



## Nudges for Financial Health

Global Evidence for Improved Product Design

Despite good intentions, people often make less-than-optimal financial choices. In this series, we match insights from our global research in behavioral economics with specific financial service and product design opportunities both for providers in the U.S. and in other countries. Providers can use these evidence-based insights to expand financial inclusion, improve client offerings, and continue to promote financial health.



## **Nudges para una óptima salud financiera**

Evidencia global para un mejor diseño de producto

A pesar de las buenas intenciones, las personas a menudo toman decisiones financieras que no son óptimas. En esta serie, compararemos las ideas de nuestra investigación global en economía conductual con servicios financieros, específicas y oportunidades de diseño de producto tanto para proveedores en Estados Unidos como en otros países, quienes podrán usar estas ideas basadas en la evidencia para ampliar la inclusión financiera, mejorar las ofertas para los clientes y continuar promoviendo la buena salud financiera.

# **Nudges for Financial Health: Global Evidence for Improved Product Design**

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*This booklet combines a series of briefs, which are also available to download as individual briefs: [Count on Commitment](#), [The Power of Doing Nothing](#), [Top of Mind](#).*

### **Count on Commitment**

Commitment devices are voluntary, binding arrangements that people make to reach specific goals that may otherwise be difficult to achieve. When built into savings products, commitment devices can help address behavioral and social obstacles to saving by providing a mechanism that forces people to save according to their self-set plans. These devices vary

in terms of commitment activity, consequence for failing to fulfill the commitment, and control over how savings are spent. “Hard” commitments feature financial penalties for failure, whereas with “soft” commitments, the penalty is primarily psychological, as in letting down oneself or one’s community.

### **The Power of Doing Nothing**

Automatic (“opt-out”) enrollment is a simple product design modification in which consumers are informed they will be automatically enrolled in a product or service unless they choose to opt out. Setting the default to “opt-out” instead of “opt-in” has been shown to significantly increase uptake of certain savings products and lead to behavior change through automation, for example by increasing participation in retirement and savings plans. It is important that financial services providers use these tools with care, fully and conspicuously inform their customers about the product or service into which they will be enrolled, and give customers full freedom to make a different choice or opt out at any time.

### **Top of Mind**

Providing access to savings accounts is an important step in bringing financial services to the poor, but access alone does not guarantee people will save. Many people struggle to develop good savings habits because they put off saving until a future time, or face so many seemingly urgent needs today that it is difficult to save for tomorrow, or they simply forget to save. Reminders that bring savings goals to the “top of mind” are a low-cost way to address these barriers and help clients reach their savings goals.

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