

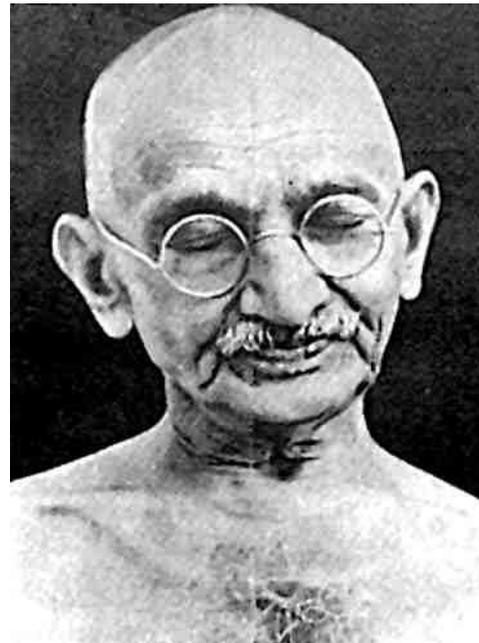
Applying Behavioural Insights to Public Policy

Guglielmo Briscese & Ravi Dutta

Asian Development Bank – 19 June 2017

Quick Quiz

1. Was Mahatma Gandhi older or younger than 100 years old when he died?
2. How old was Mahatma Gandhi when he died?



Quick Quiz

3. Was Marlon Brando older or younger than 50 years old when he died?
4. How old was Marlon Brando when he died?



Quick Quiz: Which option would you travel for?

Option A: You want to buy a toaster that costs \$100. You are told that the same toaster is being sold for \$50, but it is a 20 minute drive away.

Would you travel to get the discounted toaster?

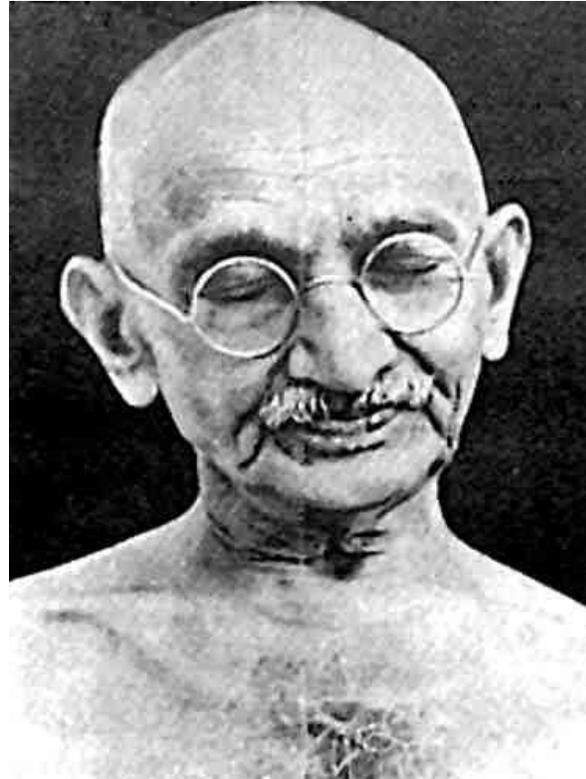


Option B: You want to buy a television that costs \$3,000. You are told that the same television is being sold for \$2,950, but it is a 20 minute drive away.

Would you travel to get the discounted television?



Answer



78



81

Answer: Which option would you travel for?

Option A: You want to buy a toaster that costs \$100. You are told that the same toaster is being sold for \$50, but it is a 20 minute drive away.

Would you travel to get the discounted toaster?

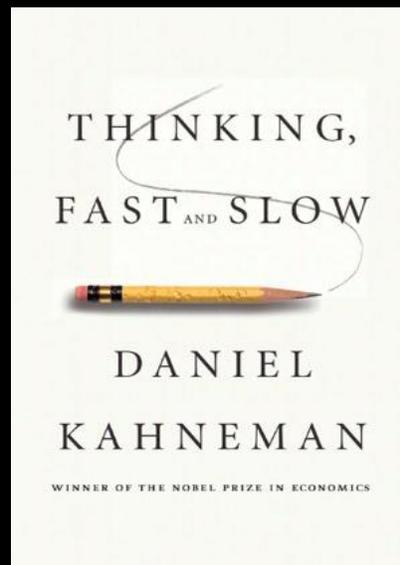


NO DIFFERENCE

Option B: You want to buy a television that costs \$3,000. You are told that the same television is being sold for \$2,950, but it is a 20 minute drive away.

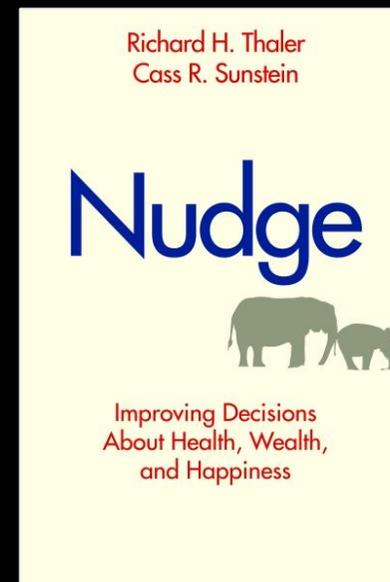
Would you travel to get the discounted television?





“It turns out that the **environmental effects** on behavior are a lot stronger than most people expect”

Daniel Kahneman
2002 Nobel Prize in Economics



“Nudge is any aspect of the choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives”

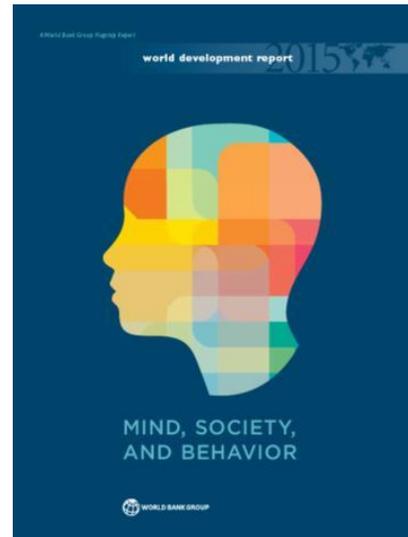
Prof. Richard Thaler

Behavioural economics:

a method of economic analysis that applies psychological insights into human behaviour to explain economic decision-making

Why do we design economic models, public policies and programs assuming individuals are rational?

The Behavioral Insights Team



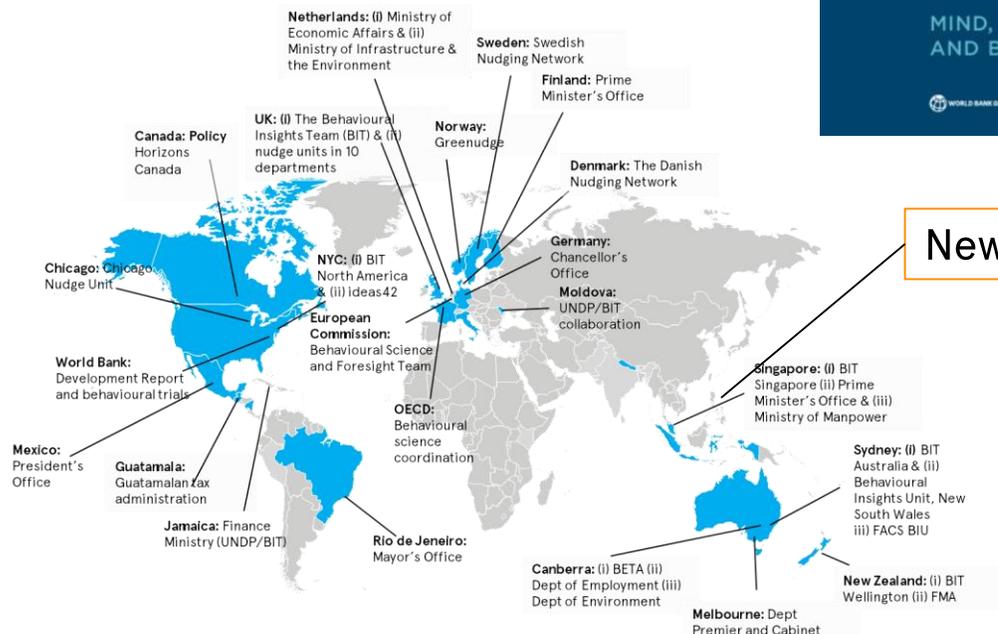
The White House
Office of the Press Secretary
For Immediate Release September 15, 2015

Executive Order -- Using Behavioral Science Insights to Better Serve the American People

EXECUTIVE ORDER

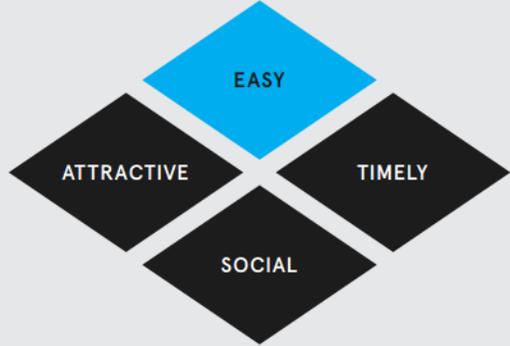
USING BEHAVIORAL SCIENCE INSIGHTS TO
BETTER SERVE THE AMERICAN PEOPLE

A growing body of evidence demonstrates that behavioral science insights -- research findings from fields such as behavioral economics and psychology about how people make decisions and act on them -- can be used to design government policies to better serve the American people.



