



Impacting Savings

Savings Accelerator Accounts Program Participants Survey Results

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Executive Summary

In early 2012, Opportunity to Assets surveyed 134 participants enrolled in OPTA's Accelerated Savings Account matched savings programs offered through nonprofit organizations in the Get Paid to Save Campaign (GPTS) in Los Angeles, CA. The survey was designed to gather first-hand information from participants on the following:

- How participants heard about, and their initial impressions of the program.
- What aspects of the savings accounts motivate participants to save.
- How participants' saving and spending behavior has changed since enrollment.
- Challenges faced while enrolled in the savings program.
- Relationship to the partner financial institution and nonprofit organization.
- Referrals to other individuals.

The survey analysis revealed that the majority of the participants heard about the program through the staff at the nonprofit organizations or printed materials that were distributed. Initially, participants questioned why they would receive money simply for saving. A smaller number of participants were concerned with the large initial deposit requirement or their ability to save on a regular basis. These reservations seem to dissipate with participation.

Overall, the survey results demonstrate that participants alter their financial behaviors and increase their savings:

- 78% of the respondents indicated that the program helped them save additional funds.
- Since enrollment, 60% of respondents indicated their spending had decreased, 80% reported their savings had increased, and 83% of those who decreased their spending increased their savings.
- Finally, 90% of respondents felt they would likely continue to save after the program had ended.

Additionally, the program helps individuals save additional funds whether or not they are integrated into the formal financial system or simply use alternative products. Of those who stated they actively save or had existing savings in a formal account, 80% noted that if not for the program they would not have saved these funds. That number for individuals using informal mechanisms was slightly lower (75%). The following results indicate that specific aspects of the programs motivate participants to save, and that the program has helped shift their perception of savings to better understand its importance and their ability to save.

- 84% of respondents indicated that receiving more rewards on monthly deposits motivated them to save, while 91% indicated the same for the fractional matching.
- 88% agreed the monthly statements help them stay on track with monthly deposits.
- 90% of respondents agreed the program helped them realize they are able to save.
- 94% wish to re-enroll in another savings program when the current program ends.

The results also suggest that participants' future orientation has started to shift as the majority does not plan to use the funds to purchase an item but rather as seed money with which to build larger savings. Furthermore, the program bolstered interactions with, and promoted positive perceptions of the nonprofit and banking partners: a quarter of participants sought additional services from the nonprofit organization since enrolling in the program and 71% would open an account with the partnering bank if they had to open an account.

Lastly, the enthusiasm participants feel towards the program is evident, as is the potential to increase outreach through word-of-mouth: 93% of respondents had recommended the program to at least one person and nearly half reported knowing four or more people who could benefit from it.

Survey Methods

Introduction

In January 2012 OPTA administered a survey to collect information from clients of its partner organizations in the Get Paid to Save Campaign (GPTS) savings program in Los Angeles. GPTS is a broadly defined partnership of several nonprofits in Los Angeles that offer unrestricted matched savings programs to their low income clients. Most of the members of GPTS utilize OPTA's services and technology in designing and implementing the program. A similar survey had previously been administered to savings program participants in 2009 who were enrolled in Ramp-UP savings program. The following survey differs in its collection of greater detail and in its distribution to a pool of clients enrolled in a wider variety of accounts. The section below provides additional information on the administering of the survey and is followed by an analysis of the results.

Selection of OPTA Partners

The survey was sent by mail to 134 clients of four of OPTA's partner organizations: American Indian Community Council (AICC), Community Financial Resource Center (CFRC), Koreatown Youth and Community Center (KYCC), and Mexican American Opportunity Foundation (MAOF). These organizations were selected based on the following criteria: length of time as OPTA partners, willingness to participate, and clients' ability to participate. The first condition required that the OPTA partner organization had established a partnership with OPTA and started enrolling participants at least three months prior to the administering of the survey. This was instituted so as to collect information from clients who would have at least two to three months' experience in the savings program.

The second condition necessitated that the organization be comfortable with OPTA collecting information from its clients. In order to fulfill this requirement OPTA gave a presentation on the survey at a GPTS meeting and obtained verbal consent from the four participating organizations.

The third condition required that all the clients are able to read and comprehend the survey. Care was taken to ensure that the language on the tool did not exceed the reading level of a high school student and the survey was offered in the three major languages spoken by the clients of the organizations: English, Spanish and Korean. While OPTA would have preferred to make the survey available to all of its partners' clients, the resources necessary for translating the survey into every language were not available.

