

# Understanding the success of Saver Plus

SUMMARY REPORT

## Acknowledgements

ANZ thanks all those who worked on and contributed to this research.

Most importantly, thank you to the Saver Plus participants who allowed our researchers into their homes to interview them in depth about their experiences and attitudes to the program.

We appreciate the time and insights of our highly valued community partners, whose people were interviewed in depth: the Brotherhood of St Laurence, the Benevolent Society, Berry Street and the Smith Family.

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## Foreword from ANZ

In 2002, ANZ commissioned Australia's first national survey of adult financial literacy. Two more national surveys (2005 and 2008) and related studies into financial exclusion (2004) and financial difficulty (2005) followed.

This body of research has provided insight into the groups with low levels of financial literacy, groups excluded from accessing mainstream financial services and the issues and risks this presents, both for those groups and for the wider community.

ANZ's response ranges from its commitment to delivering simple, easily understood products and services to a small loans program aimed at low income earners (Progress Loans), an adult learning program (MoneyMinded) and a matched savings account that teaches money management skills (Saver Plus).

While over the last eight years understanding of risks and problems associated with low levels of financial literacy has grown significantly, solutions are still emerging and being tested. Raising levels of financial literacy is a long-term endeavour that involves equipping both students as they come through school and adults who have left school with the skills they need to manage their money and build assets through their lives.

We know from the extensive body of tracking research done by RMIT University that Saver Plus has been successful on a range of measures, including that 70 percent of participants continued to save the same amount or more 24-36 months after completing the program.

We hypothesised that by using Behavioural Economics Frameworks, we could gain deeper insights into what has made Saver Plus a successful program. It was envisaged that these insights could be used not only by ANZ and the Brotherhood of St Laurence to finetune the program, but by others, including governments and regulators, to inform design and operation of similar programs that aim, as Saver Plus does, to attract people and effect a lasting, positive change in their habits.

The research has shown the value of using not only Behavioural Economics Frameworks but also other models drawn from marketing and psychological theory to explain and predict Saver Plus outcomes. We hope the richness these approaches add to our understanding will prove useful beyond their immediate application to the Saver Plus program.

## 1. Background

This document represents a summary of a full report on Saver Plus prepared by Chant Link & Associates.

### 1.1 Introduction

Matched savings programs originated in the early 1990s as a way of encouraging longer term savings behaviour and improved financial outcomes for those in the community who have typically found themselves excluded from more mainstream wealth creation products and services.<sup>1</sup>

Matched savings programs generally encourage participants to save money to an agreed target over an agreed time frame (though there are variations of this). Upon achieving this, the participant is rewarded with a 'matched' amount by the program sponsor. Such programs now exist in many developed economies, though they vary in emphasis and execution.

Saver Plus was developed by ANZ in partnership with the Brotherhood of St Laurence and piloted in 2004. It is a financial literacy and matched savings program that helps families on low incomes save for education expenses. Participants receive financial education, personal support and \$1 from ANZ for every \$1 saved (up to \$1,000).

Since it began, Saver Plus has expanded to include other program partners in multiple locations throughout Australia and has seen several thousand people complete the program.

### 1.2 The Success of Saver Plus

The growth and success of matched savings programs (and Saver Plus specifically), has attracted the interest of Corporates, NGOs and policy makers to understand the drivers of success and implications for the refinement and the development of similar programs. Consequently, a significant body of research has been developed in the area.

A large amount of research, much of it undertaken by Associate Professor Roslyn Russell et al of RMIT, has been conducted specifically on Saver Plus. This has included longitudinal studies examining the savings patterns of Saver Plus graduates. When looked at in aggregate, this research has revealed that Saver Plus has been very successful.<sup>2</sup>

### 1.3 Chant Link & Associates' Research

In early 2009 ANZ engaged Chant Link & Associates to undertake further research on Saver Plus, the outcomes of which are found in this report.

The principle aim of the Chant Link & Associates research was to understand what has driven the success of Saver Plus, using Behavioural Economic Frameworks as a basis for interpretation, and to draw lessons from the program that could be applied to other similar programs for ANZ and the wider community. Whilst there was some overlap between the Chant Link & Associates research and that undertaken previously, this research is differentiated by a focus on a Behavioural Economic Framework orientation and the use of other models from marketing and psychological theory.

