



# Encouraging debt advice clients to save using behavioural science

A guide to increasing take up of the savings option on the Standard Financial Statement or its equivalent



# Contents

Executive summary	1
Background	2
What we did	3
Results and findings	8
Attitudes to savings and prototype perceptions	10
Practical recommendations to streamline this initiative	11
Toolkit for savings nudges	13
Research methodology	17

## **Acknowledgments**

The Money and Pensions Service (MaPS) would like to thank the debt advice service providers, Angel Advance and Christians Against Poverty (CAP), for putting this initiative into practice to help their clients and support wider innovation in the sector.

The Savings Prototype was designed and implemented by MaPS Innovations Team: Dr. Jair Muñoz-Bugarin, Dr. Alessandro Medici and Catherine Thomas. Thanks also to our external research agencies, Revealing Reality and BVA BDRC, for their impartial evaluation of the service prototype implementation and its impact.

# Executive summary

**Saving money, where possible, helps prevent people from getting into financial difficulties. But only 4 in 10 over-indebted people in the UK save every or most months.<sup>1</sup> This figure is concerning as a financial shock, such as an unexpected bill, may be a tipping point and lead to significant financial hardship. A timely opportunity to encourage a regular savings habit is when a client receives debt advice. At this point, using behavioural science to frame messages about saving has a proven effect. While not everyone's financial circumstances will allow them to save, many will have this opportunity through the Standard Financial Statement (SFS) savings category. The Money and Pensions Service (MaPS) is keen to promote this option.**

When seeking debt advice, people are thinking about their finances, perhaps more so than ever before. Whether starting a debt solution, taking part in a financial review or seeking help in between, money matters are on the client's mind. The regular savings option on the SFS allows debt advice clients to keep a small amount of unassigned savings for future use. These statements are used by advisers to summarise a client's income and outgoings, along with details of any debts. All clients agreeing a debt solution complete an SFS or comparable statement, which is reviewed, often yearly.<sup>2</sup>

The right prompts to save are needed. As advisers know, debt can be overwhelming and clients can find it difficult to think in their wider best interests. To increase take up of the savings option, MaPS developed a Savings Prototype based on behavioural science techniques called 'nudges'. For example, we used goal setting and mental accounting to frame messages about saving, with clients saving for a future objective within a deadline. When recruiting participants to test this prototype, we learned that some providers already encouraged savings using behavioural techniques. This was either being done on an ad hoc basis or without the structure needed to assess the impact. This initiative enabled nudges to be used consistently, systematically to maximise and measure their effectiveness.

This intervention was tested by two debt advice providers over a five-month period. While the participants applied the service prototype at different stages in the debt advice process, we were able to look at clients with different states of mind and financial situations. Messages around creating a financial safety net to cover unexpected bills were effective on savings uptake. Nudges based on mental accounting had a positive impact too. We were also able to draw insights from an existing approach where clients were automatically opted in to save at the start of their debt solution. There is wider evidence of such defaults being effective. Timing was key, especially encouraging clients to save early in their debt solution journey, while making sure this did not affect a client's ability to cope with their financial situation. Opportunities to tailor messages to individual circumstances were highlighted.

The evaluation also looked at how the participants put the prototype into operation. We encourage other debt advice providers to use the learnings in this report, as well as the toolkit provided, to introduce the initiative across their organisation. Doing so will help avoid repayment plans being disrupted and reduce the risk of clients falling into problem debt, so even more people can be supported by the sector.

1 From the Money Advice Service (2019), now part of the Money and Pensions Service. 'Financial Capability Survey, 2018'. UK Data Service. SN: 8454, <http://doi.org/10.5255/UKDA-SN-8454-1>.

2 For more information, please see the official SFS website at: <https://sfs.moneyadviceservice.org.uk/>

# Background

**The benefits of developing a savings habit are clear. The ‘Saving Gateway’ UK government initiative, which looked to encourage saving among lower-income households, found that 12% used savings to repay their debts.<sup>3</sup> Savings create financial resilience, decreasing the chance of disrupting repayment plans. The very act of saving encourages better money management all-round. Savings can also provide a sense of security, independence and wellbeing. And saving is seen as important by many people, being among the top priorities if having more money.<sup>4</sup>**

The SFS is a standard debt advice tool that opens up a way for people to start or continue to save.<sup>5</sup> It provides a single format to summarise a person’s income, outgoings and debts, helping to negotiate a reasonable amount of payments between debtor and creditors. Developed to improve the quality, consistency and availability of UK debt advice services, the SFS includes an option that enables clients to keep a small amount of unassigned savings for future use. Savings can be a maximum of 10% of available income, with a cap of £20 per month (as set out in the SFS guidance).