The **EAST** framework

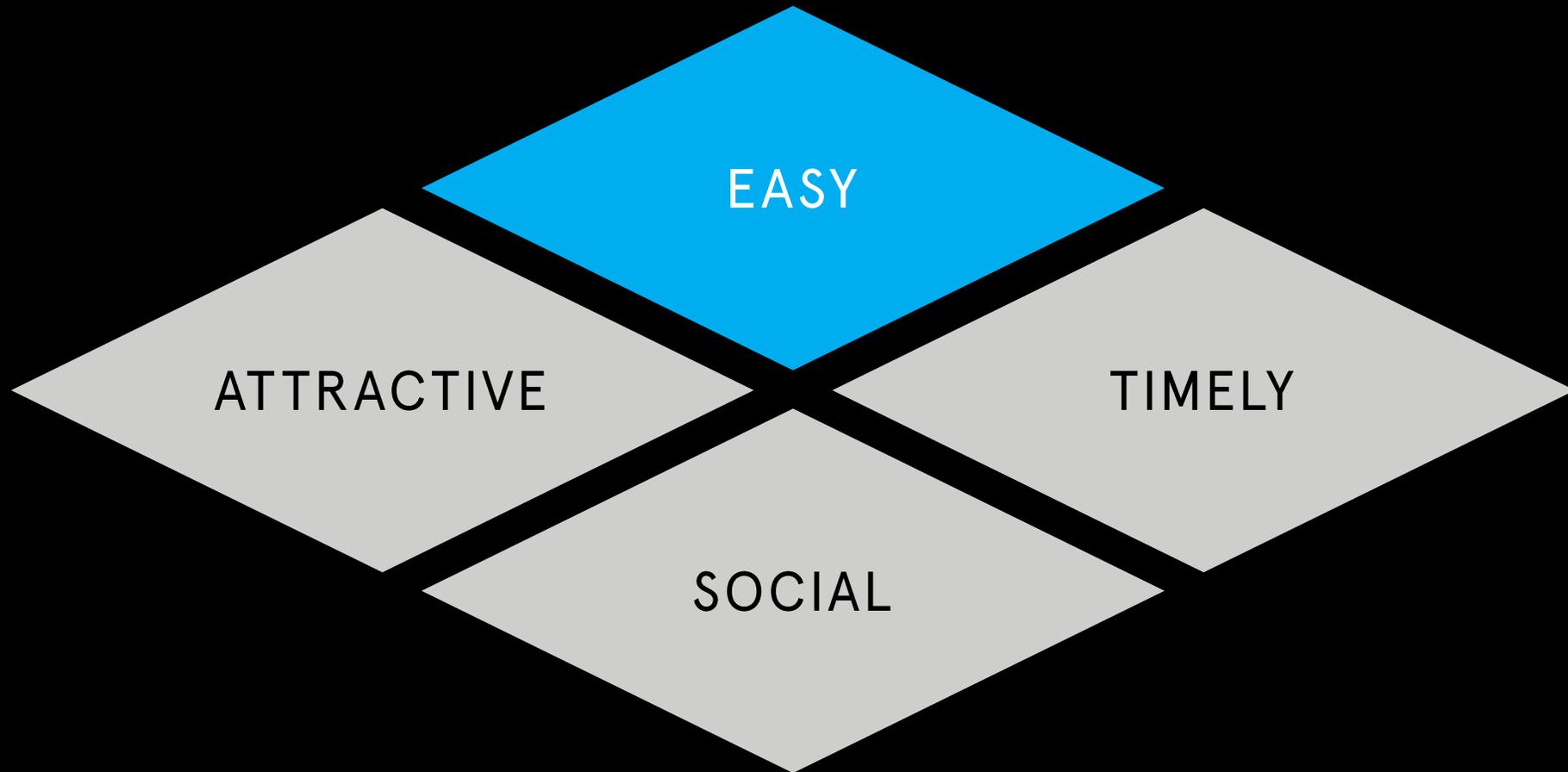
THE
BEHAVIOURAL
INSIGHTS TEAM



EAST
Four simple ways to
apply behavioural insights

Owain Service, Michael Hallsworth, David Halpern,
Felicity Algate, Rory Gallagher, Sam Nguyen, Simon Ruda, Michael Sanders
with Marcos Pelenur, Alex Gyani, Hugo Harper, Joanne Reinhard & Elspeth Kirkman.

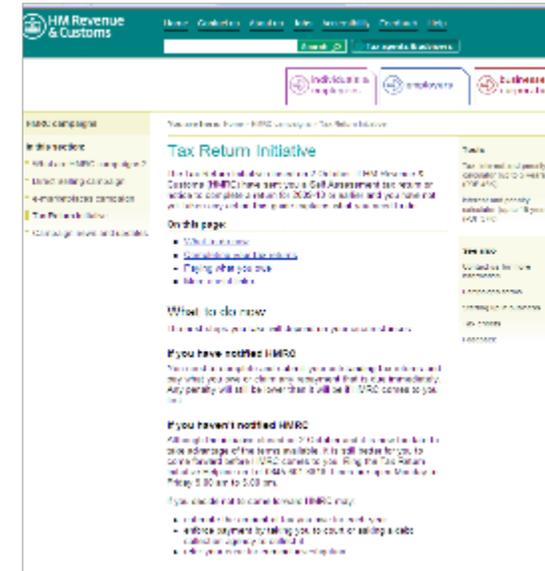
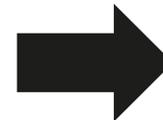
IN PARTNERSHIP WITH  Cabinet Office 



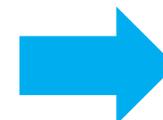
The 'Tax Return Initiative' with HM Revenue & Customs