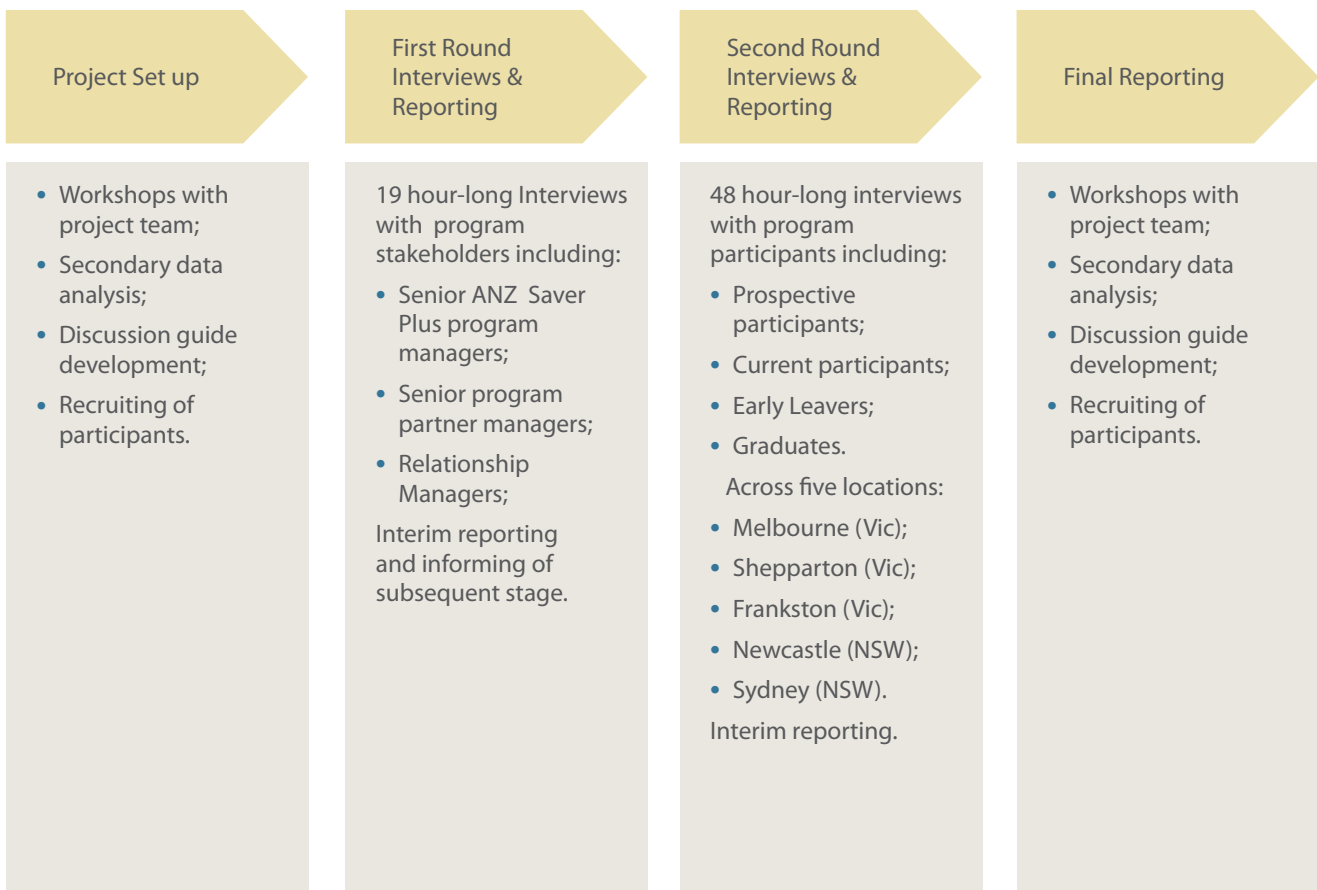
<sup>1</sup> Sherraden (1991). For a brief comparison of international programs see Russell (2008)

<sup>2</sup> One commonly referred to measure of success of Saver Plus from the RMIT research is that 70% of participants continue to save the same amount or more 24-36 months after completing Saver Plus. (2008, Roslyn Russell et al, Follow-up Survey Results, May 2008, RMIT University).

## 1.4 Research Approach

Because of the exploratory nature of the research, a qualitative, depth interview approach was adopted. The Exhibit below summarises the research approach and stages.

### Exhibit 1: Summary of Research Approach



## **1.5 Sample Definition**

### **1.5.1 Prospective Participants**

These were people who had approached a Relationship Manager about Saver Plus and given their details to that Relationship Manager. However, they had not enrolled in the program. Names of these people were supplied by the Relationship Managers to Chant Link & Associates.

### **1.5.2 Current Participants**

These were people who were currently undertaking the Saver Plus program. They were screened to ensure that a range of times spent in the program were included from those recently enrolled through to those who were about to complete. All had completed some workshops.

### **1.5.3 Early Leavers**

Early Leavers were those who had not completed the program. They were screened to ensure a range of reasons were included for early departure such as: difficulty accessing a branch, missing a payment, financial stress and family problems.

### **1.5.4 Graduates**

The Graduate sample included a range of people who varied in terms of the time since completion and those who exhibited continued savings behaviour as well as those who had not continued to save.

## 2. Key Findings

### 2.1 Saver Plus Drives Positive Outcomes

The findings of this research support the extensive research undertaken by RMIT that consistently demonstrates the high degree of support for the Saver Plus program and the positive impacts it has had for participants and program partners.

All in the sample regarded Saver Plus favourably and were very positive towards it, including those participants who had left before completion (Early Leavers in the sample). Most struggled to find weaknesses with Saver Plus and believed that it was an important program for individuals and the wider community that was well balanced and conceived. Criticisms were relatively minor.

Saver Plus has led to a range of positive outcomes for program partners and participants. These are summarised below into three categories of positive outcomes.

**1. Positive Outcomes for Participants:** There were three main areas of positive outcomes for participants which, for some, were long-lasting and transformational:

**a. Emotional:** Saver Plus had an obvious positive emotional wellbeing outcome for many participants including building confidence, pride, self-esteem and trust.

**b. Skills and Behaviour Change:** Saver Plus contributed to the acquisition of new financial skills through program workshops and for some led to longer term positive behaviour change in the form of ongoing savings habits.

**c. Tangible Reward:** Finally, Saver Plus provided graduates with a tangible reward in the form of the matched savings from which many derived a strong sense of satisfaction.