Selection of Respondents and Survey Structure

The surveys were mailed to clients with their savings account monthly statement and were provided in the language which clients indicated they preferred on their program enrollment form. The survey was only sent to individuals that had been enrolled in the program before November 2011. Individuals who had since left or completed the program did not receive a survey as they no longer receive monthly statements. While collecting information from individuals who had left the program since October would have been valuable, they represent a very small portion of the overall pool of clients. Lastly, because the surveys were sent out in the monthly statements--which are formatted to appear as though they are sent directly by the partner organizations--the surveys included the respective partner organization's name in the signature line of the cover letter and the surveys were customized to include the partner organization's name. This was done to make respondents feel more comfortable with providing information as they have a prior relationship with their respective partner organization and most are unfamiliar with OPTA.

To facilitate participation, each mailing included a stamped return envelope that was addressed to the clients' partner organization. The clients were given approximately two weeks to fill out the survey and

return it to the partner organization. Every client that returned a completed survey before the deadline was entered into a raffle to win a \$50 gift card to a grocery store. To maintain the anonymity of the respondents, personal or contact information was not collected. Each respondent wrote a three-digit code and four-letter word on a pair of tabs at the bottom of the survey to enter them in the raffle. Once the deadline had passed the surveys were picked up, or scanned and emailed to OPTA by the partner organization’s staff.

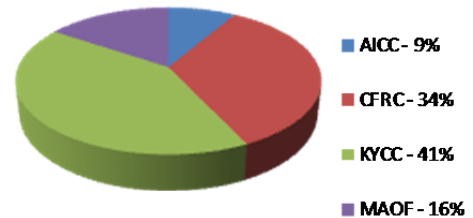
Survey Results

Of the 134 Surveys that were sent out, 78 completed surveys were received. Of this total, eight surveys were duplicates submitted by one individual and were thus eliminated from the raffle and data analysis. The 70 remaining surveys represent a 52% response rate. Table 1 shows the number of surveys sent to and received from each organization, the response rate and distribution of respondents by organization.

Table 1. Survey Distribution and Respondents by Organization

| Partner | Number of clients | Number of responses | Percent returned | Percent of Total Responses |
|---------|-------------------|---------------------|------------------|----------------------------|
| AICC | 14 | 6 | 42.9% | 8.6% |
| CFRC | 49 | 24 | 49.0% | 34.3% |
| KYCC | 39 | 29 | 74.4% | 41.4% |
| MAOF | 32 | 11 | 34.4% | 15.7% |

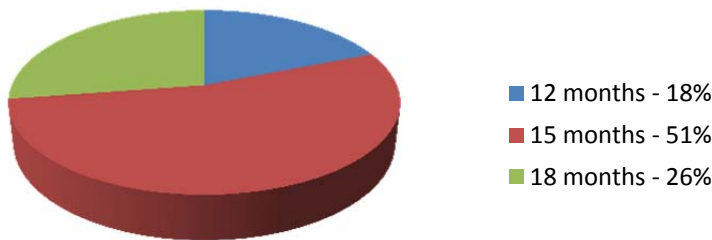
**Chart 1. OPTA Partner Clients
Percent of Total Responses**



SAVINGS PROGRAM ENROLLMENT AND INITIAL CONCERNS

Of the respondents, 74% were female and 23% were male (the remaining respondents did not provide their sex). Two-thirds of the respondents received services from their respective organizations prior to joining the savings program. The majority of the respondents are enrolled in one of the fifteen-month Ramp-UP savings plans (see Chart 2), and over half (57%) have participated in the program for over six months, a third (31%) for four to six months, and the remainder have been active for less than four months.

Chart 2. Distribution of Respondents According to Savings Plan Length



Overall, **nearly three quarters of the clients heard about the program from the partner organization: 46% learned about the program directly from staff and 26% from an ad or flyer.** In addition, another 17% of respondents learned about the savings program from another organization and 7% were referred by family or a friend. Lastly, as noted above, nearly two-thirds of the respondents indicated that they already had a relationship or used services provided by the partner organization before enrolling in the savings program, while 30% did not.

