



Nudging Society to Better Decisions

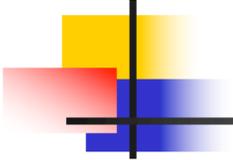
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NHS Organ Donor Card



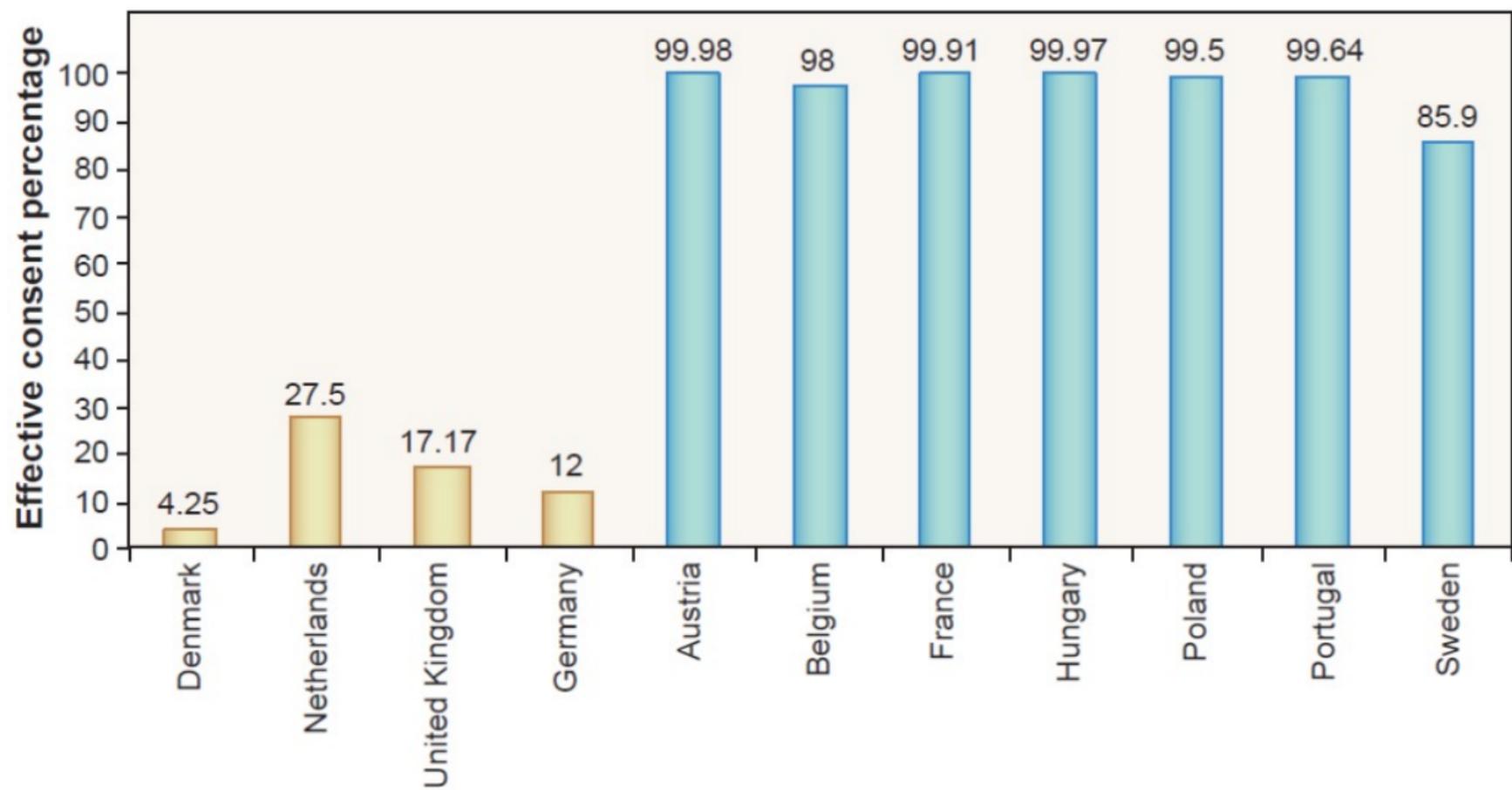
Yes I donate
ORGAN DONATION



What Might Drive Donation Rates?

- Culture: altruistic vs. individualistic

Low Donation Rate	High Donation Rate
Denmark	Sweden
Germany	Austria
Netherlands	Belgium



Effective consent rates, by country. Explicit consent (opt-in, gold) and presumed consent (opt-out, blue).

