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Do People Like Financial Nudges?

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Abstract

Nudges have become a popular behavioural change tool in the financial service industry; but do people like them? We presented people with hypothetical scenarios describing a variety of financial nudges. Across scenarios, we varied levels of transparency, framing (spending vs. savings), and system (system 1 or 2). A random sample of 2,000 nationally representative Australians rated the financial nudges across approval, benefit, ethics, manipulation, and the likelihood of use, even when the nudge was proposed by a bank. Results indicate that people generally approve of financial nudges. We do find significant effects of framing, system and messenger; with people preferring system 2 nudges, nudges framed in terms of savings and those not proposed by a bank. Last, transparency was not found to have a significant impact on how people rated financial nudges. We discuss the implications for these results as applied to the financial sector.