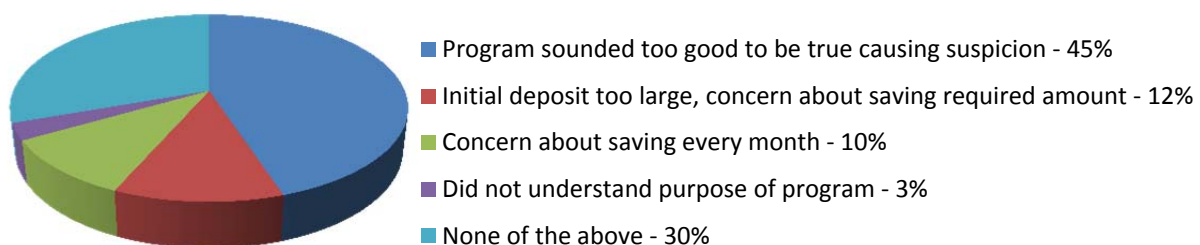


These results reflect the importance of the organizations’ and staff members’ existing relationships with clients, and staff education and dissemination of information in promoting and increasing enrollment in programs. These interactions and

relationships are critical as GPTS does not have campaign-level marketing in place. However, as over a quarter of respondents initially heard about the savings program from an ad or flyer, this provides evidence that scaling up marketing efforts can increase the number of total enrollees. Finally, there is potential for the program to grow through word-of-mouth, as will be discussed under Referrals.

Additionally, the surveys demonstrate the success of staff members in building their clients’ trust. As is illustrated in Chart 4, when asked about their first impression of the program, nearly half of the respondents (45%) indicated that it seemed “too good to be true” and were therefore suspicious. Another 22% of respondents expressed a concern with being able to make the initial deposit or being able to save every month. Only a third of the respondents did not indicate having any concerns listed in the survey. Although this does not exclude the possibility of these clients having other concerns, it is likely that the latter group was initially more comfortable with the program than others. **The majority (67%) of respondents who initially had concerns about the savings product still proceeded to enroll, demonstrating the importance and effectiveness of staff addressing clients’ questions and reservations.**

Chart 4. Respondents' Initial Impression of Savings Program



Closer analysis reveals that half of those who were concerned with the starting deposit and being able to save that amount is enrolled in fifteen-month Ramp-UP plans (with initial deposits of \$500-\$800), and a quarter is enrolled in twelve-month programs which have large variations in initial deposit rates (ranging from \$50 to \$1200)¹. Thirteen percent of those concerned with the size of the initial deposit

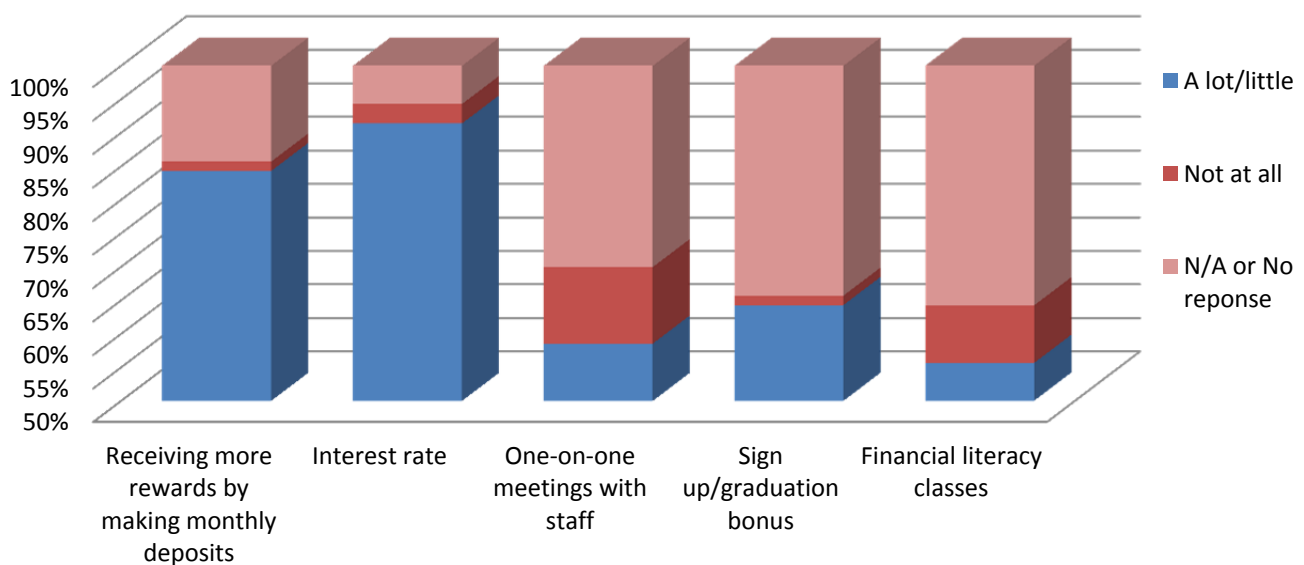
¹ Ramp-UP and Ramp-UP+ accounts feature high initial deposits. These accounts are offered mostly during the tax season and are designed to funnel EITC and other refunds into long term saving opportunities.