**2. Positive Outcomes for Program Partners:** The interviews among program partners both at the senior level and Relationship Manager level illustrated that Saver Plus had contributed significantly to job satisfaction, facilitated the development of a model for program partner relationships with Corporates and generally added brand value to program partners. For example, participants, many of whom were previously unfamiliar with program partners such as Berry Street and the Benevolent Society, left the program with a new familiarity and positive regard for such NGOs.

**3. Positive Outcomes for the Broader Community:** The research illustrates that Saver Plus contributes to positive outcomes beyond program partners and participants. For example:

**a. Families and Broader Social Networks:** Saver Plus provided a positive catalyst for family discussion and interaction in many cases.

**b. A model for Asset-based Welfare:** Saver Plus provided a welcome vehicle for asset building for a financially disadvantaged section of the community who have historically had difficulty accessing other asset building programs. The lower socio-economic status of Saver Plus participants typically excluded them from asset building social policies and practices such as negative gearing, the First Home Owners Grant and the concessional tax treatment of the principle place of residence. Saver Plus has provided a road-map for policy makers regarding asset-based welfare options for those in the community who have typically been unable to engage with other asset building programs.

"It makes you part of something ... prior to this I had this idea that I was all alone ... I had no family or support in Australia ... it gave me a support network." (Current Participant)

"I didn't look at the program as having an end as there is no end. The need for saving goes on long after the program has finished." (Graduate)

"Now I cope much better as I continue to save and it has given me a lot of self confidence." (Graduate)



## 2.2 Other Outcomes of Saver Plus for Participants

The research illustrated that Saver Plus has led to a range of positive outcomes for Saver Plus participants, program partners and the broader community. However, this research has also found that there are some participants who experienced little or no change in attitude or behaviour as a result of Saver Plus. There were three levels of outcomes:

**1. Significant Change:** There was a group for whom Saver Plus was transformational. These people tended to complete the program and exhibit long-term behaviour change and major positive outcomes (such as those listed previously).

**2. Moderate Change:** There were other Saver Plus participants for whom the program had some positive impact. For example, it may have provided them with some new skills or the benefits derived from matched savings, but did not significantly change their longer term financial situation.

**3. No Change:** Finally, there were Saver Plus participants who exited the program (either prematurely or at completion) for whom the program had no impact on attitudes or behaviour. For example, there were some Early Leavers who left Saver Plus and though having positive attitudes towards it believed that their lives would be unaffected by it. There were also participants who entered the program with pre-existing savings habits who comfortably completed it and claimed to have learned little. For this group Saver Plus was an opportunity for 'easy' money.

"I've opened up an account with ANZ ... I've now got different accounts to save things in ... I've got one account that I just don't touch. It's great that it's helped me to set targets for savings ... but I've still got debt, but the program has caused me to get into a savings pattern."

Saver Plus drove positive outcomes as illustrated above, but there were also other participant outcomes. These ranged from leaving the program before completion with little or no change in behaviour to completing the program and developing longer term savings habits. The research has shown that there is a continuum of outcomes from little or no impact on participants, through to major long-lasting effects. Note that because of the qualitative nature of the research and sample design it was not appropriate to draw any conclusions as to the distribution of outcomes for the broader population of Saver Plus participants.

## 2.3 Drivers of Saver Plus Outcomes

The research concluded that there are two major factors that drove outcomes.

**1. Program Elements:** All the program elements including the involvement of the Relationship Manager, financial education workshops, matching funds and the program rules in general contributed to outcomes.

The relative contribution of each element to the program's success varies over time. For example, workshops and the associated learning tended to contribute to success later in the program, while the financial incentive was successful in encouraging participation at the start.

Although all program elements were important to a successful outcome, the involvement of the Relationship Manager was probably the most important factor. The Relationship Manager was a major driver of success in that he or she motivated, encouraged, supported, educated and even bonded with participants.

The second most important program element that contributed to outcomes was the salience and personal relevance of the savings goal. It was critical that the educational goal chosen was relevant and motivating.

There appeared to be no redundant or unimportant features of Saver Plus.

**2. Participant Characteristics:** There were four participant characteristics identified that were the major drivers of outcomes. The presence or absence of these played a large role in determining outcomes. These were:

- Level of personal motivation;
- Level of stability (work, family, life);
- Financial skills and level of financial stress; and
- Presence of support networks.

## 2.4 The Role of Behavioural Economic Frameworks

One of the main objectives of the research was to analyse the success of Saver Plus using a Behavioural Economic Framework interpretation.

Drawing upon psychological and economic theory, Behavioural Economic Frameworks seek to explain why human behaviour does not always follow economically rational patterns.<sup>3</sup> Traditional economic theory suggests that humans behave in a predictable and rational way to maximise their individual self-interest.<sup>4</sup> However, it is widely accepted that this interpretation of human behaviour has limitations and that human behaviour with respect to (financial) decision making can, at times, appear to be driven by emotion and may be irrational. Behavioural Economic Frameworks attempt to bridge the gap between the economically rational model and the 'real world' of human decision-making.

A Behavioural Economic Framework reading was applied to Saver Plus because it was hypothesised that these models could help explain participant behaviour within Saver Plus, and therefore provide a deeper understanding of the drivers of success of the program, than traditional economic models.

The research concluded that a Behavioural Economic Framework interpretation of Saver Plus adds richness to the story of its success but does not stand alone in having major explanatory or predictive power that might significantly inform the design of Saver Plus or other similar programs. Behavioural Economic Frameworks provide a complementary way of interpreting Saver Plus and to some extent will inform program design modifications and communications.

