RESEARCH REPORT 4

Savings Pockets by Default to Support Gig Workers' Savings with Gliber in Chile

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CENTER FOR ADVANCED HINDSIGHT
COMMON CENTS LAB

Background

BUILDING A RESEARCH PARTNERSHIP

Throughout our vast experience designing and implementing behavioral sciences interventions with financial organizations, we've systematically seen that structural interventions, those that make changes to financial products or services, can have a larger impact. We understand, however, that structural interventions require more efforts on our partner's side and need to be aligned with organizational timelines and business priorities.

In that sense, we had the opportunity to partner with Gliber, a Chilean fintech that provided financial services for gig workers in the country, mostly in the savings and credit domains. In early 2023, Gliber had 3,500 users, 40% of which were foreign gig workers who worked to send remittances back home. Their users had different usage dynamics; while older users typically keep a balance in their digital account, younger users tend to withdraw or transfer funds more quickly, with a portion of foreign workers withdrawing their funds every 4 or 5 days.

With the mission to support gig workers in the country through their financial services, Gliber participated in a behavioral sciences workshop organized by Common Cents Lab in 2022, where they designed an intervention to create savings pockets by default for their users. Even more, insights from their internal research with their users revealed an opportunity to help them save for taking a day off work, a goal that could significantly contribute to their well-being. While there is not enough robust evidence on the subjective well-being of gig workers, associated with their time off, recent evidence shows that pay volatility, a central characteristic of gig work, can have negative effects on their health outcomes, including sleep quality and stress management (Sayre, 2023). As such, saving for a day off could go a long way for them.

Considering this behavioral challenge and the release of this new feature into consideration, we worked with Gliber to design the savings pocket and focused the behavioral intervention on the following key behavior: Digital platform workers within Gliber set up their savings pocket and make at least 1 deposit during the first 2 weeks after having activated their account.

STUDY 1

Testing savings pockets by default for gig workers

BEHAVIORAL DIAGNOSIS

A new savings pocket to help gig workers save

Evidence from the behavioral sciences shows that separating money into different accounts or pockets can be an effective strategy to build savings. For example, research from Kenya shows that simply providing people with a place where they can keep their money separately increases savings by up to 138% (Dupas & Robinson, 2013). Similarly, a study conducted with low-income construction workers in India shows that keeping a portion of their weekly earnings in a separate paper envelope led to a 63.9% increase in money saved after 14 weeks relative to those who did not partition their earnings (Soman & Cheema, 2011). In part, this happens because keeping money in a separate account can slow down the rate of consumption by adding an element of friction (Cheema & Soman, 2008). In other words, the more readily available our money is, the easier it is to spend it.

Taking this evidence into consideration, Gliber decided to introduce a new savings feature within their digital wallet to help digital platform gig workers within their platform start building their savings. Together with Gliber, we designed a minimal viable version of this new Savings Pocket feature which allowed users to set up a separate savings pocket within their digital wallet where they could put money aside from their main account towards their savings (see Figure 1). Upon activating their account, their savings pocket balance would be displayed right below that of their main account. It is worth mentioning that this pocket had no associated fees and did not accrue any interest over time, and the money could be immediately accessed at any time.

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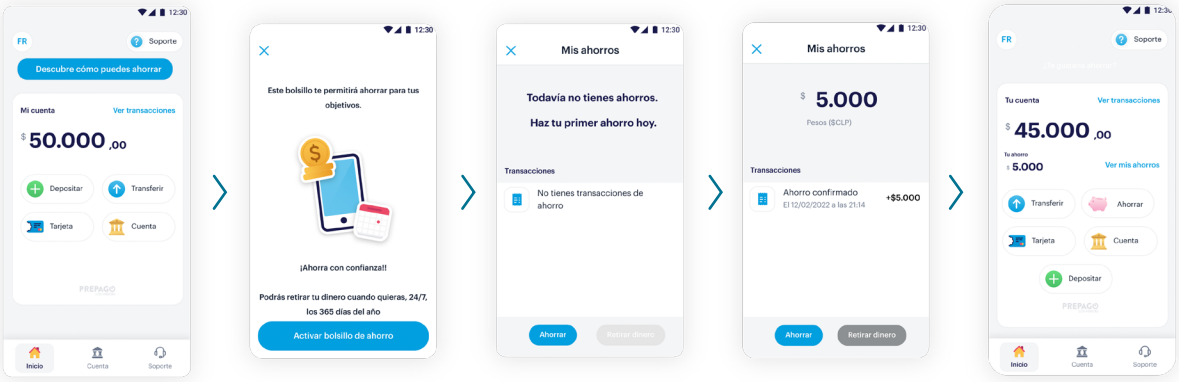
Figure 1. Initial Design of New Savings Pocket Feature



