Child Benefit Support and Method of Payment: Evidence from a Randomized Experiment in Belgium*

Marieke Huysentruyt
London School of Economics and SITE at Stockholm School of Economics

Eva Lefevere
Centre for Social Policy - Herman Deleeck at the University of Antwerp

May 2008

Abstract

This paper analyzes a randomized experiment that sheds light on the role of standard information, goal framed information, and decision task complexity in the choice of method payment by child benefit recipients. The experiment encouraged a random sample of 19,707 beneficiaries to change from payment by check to payment via direct transfer. The experiment multiplied by more than four times the switching rate of these treated individuals (relative to controls). Simple, low-cost additions to the standard, informative letter (drafted by government) successfully increased individual switching rates. Adding a flyer specific plan supplement to the standard letter produced the largest effect, particularly amongst population groups (like female, elderly and long-term unemployed beneficiaries) who are often less financially literate and otherwise hard to reach (that is, they did not significantly respond to the *letter plus flyer* or *letter alone*). We provide a simple, behavioural economics' interpretation to account for our results.

*We are indebted to Johan Verstraeten (Belgian National Office for Family Benefits for Salaried Persons) for agreeing to collaborate in our experiment. We are especially thankful to Saskia De Jaegher, Béatrice Adriansens and Herman Van Wilderode and Chris Brijs in particular who patiently answered our many questions, showed strong interest in the project and made many useful suggestions. We also benefited a lot from discussions with Karel van den Bosch and colleagues at the Centre for Social Policy at the University of Antwerp and at the LSE. Financial support from the Research Foundation - Flanders (FWO) is greatly appreciated. All remaining errors are, of course, ours. Contact email address: m.e.huysentruyt@lse.ac.uk

1 Introduction

As the banking sector continues to rapidly modernize and permeate society, social security institutions feel increasingly tempted to make use of electronic payment methods when dispersing welfare benefits. Further, recent, sharp increases in the cost of checks have essentially accelerated this trend; for instance, over the last 5 years, in Belgium the price for issuing a check has more than tripled. The Belgian government has thus prioritized the need to minimize benefit payments via check. Despite this, surprisingly little attention has been paid to the question of *how* government can best encourage its beneficiaries to switch from benefit checks to electronic transfers, *who* would be most responsive to any public-led campaign and how such a switch would affect consumption decisions and poverty more generally. Indeed, whether government can effectively induce welfare recipients to switch payment methods and at what 'true' cost is an open, and important, empirical question.

The Belgian government's intent to launch a large-scale, nationwide campaign to inform its citizens about a new law that protects child support benefits only when transferred onto a bank account against outstanding debt claimants and thus to incentivise welfare recipients to use automatic transfers rather than checks, provided us with an ideal setting to try out and evaluate different ways of encouraging consumers to switch the payment method of child support.

We designed and conducted a randomized, controlled field experiment in collaboration with Belgium's 'National Office for Family Benefits for Salaried Persons'. The experiment encouraged 19,707 beneficiaries (who at the time of the experiment were all receiving their child benefit via check) through a one-time mailing sent by the National Office for Family Benefits. These beneficiaries were randomly assigned to one of five different treatment groups. All the treatment groups received a basic, informative letter that spelled out the gains from payment via transfer with a particular emphasis on the newly introduced law. It was drafted by the National Office. Some groups also received a supplement, which contained independently randomized "psychological" features that were motivated by specific frames and cues shown to work in labs and in theory, but from a normative standpoint ought to have no impact. The supplement was a flyer that differentially framed the government's message, emphasizing either the gains from switching to payment on a bank account or the losses from failing to switch. Some groups additionally received not only a flyer but also a step-by-step plan on how one should proceed to change the benefit payment method. The latter, low-cost manipulation designed to simplify the switching decision allowed us to assess the influence of task complexity on task completion.

