



INCREASING INCOME

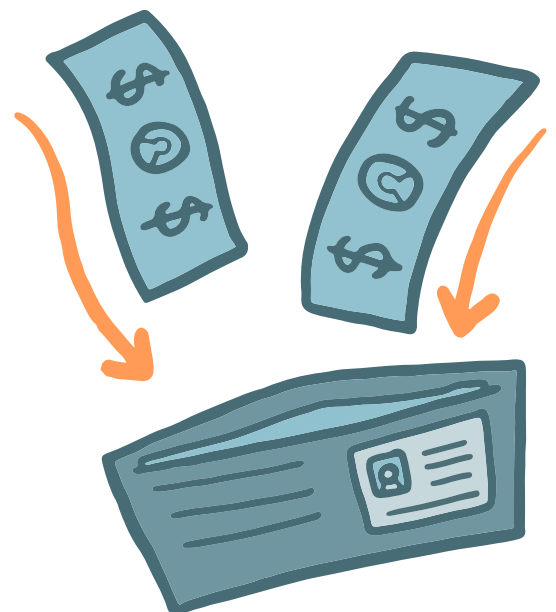
In any given year, increasing income is an essential strategy for millions of households to achieve financial stability. While many states and cities have increased minimum wages, wage growth has been slow and uneven. The gaps between the highest earners and middle- and low-wage workers and between White earners and Black earners have widened. Even before the pandemic, households were taking on additional work to supplement their income or meet other financial goals. In 2018, more than 41 million Americans reported doing some gig or contract work on a regular basis. It's estimated that by 2023, over half of the workforce will either be gig workers or have worked as an Independent contractor during their career.

The COVID-19 pandemic has further exacerbated these wage gaps, with many households being laid off or furloughed, having their hours cut, or choosing to leave the workforce because of increased caregiving responsibilities. During the pandemic, unemployment peaked at 14.7% in April and fell to 6.9% in October. These rates are the highest since the Great Depression and worse than those during the Great Recession. It is estimated that since March of 2020, close to half of all households experienced some loss in employment income. And lower income households were hit hardest; they are more than twice as likely to have lost a job and nine times more likely to struggle to pay bills than higher income households. This has led many people to the gig economy to make ends meet. This year, we continued our work on increasing income, through both long-run and short-run projects.

We worked on five projects that span the lifecycle of increasing earnings: from increasing educational attainment, to connecting to job opportunities, to job retention, and even increasing income through gig work.

- » With Foundation Communities and the Social Policy Institute at Washington University in St. Louis, we are encouraging low- and middle-income students to complete the FAFSA through a benefits-framed text message campaign. Prior research has shown that completing the FAFSA increases one's likelihood of attending college, which can dramatically increase their lifetime earnings. This project is launched and currently collecting data. Read more on [page 19](#).
- » With researchers from Peking University in China, we are exploring the challenges that women face in participating in the labor market and designing an intervention to increase their participation in rural communities. Read more on [page 21](#).
- » With researchers from Fudan University in China, we are working to increase the average weekly or monthly earnings of migrant workers through expectation setting to help reduce "job hopping." Read more on [page 19](#).
- » In partnership with Steady, an App that connects people to gig opportunities, and in collaboration with researchers at Irrational Labs, we ran two studies directly focused on increasing gig earnings. We found that using social proof, either in the form of the number of people or the aggregate dollar amount earned, had no impact on increasing uptake of Income Boosters. However, in a second study, we found that displaying a clear earnings goal helped users earn an additional \$7-\$20 per week. Read more on pages [24](#) and [27](#).

In 2021, we anticipate continuing to dive into concrete strategies that can help put more cash into people's pockets today, as well as unlock their potential for higher future earnings.



INCREASING INCOME

Partner Type:
Credit Union

Partner Cohort:
2020

Project Type:
Field Study

Project Status:
In Design



Improving Financial Earnings Among New Generation Migrant Workers

BACKGROUND

Internal migration has experienced incredible growth in China, and the rapid growth of the manufacturing sector in the country has created huge demand in the labor market. Under the Hukou system in China (Hukou is the citizenship issued by a given province/city in China), most migrant workers, who are not granted a Hukou in the city they migrate to, cannot enjoy the benefits given by a city, such as employment, health insurance, housing, and schooling for their children. This increases the friction for migrant workers attempting to settle down in the city they move to.

Migrant workers are more likely to lack stable employment and income, and are more likely to have unplanned expenses.

