

Applying behavioural insights to improve decision making

Samuel Hanes



THE
BEHAVIOURAL
INSIGHTS
TEAM



Memory game

Bed

Doze

Rest

Slumber

Awake

Snore

Tired

Nap

Dream

Peace

Wake

Yawn

Snooze

Drowsy

Memory game



Take a moment to write down
the words you can remember



Memory game

Bed	Doze	Snore
Rest	Slumber	Wake
Awake	Snore	Dream
Tired	Nap	Nap
Dream	Peace	Sleep
Wake	Yawn	
Snooze	Drowsy	

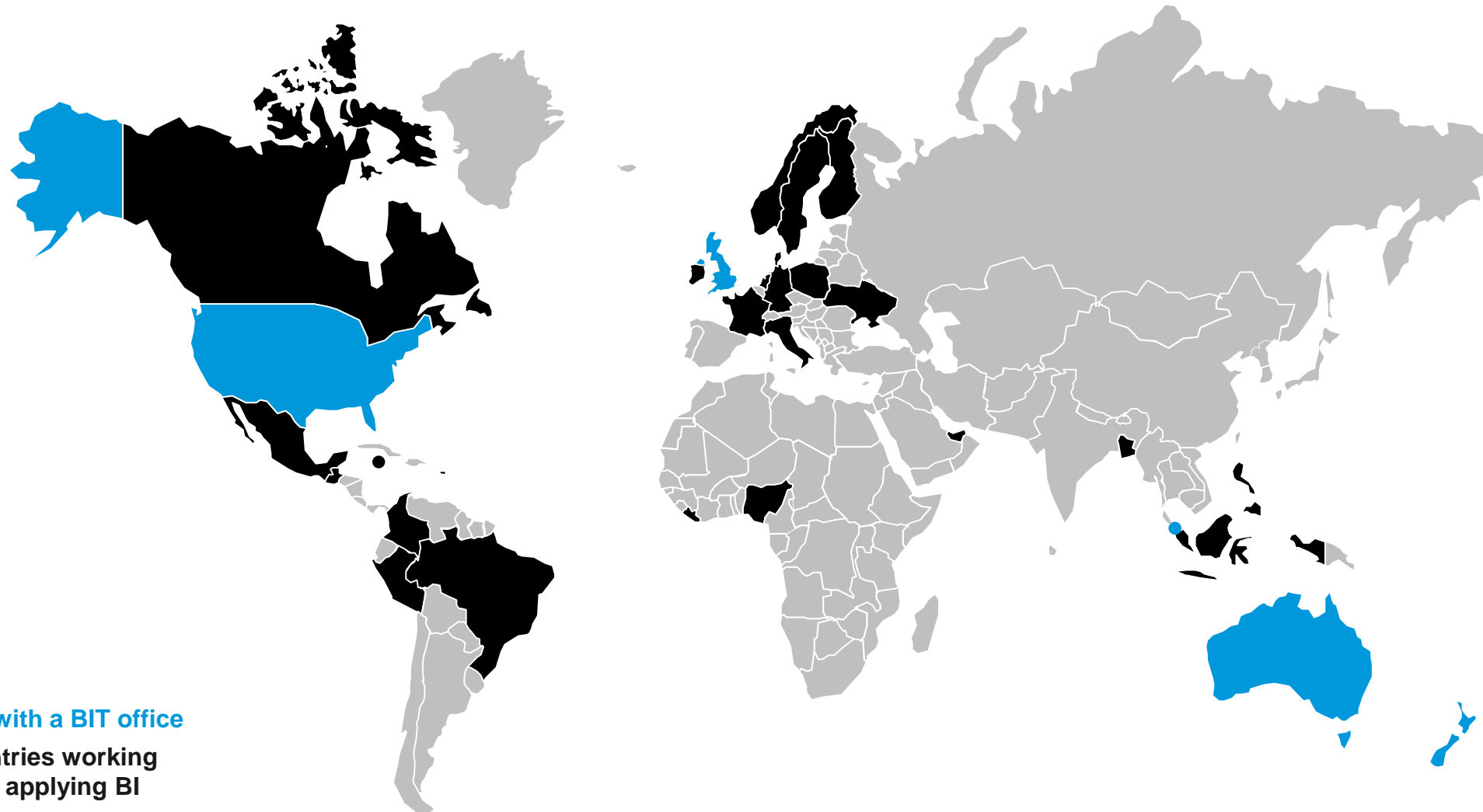
**Did you remember
sleep?**

**40-55% of people
do**

The Behavioural Insights Team



Behavioural insights has spread globally



- Countries with a BIT office
- Other countries working with BIT or applying BI



Behavioural insights are:
*“empirical findings about
behaviour that can be used to
make policy more effective”*



Behavioural insights are:
*“empirical findings about
behaviour that can be used to
make policy more effective”*



Behavioural insights are:
*“empirical findings about
behaviour that can be used to
make policy more effective”*



Behavioural insights are:
*“empirical findings about
behaviour that can be used to
make **policy more effective**”*