Three main results stand out. First, treated beneficiaries were more than four times as likely to switch payment method than control beneficiaries. Furthermore, supplying decision-makers with easy-to-comprehend information in the form of a flyer (over and above to the standard, informative letter) significantly raised beneficiary compliance relative to the standard, informative letter alone. Supplementing the

standard letter with a flyer ánd a specific, step-by-step plan significantly raised beneficiary compliance even more. The impacts of the supplements were large in relative terms (raising the likelihood of switching by 10 to 18 percent after 2 months), though somewhat small in absolute terms (an increase of 2 to 4 percentage points on a base of 24 percent for the standard letter group only). Second, goal framing effects did not occur, possibly because of the high intrinsic relevance of the decision task to all targeted beneficiaries. Third, the *letter plus flyer plus specific plan* treatment not only produced the largest effect on beneficiaries' switching decision, it also noticeably raised compliance among certain population segments (such as female, elderly and long-term unemployed beneficiaries) who are often less financially literate and otherwise hard to reach (that is, they did not significantly respond to the *letter plus flyer* or *letter alone*).

Our results show that government can indeed reap considerable efficiency gains (savings) simply by adopting more effective social marketing strategies. This insight stands in stark contrast with a tendency by government agencies to underappreciate the potential impact of marketing as a "superficial" yet highly efficient intervention. The positive impact on government expenditures, however, is is not the sole reason why our experiment especially matters. Various strands of research indicate that switching payment method can yield significant consumer gains as well. A large literature on mental accounting, for instance, has argued that people tend to treat money in different mental accounts differently (see e.g. Thaler, 1999, Thaler, 1990). In particular, there is substantial evidence that shows that an individual's marginal propensity to spend a euro in the current bank account tends to be lower than the marginal propensity to spend a euro in cash. Accordingly, switching payment method could also significantly raise consumer welfare via its positive impacts on household savings, and personal finance management more broadly.

Finally, our findings also show how intuitive 'situational' manipulations can produce large effects on individuals' behaviour, even in an important domain as personal finances. When observing behavioural differences between people from different socioeconomic backgrounds, these differences are often attributed to distinct individual characteristics. This paper, by contrast, draws attention to the power of simple, purportedly minor situational cues.[1]

The remainder of this paper proceeds as follows. Section 2 provides more detail on the experimental manipulations. Section 3 describes the child benefit programme, the design of the experiment and the data. Section 4 discusses the reduced-form evidence. Finally, Section 5 offers a brief conclusion.

[1]Shedding light on the role of the packaging of information and task complexity on individuals' decision to switch payment method, we add power to the oft cited idea in the social psychology literature that many behavioural differences are influenced by small, easy to manipulate situational factors.

2 Treatments

This Section provides more details on the different experimental manipulations, and relates their design to the key relevant findings in the literature. We designed four different interventions: four variations if you will on the standard, informative letter written by the National Office for Family Benefits. Our main interest was to contrast the switching rate between the different treatment groups, and more generally to ask whether small, low-cost manipulations as the ones trialed here (inspired by insights in behavioural economics and psychology) can have a large, significant impact on people's decision whether to switch payment method. We also examined whether some types of individuals (child benefit recipients) were more responsive to certain manipulations than others.

Our first 'treatment' group *only* received the standard, informative letter written by the National Office for Family Benefits. The purpose of this letter was to inform people of a new Belgian law saying that certain welfare transfers, including child benefits, cannot be fully claimed by outstanding debtors when paid directly onto a bank account[2]. Before this law was enacted, the protection against confiscation was only guaranteed for benefits paid by check. The law thus potentially removes an important barrier on switching payment method from benefit checks to electronic transfers, particulary for those who fear outstanding debtors. The National Office for Family Benefits used this opportunity to also communicate the wider gains from receiving *electronic* child benefit transfers.

The letter listed the key advantages of receiving child benefits via electronic transfer, provided a brief overview of three recent government measures that all favour the electronic payment of welfare transfers, added a few cautionary notes regarding the scope of the special law protecting child benefit from debt claimants, and finally included a form to be completed by those who wish to switch to direct transfer payment. Please refer to the Appendix for an exact copy of this letter. The letter was notably dense: it conveyed a fairly large amount of information in long, formal sentences. This thus motivated us to explore and test alternative, perhaps better ways of conveying the same message.