This savings initiative focused on one debt solution to limit variances when evaluating its impact: the debt management plan (DMP), a formal agreement between a debtor and a creditor, allowing the debtor to pay off non-priority debts at an affordable rate.<sup>6</sup> It can also be used with other debt solutions.

By encouraging clients to save in an empathetic way, we can overcome the financial circumstances and psychological barriers that prevent indebted individuals from putting money away. Studies show that psychological factors can have a significant impact on financial and savings behaviour and favour the act of nudging people to change a behaviour over traditional interventions. Promoting a regular savings habit has the potential to change lives and free up advisers’ time to help even more people.



***“For creditors a client that saves is a client who can repay.”***

Debt adviser

3 Harvey, P. & Pettigrew, N. & Madden, R. & Emmerson, C. & Tetlow, Gemma & Wakefield, Matthew. (2007). ‘Final Evaluation of the Saving Gateway 2 Pilot: Main Report’. University College London, Open Access publications from University College London.

4 Nest Insight. ‘Taking the temperature of automatic enrolment’. (2015).

5 See the SFS website at: <https://sfs.moneyadviceservice.org.uk/>. There are a few other equivalent financial statements, but the SFS is the mostly widely used sector tool. Over 90% of clients who got debt advice in 2019 received it from an organisation that used the SFS.

6 DMPs are set up with a debt management company, and authorised by the FCA, to take monthly payments and pass them onto creditors. See: <https://www.moneyadviceservice.org.uk/en/articles/what-is-a-debt-management-plan>

# What we did

## Given a timely opportunity to encourage saving, we developed a service initiative – a Savings Prototype – in collaboration with the debt advice sector.

The initiative's purpose was to encourage more clients to save through the SFS or equivalent financial statement. To do this, we built on insights from our existing research and used a behavioural science method, the Behavioural Change Wheel<sup>7</sup>. This method systematically identifies fruitful interventions for behaviour change, prioritising 'candidate target behaviours'. Having identified the most promising behaviours, we applied nudges drawn from behavioural science findings to work towards these positive behaviours.

Two different service providers who met the eligibility criteria were recruited to put the initiative into practice: Angel Advance, a fee-charging debt management company; and Christians Against Poverty (CAP), a charitable organisation giving free debt advice. Implementing the prototype was tailored to each participating organisation.

Alongside the participants, we identified how to best fit the behavioural nudges into their existing delivery models and channels with minimal disruption to operations and service. The implementation stage involved on-site workshops, meetings and conversations, where we were able to learn from frontline experiences and explore variations to the main concept. We also provided training on nudging techniques and support material, including guidance on using nudges across different channels (see the toolkit, later). We agreed on the methods for collecting evidence so the initiative could be evaluated.

Following evaluation, we published a full report.<sup>8</sup> This covers in detail the approach taken to develop the service initiative, the implementation process with participant backgrounds, the evaluation method and results, and key findings and recommendations. It is available at: <https://moneyandpensionservice.org.uk/wp-content/uploads/2020/11/changing-behaviour-to-provide-innovative-debt-advice.pdf>



*"We invited both free and fee-charging debt advice service providers to participate in testing the savings initiative."*

Money and Pensions Service

<sup>7</sup> To find out more, see Michie et. al, 2011. 'The behaviour change wheel: A new method for characterising and designing behaviour change interventions'.

<sup>8</sup> MaPS. (2020). 'Creating behavioural change for innovative debt advice services'. As well as the Savings Prototype case study, this report includes two other service initiatives in the sector.

## The Savings Prototype and its nudges

**The Savings Prototype comprises of a set of nudges to motivate and encourage debt advice clients to start, or continue saving, using the SFS or its equivalent.**

Two nudges, mental accounting and automatic opt-in to a regular savings account when agreeing a DMP, were identified as the most promising ones using the Behavioural Change Wheel (mentioned earlier). We formalised three further nudges while discussing the initiative with the participating organisations. During this phase, it became clear that we could not test the automatic opt-in nudge (Angel Advance could not apply this as a default and opting-in was already part

of CAP’s service, meaning there would have been no control group). Instead, we captured insights on this opportunity, which was found to be extremely popular with CAP’s clients. The nudges that were applied, and how and when this was done, differed between the two service providers (see ‘Implementing the service initiative’).