Organ donation

I want to register my details on the NHS Organ Donor Register so that someone whose organs/tissue may be used for transplant after my death. Please put in the boxes that apply.

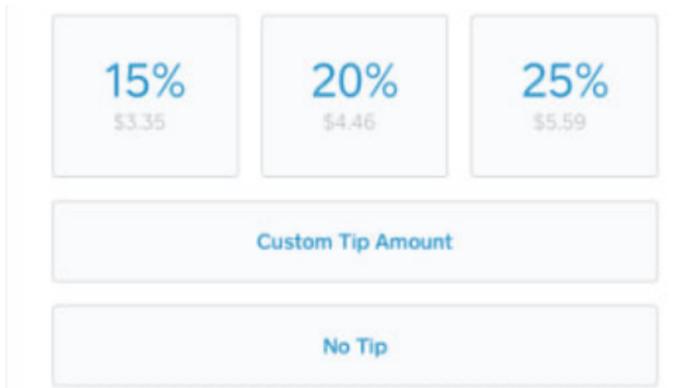
Any of my organs and tissue or

Kidneys Corneas Heart Lungs Liver



1. Status Quo Bias

- People tend to stick with the status quo
 - Viewed as an informed suggestion?
 - Inertia
 - Conformity bias / anchoring



The image shows a digital tipping interface with the following elements:

15% \$3.35	20% \$4.46	25% \$5.59
Custom Tip Amount		
No Tip		



Harnessing Status Quo Bias: Saving

- No issue with automatic saving
 - Social security, defined benefit pensions, mortgage payments
- The problem is defined contribution pensions
- Save More Tomorrow (SMarT): agree to save a share of a future pay rise¹
 - 78% joined
 - 80% of those enrolled remained through 4th pay rise
 - Saving rate rose from 3.5% to 13.6% over 40m
 - Could be applied to "Give More Tomorrow"

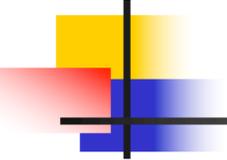
1. Thaler and Benartzi (2004)



Harnessing Status Quo Bias: Saving

- Automatic enrolment in DC plan¹
 - Increased participation
 - Increased uptake of the default contribution rate and fund allocation, even though few chose this combination before

1. Madrian and Shea (2001)



Harnessing Status Quo Bias: Habits

- Birth control pills only required for 3 out of 4 weeks, but maintain daily regime by using placebos for 7 of 28 days



Overcoming Status Quo Bias

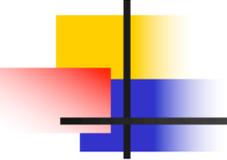
- Patients with long-term illness receive branded medication every 90 days
- Online pharmacy asks people to switch to generics, but little effect
- If generics offered free for a year, <10% switch
- Ideal: switch to generic, and allow people to opt-out
 - But illegal
- Alternative: need to return letter to keep receiving medication. Choose branded or generic
 - If you can't make the desired the status quo, have no status quo



Overcoming Status Quo Bias

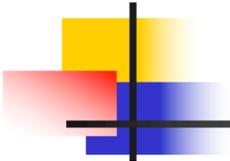
- Patient scheduled for hip replacement¹
- Treatment 1: you forgot to try ibuprofen. Do you pull the surgery and try ibuprofen?
- Treatment 2: you forgot to try ibuprofen and piroxicam. Do you pull the surgery?





Impatience?

- Not irrational, but people's preferences
 - Should we interfere with free choice?
 - Small "nudges" are unlikely to tip the balance



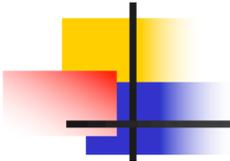
2. Hyperbolic Discounting

- Time-inconsistent preferences
 - Monday: happy to give up a cookie on Tuesday for two on Friday
 - But on Tuesday, you won't make the sacrifice
 - People aren't doing what they themselves would like to – nudging is more morally justified
- SMarT: “lost” income is in the future
- Implication: any consequences that are immediate are particularly powerful. Thus, make a decision
 - Easy: reduce the cost today
 - Attractive: increase the benefit today



Attractive

- March 2020, “Mental and Physical Wellness”
 - Temptation bundling
 - Immediate tangible reward, e.g. smoothie, social coffee
 - Immediate intangible reward, e.g. write down workout, tick off scorecard
- Inoculation in Rajasthan, India
 - Inoculation camp increased inoculation from 6% to 17%
 - Kilo of lentils increased it to 38%