A worked example: Social norms

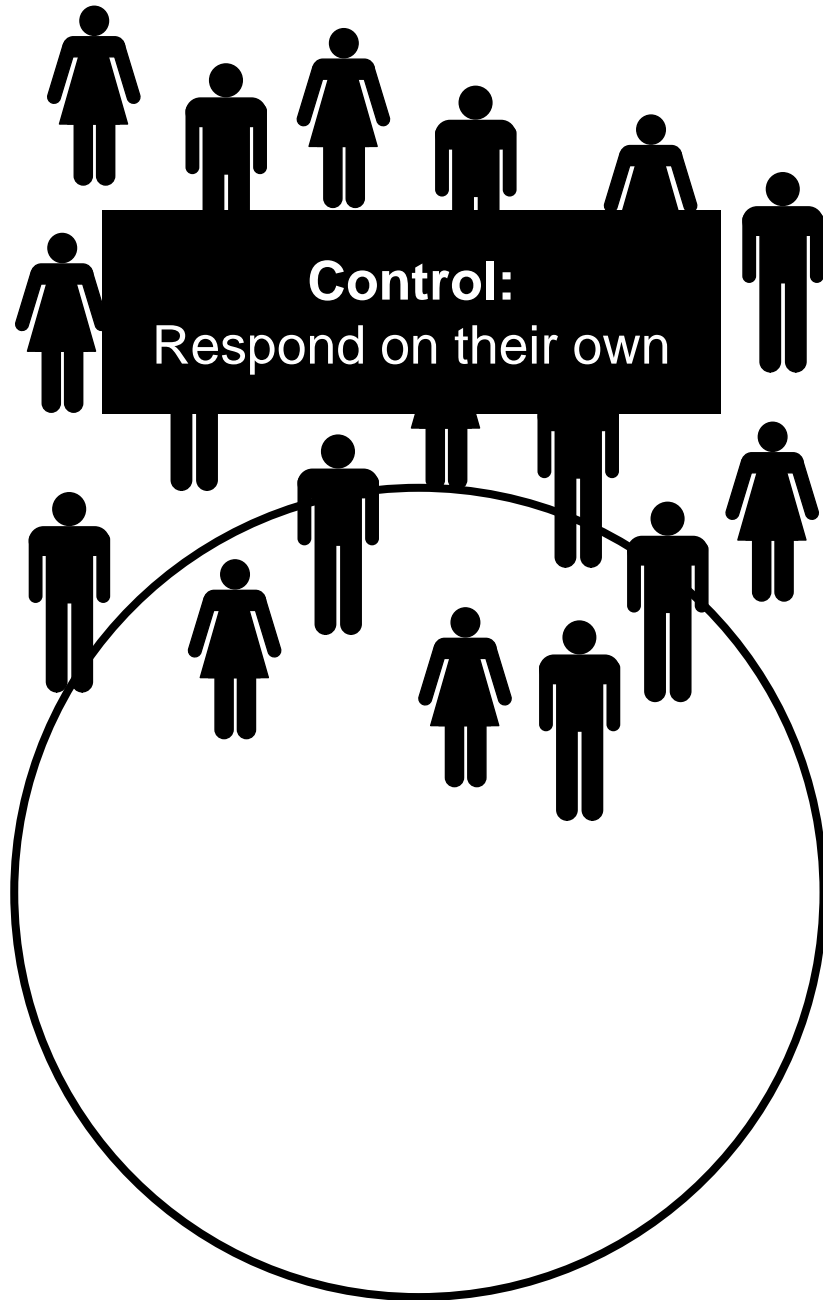


A B C

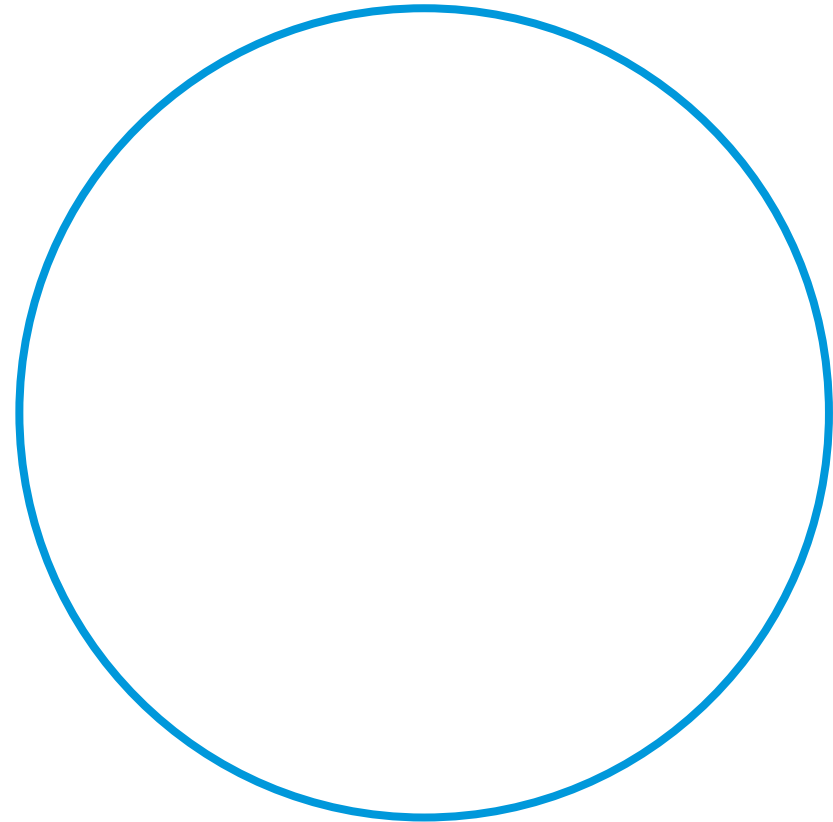
Which is the best suit?

"I think B is the best..."

