Behavioral Themes
Planning, endorsements, personalized norms

Sector
Financial inclusion

Project Type
Field experiment

Sample Size
2,173 participants

Improving savings rates among cash transfer recipients

BUSARA CENTER FOR BEHAVIORAL ECONOMICS

NIGERIA POLICY INNOVATION UNIT

NCTO National Cash Transfer Office

The Nigerian Economic Summit Group

accenture

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How can we help cash transfer programs better target long-term goals?

The Household Uplifting Programme (HUP), otherwise known as the Conditional Cash Transfer, aims at responding to deficiencies in capacity and lack of investment in the human capital of poor and vulnerable households. The livelihood supports the graduation of beneficiaries out of poverty, thereby making them financially independent. It is aimed at complementing the cash transfer to help targeted households build a mindset of enterprise development. Capacity is built at all tiers to enhance empowerment of beneficiaries' household to be self-reliant. Beneficiaries are trained on Life Skills (LS) and Savings and Group Mobilization (SGM) and Micro Business Plan Development (MBPD) to strengthen their capacity to be self-supporting. Currently, there are about 297,973 households enrolled in 20 States in Nigeria.

Busara was engaged design a set of interventions that supported beneficiaries' interest and capacity to save.

A behavioral science approach

Cash transfer programs often serve two goals: (a) targeting immediate poverty alleviation, and (b) supporting long-term livelihood development. To achieve both objectives, cash transfer programs need to not only ensure effective delivery of cash, but help recipients to direct that support towards achieving their long-term goals. Behavioral science suggest that many people don't actively think about how to spend an infusion of cash prior to receiving it. This often means it is less likely for the money to be directed towards their long-term goals (e.g. starting a business), but rather consumed for immediate needs (e.g. family requests).

Fortunately, evidence has shown that small changes such as concrete goal-setting, commitment devices, and group accountability structures can create an easy avenue for cash transfer beneficiaries to achieve their goals. In this project, Busara was commissioned to design a set of behavioral interventions that would improve the likelhood that cash transfer beneficiaries would meet their savings goals.

Intervention Goals

Encourage member savings

Design and Results

Engaging with the CCT beneficiaries during in-depth interviews,it was clear that managing savings and planning for the future is complex.

We examined the behavioral barriers to financial health for low-income people among 6 of the 20 benefiting states of Nigeria and designed solutions that facilitate savings aimed towards livelihood development.

Savings Growth Champions

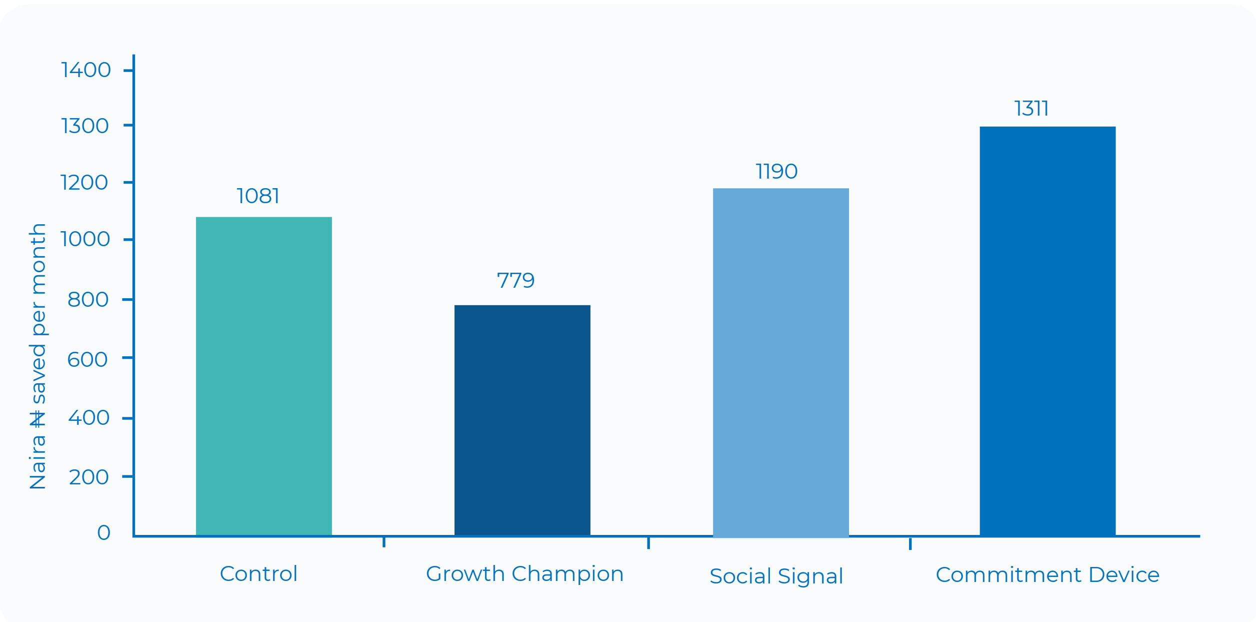
In this treatment, leading individuals were selected from savings groups to serve as "champions", tasked with the responsibility for regularly convening meetings, recruiting new members and ensuring savings consistency among members. Our theory was that by adding a distinct label to a high potential group member, we may be able to improve their convening power and group accountability.

Social Signaling

In this intervention, members were given paper savings "tokens" that they could deposit into labelled savings funds at group meetings. While these "tokens" had no actual value, they served as a social signal for savings intent among the group members, with the hope that it could signal strong savings commitments from the rest of the group members.

Group Pre-commitment Device

In the intervention, participants were provided with a complementary box where they could first define a group savings target and then over 8 weeks individually allocate group savings vouchers that signaled their committed savings for future disbursements. This intervention leverages two behavioral insights: (1) Socializing towards a group goal may instil an added sense of commitment (2) By allowing individuals to pre-commit, they may reduce present bias around the current disbursements and be willing to save more.



Discussion

Explicit roles ineffective where existing structures are in place

We find that saving consistency decreased under the “Savings Champion” treatment group. For many of these groups existing social structures were already in place, and an externally imposed label was likely ineffective in changing the authority structures (and may have led to overall rejections of the group goals).

Signalling intent may be sufficient

However, we find that small social signals, even if only to signal intent, had a strong impact on overall savings levels among other group members. This suggests that even small signals of intent may be sufficient in changing group norms around savings.

Intent matched to an explicit goal even more effective

Lastly, the group pre-commitment device intervention seemed to have the strongest effect, suggesting that the added impact of the group goal on top of the ability to signal individual savings levels may have had a significant additive effect.