### Savings Prototype nudges

Nudges tested	How this is used	Behavioural science background	Tested by
Mental accounting	Savings are framed with a specific objective to achieve in a specific time. For example, buying a trip to an amusement park with the children or saving for a new kitchen appliance, in a year’s time.	Mental accounting recognises that people think of value in relative terms and derive pleasure from the perceived quality of what savings can buy (be that goods and services or a sense of security). One consequence is that people squirrel money away, assigning it to ‘pots’ for later use.	Angel Advance and CAP
Commitment device	Clients write their name on their savings objective form during the face-to-face debt advice meeting. Adding the name to the form works as a commitment device.	Commitment devices attempt to enforce people’s voluntarily imposed restrictions until they have accomplished their goal (in this case, saving a set amount).	CAP
Visualising the end goal and amount	Clients are shown how much monthly saving would total in the long term.	Visualising the amount and goal helps clients to see themselves achieving the goal, which increases motivation.	Angel Advance
Savings as resilience	Savings are presented as a way of building a safety net for unexpected bills or losses of income.	The motives for saving are ordered in priority, from meeting daily and emergency needs to saving up for something in the future, such as a treat.	Angel Advance <sup>9</sup>

Extra nudge opportunity	How this is used	Behavioural science background	Survey conducted
Automatic opt-in to a regular savings account	When a debt management plan is agreed, clients are automatically opted into a regular savings account as a default, unless they choose to opt-out. The monthly debt payment includes the savings amount, which goes into a savings account.	People generally resist change and want to keep things as they are.	CAP insights gathered on this popular option <b>95% of CAP’s clients opted in to save using a bespoke version of the SFS</b>

<sup>9</sup> CAP also applied this approach as part of its usual activities, but the way the resilience discussion was framed during the set-up of the debt solution made it difficult to isolate the impact of this nudge and assess its effectiveness.

**How we developed the selected target behaviour for mental accounting**

Specify the target behaviour	Create a regular savings account by framing savings based on a specific objective to achieve in a specific time
<b>Who</b> needs to perform the behaviour?	Staff compiling the SFS and managing the client (or the SFS's equivalent).
<b>What</b> do they need to do differently to achieve the desired change?	Staff need to actively frame savings when discussing the savings category on the SFS or its equivalent. The client has to make a conscious decision about the savings goal and time to achieve the amount for the goal.
<b>When</b> do they need to do it?	When reviewing the savings category at set-up or during the annual review of the SFS or its equivalent.
<b>Where</b> do they need to do it?	At a debt advice provider's office, over the phone, online or by post.
<b>How often</b> do they need to do it?	When using the SFS or equivalent tool for goal framing, and potentially every time the goal needs to be re-framed. For example, when the savings goal is achieved and another is needed.
<b>With whom</b> do they need to do it?	Potentially, clients could take the decision on their own, with their household or with their debt adviser (either face to face or over the phone).

**The savings objective form with mental accounting nudge, requiring the clients' name as a commitment device**

Nudges	Name on savings objective form
	<p>Plan number .....</p> <p>Would you like to set savings goals for the next year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
Mental accounting	<p>What are the top three things you'd like to save for</p> <p>1 .....</p> <p>2 .....</p> <p>3 .....</p>
Commitment device	<p><b>Name</b></p> <p>.....</p>
	<p></p> <p>Service provider's copy - please return with client paperwork</p> <p>Plan number .....</p> <p>Would you like to set savings goals for the next year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>What are the top three things you'd like to save for?</p> <p>1 .....</p> <p>2 .....</p> <p>3 .....</p> <p>Client wrote their name <input type="checkbox"/> Yes <input type="checkbox"/> No</p>

## Scope of the approach

**We designed the Savings Prototype to overcome the circumstances and psychological barriers that prevent indebted people from saving regularly by introducing a simple change to debt advice services.**

Barriers include feeling overwhelmed by debt and ‘tunnelling behaviour’, which inhibits the cognitive ability required to retain information and solve problems. As people become more worried about their situation, their brain power or ‘mental bandwidth’ is reduced.<sup>10</sup> This impedes people’s ability to engage in the tasks needed to resolve their financial difficulties and make longer term plans beyond pressing matters.