Easy

- Gave students a booklet encouraging them to get a tetanus shot¹
 - Fear (using vivid photos and descriptions) had no effect on likelihood of getting a shot
 - Including map with location of University Health Service increased it from 3% to 28%
- HMRC tax collection letter linked to the specific form, rather than the webpage that included the form
 - Increased response rates by 19-23%²

1. Leventhal, Singer, and Jones (1965)
2. Behavioural Insights Team (2014)



3. Loss Aversion



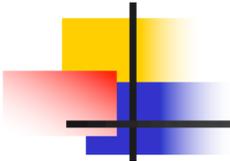
VS.





Loss Aversion

- Deter bad behaviour
 - Italy penalty points: start with 20, then taken away
- Encourage good behaviour
 - "If you don't conserve energy you'll lose £200/year" vs. "you'll save £200/year"
 - "You're about to lose your introductory discount" encouraged consumers to switch¹
- StickK: Commitment Contract where you forfeit money if you don't fulfil pledge
- SMarT: increased saving only upon a raise; avoids loss aversion from lower take-home pay



4. Availability Bias / Saliience

- Easily accessible or memorable information has an outsized effect



Bulbs

Foil & bin bags

house 247

regular facial

by Sabonbury's

100% Natural, 100% Pure

100% Pure

100% Pure

247

regular facial

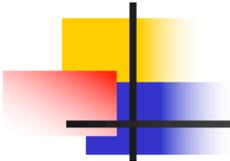
by Sabonbury's

100% Natural, 100% Pure

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100% Pure





4. Availability Bias / Salience

- Easily accessible or memorable information has an outsized effect
 - School cafeteria: playing certain foods at eye level, without changing the menu, can alter consumption by 25%¹
 - Items at the top or bottom of a food category in a menu are twice as popular as those in the middle²
 - Those owing Courts Service fines faced bailiffs. Text message sent 10 days prior doubled payments; personalized message tripled³
 - Saved £30m/year

1. Thaler and Sunstein (2008)
2. Dayan and Bar-Hillel (2011)
3. Behavioural Insights Team (2014)

PAYDAY LOAN STORE

CHECKS CASHED

ACCEPTING
APPLICATIONS
SEE A PAYDAY
LOAN OFFICER

OPEN

1828

PLS
LOAN STORE

LOAN
100%
APPROVAL

AUTO
TITLE
LOANS
UP TO
\$4,000

CASH
LOANS
UP TO
\$5000

OPEN

1830

PLS
LOAN STORE

ATM

FAX

1%
+1
CASHED ON CHECKS

1%
+1
CHECKS CASHED

FREE



Annual interest rates on different types of loans

	Median Annual Interest % (from government surveys)
Payday Loan	443%
Installment Car Loans	18%
Credit Card	16%
Subprime Mortgages	10%

-23%

How much it will cost in fees or interest if you borrow \$300

PAYDAY LENDER (assuming fee is \$15 per \$100 loan)		CREDIT CARD (assuming a 20% APR)	
If you repay in:		If you repay in:	
2 weeks	\$45	2 weeks	\$2.50
1 month	\$90	1 month	\$5
2 months	\$180	2 months	\$10
3 months	\$270	3 months	\$15

-16%

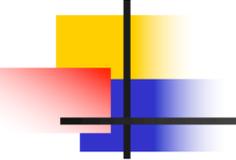


5. Conformity Bias / Anchoring

- Responding to social pressure for visible actions isn't behavioural
 - But others' behavior matter for invisible actions

Control	33.6%
The great majority of people in the UK pay their tax on time	+1.4%
The great majority of people in your local area pay their tax on time.	+2.2%
Most people with a debt like yours have paid it by now.	+3%
The great majority of people in your local area pay their tax on time. Most people with a debt like yours have paid it by now	+5%

- £9.3 million of payments accelerated in 23 days



5. Conformity Bias / Anchoring

- Prompt cancer diagnosis vital, but wide variation in referral rates

Dear [insert name]

Two week wait (suspected cancer) referrals in your practice

Recently we wrote to you to tell you that your practice had a lower two week wait cancer referral rate than the vast majority (70%) of practices in Greater Manchester.¹

- Letters comparing GPs' referral rates with colleagues increased referral rate by 9.6%¹

1. Behavioural Insights Team (2018)