We designed two *flyers* that presented very similar information as in the standard letter, but were much easier to read and comprehend. Building on a large body of literature about goal framing effects, we created one flyer that highlighted the gains from action (E.g., "Receiving your child benefit via direct transfers is much safer") and another that discussed the losses from inaction (E.g., "Receiving your child benefit via check is not safe"). Apart from the framing manipulation, the two

[2]This is 'the Law of June 14th 2004 regarding the protection against confiscation mentioned in Articles 1409, 1409bis and 1410 of the Legal Code when these sums are transferred electronically onto a bank account' as publicized in the "Belgian Bulletin of Acts, Orders and Decrees" on July 2nd 2004. A Royal Decree of July 4th 2006 that came into force on January 1st 2007 stipulated the practical arrangements necessary for the execution of the law.

flyers were identical. Our interest was to assess whether our persuasive message had a different appeal depending on whether it stressed the positive consequences of switching or the negative consequences of not switching, as well as whether these flyers could effectively raise behavioural compliance with the government's message. Both flyers can be found in the Appendix.

A common finding in the literature is that negative (loss) frames are more effective than positive (gain) frames in the context of goal framing, but this finding is far from robust. There is evidence of higher effectiveness for negative frames in the context of breast self-examination (Meyerowitz and Chaiken, 1987), evaluation of prizes or jobs (Tversky and Kahneman, 1991), and mammography screening (Banks et al., 1995; Rothman and Salovey, 1997). However, other studies have failed to find such effects in contexts such as breast self-examination (Lalor and Hailey, 1990), treatment of breast cancer (Siminoff and Fetting, 1989), testicular self-examination (Steffen et al., 1994), and follow-up for abnormal pap-smear test results (Lauver and Rubin, 1990). It has been suggested that the negative frame bias is linked to "loss aversion," that is, people's tendency to avoid a loss more than to achieve a gain of the same magnitude (e.g., Kahneman, Knetsch and Thaler, 1990; Tversky and Kahneman, 1991) or a "negativity bias in information processing," that is, people's tendency to be more responsive to negative information than objectively equivalent positive information (e.g. Fiske and Taylor, 1991).

The complexity of the decision to switch payment method may overwhelm beneficiaries, encouraging procrastination and reducing the response rate to the government-led campaign (see e.g. Tversky and Shafir 1992, Shafir, Simonson and Tversky 1993, Dhar and Nowlis 1999, Iyengar and Lepper 2000 on the tendency of individuals to put off making decisions as the complexity of the task increases). Therefore, we designed an extra section to the flyer (and sent this to some treatment groups only) specifically aimed to simplify the complexity of the decision-making task at hand. This addition was essentially a specific, step-by-step plan to guide the beneficiary as to how (s)he can undertake the switch, which type of documents are needed, etc. And, anticipating that some recipients of this letter may not yet have an individual bank account, we also clarified how one should proceed to open up a bank account (prior to implementing the steps to switch payment method). Notably, we emphasized here that they are under no obligation at all to use a joint account with their partner, but free to open up and use their own individual account at a minimal cost of 12 Euros per year. This is an important element to highlight particularly since for some mothers, receiving child benefit support via check might be their way of securing control over how this money is spent.

We thus study the low-cost manipulation effects of simplifying the decision to switch payment method on beneficiaries' actual behaviour. Choi, Laibson and Madrian (2006) found that offering employees the Quick Enrollment^{TM} option, which likewise simplified the decision to enroll in a 401(k) savings plan, significantly raised participation rates. Relatedly, Madrian and Shea (2001), Iyengar and Jiang (2003), and