To better understand the financial instability of migrant workers, we partnered with a research team at Fudan University and WDW, an online job agency with over 700,000 registered members. WDW provides free job vacancy information for workers, arranges job interviews, and provides on-the-job service for workers. The research team at Fudan has conducted a series of field observations and interviews among young workers, and found that migrant workers are more likely to lack stable employment and income, and are more likely to have unplanned expenses. They are exploring ways to improve workers' financial wellbeing by improving their financial management knowledge (e.g., spending and saving) and increasing their earnings through two mechanisms: (1) working for a longer period of time with a given employer or (2) shortening the period of idling/wandering between work.

HYPOTHESES AND KEY INSIGHTS

- » **Migrant workers have unstable employment:** The data recorded by WDW shows that tenure for each job is only about 46 days on average, with a median 34 days. The interviews conducted with migrant workers showed the majority (60.7%) of the respondents have never worked continuously for more than one year.
- » **High turnover rate in the first seven days resulted in reduced income in migrant workers:** WDW data showed the turnover rate is 41% in seven days and 52% in 14 days. Due to the paying mechanism, migrant workers don't get paid if they don't work for a whole week, and don't get paid in full if they don't work for a whole month. The high turnover rate in the first two weeks resulted in many migrant workers receiving less income than they actually earned.
- » **Mismatch of expectations:** The main stated reason for migrants to quit their job is "low income", but the field observation revealed that even when switching to other positions they don't earn a higher hourly rate.

EXPERIMENT

We are finalizing the behavioral diagnosis and will begin designing an experiment for launch at the end of Q1 2021.

RESULT

The experiment is expected to be launched at the end of Q1 2021, and we anticipate sharing out the results in the 2021 Annual Report.



This project is in collaboration with Fudan University.

Promoting Labor Supply for “Left-Behind” Women in Rural China

BACKGROUND

Due to the regional imbalance of socio-economic development, the phenomenon of rural relative poverty remains prominent in China, resulting in a total of [43.4 million people](#) still living in poverty at the end of 2016. For many households, this leaves them unable to sufficiently plan for the future, protect themselves against financial shocks, or acquire assets for wealth building. One common cause of low income levels for some of the rural households in northern China is insufficient labor supply. With improved techniques and technologies, farming has become less demanding of farmers' own time and effort. Higher degrees of automation and outsourcing also provide chances for people in rural areas to seek other employment. The common demand for day laborers in many rural communities could provide additional income for “Left-Behind” women in rural area -whose husbands work in cities- the population with working capacity but low employment rate.

With the rising labor costs and the “end poverty” movement, there are opportunities for rural women to achieve through improved employment conditions. More frequent and regular labor supply could bring in more stable income, raise the household income level, improve household living standards and protect against risks for the long run.

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We partnered with a research team from Peking University and a local village administration to better understand the barriers these women face in picking up additional work to add to their household income and to design an intervention to increase their earnings by increasing the number of days that they pick up work hours.

HYPOTHESES AND KEY INSIGHTS

Through interviews and surveys conducted by the researchers at Peking University, we've identified the following barriers to getting more women in these rural villages to pick up work outside of the home:

- » **Mismatch of expectations:** Many of these women lack the skills necessary for jobs that they perceive as being "easy" (less labor-intensive and relatively higher-paid) and therefore most desired.
- » **Present bias:** Many of the women prioritize their immediate comfort and desires over any potential long-term benefits. And many of the jobs for which they are qualified are more labor-intensive and relatively lower-paid, making it harder for them to choose to work that day rather than socialize or relax around the home.
- » **Low self-efficacy:** Many women lack confidence in learning any new skills, which keep themselves from any position that requires training or learning.
- » **Low financial literacy level:** These women do not understand basic financial concepts.

Based on these barriers, we hypothesize that we may be able to increase the likelihood of women picking up extra workdays by increasing their financial literacy, setting concrete, nonbinding goals and framing their long-term benefits as losses if they don't work toward them.

EXPERIMENT

Lead by the Peking researchers, we will test our hypotheses by randomizing 500 women aged 35-55 into 3 conditions:

1. **Control:** These women will simply receive typical financial literacy education through a series of videos on WeChat or TikTok that focus on the benefits of financial planning and action-oriented tips and rules of thumb to increase income.
2. **Treatment 1:** These women will receive goal-oriented financial literacy education videos that adds numeric examples with long-term goals decomposed into short-term goals.
3. **Treatment 2:** These women will receive personalized goal-oriented financial literacy education. These women will first set a tangible goal for what they would like to purchase (i.e., a car or an apartment), setting the money and time span in an app, and then receive a series of videos that focus on action-oriented tips and rules of thumb to increase income.