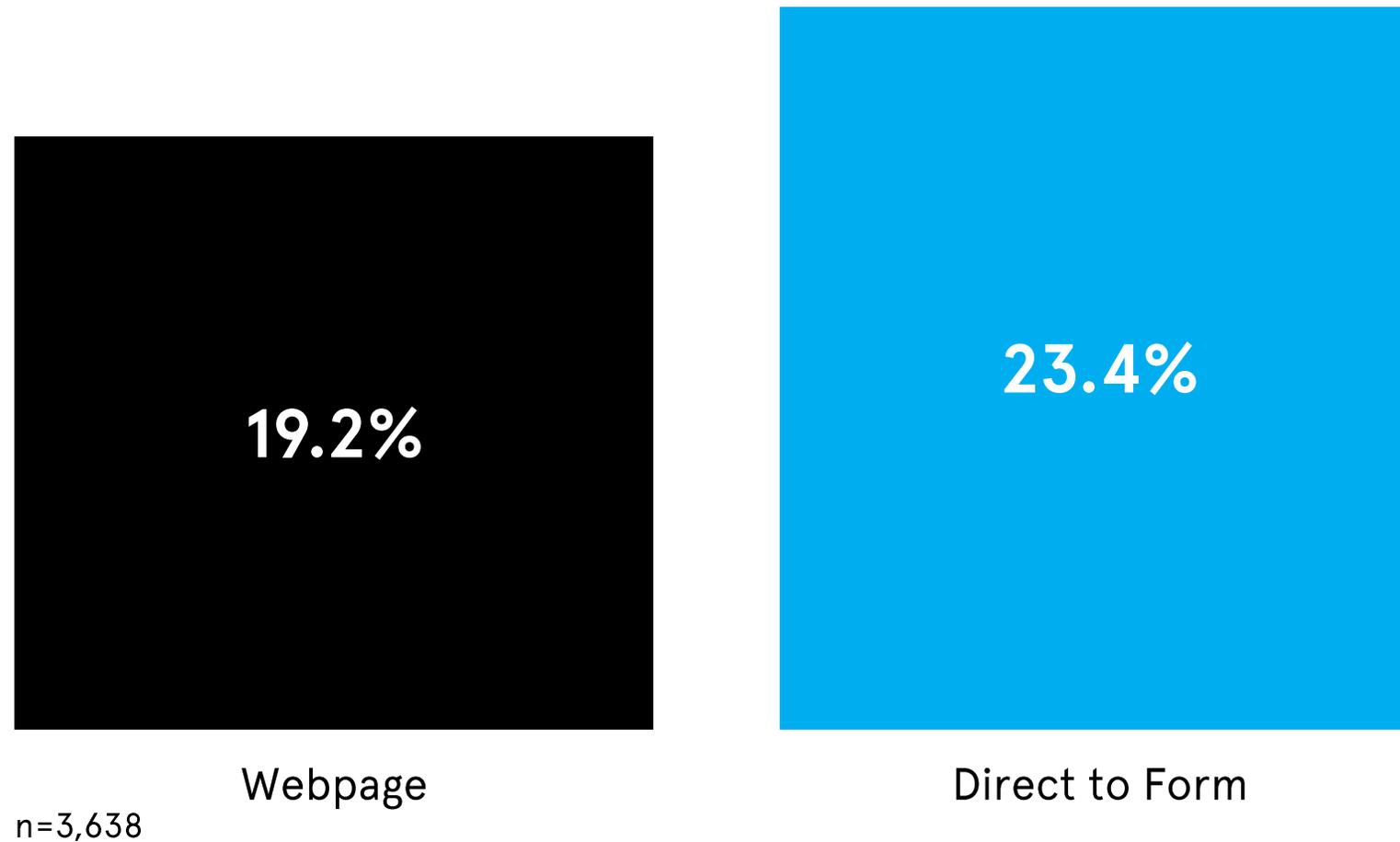
Webpage



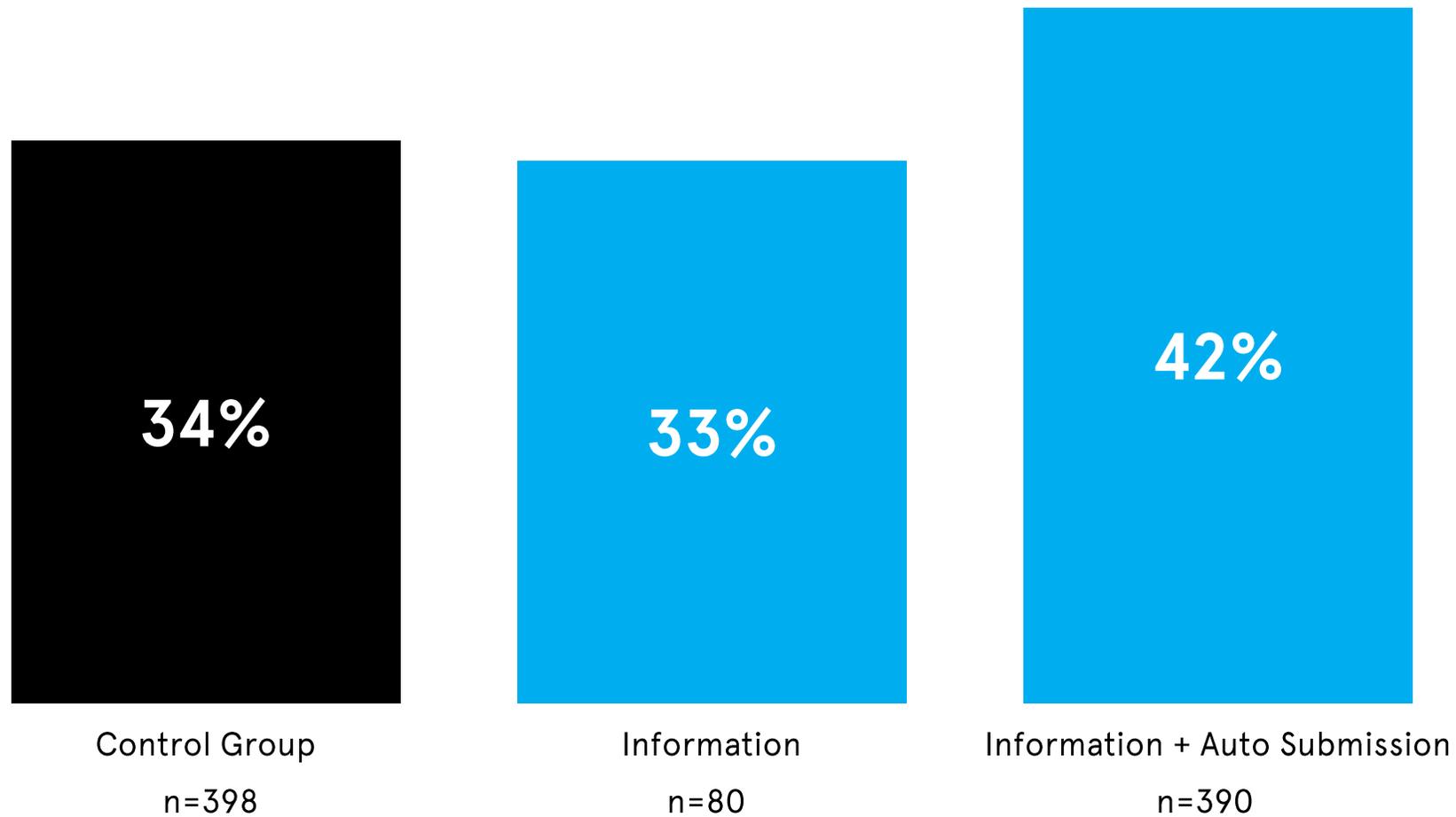
Direct to form



Removing small frictions can make a substantial difference



Making it easy can help send disadvantaged students to university



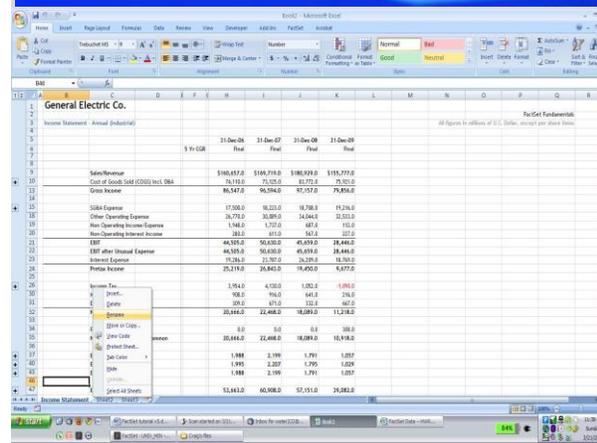
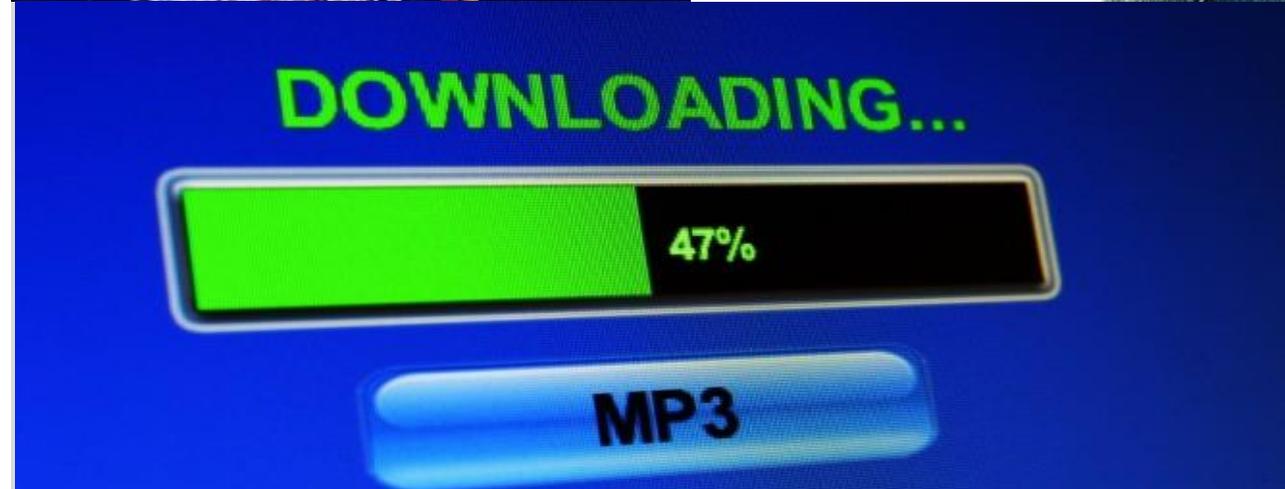
It's now easier to cheat