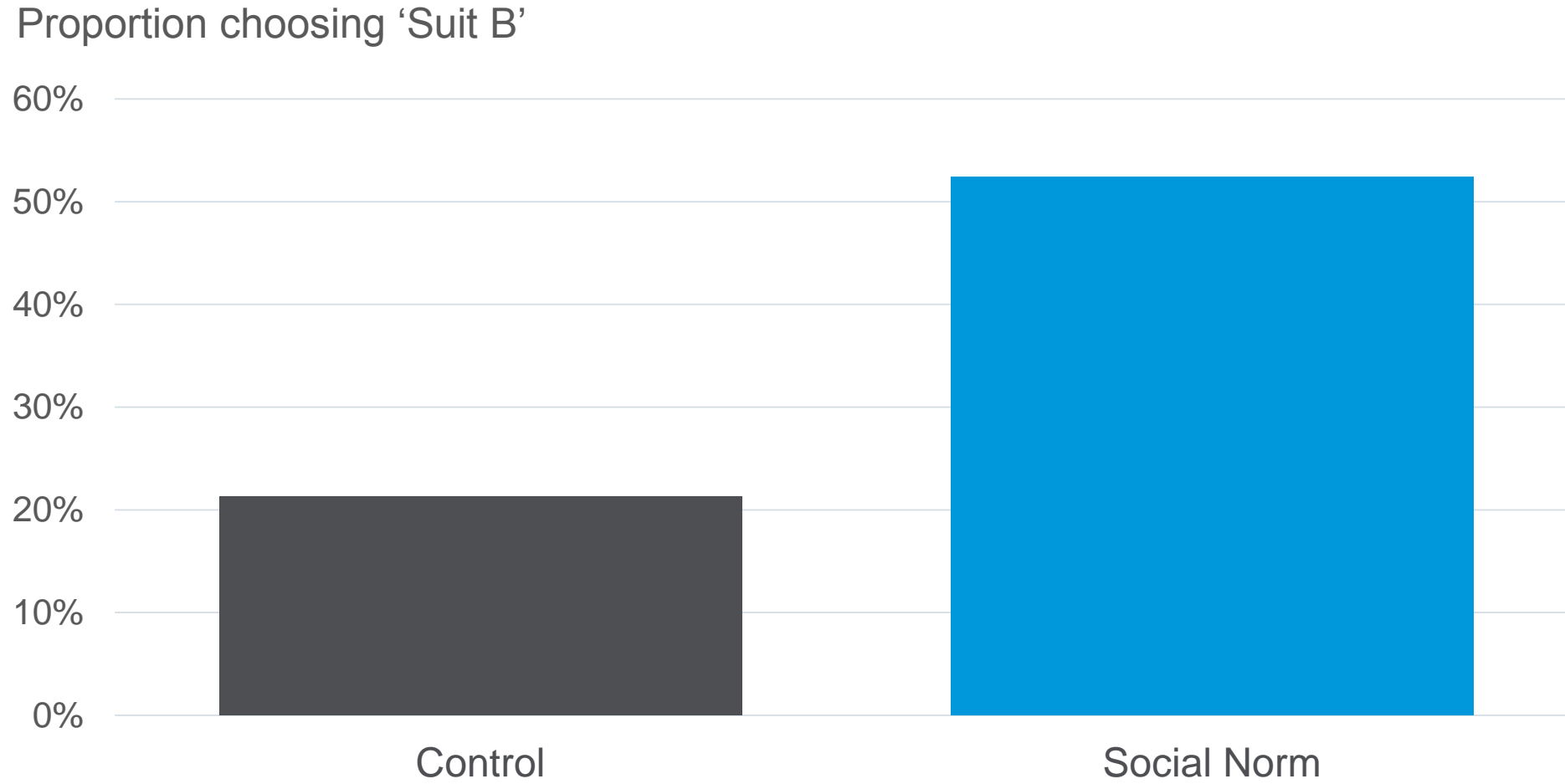




Social norm:
Respond after actors



A worked example: Social norms



N=136

A worked example: Social norms



YVONNE STANYER
ROOM 201
KELSALL HOUSE
STAFFORD COURT
STAFFORD PARK
TELFORD
TF3 3BD

Debt Management & Banking

Mr R Harding
HMRC London South
2nd Floor Southern House
Wellesley Grove
Croydon Surrey
CR9 1WW

Phone 0845 366 7809
www.hmrc.gov.uk
Date of issue 4 August 2011
Reference REFERENCE NUMBER

Dear Sir/Madam

Please pay £9999999999.99

Our records show that your Self Assessment tax payment is overdue.

It is easy to pay. Please call the phone number above to pay by debit card, credit card, or Direct Debit.

You can also pay using internet and telephone banking. For more information on when and how to pay please visit www.hmrc.gov.uk

If you don't have a bank account, please call the phone number above for more information.

If you have a bank account, please call the phone number above to pay by debit card, credit card, or Direct Debit.

Yours faithfully

Officer of Revenue and Customs

IDMS99P HMRC 10/10

YVONNE STANYER
ROOM 201
KELSALL HOUSE
STAFFORD COURT
STAFFORD PARK
TELFORD
TF3 3BD

Debt Management & Banking

Mr R Harding
HMRC London South
2nd Floor Southern House
Wellesley Grove
Croydon Surrey
CR9 1WW

Phone 0845 366 7809
www.hmrc.gov.uk
Date of issue 4 August 2011
Reference REFERENCE NUMBER

Dear Sir/Madam

Please pay £9999999999.99

Our records show that your Self Assessment tax payment is overdue.

Nine out of ten people pay their tax on time.

It is easy to pay. Please call the phone number above to pay by debit card, credit card, or Direct Debit.