The design includes 3 phases: pre-treat survey, treatment and post-treat surveys. We plan to launch this experiment after the Lunar New Year in China to align with when many households will be going back to work.

RESULTS

The experiment will last for 3 months and we anticipate sharing out the results in our 2021 Annual Report.



This project is in collaboration with Peking University.

Partner Type:
Technology

Partner Cohort:
2019

Project Type:
Field Study

Project Status:
Complete



Using Social Norms to Encourage Uptake of Income Boosters

BACKGROUND

Close to half of gig workers (44%) depend on gig work as their primary source of income. The Steady app helps these workers maximize their income by matching them with opportunities to make extra money and provides an income tracker to monitor earnings.

One way people can earn extra money through the app is with bonuses ("Income Boosters"), which Steady gives out when users sign up for new jobs or services. For example, a Steady user could earn \$20 when they sign up to be a Postmates delivery driver. However, not all Steady users take advantage of the Income Boosters program.

Steady partnered with Common Cents Lab to explore ways we might encourage greater adoption of these bonus programs.

KEY INSIGHTS

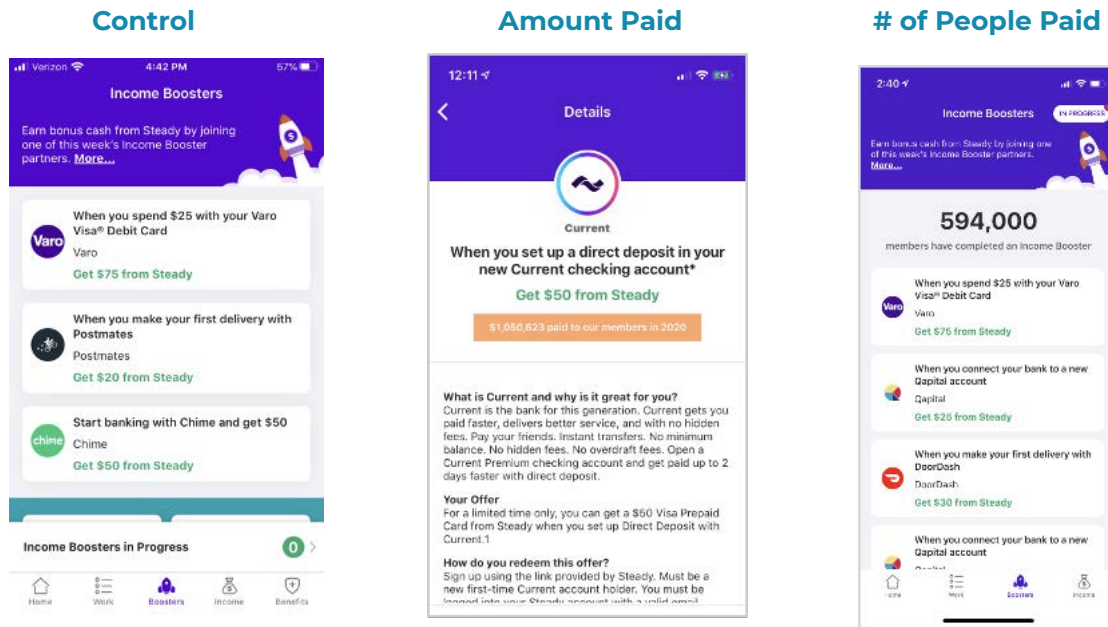
To better understand what might be keeping Steady users from pursuing Income Boosters, we conducted a detailed diagnosis of the Steady Income Boosters flow. An insight from qualitative research suggested that Steady users were not confident that they would be paid if they signed up for Income Boosters. We hypothesized that by using social norms variants to illustrate that others had been paid, we would increase the likelihood of someone pursuing an Income Booster.