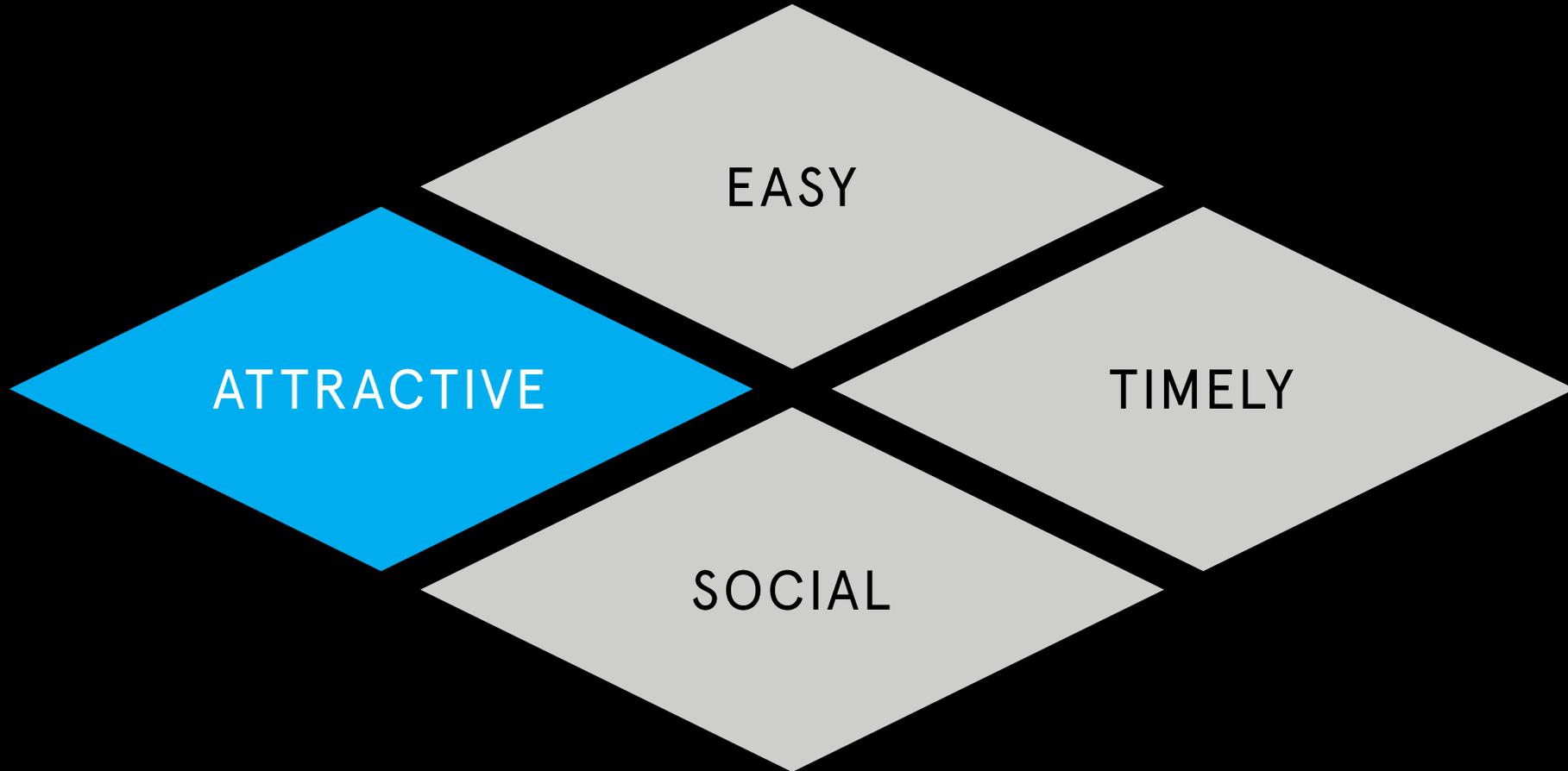
The way in which people cheat or are corrupt makes a big difference.

We want to be able to “look ourselves in the mirror” – can we reconcile our behaviour with our own self-image?

The further we are from actually taking money, the more likely we are to “cheat”.

Source: Dan Ariely





NSW Enforcement Order Trial



Premier & Cabinet
Behavioural Insights Unit

THE
BEHAVIOURAL
INSIGHTS TEAM

Current

Office of State Revenue
State Debt Recovery

Enforcement Order

Issue Date: 28 Feb 2013
Enforcement Order No.: 319166848
Amount due: \$462.00
Date due: 28 Mar 2013

Quote this number when discussing the matter with the State Debt Recovery Office.

Enquiries: 1300 655 805 TTY: 133 677
See over the page for full State Debt Recovery Office contact details.

Why have you been sent this enforcement order?
You have been sent this enforcement order because you have not paid a penalty notice or the subsequent penalty reminder notice by its due date. See below for details of what this enforcement order is about. **Please note: Do not ignore this enforcement order. Read the information in the enforcement order carefully concerning your options. If you do not pay or take up one of the options detailed over the page by the due date, it will cost you more.**

Details of the penalty or fine in this order:
Penalty notice no.: 7112051825
Description of the offence: PROCEED THROUGH RED TRAFFIC ARROW - CAMERA DETECTED - INDIVIDUAL
Location: Pittwater Road Dee Why
Vehicle registration: [REDACTED]
Date of the offence: 27 October 2012
Time of the offence: 12:29
Direction of travel: South
Penalty amount enforced: \$397.00

The amount due on this enforcement order includes up to \$ 65 in additional costs. Additional penalties/fines in this order are listed on subsequent pages.

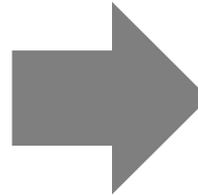
How to pay Important: See over the page for more information.

Online: www.sdronsw.gov.au to pay by Mastercard or Visa *
Phone: Call 1300 130 112 to pay by Mastercard or Visa.*
BPAY: Quote Biller Code 198788 and your Reference No. 319 1668 4866 to pay using your cheque or savings account. Access BPAY via your financial institution's website or phone banking service. For more information visit www.bpay.com.au
Post: Post a cheque or money order made payable to the State Debt Recovery Office, Locked Bag 2128 North Sydney NSW 2059. Please write the Enforcement Order Number on the reverse of the cheque or money order.
POSTbillpay: Take this to Australia Post and pay by cash, cheque or EFTPOS.

Payment Reference No.: 319 1668 4866
Amount due: \$462.00
Date due: 28 Mar 2013

*A card payment fee of 0.4% applies. This fee is not subject to GST.

*BPM 11012024231 0302006



Trial intervention

Office of State Revenue
State Debt Recovery

Unpaid Fine

Reference Number: 123456789
You owe: \$999.00
You must pay by: 29 MAY 2012
Payment Reference Number: 123456789
To pay now, call: 1300 130 112
For more information, go to: www.sdronsw.gov.au

PAY NOW

Pay your fine now or lose your licence, possessions or money from your bank account.
You have not paid your fine set by the court or responded to previous notices to pay your fine. This has already cost you up to \$65 on top of your fine.

Pay now to avoid further actions, which we can now take without further notice, including:

- canceling or suspending your driver licence or your vehicle registration and you will incur additional costs of at least \$40
- authorising seizure of your goods or property
- deducting money from your bank account or wages
- charging any land or property partly owned by you.

Each of these measures will cost you at least an additional \$65.

This is your notice under Section 59 of the *Fines Act* that an enforcement order has been made for an unpaid fine.

Your payment options are below. You can view other ways to finalise this notice over the page.

Details of the fine which you have not paid:

Court of issue: WYONG LOCAL COURT
Date fine imposed: 16 April 2012
Description of the offence: FAIL TO APPEAR
Location: WYONG NSW 2259
Date of the offence: 02 November 2011
Amount of original penalty: \$555.00
Additional fines in this order are listed on subsequent pages.

How to pay

Online: Visit www.sdronsw.gov.au to pay by Mastercard or Visa.*
Phone: Call 1300 130 112 to pay by Mastercard or Visa.*
BPAY: Quote Biller Code 198788 and your Payment Reference Number 1234567890 to pay by cheque or savings account. Access BPAY via your financial institution's website or phone banking service. For more information visit www.bpay.com.au

*A card payment fee of 0.4% applies. This fee is not subject to GST.

See over the page for other payment options.

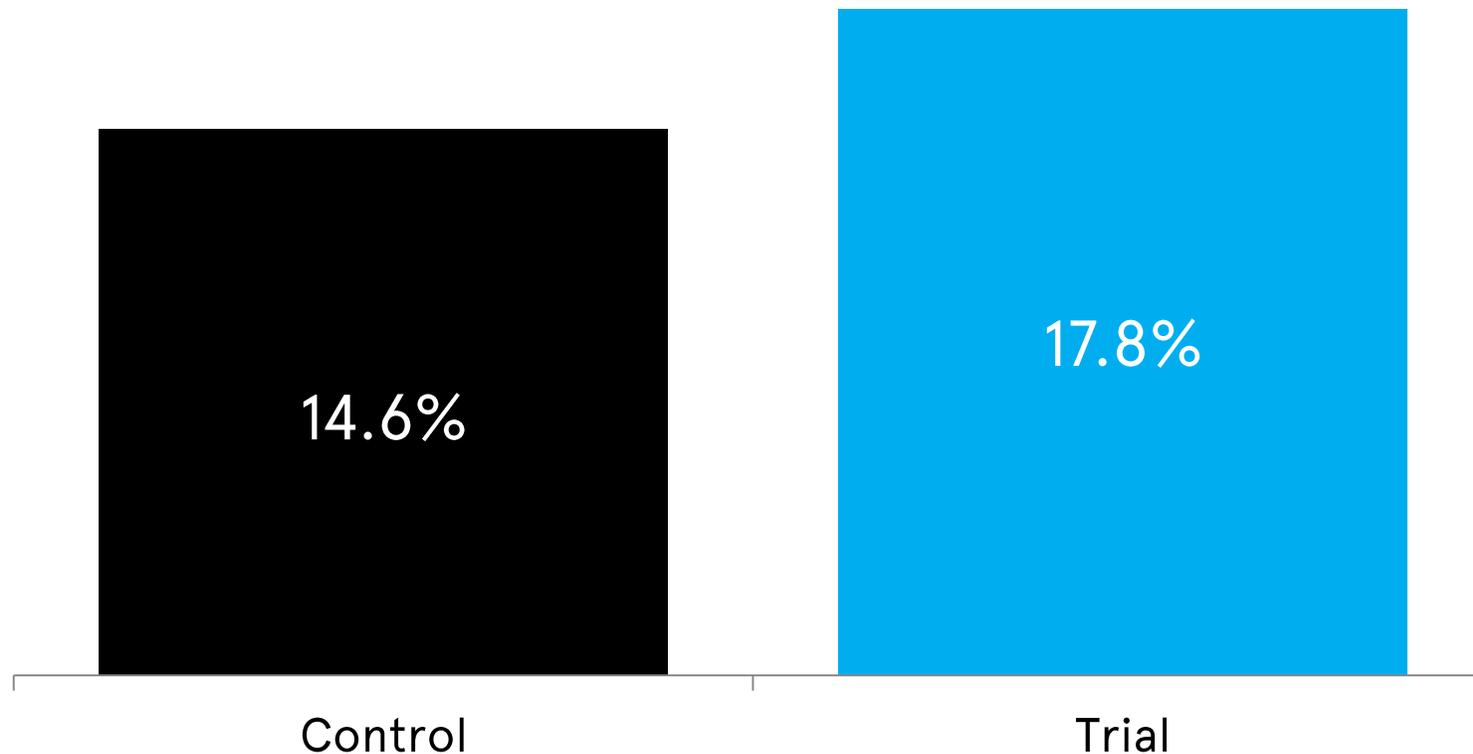
*BPM 11012024231 0302006

31032006-12345678900-0007500-2033-88

Fines paid by due date

Approx. 9,000 fewer vehicle registration cancellations and driving licence suspensions per year

Approximately \$10 million in additional fines paid by the due date each year



Attract attention

We focus on few big cheaters, but there are a lot of small cheaters that have bigger implications

Providing tools to report can be effective – but “sunlight” is not always the answer.