rate are enrolled in an eighteen-month program which has the lowest initial deposit of \$20. **This data suggests that clients’ reservations about the initial deposit are related to its amount.**²

PERCEPTIONS OF PROGRAM COMPONENTS

Clients were asked about how various aspects of the programs impact their savings behavior and perceptions. As is shown in Chart 5, two integral aspects of the program greatly motivate respondents to save: the accumulation of rewards on monthly deposits (instead of overall deposits), and the interest rate. **84% percent of respondents indicated that receiving more rewards on monthly deposits motivates them to save and 91% responded that the fractional matching through a mechanism similar to interest rate is also a motivating factor.** These two components are inherent to almost every savings program included in the sample, whereas the other three aspects—one-on-one meetings with staff, sign-up/graduation bonuses, and financial literacy classes—are not always an integral component of the program, which may explain why these three options had a higher rate of non-responses or selection of “Not Applicable”.^{3 4}

Chart 5. Degree of Motivation of Savings Program Components



IMPACT ON SAVINGS

When asked specifically about how the savings program impacted their habits, **78% of the responses agreed with that “if not for this program I would not have saved this money”.** Additionally, **the majority of the respondents agreed that the program has helped them realize they are able to save some of their income (90%) and that the monthly statements help them stay on track with their monthly deposits (88%)** (see Chart 6 below). An interesting result of the survey that is worth highlighting is that **44% of all respondents agree that the program has helped them realize that they can save some of their income every month and that they are able to save more if they were asked to.**

² However, because there is a larger variation in the initial deposits for twelve-month programs, additional information on which specific products individuals are enrolled in would provide greater clarification on the correlation between initial deposit rates and individuals’ concerns regarding this aspect.

³ Note: about 10% of clients only answered one five questions regarding motivation as the survey did not clearly delineate these as separate sub-questions.

⁴ The percentages are high as respondents were allowed to select more than one answer for this question.

Chart 6. Impact on Savings

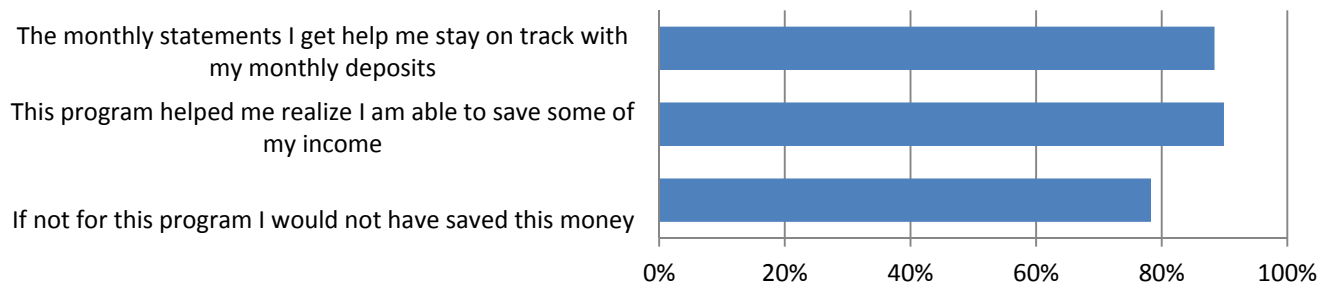
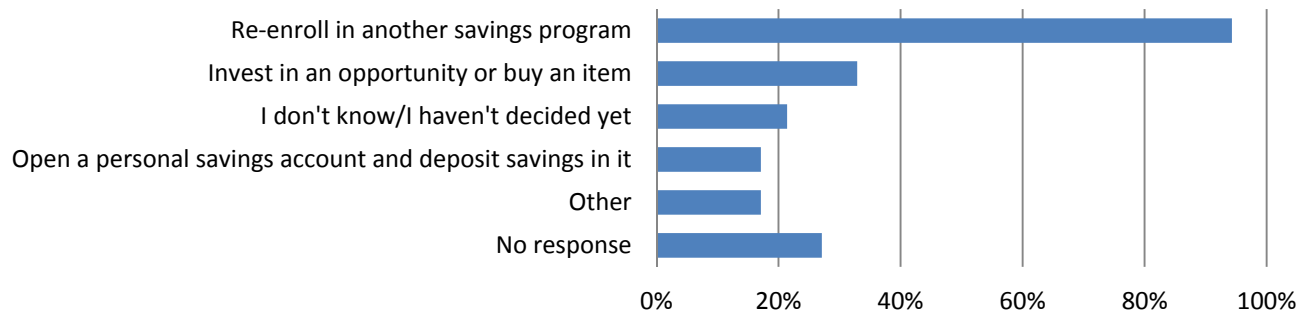