EXPERIMENT

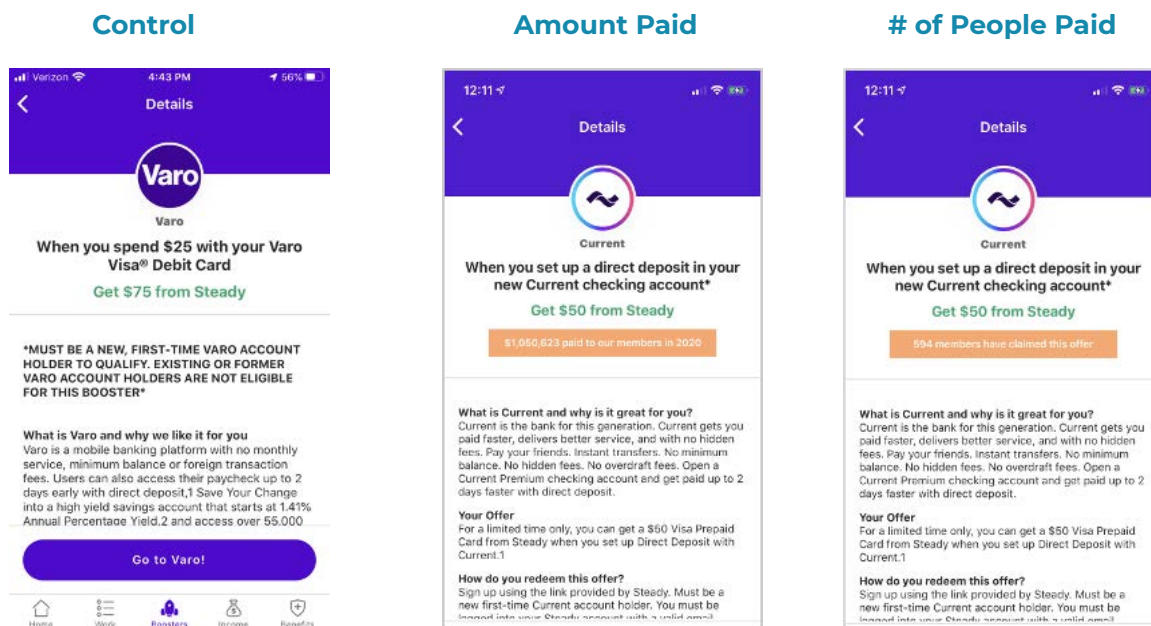
CCL and Steady designed two experiments to test whether two different types of social proof would be effective in increasing Income Booster usage. The experiments ran over four weeks to over 62,000 Steady users. Both experiments tested:

1. **Control:** No social norms
2. **Social Norms:** Dollar amount paid to Steady members
3. **Social Norms:** Number of Steady members paid

In the first experiment, featuring all of the Income Boosters that were not Steady's top 5 most popular, on the Steady Income Boosters main screen:

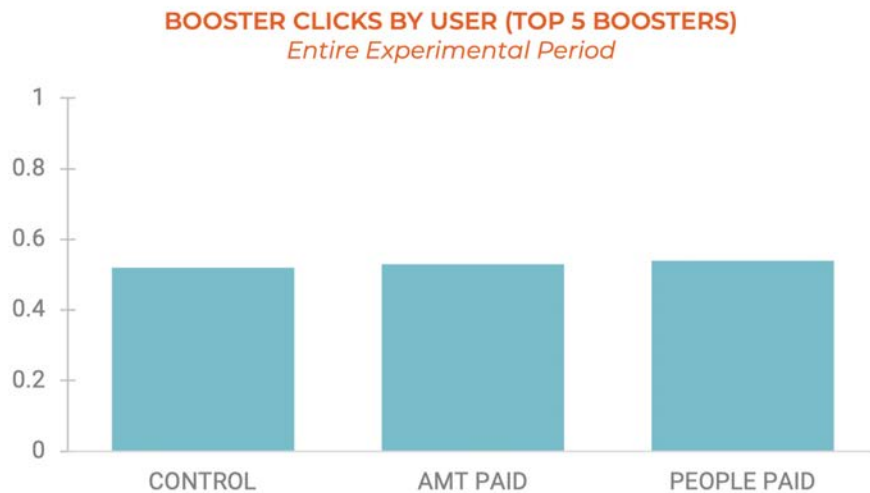


The second experiment, featuring Steady's top 5 most popular Boosters, featured the same three social proof versions. **In addition to the main Income Boosters screen variants, the second experiment also featured modifications to the individual Booster screens with social proof in the experimental conditions.**



RESULTS

There was no difference across conditions in terms of getting more people to use Income Boosters in either of the experiments.



IMPLICATIONS

There are a few possible explanations as to why none of the experimental conditions lifted the number of people taking advantage of Income Boosters.