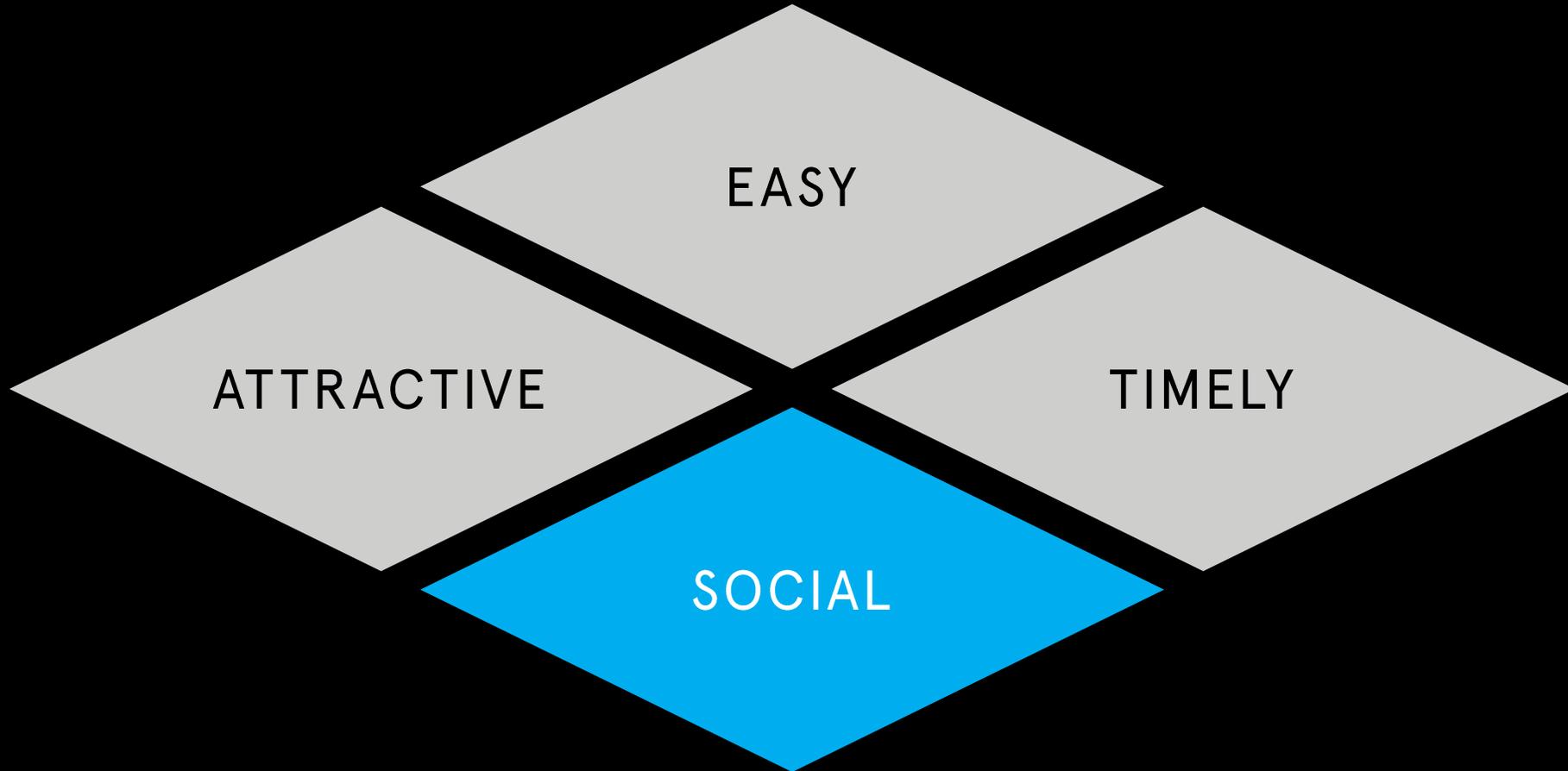
“In the past, we tended to view corruption as this huge, monolithic problem that ordinary people couldn’t do anything about. Now, people have new tools (e.g. social media) to identify it and demand change.”

Ben Elers, Program Director, Transparency International



I PAID A
BRIBE

AN INITIATIVE BY JANAAGRAHA



030006:0000011:001_001

030006:0000011:001

999

YVONNE STANYER
ROOM 201
KELSALL HOUSE
STAFFORD COURT
STAFFORD PARK
TELFORD
TF3 3BD

Debt Management & Banking

Mr R Harding
HMRC London South
2nd Floor Southern House
Wellesley Grove
Croydon Surrey
CR9 1WW

Phone 0845 386 7809
www.hmrc.gov.uk

Dear Sir/Madam

Nine out of ten people pay their taxes on time.

Please pay £99999999999.99

Our records show that your Self Assessment tax payment is overdue.

Nine out of ten people pay their tax on time.

It is easy to pay. Please call the phone number above to pay by debit card, credit card, or Direct Debit.

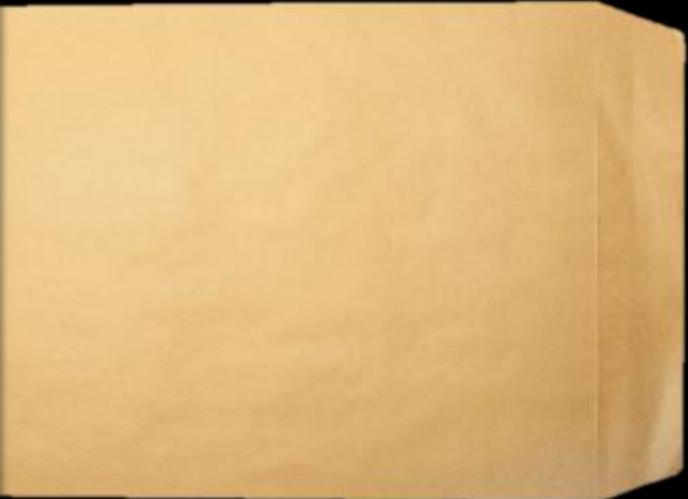
You can also pay using internet and telephone banking. For more information on when and how to pay, go to www.hmrc.gov.uk/payinghmrc

If you don't believe that this payment is overdue, please contact us on the number above.