Chart 7. Intentions for Savings After Program Completion



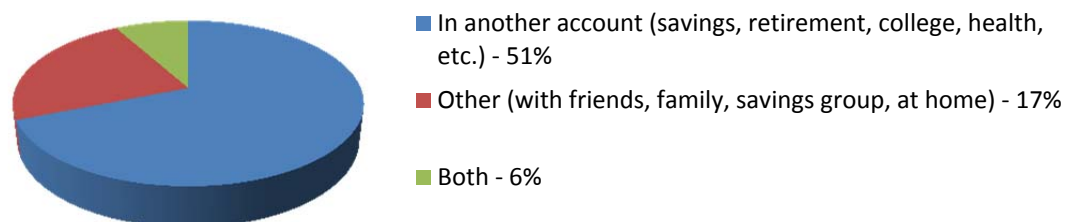
Lastly, 94% responded that when the program was finished they would re-enroll in another savings program (Chart 7).⁵

Finally, 90% of respondents said it was very likely or likely (59% and 31% respectively) that they would continue to save after the program had ended. In summary, the survey responses suggest that the program is successful in altering peoples’ perception of their ability to save, the amount the save and their habits as many would like to re-enroll in a savings program if they had the opportunity.

RESPONDENTS’ EXISTING SAVINGS MECHANISMS

When asked about their savings outside of the program 74% of respondents indicated that they either actively save money or have savings in another formal account with much fewer using informal sources (see Chart 8).⁶

Chart 8. Savings in Other Accounts and Mechanisms



⁵ Note that 27% of respondents did not provide an answer to this question. One possible explanation for this was that there was not an answer option reflecting if someone already has an account that they would deposit the funds into.

⁶ 25% of the survey respondents did not provide an answer in regards to their other savings suggesting that the question did not provide an answer option for individuals that do not actively save or that respondents were unwilling to answer. While it is likely many of the clients who did not respond do not have other savings, it is not clear what proportion they represent.

Furthermore, it appears that **the program helps individuals save additional funds whether or not they are integrated into the formal financial system or simply use alternative products.** Of those who stated they actively save money in a formal account, 80% noted that if not for the program they would not have saved these funds versus 75% that saved using informal mechanisms.

CHANGES IN SPENDING AND SAVINGS

Since enrolling in the savings program, **60% of respondents answered that their spending had decreased (7% reported an increase in their spending), while 80% reported that their savings had increased. Further analysis reveals that 83% of those who report decreasing their spending also report an increase in savings.**⁷ Overall, 4.2% of the total number of respondents reported an increase in their spending and their savings, suggesting that these respondents do not have to make large sacrifices to participate in the program.

Reported changes in spending and savings since program enrollment may be an indication of whether respondents will continue to save after the program ends. **Nearly three quarters of those who were unsure of whether they would continue to save did not decrease or change their spending habits while 67% of those who will continue to save have decreased how much they spend. Additionally, 76% of those who increased their savings plan on continuing to save, versus 11% who had not altered their current savings habits (See Table 2).**

Table 2. Crosstabulation, Likelihood of Saving after Program Completion, and Changes in Spending and Saving Since Enrollment.

| How likely is it that you will continue to save after you are done with the savings program? | Change in spending since enrollment | | | | |
|--|-------------------------------------|-----------|----------|-------------|-------|
| | Decrease | No change | Increase | No response | Total |
| Not Sure | 0% | 71% | 29% | 0% | 100% |
| Likely or Very Likely | 67% | 27% | 5% | 2% | 100% |
| | Change in savings since enrollment | | | | |
| Not Sure | 0% | 43% | 43% | 14% | 100% |
| Likely or Very Likely | 5% | 11% | 76% | 8% | 100% |

Overall, the survey results demonstrate that participants alter their financial behaviors and increase their savings. The respondents indicated that the program has helped shift their perception of savings to better understand its importance and their ability to save. The results also suggest that their future orientation is beginning to shift as the majority does not plan to use the funds to purchase an item but rather as seed money with which to build larger savings.