The first explanation involves limited attention: either people ignored the social proof messaging, or it is possible that people's actual behavior on the Income Boosters screen is a quick scroll, and without the social proof pinned to the top of the screen, people missed it.

Alternatively, it is possible that people took in the information, but it did not change their decision-making. It may have either not changed their opinion on the likelihood of getting paid, or they may have been equally likely to have applied regardless of the perceived odds of not being paid for an Income Booster.

 This project was in collaboration with Irrational Labs.

Partner Type:
FinTech

Partner Cohort:
2020

Project Type:
Field Study

Project Status:
Complete



Using Goals to Encourage Account Linking and Increase Earnings

BACKGROUND

A recent [salary report](#) by Indeed found that 81% of workers in the US don't feel like they're earning enough. When asked how much more it would take for them to feel good about their earnings, the majority of participants said they'd need to make at least \$6,000 more per year, or just \$500 more per month.

One of Steady's core intentions is to help gig workers attain their financial goals, which frequently includes increasing income; on average, users have earned more than \$5,500 with Steady. To help in the most effective manner possible, Steady needs users to link their bank account to the app.

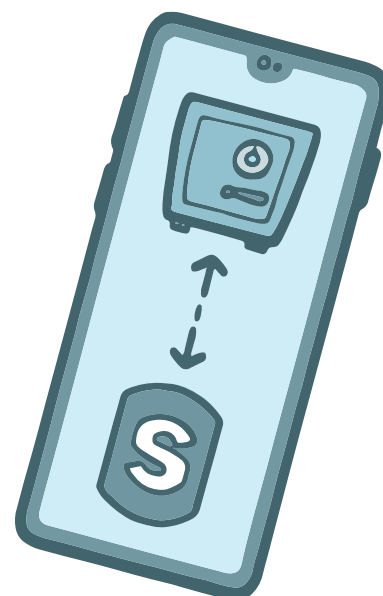
Together with Steady, we designed an experiment with the objectives of 1) boosting the number of users who linked their bank account to the app; and 2) increasing Steady user income.

KEY INSIGHTS

Our two primary questions for this experiment:

- » Is it more effective to ask members to link their account before or after they set a Goal?
- » Do Goals motivate people to work more and make more money?

In the experiment, we tested the impact of a Goal feature vs. a historical monthly income tracker. We also tested whether prompting people to link



their bank accounts first or set their income goals first maximized bank account linking. There were three conditions:

1. **Control:** Income Tracker (existing feature) + Link Bank Account First
2. **Goals Feature:** Link Bank Account First
3. **Goals Feature:** Set Income Goal First

Key insights for the link-bank-account experiment

Link account first conditions:

- » Making the link account **salient** could maximize bank account links.
- » Bank account linking feels **incomplete**.
- » The obfuscated feature behind the CTA creates **curiosity** about the **benefit** (feature).

Set-goals-first condition:

- » This utilizes the **“foot in the door”** technique, which is to make a small request (set an income goal) followed by a larger request (link your bank account).
- » Provides a **logical reason + product benefit** for linking a bank account.

Key insights for the goals feature experiment

- » The feature is highly **salient**.
- » **Goal setting** and **goal gradient** theory could lead to additional effort and income.
- » A **weekly goal** is the time frame we believed most **immediate** and **easiest** to track and remember for people looking for gig-type work.
- » We use **implementation intentions** to strengthen the impact of the goal feature, prompting a user to establish **how** they will reach their weekly goal.

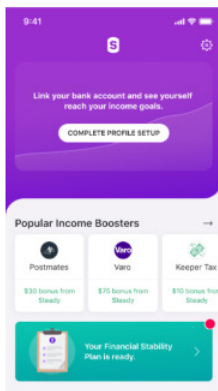
EXPERIMENT

There were three conditions in the experiment:

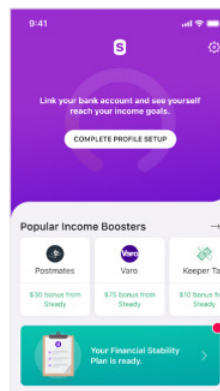
1. Link Account > Income Tracker (Control)
2. Link Account > Set Goal > Goals Feature
3. Set Goal > Link Account > Goals Feature