Yours faithfully

Officer of Revenue and Customs

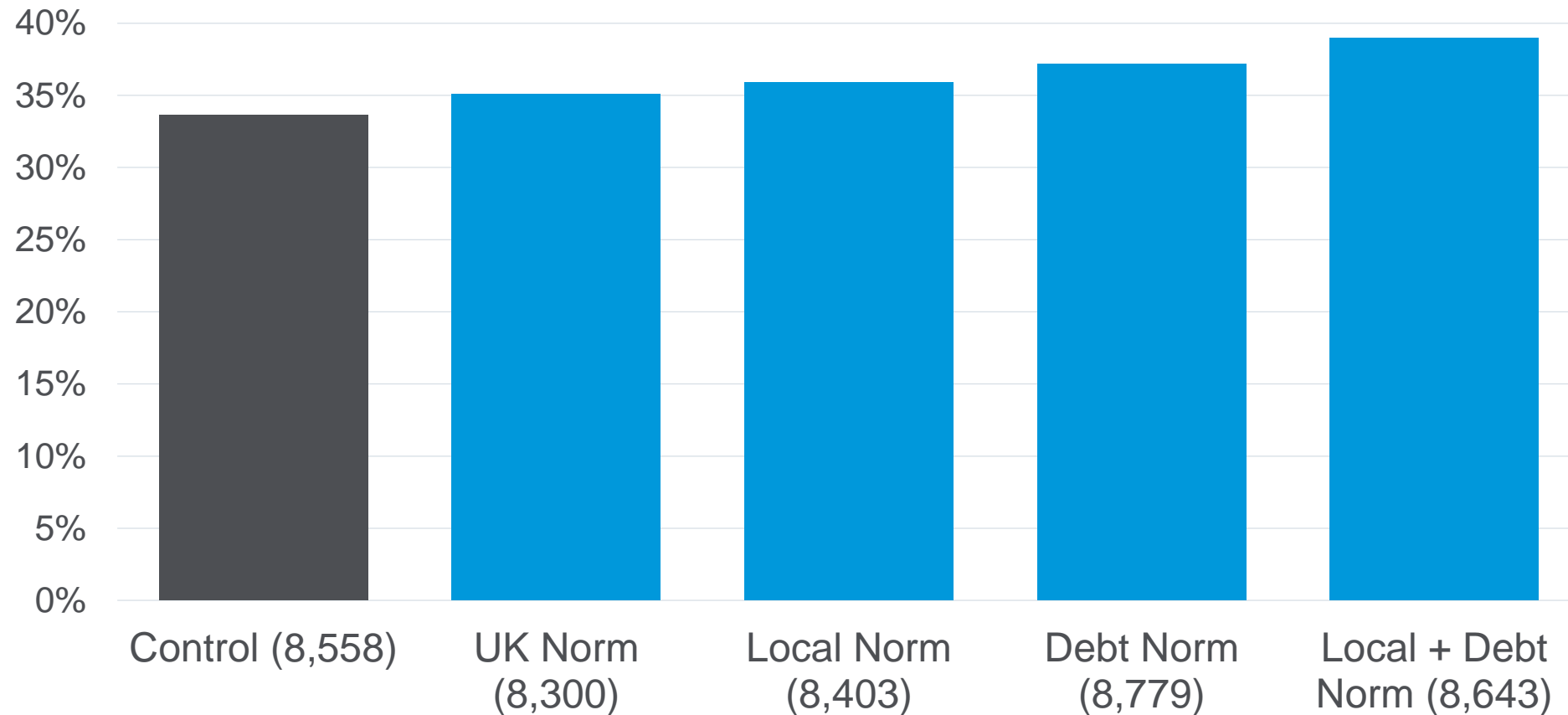
IDMS99P HMRC 10/10

Nine out of ten people pay their tax on time.

A worked example: Social norms



Proportion paying self-assessment tax within 28 days



Encouraging lump sum mortgage repayments



THE
BEHAVIOURAL
INSIGHTS
TEAM



HOUSING &
DEVELOPMENT
BOARD

Partial Capital Repayment: We sent a letter encouraging homeowners to make a lump-sum payment on their mortgage



 **HOUSING & DEVELOPMENT BOARD**

He Shuo Meng
Blk 552
#22-31
Singapore 784105

14 Mar 17

Our ref: 45424-71424-1-27

Make a cash repayment and save \$3,349 in interest

Dear Owner(s)

Every year, thousands of households make capital repayments on their housing loan.

Based on your past payment records, we think your household may make a cash repayment to reduce the interest on your loan. For example, if you pay \$10,000 or more, you can save at least \$3,349 in interest¹.

You can submit and pay online (using your SingPass) at HDB's website via www.hdb.gov.sg/flatpayment.

