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Timeline
2015-2016

Study Status
Results

Study Type
Randomized Evaluation

Sample Size
6,242 bank clients

Research Implemented by IPA
No

Better Strategies for Saving More: Evidence from Three Interventions in Chile
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Abstract
Individual behavioral biases can affect savings behavior. We conduct an experiment to evaluate different strategies to increase savings. We compare an automatic savings plus an default rule, monthly reminders, and a rule-of-thumb savings package that appeals to careful spending. We find that rules-of-thumb and default rules can increase savings five years after the intervention. In contrast, reminders can reduce account balances and debt levels. The increase in savings under the default rule is produced by a (mechanical) increase in deposits, but savings is later decreased by an increase in withdrawals.

Academic Paper
Evaluating Strategies to Increase Savings Behavior in Chile

Funded by IPA and in collaboration with BancoEstado, researchers conducted a randomized evaluation in Chile that found that savings strategies to reduce bad spending habits and automatic savings plans increased users’ savings by 11 percent and 10 percent, respectively, for one year. After 18 months, both effects faded.

Savings accounts can provide a safe and secure way for low-income households to build their assets to make large, lump-sum investments or protect against unforeseen expenses. However, many holders do not actively use their accounts. For example, in Chile, 87 percent of adults in 2022 had savings accounts but only 31 percent saved in the past 12 months. Given this, behavioral factors may be significant contributors to limited savings, including high expenses or too many financial decisions. Evidence suggests that guiding individuals in their planning and decision making can effectively increase savings.

Funded by IPA and in collaboration with the financial institution BancoEstado, researchers conducted a randomized evaluation to measure the impact of three interventions to increase
savings. This included balances in formal savings accounts and CuentaRUT accounts—BancoEstado accounts in which balances can be drawn on via debit card to buy goods, withdraw money, or pay utility bills at retail stores. A total of 6,242 BancoEstado clients in Santiago with CuentaRUT accounts were randomly divided into the following groups:

- **Savings strategies**: Clients received five strategies to help them lower their spending on temptation goods (e.g., alcohol, tobacco, high-calorie food) via (1) animated video at a BancoEstado branch, (2) a gift bag with several items to encourage savings behavior, and (3) calendars with different monthly reminders. They also received monthly SMS reminders of these strategies.
- **SMS savings reminders**: Clients received individualized monthly SMS reminders of their savings goals for one year.
- **Automatic savings plan**: Money was automatically transferred from the clients’ CuentaRUT accounts into their personal savings accounts.
- **Comparison group**: Clients received no intervention.

The savings strategies and automatic savings plans increased clients’ savings by 11 percent and 10 percent, respectively, in the first 12 months. The effect of savings strategies was concentrated entirely in formal savings accounts, with the impacts largest for clients who reported at the outset that they wanted to decrease their consumption of tobacco and alcohol. Meanwhile, the effects of automatic savings plans were driven partially by mechanical increases in formal savings accounts. However, as withdrawals had consistently increased after month nine, the impacts decreased over time and faded after 18 months.

**Sources**


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