The prototype did not seek to measure habit formation (this would require a long-term study after the client’s debt plan had ended). We looked at the initial rate of clients opening a savings account during the intervention and their subjective intention and motivation to start saving. Since the prototype was based on sound research and empirical evidence, a fundamental part of the evaluation focused on practical elements. We wanted to see how the participating organisations operationalised the prototype and implemented it to pass on learnings. Our hope is that the Savings Prototype is scaled up as standard sector practice.

<sup>10</sup> Brainpower or mental bandwidth is made up of attention, cognition and self-control. Mullainathan, S., & Shafir, E. (2013). ‘Scarcity: Why having too little means so much’. New York, NY, US: Times Books/Henry Holt and Co.



## Implementing the service initiative

Both financial statements provided by Angel Advance (the SFS) and CAP (bespoke) allowed clients to assign savings to expected, but infrequent expenses (such as paying for a car repair, MOT or school uniform). The two participants then applied the nudges from the Savings Prototype to encourage general savings. Which nudges were applied, how and when differed between participants, as shown in the following table.

### Participants, channels and nudges applied during the savings prototype implementation

Participant	Angel Advance	CAP
<b>Debt management plan (DMP) service</b>	Provided for a fee	Provided free of charge
<b>Main channel of delivery</b>	Telephone and online mainly, with some paper packs (sent by post)	Face-to-face appointments
<b>Types of nudges used</b>	Mental accounting Visualising end goal and amount Savings as financial resilience	Mental accounting Automatic opt-in to save Commitment device
<b>Where nudges were used</b>	Mainly during DMP annual reviews	While setting up a DMP solution
<b>When nudges were applied in the clients' DMP journey</b>	More than a year into the DMP term for all clients	At the start of the DMP for all clients
<b>Financial statement used</b>	Standard Financial Statement (SFS)	Bespoke Financial Statement <sup>11</sup>
<b>Savings limit per month</b>	£20	Discretionary

We collaborated with the two participants to implement the Savings Prototype, starting by understanding how each organisation worked. While the wording used for the nudges and application guidelines were pre-defined, we discussed how best to operationalise the prototype into existing delivery channels and business operations. The two participants were then left to implement and roll-out the service initiative. These plans were first agreed with us to ensure that they were appropriate, could be evaluated and met the project's objective. Participants were asked not to change, where possible, their business operations elsewhere during the implementation, so we could evaluate the service prototype's full effect.

Interestingly, Angel Advance offered the opportunity to test the nudging incentives for the first time in the framework of the SFS. The company had just started to transfer clients over from another financial statement. Both participants had previously encouraged their clients to save whenever their income and expenditure situation have a change, but this was on an ad hoc basis for Angel Advance and with no structured technique or approach in place for CAP. CAP already automatically opted clients in to save when setting up their DMP with a 95% uptake.

11 CAP uses a bespoke version of the Financial Statement with the added savings category. While there are different categories and labels, this is similar to the SFS and includes all the information on an SFS.

# Results and findings

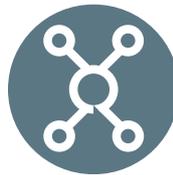
The results and findings in this section come from survey data analysis by our research partner, BVA BDRC. To measure the initiative's effectiveness in encouraging debt advice clients to start or continue to save, the study compared the change between a treatment group of clients who experienced the Savings Prototype and a control group of clients who did not (see 'Research methodology' later). The implementation ran from mid-January to the end of May 2019 for both participants.

Among the different nudges used in the intervention, framing savings as a way to create financial resilience and using mental accounting had the greatest impact. These nudges can be used in combination with an automatic saving opt-in when agreeing a Debt Management Plan (DMP) or with other debt solutions.



**5,300** client interactions to encourage savings

Using the option on the SFS and its equivalent 3,200 from the treatment groups; 2,100 from the control group



**4** channels used for savings nudges

Telephone, online, post and face-to-face appointments

Creating a financial 'safety net' increases resilience against financial shocks, such as unexpected bills, has the largest impact when motivating debt advice clients to save.