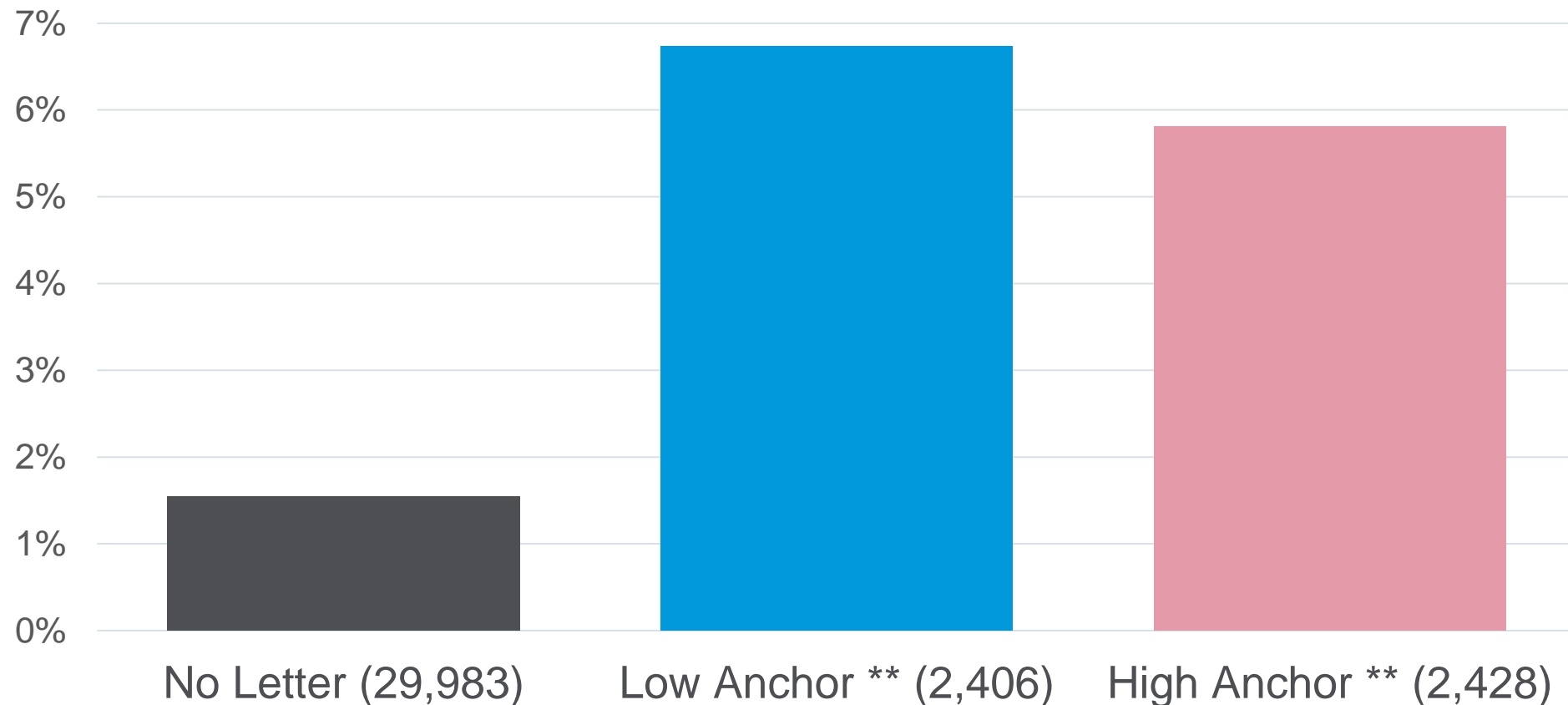
There are no administrative costs for making an early repayment.

We compared anchors
of \$10,000 and \$20,000

Partial Capital Repayment: The letter meant people were far more likely to make a capital repayment (within three months)



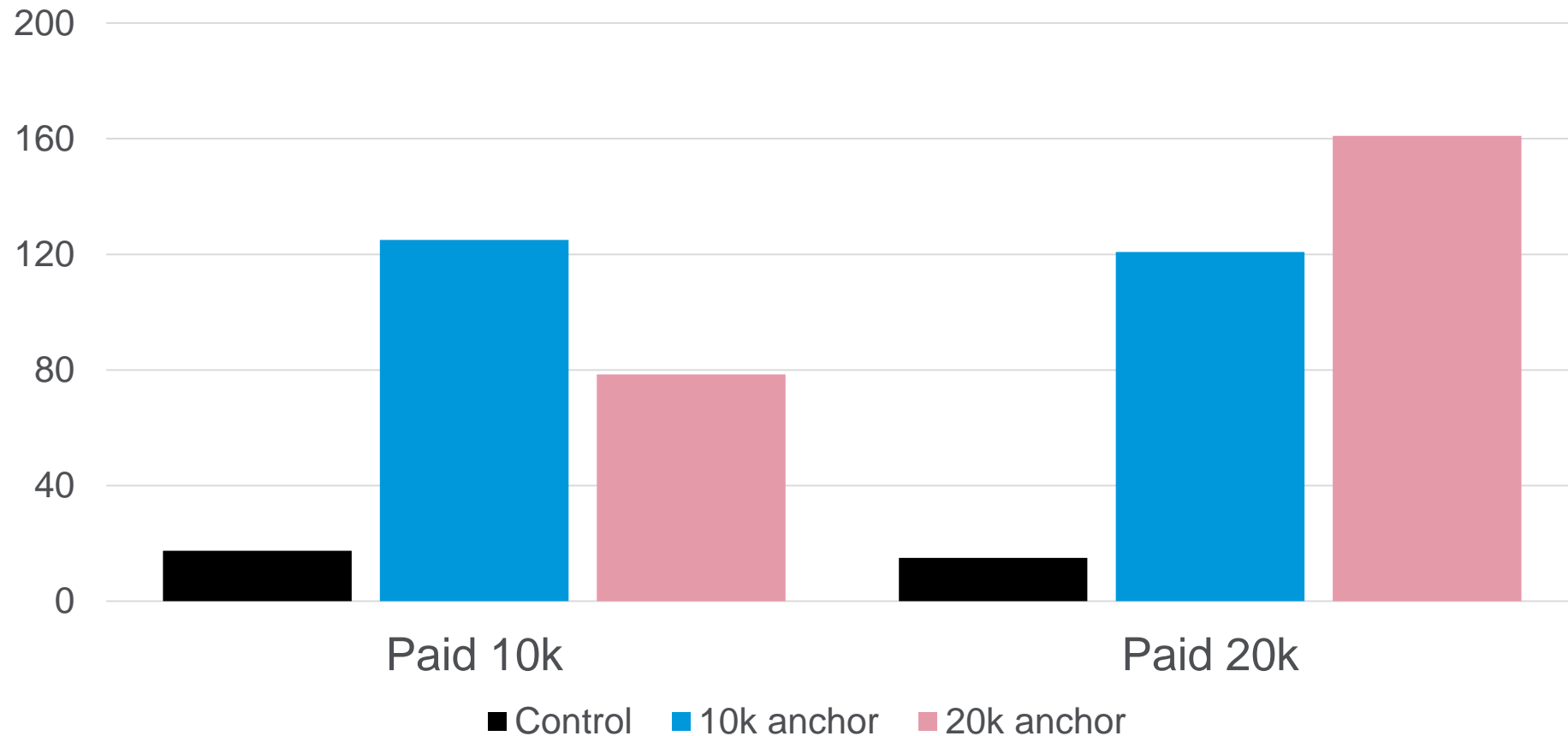
Proportion of recipients making a partial capital repayment