The success of Saver Plus can, in part, be explained by both Behavioural Economic Frameworks and more traditional economic theory. For example, there is significant evidence the \$1,000 matched savings amount and the desire to obtain this motivated participant behaviour.<sup>5</sup> In this sense, a participant's behaviour is explained by (more traditional) economic self-interest. That is, the desire to receive the money drives Saver Plus enrolment and completion and helps overcome the natural tendency towards savings procrastination. Notwithstanding this, an understanding of frameworks such as Framing as well as Fairness and Altruism also offers useful insights and may provide some lessons for program designers.

We have identified the three most relevant Behavioural Economic Frameworks to Saver Plus, and the implications of these are discussed next. The full report discusses these and other frameworks in more detail.

### 2.4.1 Framing

This theory posits that the way in which an offer is presented impacts on decision-making. Individuals have a tendency to make inconsistent choices, depending on how the offer is framed.<sup>6</sup> For example, a new car purchase which is accompanied by the offer of a \$1,000 cash back is more 'attractive' than the offer of \$1,000 off the purchase price, even though these alternatives are equivalent.

Framing effects of the matched savings – the way in which the maximum matched amount of \$1,000 is framed – is particularly relevant to Saver Plus, and an understanding of this may lead to improvements in program design and communications. There are some positive and negative implications of the \$1,000 amount and the way in which it is communicated.

#### Positive:

- \$1,000 as a target set by 'knowledgeable experts' implies both a reasonable and achievable aim for participants. This acts as a motivating factor;
- It happens to match well with the cost of a laptop which is a desirable reward for many participants;
- It 'buys' acceptance of application process and personal questions (*'since they are giving me \$1,000 I think I can handle the paperwork associated with joining Saver Plus'*);
- Is seen as sufficiently large to enable a significant purchase without necessarily having to 'dip-into' the participants' own saved funds;

#### Negative:

- It establishes a goal such that some feel reluctant to commit to setting a lower goal amount. This has two effects:
  - Puts prospective participants off, since if they don't think they can save \$1,000 then they avoid Saver Plus;
  - Discourages goal setting at lower amounts, since setting a goal of \$500 is not taking full advantage of the available matched funds.
- Another way in which framing impacts Saver Plus is the way in which \$1,000 seems, for some, a figure that is too large to be achieved. This emphasises the importance of Relationship Managers framing the goal in terms of saving small amounts over time rather than the larger and psychologically bigger barrier of the total amount.

There was also evidence of informal framing behaviours exhibited by Relationship Managers in the way in which they positioned the program to (prospective) participants. For example, Relationship Managers tended to promote the attractiveness of the program and outcomes and

<sup>3</sup> For a brief discussion of behavioural economics see Gul (2008)

<sup>4</sup> For a discussion of rationality and its impacts on economic theory see Blume and Easley (2008)

<sup>5</sup> Mullainathan and Thaler (2000)

<sup>6</sup> Framing effects are discussed by Gul (2008) and formalised in Prospect Theory. See Kahneman and Tversky (1979)

downplayed ANZ's involvement. In addition, the Relationship Manager attempted to minimize off-putting elements such as the workshops by describing how much participants typically enjoy these. Finally, the Relationship Manager often framed the amount to be saved each week not in terms of an actual dollar figure (which may be off-putting) but in more practical terms such as describing the amount to be saved being equivalent to foregoing a couple of coffees each week.

"Some have problems committing to \$56 per month, but when you break it down for them to a weekly amount of a couple of cups of coffee, they are more comfortable."  
(Relationship Manager)

In summary, there is evidence to suggest that the framing of the matched amount impacts on take-up and completion of the Saver Plus program. Recommendations as to how to best set and communicate this are covered later.

#### 2.4.2 Fairness and Altruism

In Behavioural Economic terms, this theory suggests that people naturally exhibit concerns for others' wellbeing, want to be treated fairly and to treat others fairly.<sup>7</sup>

Fairness and altruism in Saver Plus manifested itself in the desire of participants to provide for their child's education. This was a major motivator for many participants in Saver Plus. It creates a particularly relevant, salient and therefore motivating goal.

The goal of having money for education expenses, whilst motivating, was increased when it was directed towards a child's education. The research concludes that any changes to program rules regarding what the matched amount can be spent on needs to be carefully considered. For example, allowing graduates to spend the matched savings on non-educational items must be carefully considered since it would potentially diminish the fairness and altruism driver that currently exists. Another impact of allowing education expenses for self-education rather than children was that it reduced the positive family interaction effect.

While hard to quantify, it was apparent that those participants with children generally appeared to be more focussed and committed to the program and the educational goal when compared to those who were in Saver Plus for their own vocational / education goals.

#### 2.4.3 Preference for the Immediate

Human decision-making often exhibits a preference for immediate benefits ahead of delayed rewards of a larger value.<sup>8</sup>

That approximately 90% of all participants in Saver Plus complete the program<sup>9</sup> illustrates how the program is successful in overcoming the human tendency for

preference for the immediate. Were participants strongly motivated by a preference for the immediate it is likely that greater numbers would drop out. The fact that this does not occur is because of a range of program factors that provide participants with positive reinforcement to support their ongoing saving. There is no doubt that the opportunity to receive up to \$1,000 acts as a strong hook initially but as the program continues there are a range of other reinforcers that help overcome the preference for the immediate, including:

- Relationship with the Relationship Manager;
- Positive interaction with other program participants, including:
  - Informal healthy competition between participants;
  - Personal validation and identification with other participants;
- The acquisition of knowledge through the workshops (such as learning budgeting strategies which contribute to greater self-control);
- The notion of completion and sense of achievement.