Iyengar et al. (2004) have argued that the complexity of the 401(k) savings decision discourages employees from timely enrollment, even when they prefer participation to non-participation. And Dynarski and Scott-Clayton (2006) have shown that the complexity of federal student aid application procedures disproportionately burdens those on the margin of college entry, thereby blunting the impact of aid on their schooling decisions. Gollwitzer and Brandstätter (1997) have demonstrated (experimentally) that peoples without a simple plan or firm *implementation intentions* are significantly less likely to attain their goal. Likewise, Leventhal, Singer and Jones (1965) found that when they provided subjects with specific plans for action versus general recommendations, this had a significant, positive effect on adherence to the recommended act (which was in their case, taking a tetanus shot). Thus, apart from the recent experimentation with the design 401(k) savings' enrollment forms, we are not aware of any other real-world, research-led experiments that have systematically looked at how simplifying a decision to act can indeed raise compliance behaviour.

3 Context, Experiment Design and Data

3.1 Child Benefit Support and the National Office for Family Benefits

The National Office for Family Benefits for Salaried Persons administers roughly 20 percent of all child benefit transfers in Belgium, that is child benefit transfers for about 243,000 households. The remaining 80 percent of child benefit support is served by 23 different private child benefit funds. The choice of child benefit provider depends entirely on the employer, not the employee or beneficiary. The transfers are monthly, lump-sum government payments, which vary with the number, rank and age of children in the household and are augmented with means-tested supplementary allowances. The National Office for Family Benefits distinguishes three types of 'entitled individuals'[3] based on the latter's status in the labour market. The first group comprises employees, i.e., those individuals who activated their entitlement through their status as employee or former employee (say in case of unemployment, pension, decease or disability), with the exception of those employed or formerly employed in the public sector. There is a second, separate group comprised of civil servants only, i.e., individuals who activated their entitlement through their employment or former employment at a government institution. Finally, the third group consists of individuals who currently do not or have never actively participated in the

[3]In the Belgian system of child benefits the entitled opens the right to family benefits through his or her labour as a salaried or self-employed person or civil servant. To determine the entitled the following hierarchy is adopted: (1) if the child is an orphan, he or she will be the entitled, (2) the person taking care of the child's upbringing has a priority of he or she who does not, (3) father > mother > stepfather > stepmother > eldest entitled, and (4) in case of joint parental authority, a father outside the family has always priority over a mother within the family.

labour market and thus are unable to claim a right to child benefit support on the basis of their active labour market position. The overwhelming majority of entitled individuals that belong to this third group (90 percent to be precise) receive basic income support, which indicates that this group comprises a disproportionate share of needy households. These individuals are entitled to so-called guaranteed child benefits[4]. The guaranteed child benefits are fully administered by the National Office for Family Benefits and not by private child benefit funds.

Note that the entitled individual is not necessarily the beneficiary who actually receives the child benefit: for over half of all individual child benefits granted, the entitled individual is the father, whereas the beneficiary is typically the mother.[5] Finally, there are basically two available methods of payment: payment by check or via direct transfer onto a bank account. For our purposes, two important features of the payment method choice are particularly noteworthy. First, receiving the child benefit payment by check is in practice the 'default option,' that is, if the beneficiary does nothing, the default is that the beneficiary will receive the child benefit payment by check[6]. Second, the standard procedure to set-up payment via direct transfer is fairly complex, requiring e.g. signatures from both the beneficiary and his/her bank.[7] There is substantial evidence on the sizeable effects that defaults can have on economic decisions and outcomes, particulary when the decision-making task at hand is complex (see e.g. Beshears et al., 2006).

3.2 Experiment Design

In early 2007, the National Office for Family Benefits observed that a substantial share (namely, over 8%) of beneficiaries were still receiving their child benefit support via check. This was posing an increasingly high administrative cost. Furthermore, they suspected that a significant portion of these beneficiaries had opted for payment via

[4]The term 'guaranteed' simply underscores the fact that according to Belgian law, with every child residing in Belgium there is a right to child benefit. In other words, the third group is the residual of groups one and two.

[5]If it is not the mother, it is the person or institution who is responsible for the child's upbringing. In a small number of cases, the beneficiary is the qualifying child him- or herself, namely if he or she is married, if he or she is emancipated, if he or she is 16 years or older and not living with the person by whom he or she was actually raised, or if he or she is beneficiary for one or more children him- or herself.