Partial Capital Repayment: The anchoring effect looks pronounced when looking at home many people paid the exact amount mentioned



Proportion paying exact amounts – number per 10,000 letters sent



Increasing monthly credit card repayments



Increasing monthly credit card repayments: Anchors also influence our choice of how much monthly debt to repay



People often anchor on the first piece of information they see, regardless of whether it is relevant or helpful.

Minimum repayments on credit cards save people from spiralling debt but can also act as anchors, significantly reducing repayments and leading to large increases in interest charges.

Interactive sliders have been used widely in the financial services sector – often for high cost short term credit.

Hypothesis: sliders can be re-purposed to help customers avoid excessive interest charges without removing the minimum repayment anchor.

1. Please have a look at your statement below. Imagine that this is your actual statement.

2. Imagine that your total monthly income is £1,500

And your spending this month amounts to £1,100

Pay Credit Card	
2298765698	
Outstanding Balance	£5,000
Available Credit	£2,000
Minimum Payment	£169
Payment due date	13 November

Repayment mode 1: Free text, with a default set at the minimum



QUESTION: How much would you like to repay this month?

169

Repayment mode 2: a slider to adjust your monthly payments (default £169)



QUESTION: How much would you like to repay this month?

Please use the slider to indicate your repayment



If my monthly repayments continue to be: £169 each month

Total amount I repay: £8,718

Total interest I will pay: £3,718

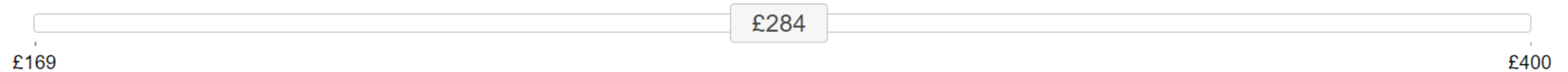
Date when debt repaid: March 2022

Repayment mode 3: a slider to adjust your monthly payments (default £284)



QUESTION: How much would you like to repay this month?

Please use the slider to indicate your repayment.



I have decided my monthly repayments will be: £284 each month

Total repayable: £6,549

Total interest I will pay: £1,549

Repayment date: November 2019

Repayment mode 3: you're asked when you want to clear your debt by



QUESTION: When would you like your debt to be cleared?