Successful Saver Plus participants were those best able to overcome their preference for the immediate in order to achieve the delayed reward. However, if the reward was too far away (and therefore felt unattainable) it could put prospective participants off applying or contributed to early departures. Delayed rewards must strike a balance between being sufficiently large and therefore motivating whilst not being too far away as to seem unattainable and therefore be de-motivating.

Lastly, because the reward is delayed and requires 'work' in order to receive the money, this heightened the enjoyment and value attached to it when it was received. Because it required some effort, there was a greater sense of the importance of the matched savings and a reluctance to spend all of it. This in part explains why some chose to spend only the matched amount received and quarantine their own savings.

Another important reason as to why some graduates did not spend all of their savings was that the program had taught them the importance of having a savings buffer in case of emergencies. This further illustrates that Saver Plus was effective in providing participants with the skills to overcome the natural preference for the immediate.

The research concluded that Behavioural Economic Frameworks help in delivering a more rounded understanding of Saver Plus. These frameworks also help fill a gap where traditional economic theory cannot adequately explain Saver Plus outcomes.

<sup>7</sup> For a general discussion see Gul (2008) and Fontaine (2008)

<sup>8</sup> For a discussion in terms of intertemporal choice see Chabris, Laebson and Schuldt (2008)

<sup>9</sup> Russell (2008)

## 2.5 Locus of Control

In addition to a Behavioural Economic Framework analysis, the research brought a number of other approaches to understanding the success of Saver Plus. One of these was Locus of Control.

Locus of Control is a psychological term that refers to the extent to which individuals believe that they can control events that impact on them.<sup>10</sup> A person's 'locus' can either be internal or external. People with a strong internal locus of control believe that events result primarily from their own behaviour and actions. Those with a strong external locus of control believe that others, fate or chance primarily determine events.

At the beginning of the interviews participants were asked to talk about themselves and the events in their lives that led up to their involvement with Saver Plus. These discussions revealed that many participants exhibited an external locus of control. That is, many felt that other people and events rather than their own behaviours had brought them to this point. Early Leavers especially tended to exhibit an external locus of control. People in this group appeared to be more inclined to pessimism and were often more resigned to the belief that they struggled to take control of their lives.

One of the positive outcomes of Saver Plus is that it appears to have a transformational effect on some people and gave them control over their savings which in turn gave them more confidence that they could control their lives in general. To this extent, Saver Plus appears to provide a mechanism and process that encourages some people to move from an external locus of control to an internal locus of control.

## 2.6 Which Models Best Explain Outcomes?

This research applied a number of models to help understand and explain Saver Plus outcomes including traditional economic theory, Behavioural Economic Frameworks and Locus of Control among others.

The research concluded that each model had some relevance and explanatory power but cannot in isolation fully explain behaviour and outcomes. The reason as to why no one model could fully explain Saver Plus outcomes was that the Saver Plus population was complex and heterogeneous. The population of Saver Plus participants was highly variable in personality, the environment in which they lived, the motives for engaging with Saver Plus and the support available to them. Because of this no one model can adequately describe the total population and its outcomes.

In developing programs such as Saver Plus, it is important to understand the complexity of human decision-making and the influences on it. For such programs to be successful, their design cannot simply be built on the assumption that human behaviour can be predicted on the basis of purely economic rational decision-making drivers. Nor can such programs be built on the basis of behavioural economic frameworks as perfect predictors of behaviour.

When looked at as a whole Saver Plus participants are a heterogeneous cohort. This is why a range of behavioural models have applicability. When the total sample was analysed in terms of attitudes and behaviour, there appeared to be the beginnings of a possible segmentation of Saver Plus participants. This provides a new way of looking at the program (and others like it). This is discussed next.

<sup>10</sup> Lefcourt (1976)

## 2.7 Segmenting Saver Plus Participants

In this sample there were five quite different groupings of participants. We have identified and labelled these as follows:

- 'Savvy Savers';
- 'Reactors';
- 'Self Focussed';
- 'Transformers'; and
- 'Apprehensives'.

It should be acknowledged that these segments would need further research and validation, however, they do appear to have face validity and importantly they have explanatory power. This may lead to more targeted approaches to communications and help improve understanding. Each segment is described in brief below. The full report also includes case studies of each segment based on the interviews.

### 2.7.1 'Savvy Savers'

There was clearly a group in this sample who were more calculating in their approach and more outcome driven. Typically these were participants or graduates who exhibited the following characteristics:

- More likely to have had a savings history prior to Saver Plus;
- Tended to be more stable, emotionally, financially, at home and in employment;
- In some cases involved parents who had encouraged their older children to participate;
- Perceived the program as providing access to 'easy money';
- Less likely to be transformed by the program, but open to learning and new ideas. In effect Saver Plus augmented their current behaviours;
- Stronger internal locus of control; and

This group often added value to others in the workshops.

The characteristics above meant that this segment exhibited the highest likelihood of all segments of completing the program.

### 2.7.2 'Reactors'

This segment comprised those who tended to be just coping and managing day-to-day. This group was characterised by:

- Often had multiple distractions in their lives ranging from health issues to job loss;

- More impulsive and less motivated to change; and
- More likely to have an external locus of control.