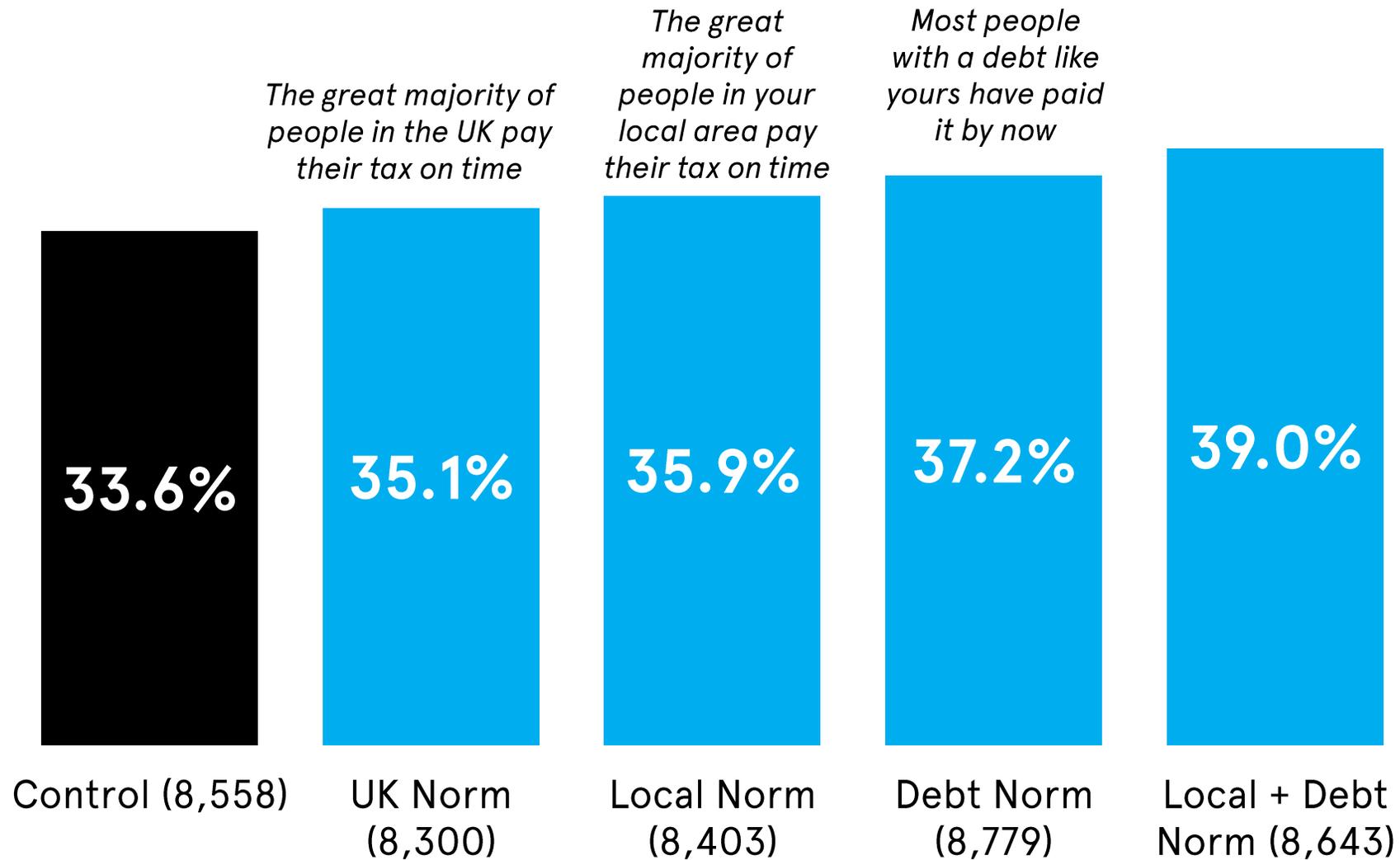
If you have already paid, thank you. If not, please act now.

Yours faithfully

Officer of Revenue and Customs



Some social norms are more effective than others



Guatemala: Behavioural letters

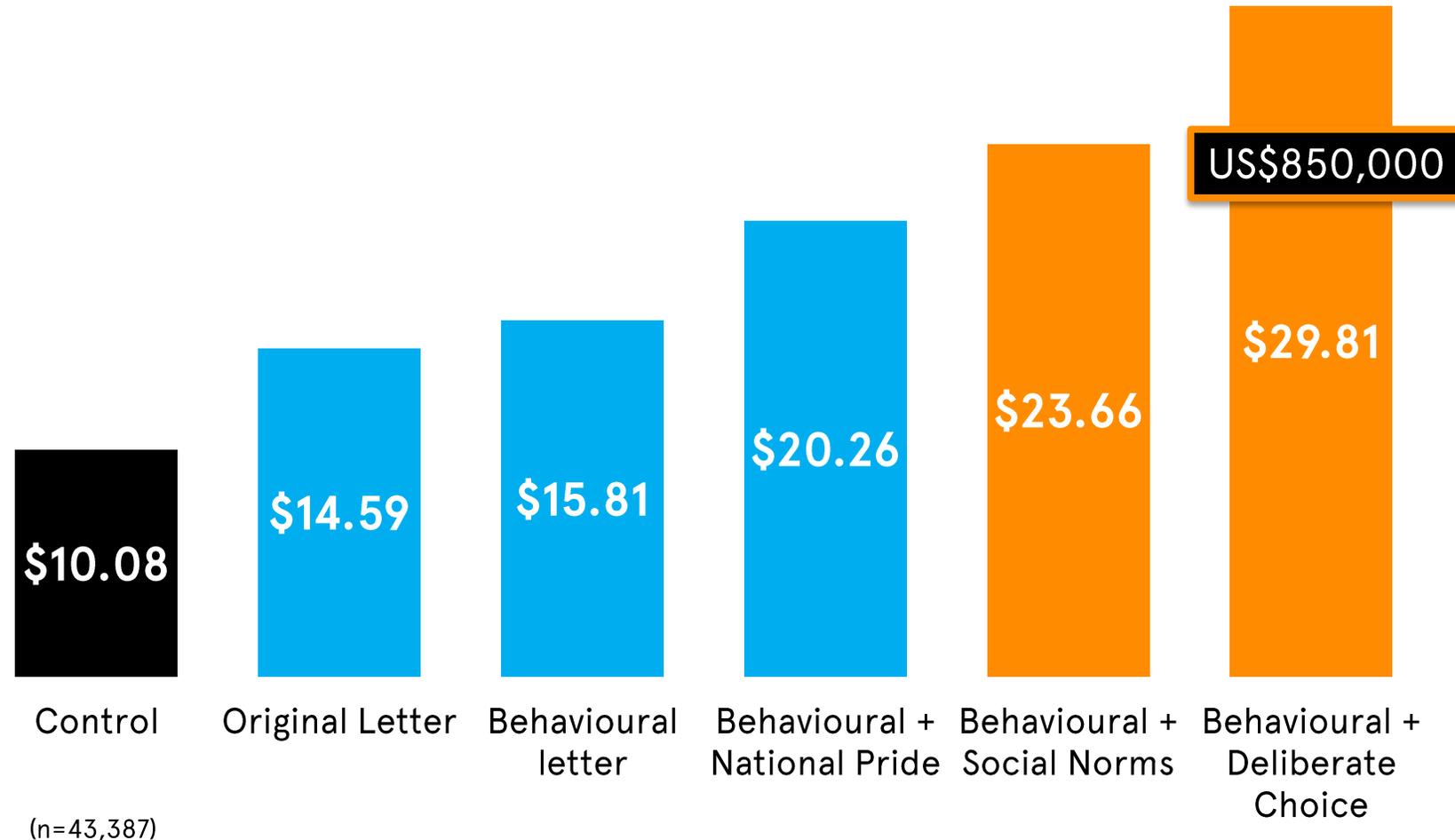


“According to our records, 64.5% of Guatemalans declared their income tax for the year 2013 on time. You are part of the minority of Guatemalans who are yet to declare for this tax”

“Previously we have considered your failure to declare an oversight. However, if you don’t declare now we will consider it an active choice. You may therefore be audited and could face the procedure established by law.”

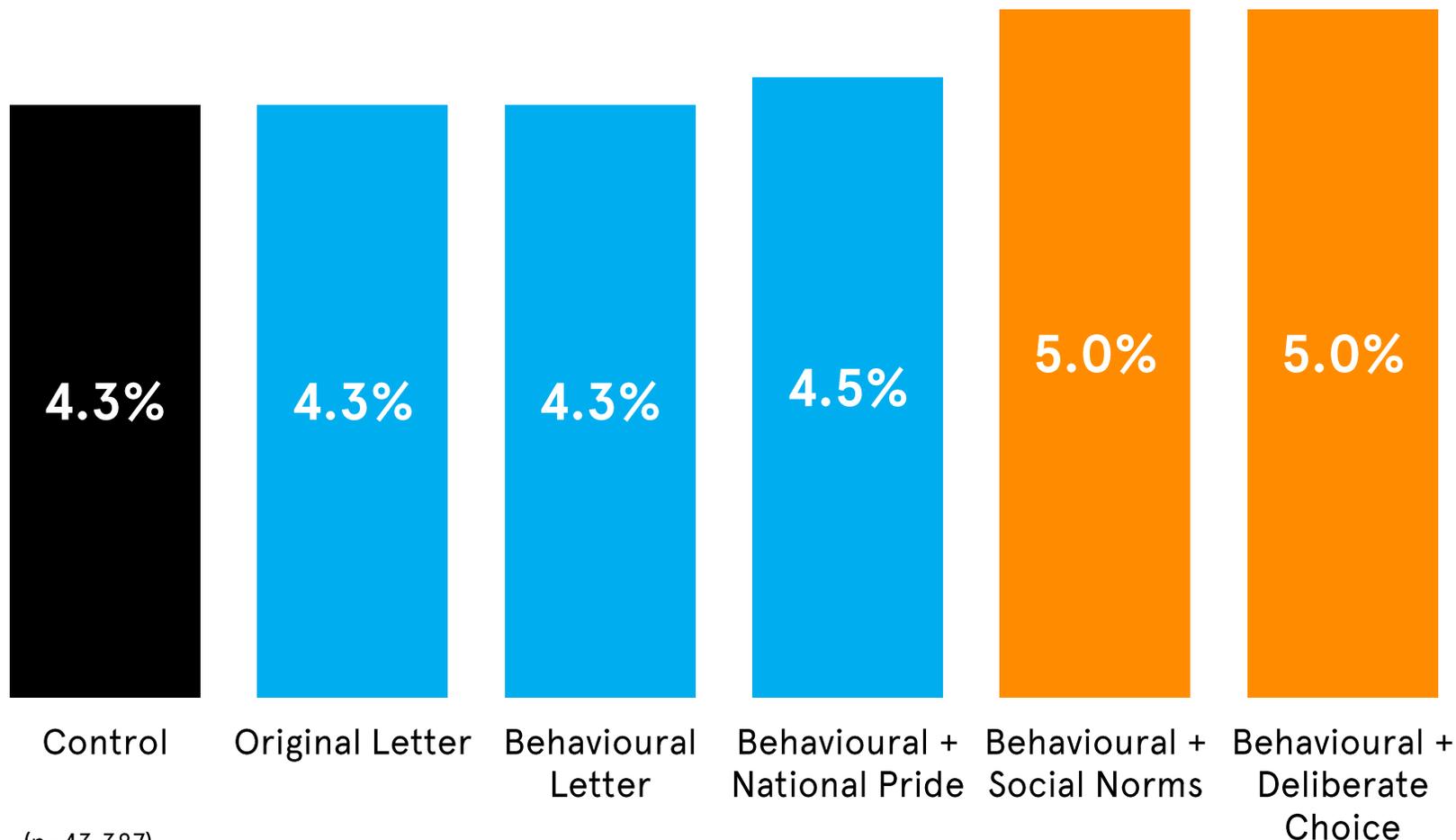
Guatemala: 2013 tax year

Amount of tax received by letter sent (after 12 months)