**43%** of clients in the treatment group were **definitely encouraged to save or continue saving** <sup>12</sup>

Compared with **32%** in the control group

Framing saving with a specific goal to achieve in a specific time (mental accounting) also has a significant positive effect in the numbers of clients choosing the savings option.

**44%** of clients in the treatment group found this **very useful for them to save or continue saving** <sup>12</sup>

Compared with **33%** in the control group



Timing is key. Nudging people to save works well when clients are in the debt advice process, especially when they are thinking about budgeting and making debt payments.

## Main findings

Nudges are ideally built in from the first conversation with a client about their DMP. Advisers can also reintroduce the concept of saving later when formalising the DMP and at annual reviews (at this point, clients have adjusted to a new financial situation and feel more confident and in control). Further research is needed to see if tailoring messages to the client's individual situation during the DMP process increases savings uptake.

Encouraging clients to save should be done on an individual basis, with consideration of each client's circumstances and situation, which can change over time. Our research highlights some borderline cases where clients select a DMP with a small increase in savings that extends their repayment term considerably. Here, a nudge to save should be swapped with a nudge to reconsider the debt solution for the client.

Applying the Savings Prototype also creates a more positive client experience when using the right channels. Telephone conversations had a higher impact on clients compared with online nudges. Further research would be useful to see if online nudges can be improved. From another sector initiative, we found that a client's communication preference is the best channel to deliver nudges.<sup>13</sup>

### Angel Advance findings

Positive feelings and behaviours nearing completion of their debt solution.

As clients progress in their debt solution, their perception of their financial outlook changes. There is a clear link between positive financial behaviours and clients who have less time remaining on their repayment term. Clients closer to the end of their debt solution feel:

- more of a saver than a spender;
- more confident in dealing with debtors;
- more in control of their debt levels; and
- that they will be better off in a year's time.

**Up to 56%** of clients felt better off in the treatment group

Compared with **33%** in the control group

<sup>14</sup>



Tailoring messages based on the client's circumstances could encourage greater saving, especially when debt is soon to be paid off. When clients can anticipate having more disposable income, a nudge pointing out that this is a great opportunity to save, or save more is worth exploring.

### CAP findings

Positive feelings and behaviours for longer-term clients.

Analysis of relationship length shows positive outcomes for clients with CAP for over six months, compared with those under this period. Longer-term clients feel:

- 'more cautious about spending on credit and accepting money from lenders;
- more in control of their finances and less likely to fall behind with payments; and
- more likely to save.

**48%** of clients felt in control of their finances **after 6 months**

Compared with **31%** of new clients

<sup>15</sup>

(less than a 6-month relationship)

### A high success rate in clients saving

Results from our complementary study (looking at CAP's anonymised client data) highlight that saving early, even small amounts is effective<sup>16</sup>. Three months on, irrespective of changing circumstances, there was only a 2% rise in existing CAP clients deciding not to save. However, after a few months, clients on average tended to reduce the amount being saved as they adjusted to their plan.



Put safeguards in place to support clients as they adjust to their new budget constraints, especially at the early stages of their debt solution. CAP provides regular client support and reviews, including identifying and discussing any saving level changes.

<sup>13</sup> MaPS (2019). 'Reducing missed appointments using behavioural science'. See: <https://www.moneyadvice.service.org.uk/reducing-missed-appointments-using-behavioural-science>

<sup>14</sup> BVA BDRC (2020). 'Savings and Innovation: A Service Prototype'.

<sup>15</sup> BVA BDRC (2020). 'Savings and Innovation: A Service Prototype'.

<sup>16</sup> MaPS. (2020). 'Creating behavioural change for innovative debt advice services'. As well as the Savings Prototype case study, this report includes two other service initiatives in the sector.

# Attitudes to savings and prototype perceptions

We wanted to know how frontline debt advice employees felt about encouraging, or more systematically, encouraging their clients to save. Before, during and after the intervention, staff expectations, perceptions and attitudes on this were captured along with the client's thoughts on savings.

## Staff perceptions



*"Why talk about savings? We know they won't actually save it."*

Debt adviser

### Before implementation

Although there was some resistance and scepticism, most staff agreed that savings provided resilience against financial shocks. Saving was seen by some as a concern and not in the client's best interest as increasing the length of the debt plan.