1. Banner de ahorro en Home
2. Activar bolsillo de ahorro
3. Mis ahorros (sin ahorros)
4. Mis ahorros (con ahorros)
5. Home con bolsillo de ahorros

There are 2 important design elements to highlight from the original design of the new savings pocket feature. First, users would be introduced to the new feature using a permanent banner on their home screen introducing them to the new savings pocket feature that mentioned “Discover how you can start saving.” Second, users would have to activate their savings pocket as part of their onboarding by tapping on the “Activate savings pocket” call-to-action button. They would only have access to this new feature if they manually activated it. This initial product design represented the control or business-as-usual version of our experiment.

INTERVENTION DESIGN

Savings pockets by default, with and without a saving motive

A vast body of evidence from the behavioral sciences shows that one of the best ways to help people adopt new behaviors is to turn these desirable behaviors into the default. In fact, defaults are one of the most potent and widely used tools in the behavioral sciences toolkit. Specifically in the domain of savings, automatic enrollment with pre-defined contributions (with an option to opt out or make changes) has been shown to lead to dramatic increases in participation rates to retirement saving programs relative to opt-in defaults where employees have to actively enroll into retirement savings (Beshears et al., 2009). To illustrate, research by Madrian and Shea (2001) shows that default enrollment into retirement savings increases participation rates of new employees by 50%. Even when savings accounts are subsidized or provided for free, take-up is rarely complete (Dupas et al., 2018).

Furthermore, labeling accounts for a specific and meaningful saving purpose can contribute to making savings goals more tangible and increase motivation. The more specific the goal, the higher

its perceived importance (Ulkumen & Cheema, 2011). This practice leverages on mental accounting. Rather than treating money as a single fungible resource, we treat money differently based on different specific uses we assign to it. In fact, the evidence shows that assigning a specific purpose to a saving account can further enhance the effect of partitioning savings into different accounts (Cheema & Soman, 2011).

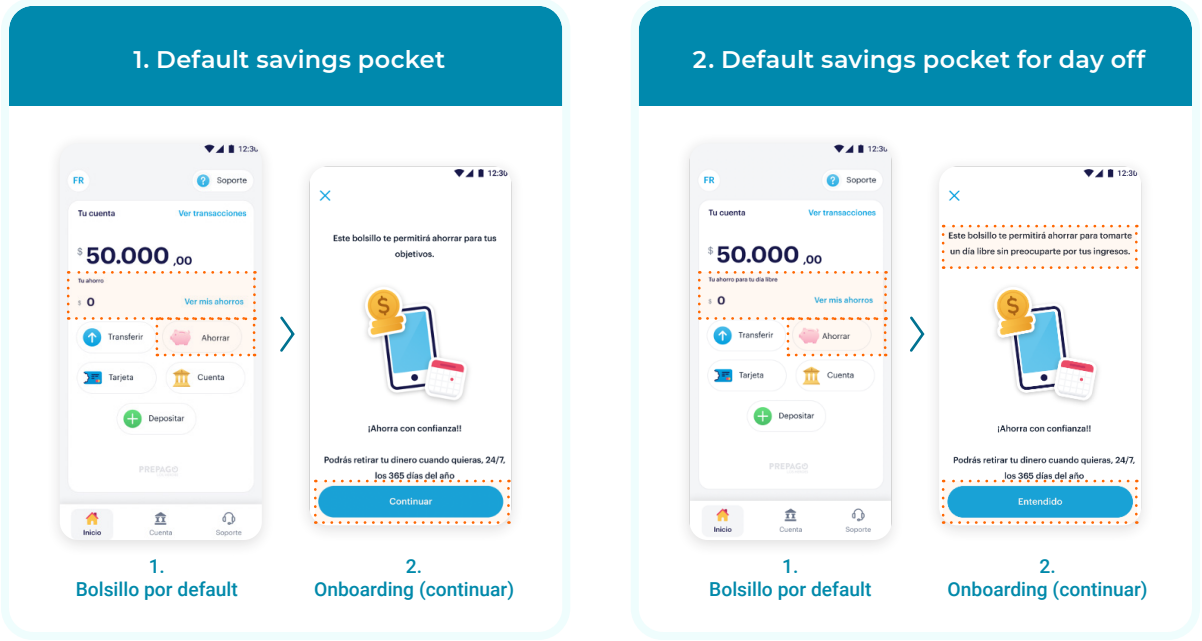
From behavioral insight to product design

Building upon these insights, we co-designed 2 new behaviorally informed versions of the savings pocket feature with the Gliber team, focusing exclusively on the account set-up process (screens 1 and 2 in the figure on the previous page).