Guatemala: 2014 changed habits

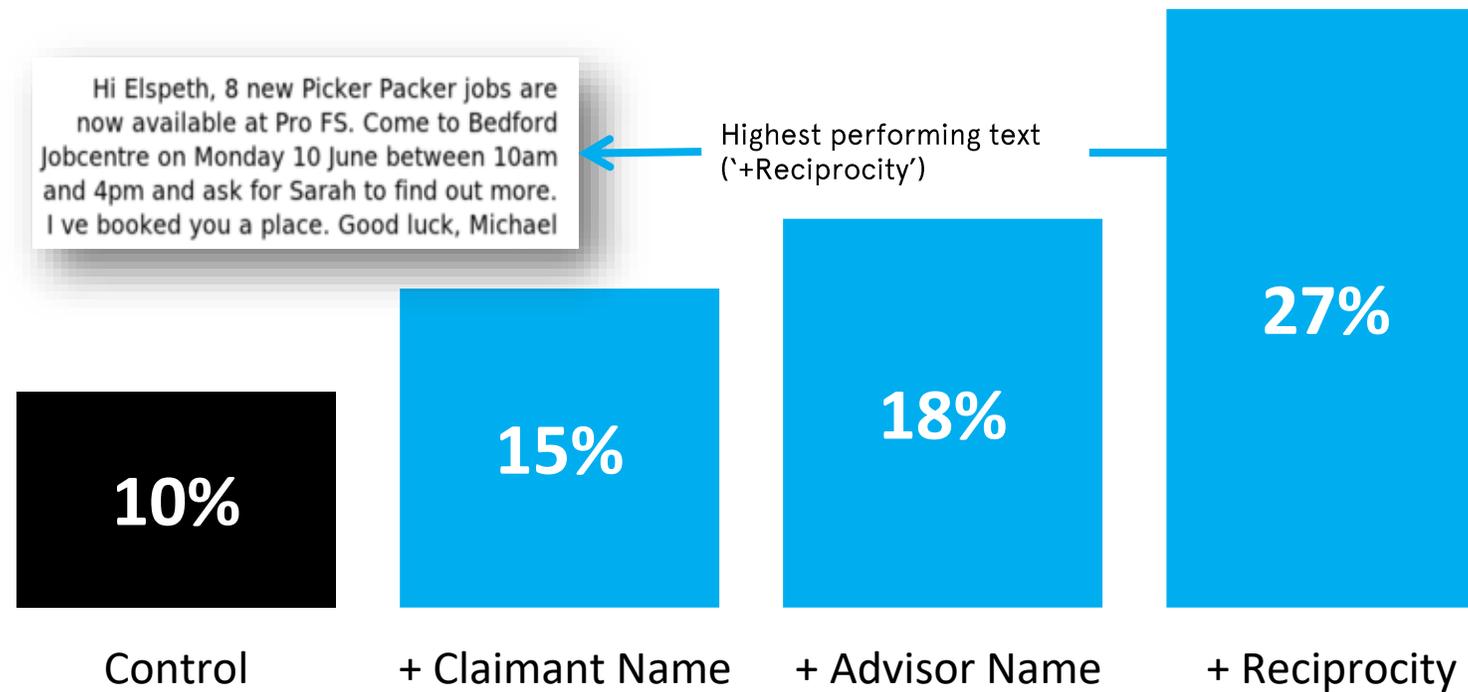
Percentage of taxpayers that paid their tax in 2014 by letter received the year before (with no further reminder)



(n=43,387)