*"We were talking about savings, but in a more practical way – saying 'you should save'. Now we are thinking about it in a more positive framing, around setting goals."*

Manager, Angel Advance

### During and after the implementation

Advisers were empowered to discuss the benefits of saving. This was seen as helping to improve client circumstances and relationships. Staff had good reactions to this initiative and supported it.

## Continuing this initiative

At the end of the five-month implementation period, Angel Advance added the Savings Prototype to their business-as-usual operations, streamlining some elements. It was unclear whether debt coaches at CAP continued to use the savings objective form.

# Client reflections

Reflections from the client interviews carried out by our research partner, Revealing Reality.

Overall, savings are seen as a good thing



*"It's very important to have savings ... you don't know what's around the corner."*

Debt advice client

Clients remembered staff conversations about savings – mostly saving for emergencies, but a few mentioned saving for treats



*"They said you should save in case of unexpected bills. I thought it's very sensible."*

Debt advice client

Clients did not want to save for various reasons

**including:** wanting to pay off their debts, so saving wasn't a priority; feeling they didn't deserve to save; having nothing to spend savings on; and because treats were covered by family members.

But clients appreciate being given permission to save



*"It wasn't something I was expecting them to suggest ... So I was quite pleased because it gives us a bit of wriggle room ... It also saves us saying we can't pay the creditors this month."*

Debt advice client

# Practical recommendations to streamline this initiative

This section shares insights gathered during and after testing the service prototype. Frontline staff talked through their experiences and reflections to help introduce the savings initiative across the sector. We have also included practical guidance identified by Revealing Reality, our external partner (see 'Research methodology' later).

## Implementation strategies

### Keep control by sharing ownership

Put delivery of the initiative in multiple hands so it is owned by the organisation rather than a few individuals, to prevent problems in the event of staff absences. Sound handover practices should also be in place.

### Communicate and coordinate what is needed

Organisations need to know what they are going to do, over what timeframe and with what resources/budget. Full management commitment is required to roll out a service change, with frontline staff being continuously coordinated and supported. A structured approach and proactive communications are essential to ensure the implementation flows.



*"Because some staff were not aware of this [initiative], they were not able to implement it well."*

Revealing Reality

### Monitor change and make adjustments

Until a service change is part of business-as-usual operations, it needs to be monitored on a regular basis and fine-tuned to work as effectively as possible.

### Allow time and for quality checks

Employees may be performing tasks on autopilot. They may forget about the change or implement it imprecisely. Quality checks will make sure that the implementation is realised systematically, correctly and effectively. When testing the Savings Prototype, initial checks highlighted the need for staff training, discussions and reminders.

### Use different approaches for different channels

If using more than one channel to nudge clients to save, each approach needs to be practically thought through before applying the initiative (see the toolkit later).



## Recommendations to lead change

### Engage staff at every level, as early as possible

While change is decided at senior level, all staff involved should be part of the initiative from the outset. This way, any concerns, doubts and issues can be resolved before roll-out. Everyone will buy-in to delivering the change, leading to a more successful implementation. Wherever possible, decision-making should be driven and supported by facts and evidence.



*"Many [employees] did not seem to understand why promoting savings in aspirational terms was an advantage. They therefore lacked motivation and confidence in talking to clients about saving for a goal and often cut the conversation about savings short – not fully implementing the nudges."*

Revealing Reality

### Get the culture, systems and processes right

A culture that accepts and encourages innovation and experimentation is more likely to implement a service change swiftly and adapt it as needed. This should be supported by adequate systems and data management processes, streamlining work and enabling the initiative's impact to be measured.

## Our next steps

We will further develop the Savings Prototype by exploring messages tailored to the client's circumstances and where they are in their debt repayment journey, supporting people to continue to save after completing their debt solution. We will also be encouraging the debt advice sector to make use of the findings in this report to adopt this savings initiative.

### Practical pointers

#### Clients don't think they are entitled to save

People focus on repaying their debts, but some level of saving in the SFS or its equivalent is encouraged and supported. For clients open to the idea of saving, tell them that they are entitled to save and that creditors welcome this.

#### Conversations make it easier

Calling clients is regarded as more effective in getting clients to save than using online nudges. With calls, or face-to-face appointments, advisers can have conversations with clients, whereas it is easy for online users to skip a savings message.

#### Saving is valuable, however small

But a fair assessment of the client's wellbeing and ability to pay their debt should be carried out first.