First, in the default savings pocket condition, we set up the savings pocket by default to users (see Figure 2). Rather than having to manually activate it, their new saving pocket was already included as part of their wallet upon entering the app for the first time (with a savings balance of $0). When accessing their savings pocket for the first time, they would also see the exact same onboarding screen as in the original design, with the exception that the call to action simply indicated "Continue" instead of "Activate savings pocket." The rest of the functionality would remain the same as in the original design.

Second, in the default savings pocket for a day-off condition, we also generated a savings pocket by default, but this time it came with a pre-defined specific saving motive that is particularly meaningful for digital platform gig workers: "saving for a day off" (Figure 2). From a product design standpoint, the design of this condition was the same as in the previous condition, with wording adjusted to accommodate for the specific saving motive. Specifically, the naming of the savings pocket changed from "Your savings" to "Your savings for a day off" both in the home and onboarding screens. This saving motive was the same for all users in this condition and could not be changed. The rest of the functionality would remain the same as in the original design.

Figure 2. Behaviorally Informed Design of Set-up Process for New Savings Pocket



To test out these 2 behaviorally informed product designs for the new savings pocket feature, we designed a field experiment with Gliber, where all their existing users were randomly allocated into 1 of the 3 conditions when logging into the app for the first time since launching the study. Once they were randomly assigned to 1 of these conditions, they would keep that version of the app until the end of the study.

Importantly, users had to download the latest version of the app to be able to participate in the study. For some users, this happened automatically and unobtrusively. For the rest who had to manually update their app on the app store, their version of the app required them to download the newer version to be able to log in. Additionally, a series of planned push communications were launched over the course of the study to encourage users to access the app. Although these communications varied in content, none of them referred in any way to either the experiment or savings in general. These were sent to all Gliber users at the same time, and the content was the same for all users regardless of the condition they had been assigned to.

RESULTS

A savings pocket by default increases the number of gig workers using it

The study was launched on July 11th and, over the course of the 6 weeks, a total of 755 Gliber users logged into the app and were randomly allocated into 1 of 3 experimental conditions.

As shown in Figure 3, participants in both default conditions combined were almost twice as likely to have accessed their savings pocket than those who had to manually activate it. This difference was statistically significant, at the 0.01 level. We did not detect significant differences in the likelihood of accessing their saving pocket between each of the default conditions.

However, when taking a closer look at the percentage of participants that made a deposit into their saving pockets over the duration of the study (regardless of whether they interacted with their savings pocket), we found that, despite the data showing a similar trend, there are no statistically significant differences between any of the experiment conditions (Figure 4). Contrary to our hypothesis, we do not have evidence that having a savings pocket by default increases the likelihood of making a deposit towards savings.

It is worth mentioning that the final sample size from the study was considerably smaller than we anticipated based on *a priori* power calculations and total user population (around 3,000). This means it is possible that the visible differences in saving behavior are real but that we do not have enough statistical power to detect them.

> **Contrary to our hypothesis, we do not have evidence that having a savings pocket by default increases the likelihood of making a deposit towards savings.**

Overall, the results from this study show that, while having a savings default is very effective in terms of getting users to access their new savings account, we still need more evidence to understand whether having a savings pocket by default has an impact on people's actual savings behavior.