The power of reciprocity and personalisation

% of job seekers turning up to the Jobcentre

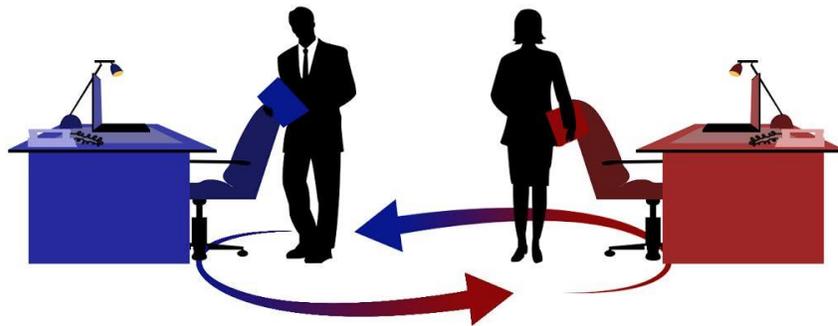


n= 1,224

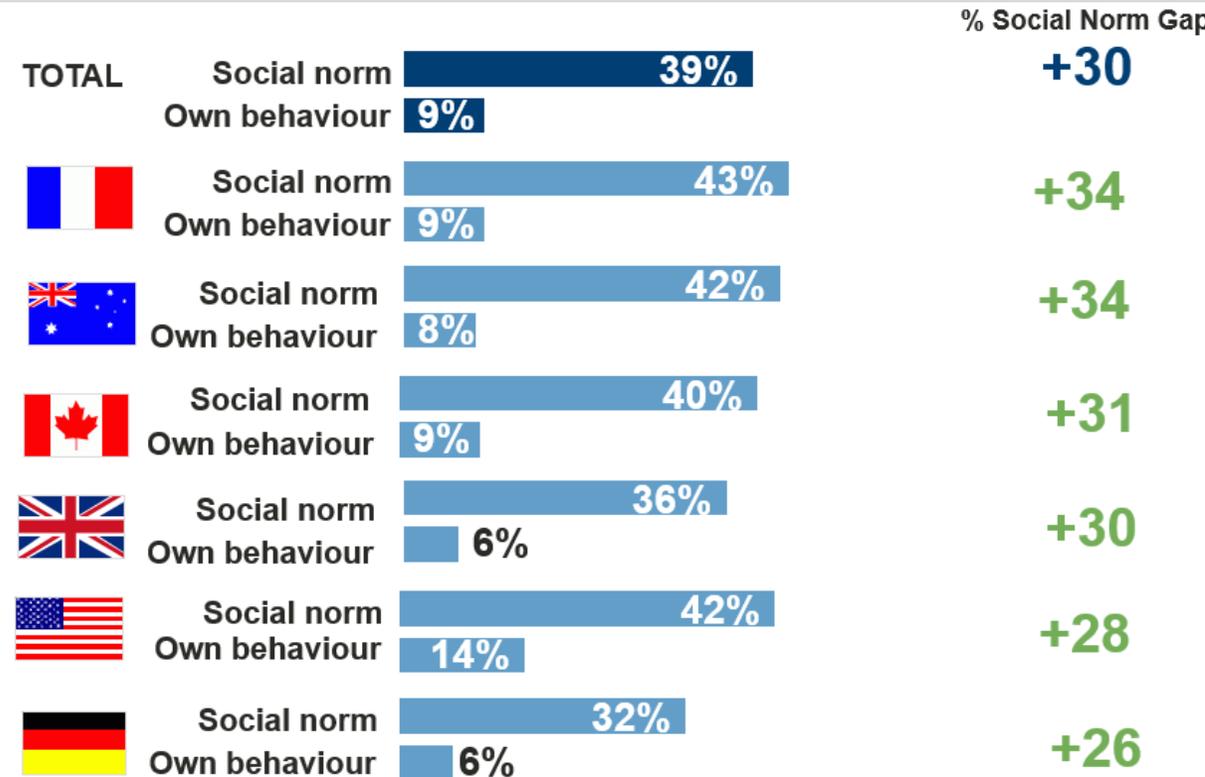
The downside of being social

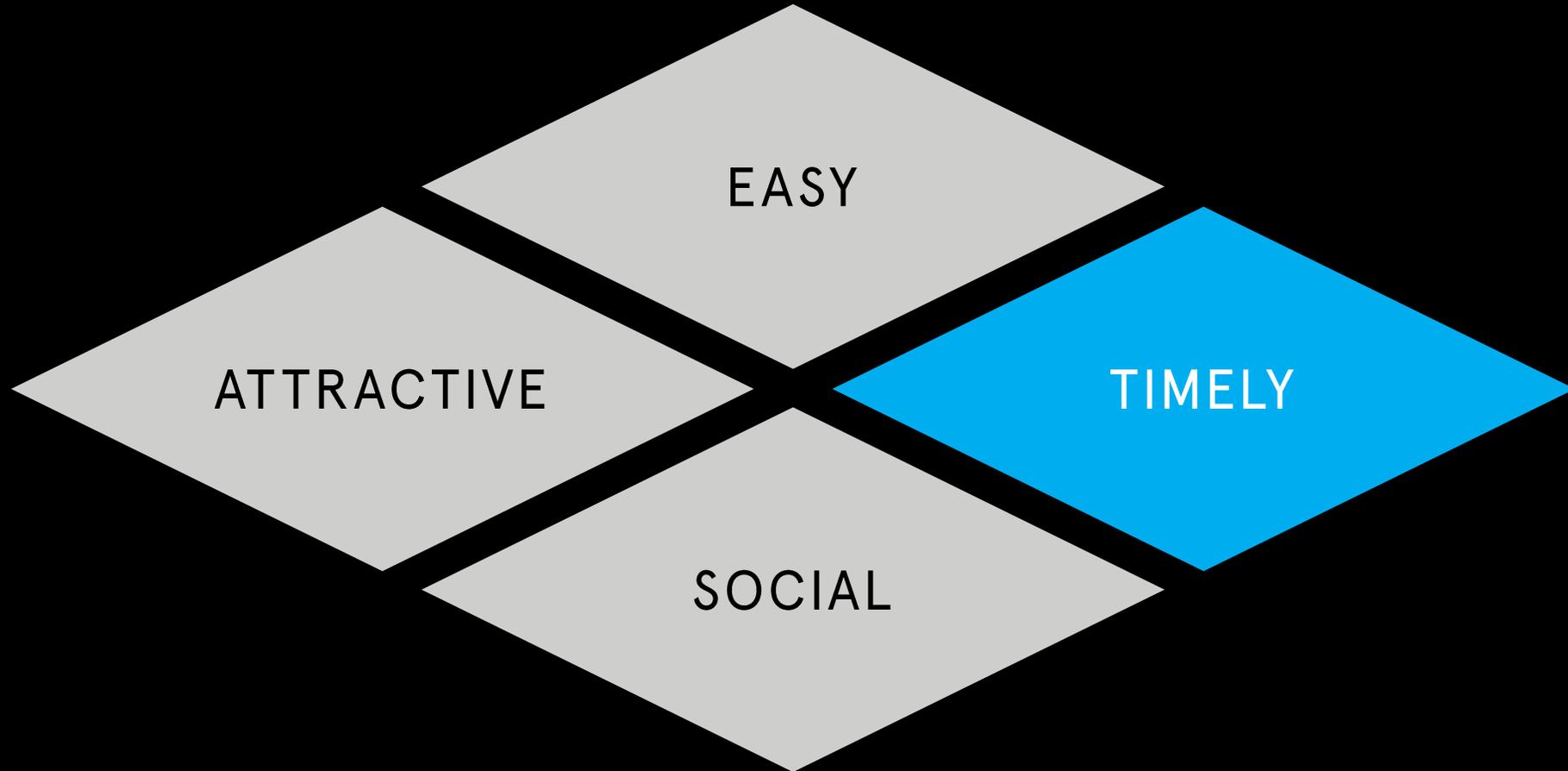
Normalisation: we are influenced by others – if we think everyone else is doing it, we will do it too!

Reciprocity has a downside: we may feel an obligation to someone through a relationship.



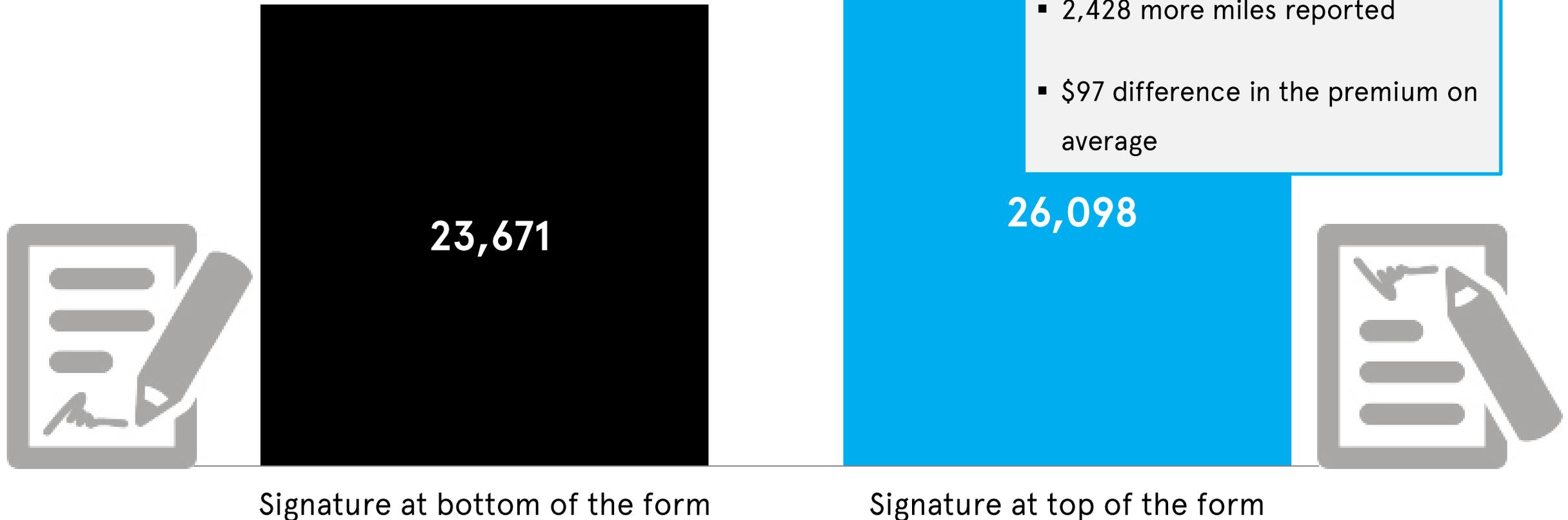
1. Out of every 100 people in [country], how many do you think have avoided paying the full amount of tax they should on either their income or their purchases in the last year?
2. To what extent do you agree or disagree with the following statement: I have avoided paying the full amount of tax I should have on either my income or purchases in the last year





We ask people to sign forms at the end, but really we should ask at the start

Average miles declared



Mexico: Encouraging small firms who recently formalised to comply with tax obligations with pre-emptive timely SMS reminders

You should submit your RIF tax declaration before the end of the month. Please declare now...



Total N=519,932
Sample restricted to those assigned to paying taxes

Make it timely

There is a lot of focus on training, and providing codes of conduct – how can we make these as effective as possible?

What role does feedback play in reducing corruption?



HARVARD COLLEGE HONOR CODE AND HONOR BOARD



Harvard College Honor Code

Motivation: Strengthening a Culture of Academic Integrity

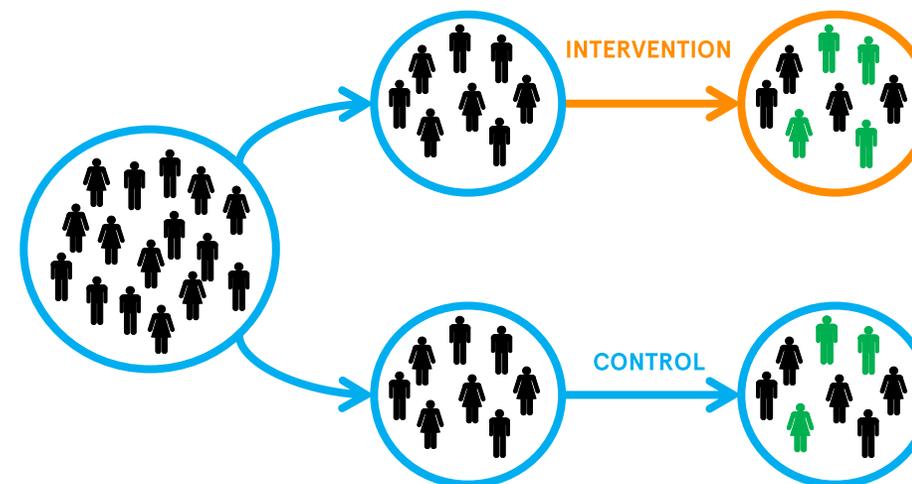
Harvard College recognizes and promotes the fact that learning and Honor Code for Harvard College depend on a commitment to honesty. We propose the knowledge depend on a commitment to honesty. We propose the dedication to academic integrity among all late serious and sustained in academic

Conclusions

Behavioural Economics can provide very cost-effective solutions to improve public policies and programmes



Evidence-based policy, based on robust evaluation, can help to find out what works, what doesn't and why



400+ RCTs in: Employment, Charitable Giving, Environment, Taxation, Crime, Health, Transport, etc...



THE BEHAVIOURAL INSIGHTS TEAM.

Questions?

guglielmo.briscese@bi.team & ravi.dutta@bi.team