Account Linking Conditions

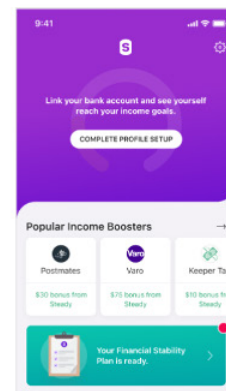
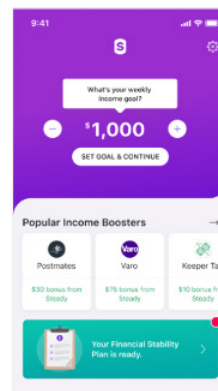
Control



Goals: Link Acct. First

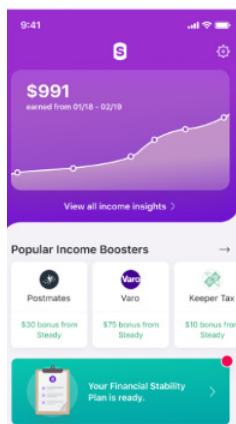


Goals: Set Goal First

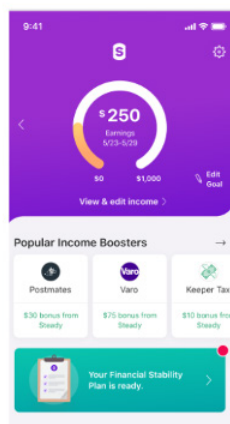


Account Linking Conditions

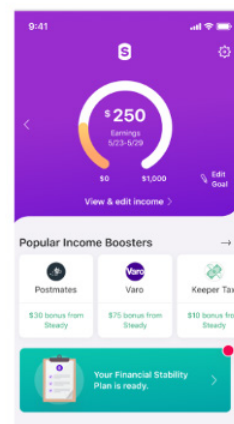
Control



Goals: Link Acct. First



Goals: Set Goal First



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For users in all conditions, push messages designed to encourage goal-setting and plan-making (while remaining congruent with the Income Tracker) were sent every Monday and Wednesday at 11:35 local time. **All conditions received the same messages.** Examples:

Monday: New week, new chance to earn! Check your 💰 from last week & plan how to meet your income goals this week 📅

Wednesday! Half-way through the week 📅👉 You got this! Check your 💰 vs. your goals & handle your business! 💪

RESULTS

Account-linking experiment

Surprisingly, the control resulted in the highest bank account link rate ($p < 0.014$). There was no difference between the Goals variants in terms of bank account linking. Having users input their Goal first did not boost the number of users who linked their bank account.



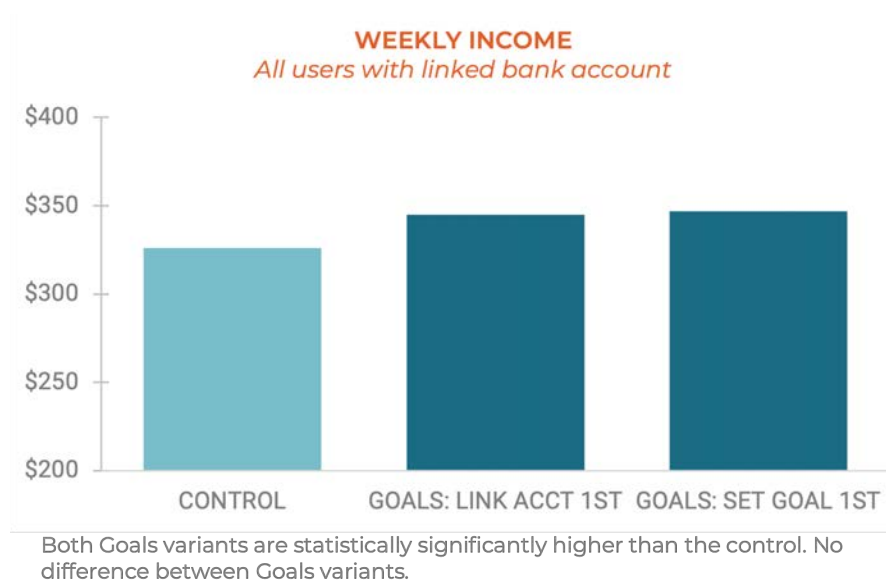
One possible reason for this unexpected effect is the visual of the rising line on the graph on the “view income” screen, which may make it attractive. It’s also possible that returning users recognized the graph, and its congruence with their experience made it compelling.