#### Saving might lead to reconsidering the debt solution

Some advisers were sceptical about saving initially, since regularly saving might extend a client's DMP. In some borderline cases, looking into savings could signal that a client is better suited to another debt solution.

#### Saving more than 10%

The SFS allows a client to save up to 10% of their available income, with a cap of £20 per month. But saving more than this amount seems possible and, not allowing it, could put people off saving.

Client, adviser and creditor will be involved in negotiating an increase, with the creditor approving any raise.

# Toolkit for savings nudges

We have shared guidance on applying savings nudges across channels. We hope this helps other debt advice providers introduce this service initiative as seamlessly as possible. Feel free to pick and choose what works best for your organisation, staff and clients. We have included suggested wording for nudges, which can be adapted as needed.

## Guidance for conversational nudges: telephone calls and face-to-face appointments

### Best practice

- Drop the savings nudges into discussions as part of the conversation, rather than trying to follow a script as this can feel forced or robotic.
- Asking about a savings goal is a good way to open savings discussions. Include reasons and benefits to saving in the conversation.
- Reassure individuals that creditors value clients who save, as they have a 'pot' to dip into if needed.
- Suggest a savings amount based on SFS (or equivalent) guidelines. See: [sfs.moneyadvice.service.org.uk](https://sfs.moneyadvice.service.org.uk)
- Say how much a monthly saving would add up to over a year.
- Mention the added benefit of having savings: clients can pay for things they hadn't included in their budget, without missing an agreed repayment or having to cut back.
- Create a checklist of savings nudges for advisers to cover during the conversation.

### Suggested wording for nudges

Introduce the savings conversation midway through the conversation, having completed the income and expenditure form.

Nudge	Guidance wording	When to use it
Mental accounting	"Did you know that you can also save a small amount each month towards a goal?"	Having discussed budgeting for occasional expenses, such as paying for a car repair or service, an MOT or a new school uniform for the children.
Savings as resilience	"The great thing about building up some savings is that, if you get an unexpected bill or expense, you can fall back on it, so you don't miss a repayment or have to cut back."	Straight after introducing the second mental accounting nudge.
Visualising the end goal and amount	"Based on what you've just told me, you could save up to <£X> a month. That means in a year, you'll have <£X> in savings."	Straight after asking clients how much they want to save.
Mental accounting	"Is there something that you'd like to start saving for?"	Straight after introducing the visualising nudge.

## Adding a commitment device

We know from our research and elsewhere that using a commitment device is effective, and this can be easily applied after recommending the debt solution. Before ending a call, let the clients know you want to check if everything is clear. Ask the client to tell you how much she/he is committing to save monthly, for how long and for what goal. During a face-to-face appointment, ask the client if they are happy with everything and then to add their name to their savings objective form (as used in the service initiative).

## Savings objective form



See page 7 for a template.

## Evaluating success

You will have details on the clients who choose to save but knowing what isn't working is also valuable. For conversational nudges (by phone or face-to-face), it is important to be able to collect some key data for two good reasons.

**1. To make applying the savings nudges part of normal operations.**

This means knowing when nudges are not being applied, so you can take action to encourage staff to do so.

**2. To know why clients are not saving.**

This can be because nudges were applied correctly but clients were reluctant to save, or that nudges were not mentioned or used incorrectly (which could lead to false conclusions that the nudges did not work, if not assessed). In the latter case, you can refine procedures to make sure the initiative is applied correctly.

A quick questionnaire, completed by advisers as soon as they have finished their client conversation, is a good way to collect key evaluation data. This should cover:

- whether the nudges were mentioned and the client's 'yes' or 'no' response to it;
- the client's saving goal (for example, for a family trip, holiday, new appliance, home improvements, or saving for a rainy day);
- whether the client has any existing savings;
- the reason or reasons for not saving, if relevant; and
- the reason or reasons for clients failing to save if encouraged to do this in the past.

## Guidance for online nudges

### Key steps



### Saving above the SFS limit

Create an automated message to explain this is above the limit and that an adviser will be in touch to discuss the amount or to get in touch (giving a telephone number or email).

## Guidance for paper pack nudges

A paper pack can be used when reviewing a client's annual income and outgoings, with a set of forms for the client to fill in. The nudges are added to the savings section, with suggested wording given below alongside essential financial details required from the client.