Most people in this segment did not complete Saver Plus since there were so many distractions in their lives that they did not have the ability to stick with Saver Plus. However, there were also those in this segment who used their difficult circumstances as a driver and change catalyst and therefore completed Saver Plus.

### 2.7.3 'Self Focussed'

This segment was characterised by people who tended not to behave in a socially conventional way. They came to Saver Plus with the main motivation being the attraction of the money. They were least likely to persevere because of a lack of commitment to day-to-day discipline. They also were unconcerned with the need to adhere to social / program rules. None of these people completed the program and it was unlikely that they would return. They were also highly self-focussed and were concerned about what they could get out of others and the program. They were less concerned about the feelings of others and were less focussed on their children. People in this segment had a more internal locus of control.

### 2.7.4 'Transformers'

This segment consisted of a smaller proportion of the sample for whom the program had a transformational effect. These were people who were not calculating like the Savvy Savers and yet managed to get through the program successfully. Typically, these people had money difficulties (and for some time) and were uncertain as to how to deal with these. The program represented a pathway that they had not considered previously. Saver Plus provided structure in their lives at an opportune time.

People in this segment were more stable, often very child focussed and hard working. They usually had an internal locus of control.

### 2.7.5 'Apprehensives'

People in this segment were more likely to exhibit a lack of confidence and self-esteem and required significant 'hand-holding' to apply and complete Saver Plus. Whilst their lives may not have been out-of-control they appeared not to have the belief and drive to engage with Saver Plus. Some in this category were unlikely to join the program because they lacked sufficient motivation and saw the program as being too daunting and not for them. Some in this segment had experienced past failures and negative events that affected their confidence. Often they had an external locus of control. People in this segment also usually lacked strong support networks.



## 2.8 Segment Implications

Classifying participants into segments may enable Relationship Managers to:

- Have a greater understanding of participant characteristics;
- Provide better insights as to messages relevant to each segment; and
- Better prioritise time spent with participants.

Implicit in this is the need for a Relationship Manager to get to know a person prior to enrolment.

This research has shown that it is possible to segment participants in programs like Saver Plus and that this may have benefits in program resourcing, design and outcomes. Further research is required in this area to validate any segments and draw implications for other similar programs.

## 2.9 Saver Plus Program Components are Balanced

All elements of Saver Plus played a role in driving successful outcomes and therefore any changes must be carefully considered. The following points summarise the importance of the major program elements:

- The matched savings up to \$1,000 was very effective as an initial 'hook'. However, as the program progressed achieving the goal became more important than the actual dollar amount;
- The Relationship Manager and their (high) level of involvement with participants was crucially important;
- The workshops are somewhat off-putting to many initially, but are a critical element. Although the social aspects of the workshops are well regarded, it is important that the workshops retain their educational focus; and
- The focus on education is a major motivator and especially if it is directed towards children.

## 2.10 Saver Plus Impact on Program Partner Attitudes

One of the ancillary objectives of the project was to determine the impact of Saver Plus on the ANZ brand and program partner brands.

### 2.10.1 Perceptions of ANZ

There was some negativity expressed towards banks in general and a belief that fees and charges were too high, but overall attitudes were consistent with typical community sentiments. The majority of participants appeared to be no more 'anti' banks than the wider community.

Interviewees tended to recognise that ANZ had a relatively low profile with Saver Plus and that the program delivery partners were the face of Saver Plus. Most were neutral toward ANZ's involvement and did not consider it greatly.

However, it was also apparent that for many people attitudes to ANZ changed as a result of its involvement with Saver Plus. There were a range of attitude outcomes arising from Saver Plus involvement. Participants who had completed the program:

- Usually saw ANZ in a more positive light;
- Were more inclined to favour ANZ products;
- Were more sympathetic to the role of the bank and its need to levy fees and charges; and
- Tended to see banks as more 'human', notably if making branch deposits or if a branch person spoke at the workshops.

"Yes I'm more positive towards ANZ. I now have an account and I use it all the time as a saver. The service is very good in the branches. I got to know the people quite well." (Graduate)

### 2.10.2 Perceptions of Other Program Partners

It was apparent that very few people in the sample had any previous involvement with other program partners prior to being introduced to Saver Plus. Most had little idea of the services provided by Berry Street and the Benevolent Society, though this was less apparent with the higher profile organisations such as the Brotherhood of St Laurence and The Smith Family.

The program had the effect of educating participants as to the broader community services offered by program partners and participants left the program being impressed with these.

The involvement of program partners also added credibility to the program.

Some participants expressed anxiety about being associated with 'welfare' organisations. This was more apparent in smaller towns since some thought there was a likelihood of being recognised by people they knew (which would be embarrassing).

Overall, participants were very positive towards the services provided by program partners and became more aware of other services offered by the program partners.

This research concludes that in communications on Saver Plus, downplaying ANZ's role and emphasising other partners is not necessarily as critical as has been hypothesised, for the reason that ANZ is not perceived that badly and nor are program partners ideal brand vehicles. For example, a number of participants commented on

the stigma associated with program partners from the perspective of them being perceived as 'welfare recipients'. The involvement of both program partners and the ANZ complements the overall program.

