

BEHAVIORAL THEMES
Salience, loss aversion,
progress tracking

SECTOR
Financial inclusion

PROJECT TYPE
Field experiment

SAMPLE SIZE
2173 participants



IMPROVING SAVINGS BEHAVIOR AMONGST CASH TRANSFER BENEFICIARIES

Photo credit: Busara Center



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CONTEXT

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 in order to reduce abject poverty. 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.

The Policy Innovation Unit (PIU) was engaged to improve the overall efficacy of the program in terms of its delivery and effect in uplifting the social welfare of beneficiaries. Following early interactions with key stakeholders of the program, the enhancement of beneficiaries' interest and capacity to save was identified as a crucial leverage point towards achieving this.

SUPPORTING LIVELIHOOD DEVELOPMENT



Grow the groups



Encourage member savings



Encourage group sustainability

DESIGN AND RESULTS

Engaging with the CCT beneficiaries during in-depth interviews, Busara discovered that managing savings and planning for the future is quite complex for poor citizens.

Over the past year, we have 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 livelihood savings (when beneficiaries exit from the program after 3 years), short-term savings and access to credit.



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.



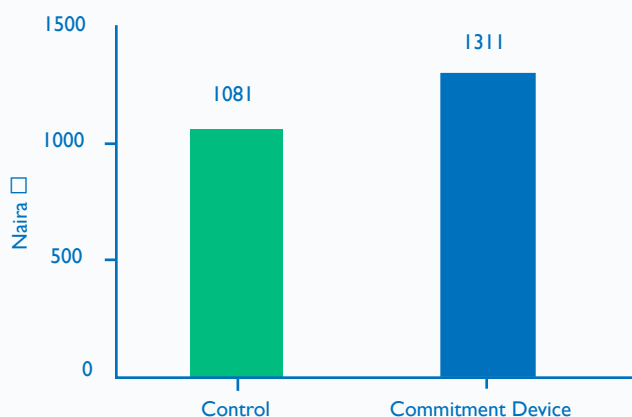
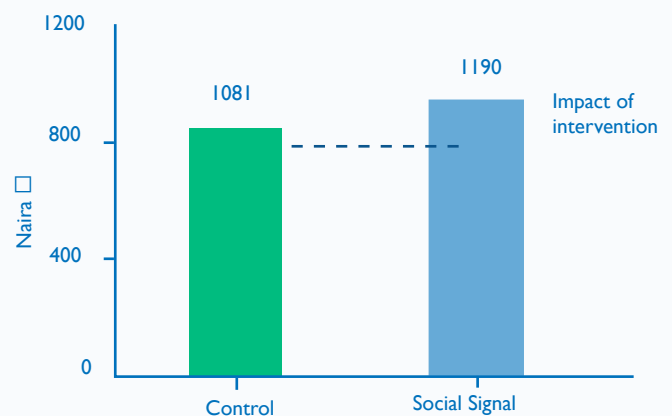
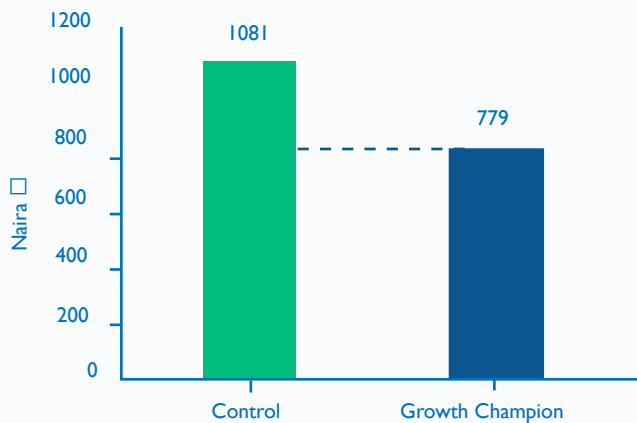
SOCIAL SIGNALING

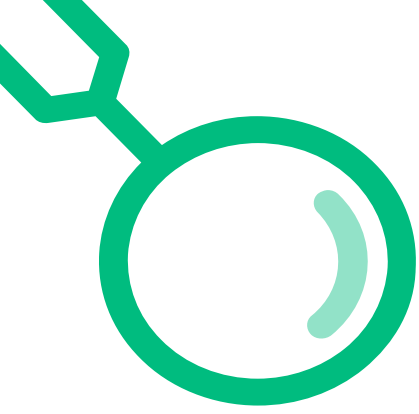
In this intervention, members were given paper savings “tokens” that they could deposit into labelled savings funds at group meetings. While these “tokens” had no actual value, they served as a social signal for savings intent among the group members, with the hope that it could signal strong savings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



We find that saving consistency using group accountability had a negative impact on individual savings, implying that a higher saving amount may have been traded off for consistent saving.

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 indicates the powerful effect of simply signaling intent, on others' behavior.

Lastly, the group pre-commitment device intervention is hard to fully unpack given there were two likely levers: social signals and pre-commitment. Beyond the additive impact of social signalling, it is likely that the pre-commitment feature had a significant impact on individuals' willingness to save over the duration of the intervention.



Photo credit: Busara Center