[6]Until recently, the Law on Child Benefits (article 68) specified child benefit payment by check as the default option. In early 2007 this has been changed to electronical payment. However *in practice* payment by check remains the 'default' option in the sense that this payment method does not require any action from the beneficiary, while receiving child benefits electronically does.

[7]In order to receive a direct transfer, an official document needs to be completed and sent back to the National Office of Family Benefits. The upper part of this document has to be filled in by the beneficiary, who has to give his or her name, address, social security number, date of birth and bank account number, whereas the lower part of the document must be filled in by the bank. The latter has to confirm that the beneficiary can dispose independently of the money trasnferred onto the bank account.

check so as to protect these transfers from outstanding debt claimants. Therefore, when the new law on protecting child benefit support from outstanding debt claimants came into force in January 2007, the National Office for Family Benefits had decided to launch a large-scale information campaign. The purpose of the campaign was to inform people of this new law and the benefits it brings, as well as to emphasize more generally the advantages from payment via direct transfers. This presented us with an ideal opportunity to design, test and evaluate new ways of conveying this core message.

Setting up an encouragement design, we proceeded as follows. From the National Office for Family Benefits' electronic database, we selected the entire population of beneficiaries who at the time of the mailing (in April 2007) were still receiving their child benefit support via check ($N = 19,707$). Then, we stratified (or blocked) this target group using the following set of beneficiary-specific control variables: age, sex, total number of children for which the individual receives child benefit support, recipient of a social supplement[8] (binary variable), language (Dutch or French), status type of the entitled individual linked to the beneficiary, region of residence (Flanders, Wallonia, Brussels Capital), province of residence, and degree of urbanisation of area of residence.[9] Finally, we randomly assigned beneficiaries in each stratum to one of the following six groups:

1. Standard information letter only,
2. Standard information letter plus positively framed flyer,
3. Standard information letter plus negatively framed flyer,
4. Standard information letter plus positively framed flyer plus specific plan,
5. Standard information letter plus negatively framed flyer plus specific plan, and
6. Control group, who received the standard, information letter with a two months delay (that is, in June 2007).

Because the National Office is a government institution it is obliged to guarantee equality of treatment and information to all its beneficiaries, so it was ethically unfeasible to delay the mailing to individuals in the control group by more than two months. However, we judged that this constraint was unlikely to limit the scope or

[8]Those entitled to a retirement pension, fully entitled unemployed from their seventh month of joblessness onwards and disabled employees from their seventh month of disablement, who are entitled to family benefits, receive a social supplement. Under certain conditions, these persons retain their rights to the social supplement when they start an activity as a salaried worker. This supplement depends on the child's rank in the family. For the disabled employee the supplement is higher than for other categories.

[9]We thus ensured that our treatment and control groups were similar along those important observable dimensions, which were likely to explain the treatment effect.

reliability of our research for two important reasons: First, we expected that the impacts of our treatments were unlikely to persist for much beyond two months after the mailing. Secondly, after two months, it would have become increasingly difficult to separate out the mailing effect from potential other confounding effects such as social network effects (e.g., via conversations of the beneficiaries with family or friends who had also received a (maybe different) mailing).

At the time of our 'sample' selection, the National Office of Family Benefits served only 190 German speaking beneficiaries, 60 of them being paid by check (that is, 0.3 percent of 19,707). This group was in block assigned to treatment group receiving only the standard information letter, because the National Office of Family Benefits judged that the costs of translating the flyers and specific plan would have been proportionately very high and because the number of German speaking beneficiaries per stratum would have become negligeably small. Because they were not assigned randomly to the treatment groups, they were not considered in the final analysis.

