Do Financial “Health” Check ups Prompt Behavioral Changes?

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Financial Literacy Center
A joint center of the RAND Corporation, Dartmouth College,
Attention is Limited

We all have things we’d rather pay attention to than our finances.
Self-control is hard

Even when you know an action is financially unwise, it can be difficult to resist taking it.
Financial Health Check

Traditional Financial Counseling
- Go over monthly budget
- Work through savings goals and debt reduction targets

Behavioral Interventions
- Automatic transfers
- Automatic bill pay
- Set savings goals
- Email and SMS reminders
Experiment Design

- Mailed clients (40,833)
  - Response (834)
    - Randomized into Treatment (437)
    - Randomized into Control (397)
  - No Response (39,999)
  - Did not attend (96)
  - Scheduled and Attended FHC (341)
Results – Take Up

- 7% of treated clients have signed up for automatic payments
- 26% signed up for email reminders
- 9% signed up for automatic transfers into savings account (average monthly transfer of $146)
Results - Savings

- Saved $250
- Saved $500

- Control
- Treatment
Next steps

• Analyze credit bureau data

• Look for selection effects
  o Does opting into a Financial Health Check indicate that you’re on a positive financial trajectory?
  o Indicates lower credit risk, which could provide route to monetization
Further work

- We’re designing services similar to FHC, using different delivery systems:
  - Employer Financial Stability Package
  - Community Colleges
  - Mortgage counseling