Please use the slider to indicate your repayment period



Date when debt repaid: March 2022

If my monthly repayments continue to be: £169

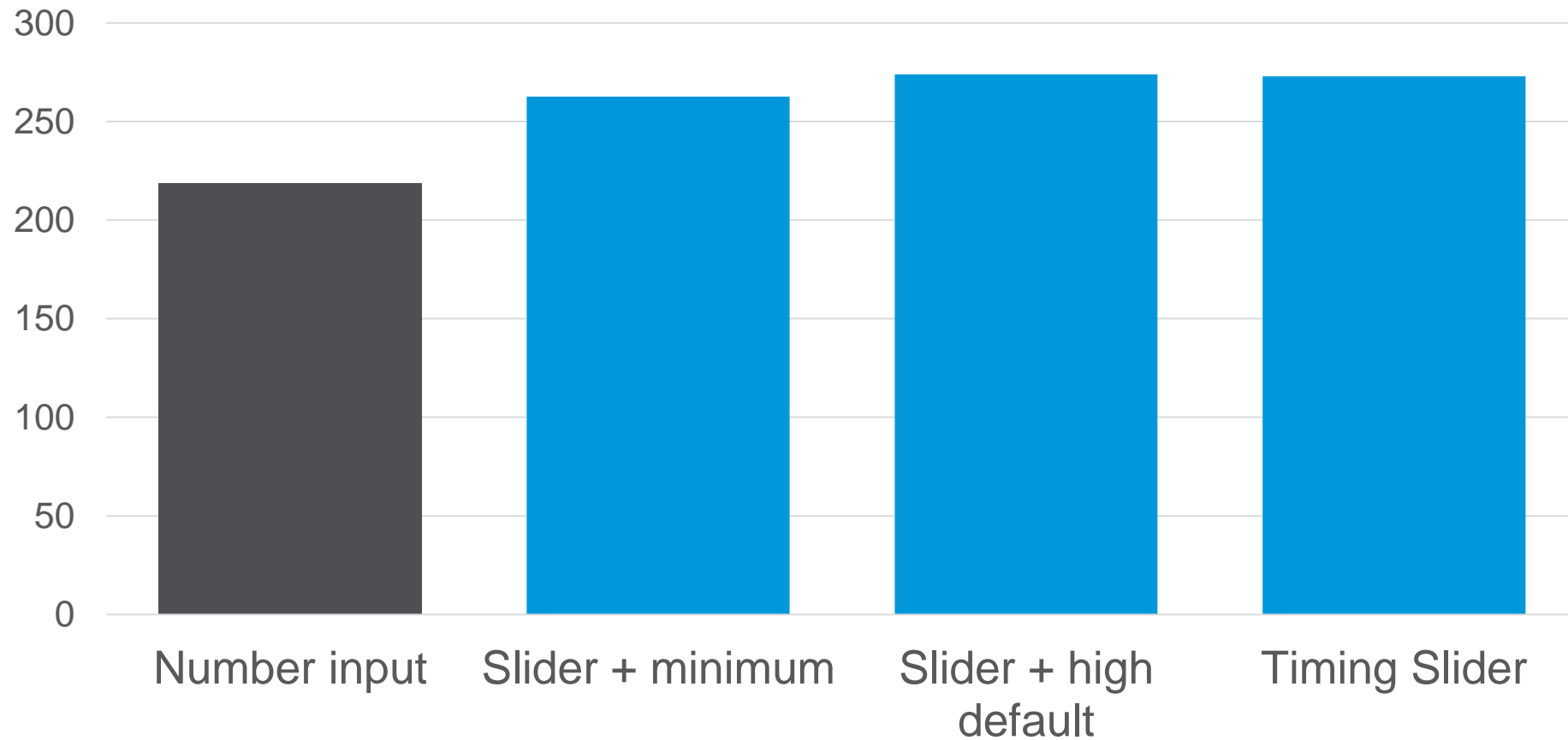
Total amount I repay: £8,718

Total interest I will pay: £3,718

Increasing monthly credit card repayments: Sliders dramatically improve repayment amounts



Average repayment amount chosen



Increasing engagement with retirement support and guidance

Increasing engagement with retirement guidance: a simple, salient 'Pension Passport'



Personalised



Salient: the most important information is highlighted



Call to action: explicit next steps to seek guidance and shop around



[First Last]
Your Pension Passport

An overview of your pension to help you as you decide what to do with your pension in retirement.

Value of your pension as of 1 July 2015
£[fund value]

Scheme type	Employer	Membership	Additional details
[Type of scheme]	[Employer name]	[DD MM YYYY]	Your pension has a guaranteed annuity rate (GAR) starting on [DD MM YYYY].



Provider	Reference number
[Provider name]	[Reference no.]

Selected retirement date [DD MM YYYY]
Date of birth [DD MM YYYY]
National Insurance number [NI Number]
Marital status [DD MM YYYY]
Please call your pension provider on 0300 300 3030 if these details are incorrect

Read the accompanying booklet to see what this means for you

What to do next

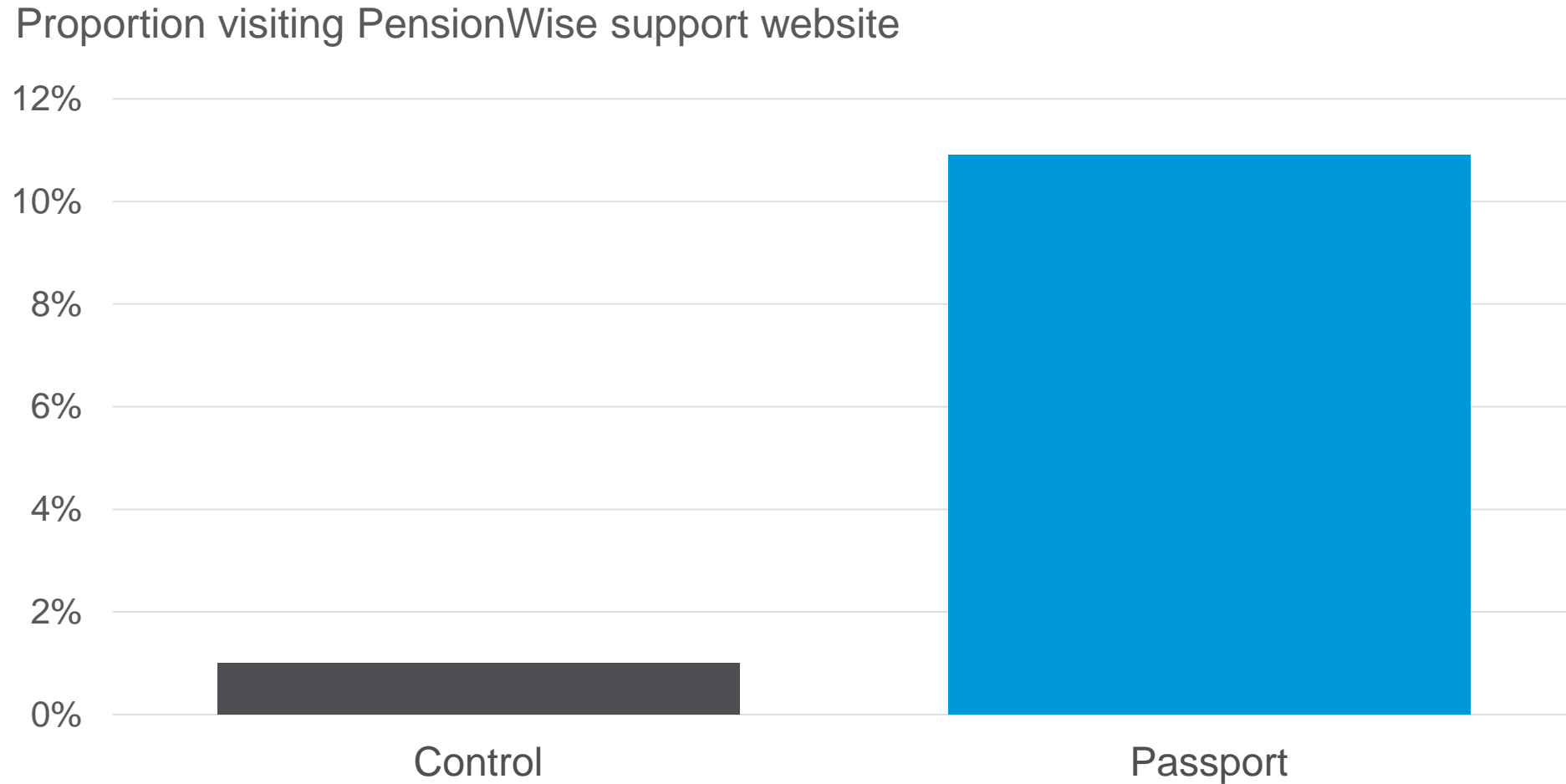
- 1 Go to Pension Wise**
Set up by the government, Pension Wise gives free and impartial information on your pension options, taxes and fees. Go to pensionwise.gov.uk to understand how to turn your pension pot into income for your retirement.
- 2 Book a phone or face-to-face appointment**
Call 0300 330 0000 or go to pensionwise.gov.uk to book a phone or face-to-face guidance appointment. You'll talk about the different ways you can take money from your pot, what each option means for you and the next steps you can take.
- 3 Make sure to shop around before you buy a product**
You don't have to stay with your current pension provider. Research shows you can often get a better deal by shopping around. Comparing retirement income products can be complicated. You may wish to speak to a financial adviser to help you. For help finding an adviser near you, go to moneyadvice.service.org.uk/directory.