Nudge	Guidance wording	Notes for all nudges
Mental accounting	Did you know you can also save a small amount each month towards a goal? This could be a family holiday, a day out or an item you'd really like to buy.	Reassure clients that most creditors support people with debts who want to save.
Visualising the end goal and amount	Saving monthly adds up. For example, putting aside £10 will give you £120 in savings in a year.	Suggest setting up a standing order to a savings account.
Savings as resilience	It's always best to put money away as savings, so it doesn't get spent on other things.	For general savings support, including choosing an account, you can point clients to our free online help at: <a href="https://moneyadvice.service.org.uk">moneyadvice.service.org.uk</a> Click on the 'Budgeting & Saving' tab.

### Essential details the client will need to complete

To be included as part of the paper pack form

<b>Disposable income</b> Your total income minus your total expenses	£
<b>Savings amount to be saved monthly</b> This can be up to 10% of your disposable income or £20, whichever is the lower amount	£
<b>Total amount of savings after a year</b> Your monthly savings amount multiplied by 12	£
<b>Please let us know what you're saving for</b>	
<b>Your New Monthly Payment amount</b> Your disposable income minus your savings	£

### Savings objective form



For ideas on how to include additional nudges in the paper pack see the savings objective form on page 7.

# Research methodology

**Before the intervention, MaPS visited both participants to run sessions on implementing the Savings Prototype. We also supported with applying behavioural nudges. During and after the intervention, quantitative and qualitative evaluations were carried out.**

## Process and implementation evaluation (qualitative approach)

Research agency Revealing Reality (RR) was appointed to carry out an impartial 'process and implementation evaluation'. This looked at how the Savings Prototype was implemented to understand what worked well and what might need to be improved from a delivery and operational point of view. The theory of change model for evaluating the intervention was developed in collaboration with MaPS. RR's implementation evaluation comprised place-based observation and face-to-face interviews with staff, as well as 10 client telephone interviews (eight Angel Advance clients and two CAP clients).

## Quantitative impact evaluation

A quantitative survey measured the effectiveness of this intervention in encouraging debt advice clients to save. This compared the change between a treatment group of clients who experienced the Savings Prototype and a control group of clients who did not. Both groups were made up of clients who had received advice and were now in their debt solution journey. On average, CAP's clients were at the start of their DMP, while Angel

## Advance's clients were a year or more into their plan.

The online survey was conducted by our second research partner, BVA BDRC. It included questions on the intention and motivation to start saving. The agency analysed the survey data, looking for statistically significant differences between the treatment and control groups for each provider. Angel Advance's data covered a large sample of over 890 respondents. BVA BDRC used regression analysis to determine which nudges had the greatest impact on saving. Given that the sample from CAP was relatively small (138 respondents), their survey results must be taken as indicative. However, this work was supported by our analysis of additional participant data, drawn from over 1,045 anonymised clients.

## Qualitative impact evaluation

After the intervention had ended, we visited Angel Advance and conducted face-to-face interviews with staff. The objectives of these post intervention visits were twofold:

- to capture insights and learnings to understand how to make it easier to operationalise the core elements of the prototype across the sector; and
- to see whether participants were still applying the intervention, either fully or partially.

It was not possible to carry out this final qualitative evaluation with the other participant, CAP, as the main staff involved in the intervention were no longer with the organisation.

## Links

The full report for this initiative, and two other debt advice service prototypes informed by behavioural change thinking, can be found at:

<https://moneyandpensionservice.org.uk/wp-content/uploads/2020/11/changing-behaviour-to-provide-innovative-debt-advice.pdf>

For the evaluation report by BVA BDRC on this initiative, 'Savings and Innovation: A Service Prototype' (2020), go to: <https://moneyandpensionservice.org.uk/wp-content/uploads/2020/11/Savings-and-innovation-a-service-prototype-evaluation.pdf>

You may also be interested in reading our summary report on one of our other debt advice initiatives, 'Reducing Missed Appointments Using Behavioural Science, A Guide To A New Communication System' (2019). Visit: <https://www.moneyadvice.service.org.uk/reducing-missed-appointments-using-behavioural-science>

### Get in touch

We can help you introduce this savings initiative to your organisation and evaluate its impact. Just get in touch to find out more.

Email: [innovatingtogether@maps.org.uk](mailto:innovatingtogether@maps.org.uk)

[maps.org.uk](https://maps.org.uk)



**Money &  
Pensions  
Service**