"I didn't think the Brotherhood would promote something that was not going to benefit people like me, or something that got people into more financial trouble." (Current Participant)

### 2.11 Some Minor Criticisms of Saver Plus

Although well regarded overall, the research has identified some minor Saver Plus criticisms:

- Eligibility criteria were seen as too narrow by some and prejudiced against some groups constrained in their ability to earn income above benefits (such as Carers).
- Some perceived a lack of flexibility in the design related to the amount and timing of regular deposits. For example, if a participant missed a payment at the end of the program, it was thought that this may preclude them from receiving the matched savings, despite having been a regular saver for many months. Whilst this, in fact, may not be correct, it suggests a possible incorrect application of the rules by Relationship Managers.
- Some believed there was a lack of positive reinforcement for participants mid-way through the program. Some also believed that they heard more from the Relationship Manager when things were not going well.
- Some argued that there was no incentive to return to the program if a participant missed payments.
- Some thought that if a participant left early, there was no recognition of prior participation or learning. This was especially problematic for those who exited due to circumstances beyond their control.
- Some considered that 18 months was too long to wait for the reward and was a length of time that many found too difficult to commit to from the perspective of stability.

## 3. Program Lessons

Overall, the research concluded that Saver Plus is a balanced and well designed program. Therefore, the considerations below are relatively minor in scope since the program is performing well and is well regarded by participants and other stakeholders.

### 3.1 Behavioural Economic Frameworks

Consideration could be given to modifying Saver Plus based on the following:

#### Framing:

- The \$1,000 matched amount is daunting to some participants and therefore off-putting. Relationship Managers need to consciously frame any matched amount in terms of small amounts to be saved regularly;
- The \$1,000 establishes a goal that made some feel reluctant to set their target at less than this. This might be an unrealistic target for some and lead to not completing or unwillingness to join Saver Plus. Therefore, Relationship Managers need to actively encourage participants to set the target that is appropriate to the individual even if below \$1,000; and
- Any consideration of reducing the maximum matched amount below \$1,000 needs also to consider that this would likely increase the number of Graduates who spend their equivalent 'quarantined' savings. This is because purchasing an educational item like a laptop typically costs more than \$500, necessitating dipping into the Graduate's 'own' money to buy such an item. This may then impact on a Graduate's longer-term savings behaviour in that they may have spent all their Saver Plus saved money and are psychologically beginning again.

#### Fairness and Altruism:

- A major driver of completion for many Saver Plus participants was the goal of being able to provide for the education of their children. Careful consideration needs to be given if this were to be broadened to include non-educational items, since it could reduce the power of this factor as a motivator.

#### Preference for the immediate:

- A delayed reward of up to 18 months would be too long for some Saver Plus participants and is de-motivating. The research concludes that reducing the program length and / or encouraging Relationship Managers to have participants set shorter time frames is desirable, to a maximum of 12 months. Alternatively, a part-program reward of a smaller amount (say \$200 of the target of \$1,000) would act as a positive reinforcement and at the same time encourage participants to complete the whole program to receive the full matched amount.

- One caveat which applies here is that it is important that the program design is not overly complicated by the addition of new 'rules'.

### 3.2 Keeping Non-Completion Rates Low

One objective of Saver Plus is to maximise the relative proportion of people who successfully complete the program. Therefore consideration needs to be given to reducing the incidence of those who depart prematurely. Current non-completion rates for Saver Plus are approximately 10% of all those who commence.<sup>11</sup> The main reasons for premature departure were:

- 1. Stability issues;
- 2. Money being the prime or only goal (lack of motivation);
- 3. Logistical issues (inability to get to a branch to make deposits);
- 4. Uncontrollable factors;
- 5. Lack of support;
- 6. Greater financial stress at commencement.

By recognising these drivers of early departure, Relationship Managers can institute strategies to minimise this likelihood. For example, in a conversation with a prospective or current participant, these factors could be discussed and plans considered to prevent these occurring or minimising disruption if they do.

### 3.3 Direct Debit versus Branch Deposit

Another way to reduce non-completion rates is to emphasise and encourage take-up of direct debit as an alternative to branch deposits. One of the reasons for early departure in this sample was that some claimed not to have been able to get to a branch to make a deposit. Once they missed a payment they had given up. Also, there was, for some, a greater temptation to spend the money they had saved before depositing it. If participants were encouraged to use direct debit (by informing them that this approach will maximise their likelihood of completion) it would be more difficult for them to miss a deposit and therefore opt out.

Although we believe that both direct debit and branch deposit options should be offered, it is desirable that participants be encouraged to take-up direct debit. The reason that both options should still be provided is that some participants had concerns about direct debit based on past experiences and incurring dishonour fees. If direct debit were the only option offered it would put some people off the program.

### 3.4 Increasing Motivation and Stability

Since motivation and stability are key determinants of completion, identifying these characteristics in participants and fostering them is important.

The research illustrated how important self-motivation is to completion. With sufficient motivation even those who encounter obstacles can succeed. Therefore, strategies to increase self motivation need to be explored. This should include a greater emphasis on personally relevant and salient goals and, where relevant, an emphasis on providing for children.

Additionally, Relationship Managers could emphasise the importance of stability to participants and develop tools for dealing with instabilities if and when they arise.

### 3.5 The Importance of Well-Defined and Articulated Objectives

The research identified that Relationship Managers and program partner organisations appear to have slightly different interpretations of the objectives of Saver Plus. As a result, different behaviours were apparent among program partners with respect to communicating Saver Plus and attracting participants.

Clearly articulating objectives will give more guidance and direction to Relationship Managers and also provide an improved set of criteria against which success could be evaluated. It would also assist in a more consistent approach to positioning and communicating about Saver Plus as well as attracting 'appropriate' participants.