 Pension wise |  HM Government



Simple: all the essential information a customer needs to access open market options presented on one page

Increasing engagement with retirement guidance: a simple, salient 'Pension Passport'



N=136

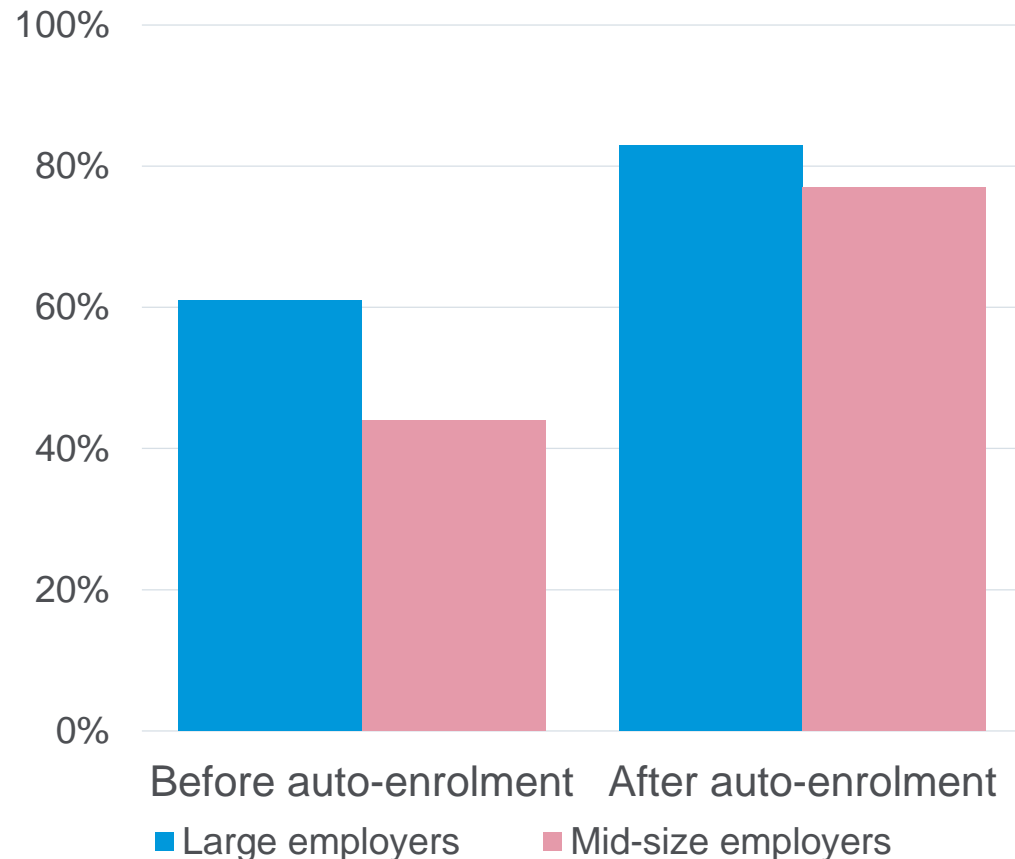
A black and white photograph of construction workers on a site. In the foreground, a worker in a hard hat and safety vest is seen from the back, looking towards the center. In the middle ground, another worker in a hard hat and safety vest is holding a large cylindrical object, possibly a concrete core sample, high above his head. To the right, another worker in a hard hat and safety vest is holding a long tool, possibly a rebar. The background shows more workers and the skeletal structure of a building under construction. The overall scene is busy and industrial.

Auto enrolment in workplace pensions

Auto enrolment in workplace pensions in the UK



Employees with a workplace pension



Before the reforms:

“The majority of people (65 per cent) said that, if automatically enrolled into a workplace pension scheme tomorrow, they would expect to stay in the scheme, **20 per cent said they would opt out**, and 15 per cent were undecided.”

Five years after implementation:

Opt-out rate below 10%

5 million more people with a pension

Low income earners benefitting the most



Thanks!

samuel.hanes@bi.team



THE
BEHAVIOURAL
INSIGHTS
TEAM