Figure 3. Usage Results

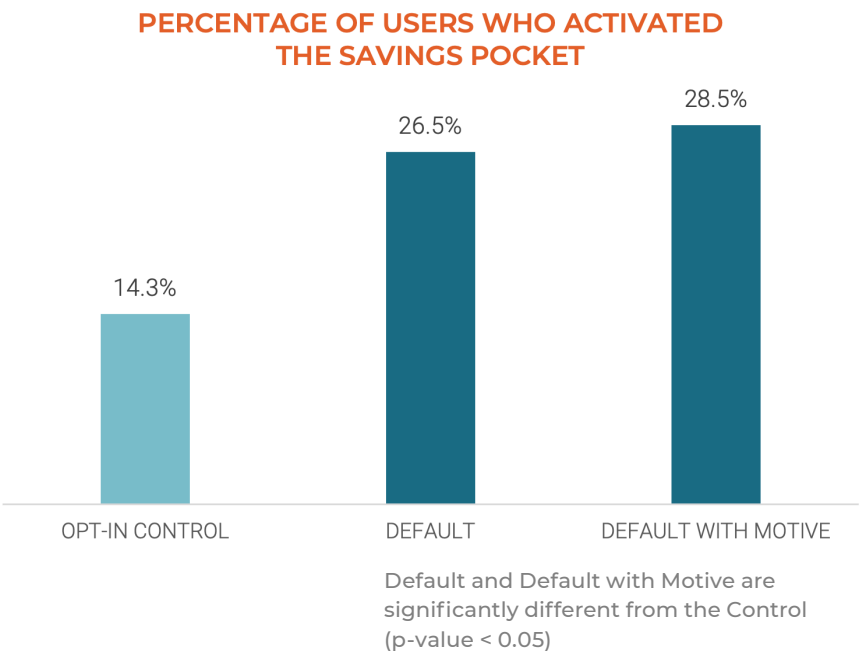
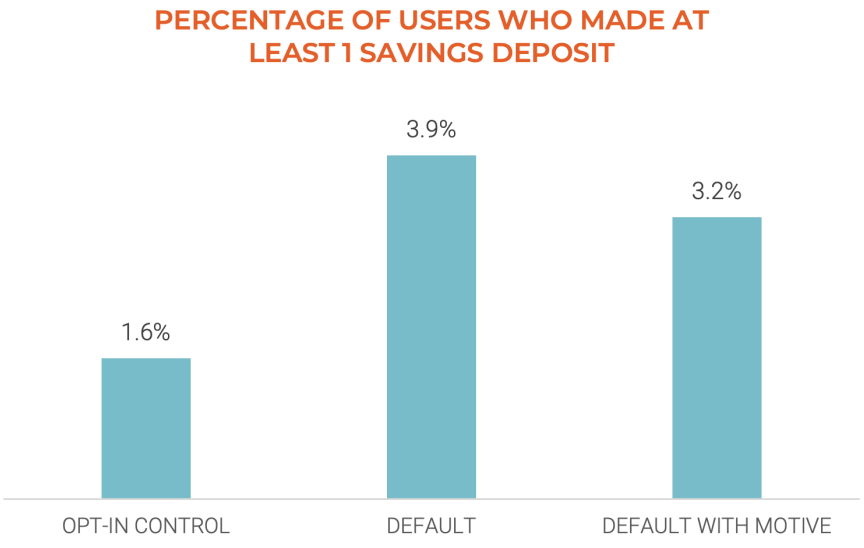


Figure 4. Savings Results



Gliber: Conclusions and implementation takeaways

☞ Structural changes can make a big impact

- One key learning from our experience conducting applied behavioral sciences is that, while communication-based interventions are typically a good way to start testing out intervention ideas, more structural interventions at the product design level are usually most effective in terms of influencing behavior.
- Additionally, this experience shows that structural changes need not be costly. In this case, our structural change simply meant using a screen that already existed in the original product design as the initial screen from experimental conditions. Ultimately, this intervention design only consisted in making changes to the ordering of existing screens together with some minor changes in the wording of the account name and a call-to-action button.

☞ Product design matters more than savings purposes

- Contrary to previous evidence, including a more specific savings motive for a "day off" did not seem to influence the likelihood of accessing the savings pocket or making a deposit towards their saving pocket.
- While a more specific saving purpose did not end up having a positive impact on any of our target behaviors, it is also important to mention that it didn't have a negative effect on the interaction with the savings pocket or savings behaviors. More information is needed to understand how savings purposes influence savings actions.
- Taken together, these findings suggest that subtracting friction was a more effective strategy than adding motivation. In the case of Gliber, even if that friction associated with activating their new savings pocket was minimal, it was more important to overcome the friction of having to manually opt in to their new savings pocket than enhancing motivation towards saving for a personally meaningful goal. This is a key takeaway from a product design standpoint, as subtraction is often an overlooked strategy to solve problems (Adams et al., 2021).
- Another alternative explanation is that the "day off" motive was not a meaningful enough saving goal for digital platform gig workers at Gliber, and therefore failed to enhance their motivation towards saving. Further research could complement these findings by identifying meaningful savings goals and replicating this experiment.

