

**Authors**

Jeremy Burke  
University of Southern California

**Do Prize-Linked Incentives Promote Positive Financial Behavior?  
Evidence from a Debt Reduction Intervention**

Jeremy Burke\*

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Abstract

Prize-linked programs are becoming increasingly popular, yet little evidence exists regarding their efficacy. I conduct the first field experiment examining whether prize-linked incentives can be effective in promoting debt reduction by randomizing access among 6,907 borrowers in a debt management plan. I find strong take-up of the program and that takers were timelier with repayment and paid off more debt. However, intent-to-treat estimates are precise zeros. These results suggest that despite strong interest and positive correlations, prize-linked incentives may not modify behavior and may simply attract individuals who are ex-ante likely to engage in the target behavior.

JEL Codes: D12; G23; G41

\* University of Southern California, Center for Economic and Social Research (email: [jeremy.burke@usc.edu](mailto:jeremy.burke@usc.edu)). I thank Money Management International, and especially Jennifer Diel, David Levine, and Michelle Chavez, for excellent implementation assistance and co-pilot and Will Debbin for facilitating the construction. I also thank Innovations for Poverty Action, in particular Michael Rosenman, Nick Gregory, and Kim Smith, for outstanding research support, and numerous conference and seminar participants for helpful comments and suggestions. Research funding provided by the Ford Foundation (through Innovations for Poverty Action) and RAND Corporation is gratefully acknowledged. This RCT was registered in the American Economic Association Registry under trial number AEARCTR-0001673. All errors are my own.

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Prize-linked programs are becoming increasingly popular, yet little evidence exists regarding their efficacy. I conduct the first field experiment examining whether prize-linked incentives can be effective in promoting debt reduction by randomizing access among 6,907 borrowers in a debt management plan. I find strong take-up of the program and that takers were timelier with repayment and paid off more debt. However, intent-to-treat estimates are precise zeros. These results suggest that despite strong interest and positive correlations, prize-linked incentives may not modify behavior and may simply attract individuals who are ex-ante likely to engage in the target behavior.

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