Goals Feature Experiment

The Goals feature clearly did increase user income. Users who linked their bank accounts in the Goals feature conditions made more money. In fact, having a Goals feature boosted user income by

an impressive additional \$7-20 per week (2-6%). The 6% effect represents the impact for users of all incomes over the entire experimental period, the 2.3% effect removes potentially outlying incomes (1.1% of data) across the entire experimental period, and a 4.3% effect represents the impact for users (excluding potential outliers) with exposure to the experiment for a full 3-4 weeks over the experimental period. Less than two weeks in the experiment would have provided less than optimal exposure to the Goals feature, and if enrolling in Steady mid-week, the first week of exposure a user would not have received the goal-related push messages.

It didn't matter which Goal variant was used. Both were statistically significantly higher than the control ($p < 0.015$), with no difference between variants. Other key metrics (such as number of app opens, and number of job applications submitted through the app) were largely unaffected by the Goals feature.



In addition, the Goals feature appears to have a greater impact over time. The characteristics of the people in each condition were the same, and as people had time to set and track their goals, their income ultimately rose.

IMPLICATIONS

We included ~80,000 Steady users in the experiment, with ~40,000 in the control, and ~20,000 in each of the Goals variants. The bank account link rate was ~36%. We ran the experiment over 4 weeks, so over the course of that time frame ~14,400 users increased their incomes \$28-\$80 (2-6%) over that month, for an overall increase in income of \$400,000-\$1.15M due to the Goals feature.

Since the experiment, Steady has rolled the Goals feature out to its entire user base and through modifications to its onboarding has raised bank account linking to ~45%. We estimate that since August 2020, on average 36,000 users per month have increased their incomes \$28-\$80, for an additional increase in income of \$1M-\$2.88M per month due to the Goals feature.



This project was in collaboration with Irrational Labs.

Partner Type:
**Non-Profit
Organization**

Partner Cohort:
2019

Project Type:
Field Study

Project Status:
In Field

Can Benefits-Framed Messaging and Personal Testimonials Increase Rates of Student Financial Aid Application Completion?

BACKGROUND

As the cost of college continues to rise, it has become increasingly important for students to apply for financial aid. However, the process of completing the Free Application for Federal Student Aid (FAFSA), which [requires detailed information on a student's family composition, income, and other household assets](#), can be daunting for many low-income students. In fact, recent [data](#) estimates that only 61% of high school graduates completed the FAFSA in 2019. Even when students complete their FAFSA before their first year of college, many are unaware that they will have to complete it again the following year. A [recent study](#) found that among returning college students, there is a link between failing to fill out the FAFSA and dropping out of college.

To better understand how we could nudge students to complete their FAFSA, we partnered with the College Hub, a program of Foundation Communities, a community non-profit organization in Austin, Texas that assists clients in completing and submitting both their FAFSA and Texas Application for State Financial Aid (TASFA).

KEY INSIGHTS

Despite the importance of personal [assistance](#) in filling out the FAFSA, many of the students that Foundations Communities (FC) serves do not take advantage of the personal assistance for FAFSA completion offered by the organization. Prior to our partnership, FC sent monthly texts to their current College Hub clients reminding them to make an appointment in order to get help filling out their FAFSA. However, in consulting with FC, we found that many of these students were unaware of all the benefits associated with filling out the FAFSA. We also found that many of FC's Tax Help clients who previously

enrolled in college were also unaware of these benefits. Given relatively low take-up rates from texts in previous years, we sought to use behavioral insights to augment both the content and the format of the messages. Specifically, we focused on benefits-framed messaging, highlighting how filling out the FAFSA could make college more affordable, and also included testimonials from the FC team describing how they have personally benefited from filling out the FAFSA.