☞ Take-up didn't necessarily mean active use

- In this particular case, while accessing a savings pocket or account can be a critical enabler towards building savings, there still remains a gap between setting up a savings pocket and actually making deposits towards saving.
- Interestingly, these findings are not consistent with previous evidence from the behavioral sciences showing that simply having a separate place to keep their savings separately can contribute to increasing savings (Dupas & Robinson, 2013). Similarly, meta-analytic evidence from 6 studies focused on increasing take-up of financial products in underbanked populations shows that take-up has a small to moderate effect on active use (Knowles, 2018).
- Again, it is important to acknowledge that the final sample size from the study was considerably smaller than we anticipated based on *a priori* power calculations and total user population (around 3,000), meaning we don't have enough statistical power to detect such differences.

Ultimately, we are interested in helping people behave in ways that will contribute to their financial well-being and resilience, so this evidence suggests there are still opportunities to focus interventions that can address this access-use gap. Even more importantly, we worked with Gliber to incorporate the findings of this study into their product design and developed a scale-up plan to continue impacting gig workers in Chile. Testing structural interventions, like this one, is a crucial step to design robust features that truly contribute to people's financial decisions and improve the product development process for organizations.

BEHAVIOR MAP

Gliber: Time off by default for gig workers*

Key Behavior

1. Set an amount or percentage of income to savings

2. For a time-off benefit

1. Behavioral Insights

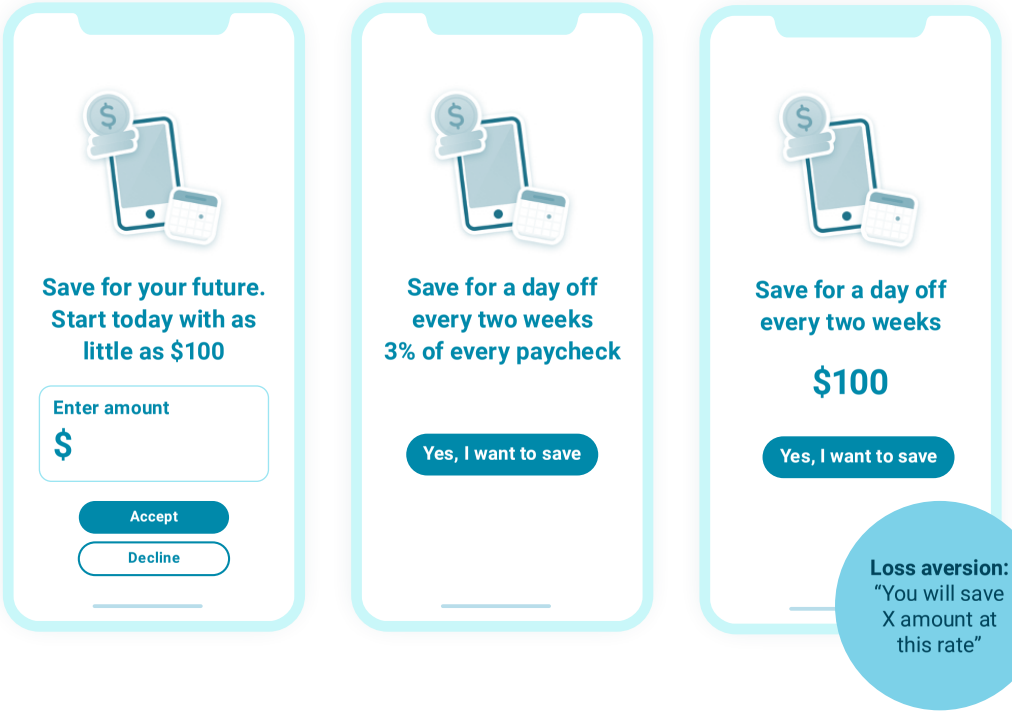
Structural Barriers & Changes:

Workers don't know how much to save	Users struggle to find the deposit option in the app	Users have to decide the percentage to move to savings	Users have to find the right options to set up savings	Users have to decide on the frequency of savings

Framing Opportunities & Changes:

Motivate them during onboarding by default	Reframe the specific savings time frame	Reframe savings as amount or percentage	Highlight specific goals. What are they saving for?

3. Intervention Ideas



2. Measuring Success

Outcomes Tracked:

Number of users saving	Number of users taking time off	Amount of money saved	Amount saved by user

4. Next Steps

Define an intervention group	Choose a savings partner	Define launch time frame	Estimate effort for experimentation

*Elaborated by Gliber at the 2022 CCL Behavioral Sciences Workshop in New York City

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