

TYING ODYSSEUS TO THE MAST: EVIDENCE FROM A COMMITMENT SAVINGS PRODUCT IN THE PHILIPPINES

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The program

- Save, Earn, Enjoy Deposits (SEED)
 - ▶ commitment savings product
 - ▶ designed for a rural Philippine bank
 - ▶ restricted access to deposit until an amount has been saved
 - ★ without compensating for this
- Why should this help people?
 - ▶ "hyperbolic discounting"
 - ★ resulting in internal conflict
 - ▶ one solution is a commitment device
 - ▶ may be especially severe among poor households
 - ▶ Program was designed by the evaluators
 - ▶ their goal is research
 - ▶ bank's goal is making money from the product

The program

- EXPERIMENTAL DESIGN

- ▶ random assignment
- ▶ Commitment-treatment group (T)
- ▶ Marketing-treatment group (M)
 - ★ received visits from marketers to encourage savings but no access to SEED
- ▶ Control group (C)

- Sample

- ▶ randomly chosen 3154 out of 4001 clients of the bank

- Randomly assigned individuals into groups

- ▶ T (1/2), M (1/4) and C (1/4)

- Survey to 1777 individuals

- Outcome variables

- ▶ SEED takeup (not shown in this presentation)
- ▶ increased savings

Characteristics of the sample

Summary statistics

	Control (C)	Marketing (M)	Treatment (T)	F-stat P-value
Client savings balance (in '00s)	5.307 (0.233)	4.990 (0.234)	5.027 (0.174)	0.554
Active account	0.360 (0.022)	0.363 (0.022)	0.349 (0.017)	0.861
Distance to branch	21.866 (0.842)	23.230 (0.887)	22.709 (0.672)	0.542
Education	18.194 (0.137)	17.918 (0.145)	18.222 (0.105)	0.200
Female	0.616 (0.022)	0.547 (0.023)	0.600 (0.017)	0.078
Age	42.051 (0.594)	42.871 (0.658)	42.108 (0.458)	0.556
Impatient (now versus 1 month)	0.808 (0.040)	0.890 (0.040)	0.869 (0.030)	0.309
Hyperbolic	0.262 (0.020)	0.275 (0.021)	0.278 (0.015)	0.816
Sample Size	469	466	842	1777

Results

Impact on change in savings held at the bank (OLS)

INTENT TO TREAT EFFECT		OLS		
Length	6 month		12 month	
Dependent Variable	Change in Total Balance	Change in Total Balance	Change in Total Balance	Change in Total Balance
Sample	All	T&M Only	All	T&M Only
Commitment Treatment	234.678* (101.748)	49.828 (156.027)	411.466* (244.021)	287.575 (228.523)
Marketing Treatment	184.851 (146.982)		123.891 (153.440)	
Constant	40.626 (61.676)	225.476* (133.405)	65.183 (124.215)	189.074** (90.072)
Observations	1777	1308	1777	1308

Results

Impact on change in savings held at the bank (probit)

INTENT TO TREAT EFFECT		Probit			
		6 month		12 month	
Length					
Dependent Variable	$S_i = 1$ if Change in Balance > 0%	$S_i = 1$ if Change in Balance > 0%	$S_i = 1$ if Change in Balance > 20%	$S_i = 1$ if Change in Balance > 20%	$S_i = 1$ if Change in Balance > 20%
Sample	All	T&M Only	All	T& M Only	T& M Only
Commitment Treatment	0.102*** (3.82)	0.056** (0.026)	0.101*** (0.022)	0.064*** (0.021)	
Marketing Treatment	0.048 (1.56)		0.041 (0.027)		
Observations	1777	1308	1777	1308	

Evaluation of the evaluation study

- Do I believe the results?
 - ▶ yes
 - ▶ looks like a carefully implemented field experiment
- Was the evaluation well designed given data?
 - ▶ yes
- Are the data adequate?
 - ▶ yes (experimental design)
- Very good evaluation with well generated data
- Remaining questions
 - ▶ how do intent-to-treat effects translate into treatment effects?
 - ▶ heterogeneity of marketers may be important