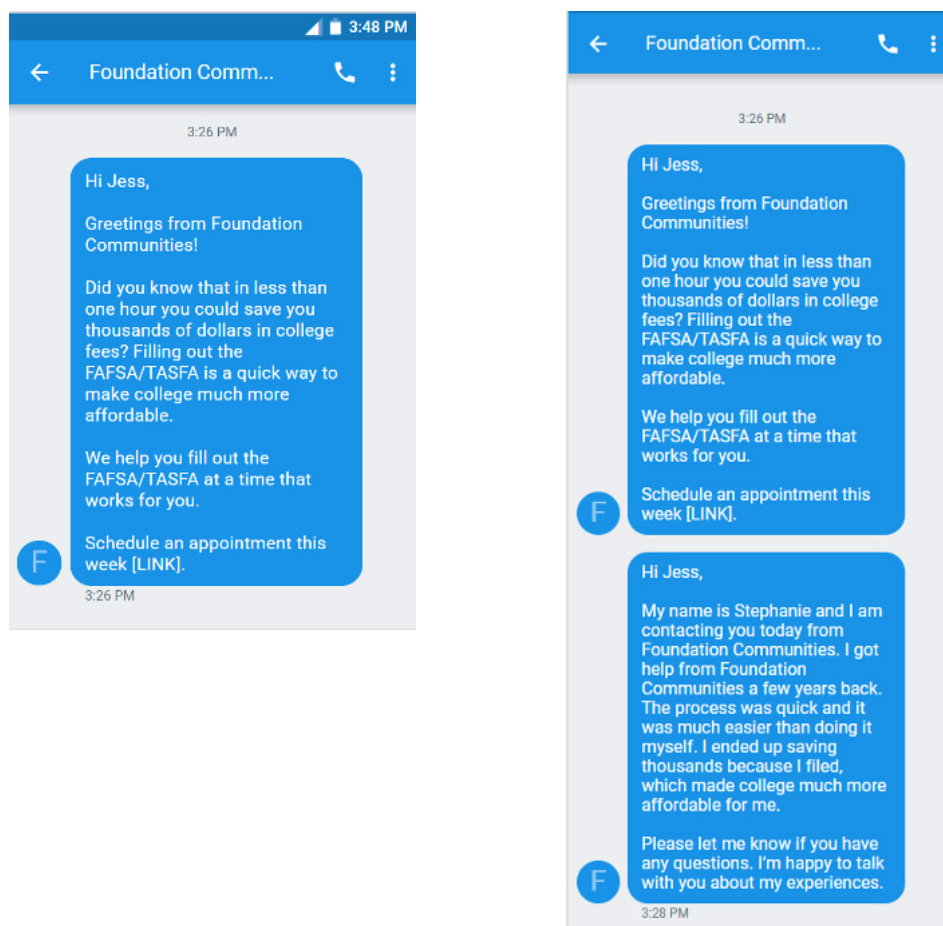
As many low-income students aren't aware of all the benefits associated with FAFSA completion, we incorporated [benefits-framed](#) messaging into our experiments with FC, which has been shown to have positive impacts on FAFSA completion and college enrollment. While [personalization](#), [conversational messaging](#), and [mentoring](#) have also been shown to have positive impacts on FAFSA completion and college enrollment, these can often be too expensive for non-profit organizations—especially when taken to scale. Thus, we decided to use personal testimonial text messages as well, which may be especially salient for low-income students who may not personally know someone who has filled out the FAFSA or gone to college.

EXPERIMENT

To nudge students to fill out their FAFSA/TASFA before their respective priority deadlines, we designed a text message-based experiment with three arms. In each condition, participants were prompted to schedule an appointment to complete their FAFSA/TASFA application with a College Hub staff member. Each condition consisted of 8 text messages delivered roughly every two weeks from late September (a week before the FAFSA opening date) to early March (before the priority deadline for local community colleges in Austin, TX). The 3 conditions in this experiment are:

- » **Control Group:** This group is our “business as usual” group that simply receives the periodic reminders that the College Hub staff sends to all their FAFSA/TASFA clients. These messages acknowledge the upcoming FAFSA/TASFA deadlines and invite recipients to sign up to complete the application through the College Hub.
- » **Treatment Group 1:** Participants in this group receive a series of text messages that highlight the benefits of filling out the FAFSA/TASFA along with invitations to sign up to complete the application through the College Hub. Highlighted benefits include the minimal time costs of filling out the applications, access to grants, access to work-study opportunities, access to loan forgiveness, and lower interest rates on debts.
- » **Treatment Group 2:** This treatment couples the benefit framings from Treatment 1 with a social proof element. Specifically, in this group, we use group texting to provide participants with both benefits-framed texts and additional testimonial texts from College Hub staff. The testimonial messages are designed to complement the benefit information from provided in the non-testimonial texts. For example, if a benefits-framed text discusses the minimal time required to fill out the FAFSA/TASFA, the testimonial will reinforce that benefit.

Account Linking Conditions



RESULTS

This experiment was launched in September 2020 and is currently in-field with 745 recipients in each of the three groups. After the first 4 text messages were sent out, we are pleased with our preliminary results: the Control Group has 13 FAFSA/TASFA completions; Treatment Group One has 23 completions; and Treatment Group Two has 25 completions.



This project is in collaboration with the Social Policy Institute at Washington University in St. Louis.