### 3.6 Future Evaluation Approaches

Future measurement of Saver Plus outcomes could potentially be improved. There are a range of suggestions here including:

- Identify the full range of Saver Plus participant outcomes, prioritise these and design a survey instrument which captures Saver Plus performance on these dimensions;
- Consider drawing a large random sample of all people who have participated in Saver Plus. This would provide an improved understanding of outcomes from all participants as opposed to some historical measures which have tended to focus on Graduate outcomes.
- Methodologically, a Computer Assisted Telephone Survey is likely to deliver a more robust approach than other alternatives such as a mailed self-completion questionnaire.

<sup>11</sup> Russell (2008)



### 3.7 Lessons for Program Design

There are a range of implications for those who are involved in programs aimed at developing money management skills and changing behaviour in a lasting way. By design, the Saver Plus program appears to incorporate best practice elements. What follows is a summary of these implications.

A program of this nature needs to be built around the following principles:

- 1. Program Objectives:** The objectives of the program need to be clearly identified, prioritised and enunciated. Program rules and eligibility criteria need to match with these objectives. For Saver Plus, the objectives of the program was an area of slightly different interpretations among Relationship Managers and program partners.
- 2. Simple Design:** The program design needs to be simple, easily communicated and understood. Any undue complexity may lead to poor understanding, scepticism and lower levels of up-take. Saver Plus has been well conceived and communicated, though there exist some minor differences in the way in which Relationship Managers / program partners position the program. This was driven by the slightly different interpretations of the objectives of the program (see point above).
- 3. Commitment from Stakeholders:** A high degree of commitment is required from stakeholders and over a longer period. Saver Plus' success has been in part driven by the strong commitment from ANZ and its program partners.
- 4. Balanced Design:** The program attributes need to be 'balanced'. For example, each feature needs to have roughly equivalent utility such that no one element overshadows other features. However, an initial and attractive 'hook' is critical. Saver Plus achieves this balance very well with each attribute contributing to the program, though the relative influence of these attributes varies over time.
- 5. Personally Relevant and Motivating Features:** Program features need to be personally relevant and motivating. To achieve this, program features should tap both emotional and financial benefits. For example, a financial reward on its own is unlikely to be sufficient nor is the emotional driver of education or providing for one's children likely to be a sufficient driver. However, the combination of these two factors is highly motivating. Goals need to be personally relevant and motivating. Saver Plus achieves this balance.
- 6. Credibility:** In order to be attractive to prospective participants, programs of this nature need to have credibility. The involvement of not-for-profit organisations and Government is therefore important as these add legitimacy. In addition, communications about the programs need to come from trusted sources such as community papers and editorials, school newsletters and trusted friends / word-of-mouth. Saver Plus has achieved a high degree of credibility because of the involvement of program partners and its balanced communications.
- 7. Participant Support:** Support for participants is critical and the Relationship Manager model delivers this. In Saver Plus, high-touch support is a major reason for the high completion rates of participants. This also emphasises the importance of competent Relationship Managers.
- 8. Encourage Direct Debit but offer Branch Deposit option:** Programs of this nature should offer both direct debit and branch deposit alternatives. If only direct debit were offered it would likely alienate some prospective participants who have anxieties about this method of deposit based on fees, charges and lack of control. However participants should be encouraged to take-up the direct debit option, since this appears to reduce the likelihood of premature departure due to missing a branch payment.

**9. Small Group Workshops are Important:** Small group learning is effective for teaching improved money skills. Money is a topic of personal sensitivity and tends to be of a private nature. Consequently, discussing this and issues associated with it is best undertaken in a smaller group as participants will be less inclined to share their experiences in a larger setting. It is hard to be definitive about the optimum group size but we conclude that up to about eight people is desirable. Groups of this size or smaller are likely to lead to improved group dynamics, enjoyment and willingness to share experiences.

**10. Fostering Participant Stability and Motivation:** The research has shown that personal stability and motivation are key factors driving successful outcomes. Therefore, program designers need to consider ways of identifying these characteristics in participants and instituting ways of fostering stability and motivation. This extends to developing a framework that enables participants to plan for and cope with unexpected or disruptive life events. Individuals who were more successful savers demonstrated the capacity to cope better with unexpected financial 'shocks'. Saver Plus does this quite successfully already through the Relationship Manager model.

**11. A Range of Models help Explain Outcomes:** Behavioural Economic Frameworks (along with other models from psychology and consumer behaviour) contribute to an understanding of the success of Saver Plus and can inform program modifications. Because of the heterogeneous cohort of program participants, there are limits to the explanatory power of any one model or set of models, but in combination contribute to a better understanding of program successes.

**12. Segmentation is an Area for Further Investigation:** The research has illustrated that the potential exists to segment participants (based on attitudes and behaviours) in programs such as Saver Plus. This opens the opportunity for more efficient resourcing and more targeted communications. This is an area for further research.

**13. Outcome Evaluation Mechanisms are Important:** Desirably, programs of this nature need to have a follow-up and evaluation mechanism which can feed into the opportunity to refine and modify the program design as required.

### 3.8 Summary

Saver Plus is a well designed and regarded program. It incorporates best-practice elements and has delivered many positive outcomes to program workers and participants. The research has provided some suggestions for minor modifications and further research, but overall concludes that Saver Plus is near-to-optimal in its design.

Saver Plus program managers and partners are to be congratulated on the design, execution and overall stewardship of the program.

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