

# Increasing the uptake and usage of mobile money savings

## Tanzania



**Partner**  
CGAP

**Sector**  
Financial inclusion

**Project Type**  
Lab-in-the-field experiment

**Sample Size**  
413 participants

**Behavioral Themes**  
Relative rank, perception of self, anchoring



Photo Credit: Busara Center

## Can simple messaging induce saving habits?

The mobile money landscape in Tanzania has been rapidly evolving, closely following Kenya in terms of total penetration. In 2017 more than 50% of Tanzania's adult population was registered for formal digital financial services, mostly mobile money. Tanzania is also the first country in Sub-Saharan Africa to allow mobile money providers to earn interest on their escrow accounts, with Tigo-Pesa being the first to offer its subscribers interest payouts of 7-9% per annum (better than a one-year term deposit). Despite these incentives however, average mobile savings balances remain low, especially among low-income users.

In order to understand the reasons for this, CGAP partnered with the World Bank's Mind, Behavior and Development Unit (eMBeD) and Busara to understand what influenced the saving habits of low-income Tanzanians and ultimately design a set of nudges that could lead to higher savings rates on a mobile money product.



## A Behavioral Science Approach

While a number of structural barriers may exist, over the last few years, insights from behavioral economics have revealed a number of psychological constraints that prevent savings behavior.

We tend to prioritize our current desires over our long-term objectives. We tend to get caught up in our busy lives and fail to dedicate sufficient attention to setting up systems to enable easier savings. Small hassles can easily get in the way and shift our priorities. This project aimed to better understand those barriers to inform a series of messages that might support a strong savings habit on mobile money.

### Design

Busara conducted initial research across the country to understand trends and influencers in Tanzanian saving behaviors.

Three key themes emerged from the primary qualitative and quantitative research:



We designed the experiment as a lab-in-the-field study within 3 different informal areas of Dar es Salaam. In total, there were five groups - the pure control group, a control message, and then the three treatments. The three treatment groups received SMS's that were inspired by the behavioral themes found during the exploratory data collection. The pure control group received no SMS messages.

The message designs are on the next page, but we wanted to add a bit of context on Group 4 which had a slightly more complex treatment. In this group, users received a message which gave participants a savings rank compared to the other members of the group that they were onboarded to the experiment with.

Each week we then informed them what the savings rate was for "top savers" which was not actually the "top" of the full group, but the savings rate of savers who were 2 positions ahead of that participant in the group - i.e. if you were ranked third in the group, you would receive information on the first position's saving level, but if you were ranked fifteenth, you would receive information on the thirteenth person's saving level. That way, by making it relevant and accessible, it was more likely to motivate a change in behavior.



**Group 1**  
Generic SMS messaging

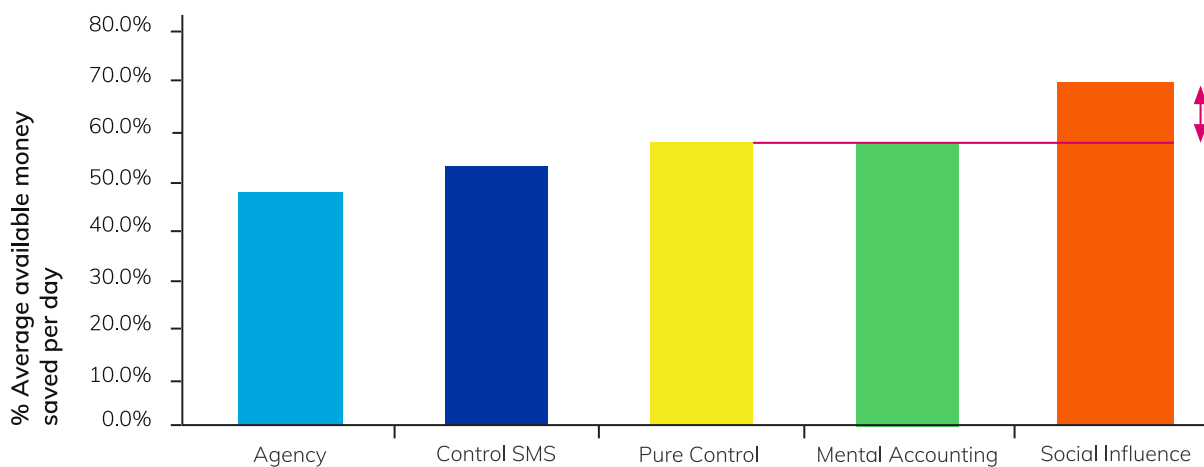
**Group 2**  
Generic SMS messaging

**Group 3**  
Messaging around agency and control

**Group 4**  
Messaging around social influences (relative-rank)

## Results

Participants who received the relative-ranked messaging around social influences saved at a higher rate compared to those in other treatment groups. Further, a badly framed message (agency in this case), actually had a negative impact on savings levels.





## Discussion

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### Attainable reference points

Messages on social influences nudged the participants to save at a higher rate compared to other framings.

### The cost of not testing

The effect of a badly framed message is worse than that of not sending a nudge at all. This highlights the importance of rigorously testing any change in communications as every novel idea can have unintended consequences.