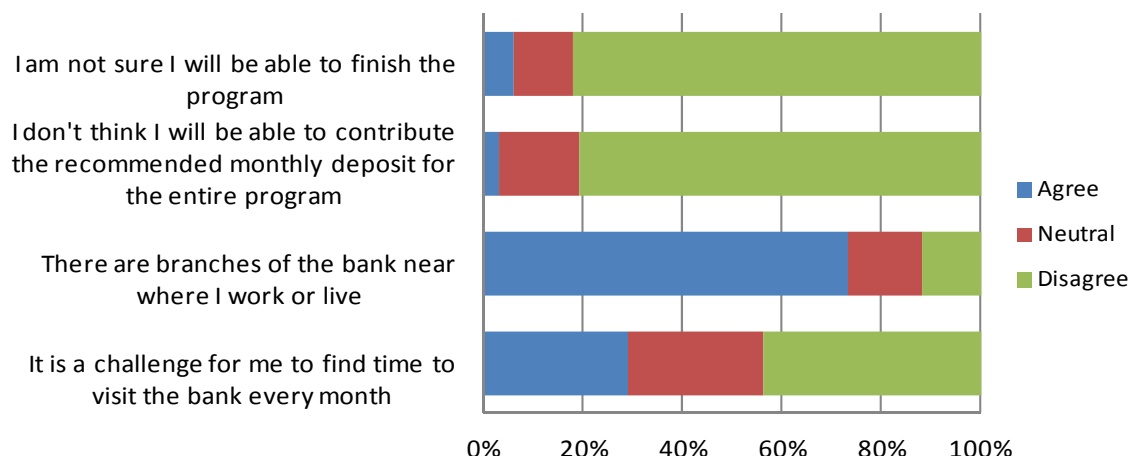
CHALLENGES WITH THE SAVINGS PROGRAM

The savings programs appear to be palatable to both individuals who prefer having a savings goal and those that don't. Twenty-two percent of survey respondents noted that they prefer not having a savings goal while 48% disagreed with this statement. It is possible that the monthly deposit provide an aim for those that prefer more structure while the absence of an end-goal or asset investment is a relief to those that do not wish to have a savings goal.

⁷ 16% of respondents indicated their savings had not changed since enrolling and 55% increased their savings without changing their spending habits, suggesting that these individuals shift some of the money they would save in other mechanisms into the savings program account.

Respondents indicated whether they encountered certain problems while enrolled in the program and it appears that the majority of participants do not feel they have had problems with being able to make monthly payments, remaining in the program, or having access to a bank branch (See Chart 9).

Chart 9. Response to Potential Challenges of Program



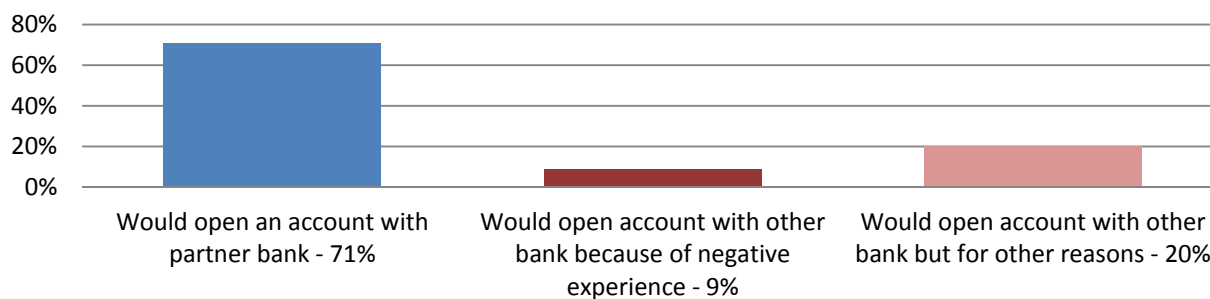
This is further corroborated as most of the respondents (74%) did not answer the question destined to those who had left or were planning to soon exit the program, indicating they would remain active participants. Of the 26% who had left the program or were planning on closing their accounts, 2/3 needed the funds for an emergency, 28% for a non-emergency and 6% because they had lost interest in the program.

