On the Factors Affecting Savings Behavior

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• SDB: Saudi Development Bank • Rushd: Rushd Consulting Company

Abstract

Behavioral interventions can incentivize savings behavior, but context examination is often overlooked despite being of extreme significance. Two surveys were conducted about Saudi Arabia's savings context: (1) a representative survey of 2381 individuals. (2) local survey of 1372 current SDB's clients from three different groups (committed, semi-committed, and uncommitted). The two surveys findings were used as a base for the next stage; behavioral experiments. The experiments will be conducted and behavioral interventions will be tested before incorporation into the SDB's products, leveraging principles of behavioral economics.

Introduction

Two survey studies were conducted:

(1) A prior investigation about the Saudi Arabi's savings market:
- **A random representative sample of 2381 participants,**
- **This survey study is a part of a three-stage project:**
  - **A prior investigation,**
  - **Design of interventions using field and survey experiments,**
  - **Adopting the interventions that are proven to be effective on the actual savings policies and procedures.**

(2) An investigation of the current SDB's clients:
- **A random sample of 1372 clients,**
- **It includes three groups of clients: committed, semi-committed and uncommitted.**
- **Results paved the way for the next step; design of the behavioral interventions and experiments.**

These studies were drawn to be the baseline of our journey towards changing the savings behavior of the Saudi citizens, followed by behavioral experiments, and finally approving the best BE tools based on the outcomes.

Discussion

Survey I, **the majority save money in checking accounts. 62.9% have some money left at the end of the month. *A good opportunity for the use of behavioral interventions*. 30.4% lack of knowledge about the importance of savings on their lives. 59.1% prefer to save through auto-deduction every month and to be reminded by SMS. Savings goals are for the following items: Real-estate sector, owning a car, financial security, travel and investments, self-education, marriage and family members education, lastly for health concerns. These results are being studied carefully in the design of the next stage (behavioral experiments).**

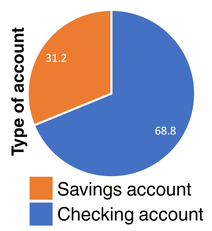
Survey II, **the majority of the three groups believe in the importance of savings. Relative to the semi-committed and uncommitted groups, the committed group has the following characteristics: has savings goals, has friends/relatives already saving money, are referred by a friend or a relative to save , are monetary incentivized. The uncommitted group has referred to a number of problems that prevented them from saving, which can be solved by behavioral tools like mental accounting, default options, and reminders.**

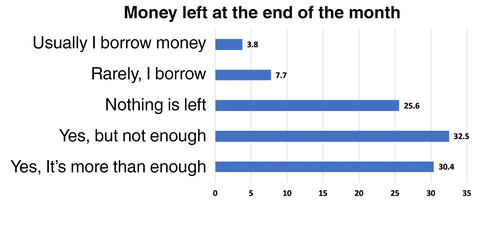
The next step will apply behavioral experiments to examine which intervention fits our clients' needs and facilitate the savings processes more

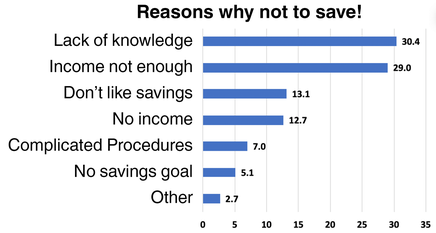
Method

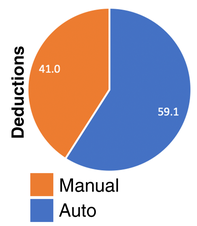
Two surveys were conducted. Survey I is a represetative survey, covering all 13 regions of Saudi Arabai with a total of 2381 participants. Survey II is a local survey among the SDB's clients with a total of 1372 clients. Data was collected using TypeForm and random phone calls. Data was analyzed using SPSS and STATA through regression analyses and cross-tab analysis.

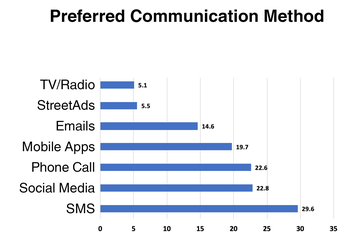
Survey I Results

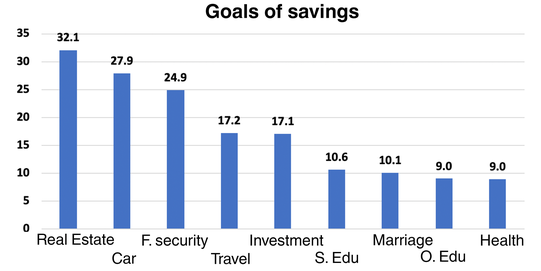






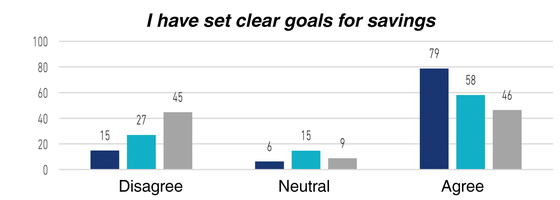


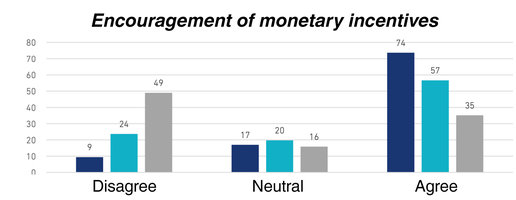


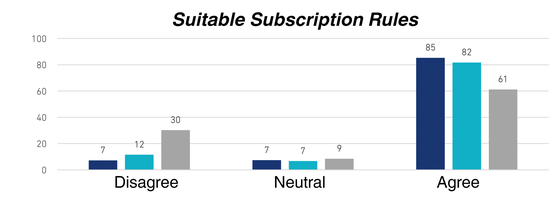


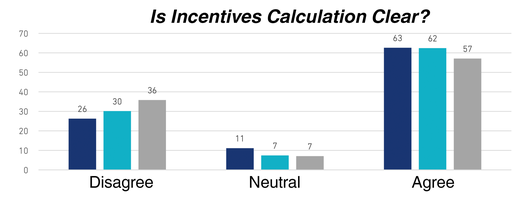
• Low savings account ownership. • Preference for cash and ROSCAs over savings. • Desire for automatic deductions. • Belief in importance of savings. • Friend's advice are motivators for subscription. • Social media and mobile apps are preferred for information. • Positive perception of others' savings behavior is common, but lack of incentives is a main dissatisfaction.

Survey II Results









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