through rates. Consistent with previous findings, the messaging “A Way to Earn Money” significantly outperformed the other two groups. People who opened the “intrigue” emails may have been expecting to see a ‘secret,’ only to be let down to discover it is a saving account. The earning frame was consistent between the subject and the body, which may be why it performed better.

Netspend also provided information on how many accounts had over a \$5 balance after 60 days. While more people in the second condition had accounts with a balance, this was likely driven by people who would have saved regardless. When we look just at savings for people who opened the email, the differences go away.

We also found that 5.7% of people who opened the email started saving, compared to just over 4% of the those who did not open the email and therefore may be unaffected by the experiment. Therefore, it's possible that the email encouraged a few more people to start saving, but it could also be that the people who opened the email were more likely to save regardless of an email.

Overall, the findings reinforce the idea that email interventions are unlikely to drive significant uptake in prepaid card savings behavior. We would encourage future research to focus on interventions that integrate within the user experience. For example, we could imagine changing the sign up flow to include saving account set up or helping users make a saving allocation after their first deposit.

Learning from the lab: message granularity and saving beliefs

Partner Type	N/A
Partner Cohort	2018
Project Type	Lab Learning
Project Status	Completed



Background

Many people fail to take full advantage of sponsored savings accounts, even when an outside party provides financial incentives to encourage contributions. These sponsored savings accounts an under-used opportunity to increase overall savings. They can also establish a routine and build a habit of regularly depositing money into a savings account.

One possible reason why people fail to make use of such accounts is because they aren't weighing potential benefits of saving for the future properly. We designed an experiment to see if we could make progress on this issue by increasing how important people think it is to save for the future.

Key Insights

Previous research around the concept of anchoring has shown that bigger numbers create a greater impact in memory and perception. This concept might provide a way to help people recognize the benefits of saving and change how important they believe it to be.

We hypothesized that people would believe saving to be more important when shown descriptions of savings programs that highlighted how much money could be gained over a longer time-period (e.g., over a period of two years), compared to same amount but described in a way that highlighted how much money could be gained over a shorter amount of time (e.g., over a single day).

Experiment

Online participants read about a hypothetical government-sponsored savings program. Across four conditions, they were told how much money they could save per day, per month, per year, or per two years (only conditions 1 and 2 are shown below). Participants were from the UK, so savings were displayed in terms of pounds they could save. Afterwards, participants were asked how important they believed saving for the future to be.

LAB STUDY

Condition 1. Daily Framing

Great news! You are eligible to earn up to 82p per day. Our records indicate that you qualify for a new government-sponsored savings account that helps make saving easier. Your deposits will be matched 50p on the £1, for up to £50 per month. Once registered, your account will remain active for 4 years. That means if deposit the full £50 each month, you'll earn up to 82p per day.

Condition 2. Bi-Yearly Framing

Great news! You are eligible to earn up to £600 every 2 years. Our records indicate that you qualify for a new government-sponsored savings account that helps make saving easier. Your deposits will be matched 50p on the £1, for up to £50 per month. Once registered, your account will remain active for 4 years. That means if deposit the full £50 each month, you'll earn up to £600 every 2 years!

Results

Across three online studies with over 1300 participants, participants who read about the money they could save over a two-year period consistently believed that saving for the future was more than important than those who read about how much they could save in a shorter time period. These results suggest that one way to encourage people to see saving as important, and potentially encourage greater use of savings programs, is to place people in a long-term mindset that highlights the large amounts of money they may gain over a longer period of time.

Beliefs about the importance of saving for the future increased by 4% when participants saw how much savings could accumulate over a long time period (two years) than shorter time periods (one day, one month, one year). We will continue to explore if this increase in perceived importance actually translates to behavior.

Beliefs About the Importance of Saving

