



Developing & Evaluating Financial Capability Initiatives

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Will Brambley

True Potential Centre for the Public Understanding of Finance



Before getting into how to develop and evaluate fin cap initiatives, we need to be clear on what we're trying to do <click>



What is financial *capability*?

- “Financial capability is the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one’s life”
- In other words: do people choose good options for them?
- Behaviour focused & outcomes focused
 - If an initiative improves knowledge but doesn’t change behaviour or outcomes, has it been successful?
 - What if it changes feelings such as confidence but not behaviour or outcomes?

Good options: one side is opportunity & access, but not covering this. Other side is behaviour. If people have the opportunity to pick the options right for them and manage to do so, they have good financial outcomes.

How to develop an initiative

- Be clear on your goal
- Look at what has worked or not worked in the past
- Consider the audience – and that they're human
 - Work with people's behaviour don't try to fight it
 - Give people information they'll use & will motivate action, not what you think they should know
 - Make it easy & show them it's easy
 - Be positive & relevant – show them the impact it can have *for them*
 - Acknowledge limitations – their time & willingness to engage, the size of change they might be willing to make
- Test, Learn, Adapt – evaluate & improve your initiative
- Example: Managing My Money for the Squeezed

Informed by behavioural research, but current lack of evidence on specifics. This is only guidance.

Small steps.

Also acknowledge the limitations of fin cap initiatives as a whole – they are only a small part of the solution. Changing human behaviour is difficult and no initiative will transform humans into model consumers. We need to change the industry and context as well.

Managing My Money for the Squeezed:

- “ Small changes
- “ Cover only most important topics – advised by partners who know the audience
- “ Empowerment message – positive not a chore
- “ Soft commitment device
- “ Links to do it now – not just what to do, reducing distance
- “ Not afraid to be specific – TPAS
- “ “Do it today” list
- “ Badges & gamification
- “ Savings challenge - habits

How to evaluate an initiative

- Be clear on your goal & how to measure it
- The gold standard – randomised controlled trials (RCTs):
 - Split population into treatment and control groups, randomly allocate, measure before and after for both
- In practice:
 - Get as good a control as possible
 - Measure before & after
 - Try to get objective data – e.g. data from banks – as self-reported measures are unreliable
 - If you have to survey keep it simple, use the same survey, & don't link it to the initiative
 - Consider in-depth methods to consider why & how

Often called quasi-experimental methods, which just means getting as close to an experiment as possible

Putting it all together to find what works

- Can a scalable, cheap intervention improve the behaviour, outcomes & resilience of those Just About Managing?
- Adapting & testing Managing My Money for the squeezed segment (JAMs)
- Focusing on budgeting, small saving, & avoiding bad debt – day-to-day behaviours for resilience
- Uses information to nudge as well as inform
- Delivered in slightly different ways to slightly different parts of the target audience through 7 partner organisations with existing relationships
 - More generalisable findings & better insight into what works and for whom
- Combination of RCTs & matched-control trials to measure impact
- In-depth interviews with longitudinal sample to analyse why & how

JAMs: no major problems but no resilience, tend not to try to change until get into difficulty but much harder to get out of it than to avoid it. Current wisdom is it requires intensive, expensive intervention to reach them.