Additionally, the wide majority of respondents (87%) do not have direct deposit, yet only a third feel it is a problem to find time to go to the bank each month. Yet when comparing the number of respondents that have direct deposit to those that have difficulties getting to the bank there is no clear link.

RELATIONSHIPS TO THE BANK AND PARTNER NONPROFIT

All of the surveyed clients have accounts with the same financial institution and seemed reasonably satisfied with their experience. Of the total respondents, 71% stated that if they had to open a bank account they would do so with the bank holding their account, demonstrating that this is an opportunity for partnering banks to attract new customers through the program.

Chart 10. Respondents Willing to Open an Account with Partnering Bank



However, further analysis reveals that 60% of those who would open a bank account already have one in which they save, and 20% use informal savings mechanisms. **While it is unclear how many unbanked**

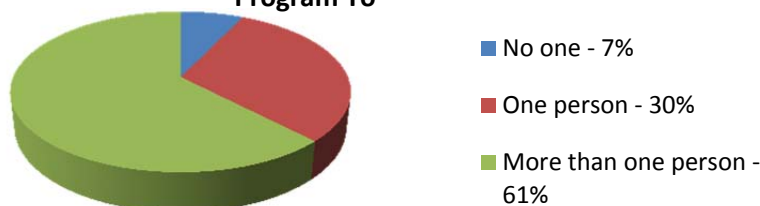
individuals banks have opportunities to connect with through the program, the savings accounts are still a valuable entry point for financial institutions into a market for low-income savers.

Two-thirds of the respondents had existing relationships with their respective partner organization prior to opening a savings account yet the program helps to promote greater interactions between both parties. **A quarter of individuals sought additional services from the nonprofit since enrolling in the program; of that group 17% did not have a prior relationship to the nonprofit partner. As such the program helps to strengthen participation in other programs.**

REFERRALS

Clients showed enthusiasm for the program as 93% had recommended it to at least one person (Chart 11). Also, nearly half reported knowing four or more people who could benefit from the program (while an additional 54% reported knowing 0-3 people who could benefit from the program).⁸ Lastly, it appears that the more people the respondents know who they think could benefit from the program, the more likely they are to recommend it to more than one person. Given the importance of building clients’ trust in the program, this data presents the possibility that having trusted members of the community advocate for the program could help increase enrollment.

Chart 11. Number of People Participants Recommended Program To



As the savings accounts can be modified to meet the capabilities of clients from different backgrounds, identifying the most motivating yet efficient structure for the products is paramount. Over time this task will become simpler as more data is gathered. The survey glanced at this issue but was unable to provide more information on the appropriate level of the monthly deposit amounts. However, the survey results indicate that a minimum interest rate must be offered to appeal to clients and shape their behavior. The fifteen and twelve month programs have similar fractional match (interest) rates (between 18 and 23%), yet almost twice as many respondents (46%) in twelve month programs than in fifteen month programs (28%) would not participate if the interest were reduced by half.⁹

However, only 11% of the respondents in 18-month program indicated they would participate in the program if the interest rate were reduced, even though this program has a high interest rate of 21%, and the lowest initial and monthly deposit amounts (\$20 each). Yet the program has the longest commitment period and because of its low deposit amounts may be more attractive to individuals in lower income brackets (compared to the other savings plans). Research suggests that the future orientation and decision horizons of low-income individuals are shorter and their rate of time preference is usually higher (requiring higher rates of return) as their financial constraints contribute to their prioritizing short-term needs. Thus maintaining a larger fractional match rate may be required for

⁸ The survey should have split this answer option into two: one that would indicate people do not know anyone who could benefit, and the other that would indicate 1-3 people could benefit from the program.

⁹ This result may be influenced by the Ramp-UP+ program which has a very low interest rate of 5%, and may be inflating the portion of those in twelve month programs that would not participate if the interest rate were cut.

this group in order to remain in the program for a full eighteen months. As such, further research based on disaggregated client data could help provide more information on the minimum threshold for interest rates. Lastly, no conclusive data was gathered to inform what levels of monthly deposits are most palatable to program participants, thus additional research will be needed on this topic as well.

For questions or comments please contact:

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