

## BEHAVIORAL THEMES

Loss aversion, progress tracking, social norms, complacency bias

## SECTOR

Financial inclusion and technology (Mobile Money)

## PROJECT TYPE

Field experiment

## SAMPLE SIZE

102,841 participants



# IMPROVING DIGITAL LOAN REPAYMENT BEHAVIORS OF SMALL BUSINESSES

Photo credit: Amy Blue



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Photo credit: Antoine Pluss

## CONTEXT

The Government Enterprise and Empowerment Program (GEEP) is an SME micro credit program housed under Nigeria's National Social Investment Office (NSIO). GEEP's primary program activities involve extending interest-free loans to traders, artisans and farmers in an attempt to boost their businesses. The goal of the program is both to provide low-cost credit to budding entrepreneurs and to support their transition to digital financial services and improved financial inclusion.

## GOALS



Low Cost Credit



Budding Entrepreneurs



Financial Inclusion

# DESIGN



## INTERVENTION

Leveraging of 'social comparisons' by communicating repayment performance relative to other beneficiaries, based on a color scale (Yellow, Orange, Red and Black for very poor relative repayment performance).



## THEORY OF CHANGE

People tend to aspire to being associated with positive social identities. Ranking beneficiaries based on their repayment performance can improve repayment behavior in the hopes of obtaining a better repayment rank.



4 <= Weeks in defaults < 8



12 <= Weeks in defaults < 24



8 <= Weeks in defaults < 12



Off loan tenure and 24 <= Weeks in defaults



# RESULTS

We find that all groups, apart from those blacklisted, have a positive impact, but the orange group worked markedly better than the others. We believe this has to do with the signaling ability of “orange” in communicating that you are both (a) trending towards a dangerous path and (b) still have some capacity to recover.

We believe the best way to scale this would be by broadening the categories for orange, so that a larger set of the population is exposed to the intervention and is encouraged to take action towards the repayment of digital loans.

