



BE Solution: When members who typically pay the minimums are about to make a payment (for their credit card or a loan) on a website or mobile app, present them with the option to pay more than the minimum.

Background

When a number or suggestion is made to us, we tend to anchor our decision in comparison to that first suggestion, even if the number is arbitrary. Given the way that loan and debt payments are usually presented, members tend to anchor on the minimum payment rather than paying a higher amount to save on interest. Furthermore, there is some evidence that round numbers are psychologically pleasing and therefore may make people more willing to pay a little more. The Common Cents Lab tested a number of prompts that “rounded up” mortgage payments, resulting in 10% of members making a change. We estimate that using the “round up” framing saved the average member about \$8,000 over the life of the loan. This project is for credit unions who want to help reduce their members’ debt.

Project

Understood Productions will assist you in developing materials specific to your credit union and implementing the project, as well as helping at key points throughout the process, including:

1. Developing the language and presentation of the suggestion to round up payments.
2. Designating the timing and execution of presenting the rounded-up payment and of the auto-enroll form.
3. Determining the right sample size and the random assignment of members into a treatment group or a control group. The “treatment” group will receive a suggestion to round up their payment, while the “control” group will experience business as usual.

Outcome

Track the click-throughs and enrollment in increased auto-payment, as well as the new amounts for auto-pay for 2-4 weeks after sending the prompt. After that time, calculate the percent of people that did click the suggestion, the percent of people that opted into higher payments, and the average increase in payment. If there were multiple types of messages, compare the differences between the groups (and the control). Understood Productions will help you conduct the analysis.