We conducted our empirical analysis on a sample that slightly deviated from the original sample, but for three tractable reasons. First, the most significant reduction in sample size was be explained by the fact that 1,282 beneficiaries (who were in our sample in April 2007) had left the National Office for Family Benefits by June. Luckily, for the purposes of this study, this attrition was non-voluntarily, rather for reasons such as a change of employer or because the age of the child exceeded the maximum age for entitlement to family benefits. Furthermore, we found that those 1,282 beneficiaries who dropped out of our sample were equally spread across the treatment groups, suggesting that our initial randomisation was indeed successful. Second, we excluded from our analyses those individuals who had not yet received two child benefit payments at the time of the experiment. We isolated this group using detailed data on each beneficiary's payment history since February 2006. The idea here was to exclude beneficiaries who were perhaps still paid via check simply because they had not yet had the chance to inform the National Office of their bank account details. Furthermore, we also excluded those beneficiaries who were beneficiary for children from more than one entitled individual. Many of these beneficiaries had mistakenly received two different mailings, because in the original dataset they were included twice or more (once for every entitled individual they were associated with). Next, we decided not to include the small number of German speaking beneficiaries because they were not randomly assigned to the groups. Finally, 98 cases were left out of the analysis because they had a missing variable on one of our predictor variables, namely marital status. Importantly, on none of our beneficiary-specific variables/dimensions did the resulting sample of 18,006 individuals statistically differ from the original sample. Furthermore the attrition was equally spread over the different treatment groups. The final size of the treatment groups was on average 3,001, with a minimum of 2,951 and a maximum of 3,039.

Finally, to allow for a comparison between beneficiaries paid by check versus beneficiaries paid by direct transfer, we also drew a random, stratified sample of

the latter group (in April), again making use of the administrative database of the National Office for Family Benefits. We set the sample size at 10 percent of the total population, and thus selected 21,048 beneficiaries. We used the same stratification variables as we did to assign beneficiaries to the different treatments. For the final analysis, 18,635 beneficiaries were retained. As before, a large deviation from the original sample size was due to the fact that people were no longer beneficiary of the National Office by June (629 cases)[10]. Another large reduction was caused by the fact that 1,597 beneficiaries were not yet beneficiary of the National Office in January, while we wanted to relate the choice of payment method in April to characteristics of the beneficiaries in January. We also excluded beneficiaries who had previously received zero or one payment, German speaking beneficiaries, and beneficiaries who were raising children with more than one entitled individual. Again, no statistically significant differences were found between the original and the final sample.

3.3 Data

Our unit of observation in the analyses is the beneficiary, whose decision over method of payment we aimed to influence. We index our beneficiary by $i = 1, ..., N$. Our dataset includes $N = 40,755$ beneficiaries. Of those, 48 percent were participants (or subjects) in the experiment and thus were receiving child benefit by check at the time of our sample selection (in April 2007), and 52 percent formed the comparison group of beneficiaries paid by direct transfer. We gathered detailed information on each beneficiary making use of three different data sources: the administrative database of the National Office for Family Benefits for Salaried Persons, the National Registry, and the Crossroads Bank for Social Security.[11] To merge the data from these sources, we used the beneficiaries' unique national identification number, made available to us (anonymously) by the Crossroads Bank.

In order to assess the effects of the experiment on method of payment, the National Office for Family Benefits provided us with three waves of data. The first wave was obtained in January 2007, several months before the mailing. The second wave was from April 2007 (on the date of the mailing), and the third wave from June 2007 (two months after the mailing). We used these data to construct our main variable of interest (*switch*), which is whether the beneficiary had switched payment method during the two-months' period after the experiment, that is, between April 14^{th} and June 20^{th}.[12] Also, these data included information about the beneficiary's sex, age

[10]The share of individuals that had left the National Office for Family Benefits between April and June was twice as high in the sample of beneficiaries paid by check than in the random sample of beneficiaries paid via direct transfer (6% versus 3%). This difference is consistent with the observation that people in the former group tend to occupy a relatively more precarious positition in the labour market (e.g., tend to change jobs more frequently).

[11]The Crossroads Bank for Social Security brings together detailed data on all social security sectors in Belgium. Access to these data was approved by the Belgian Privacy Commission.

[12]The data did not allow us to look at the timing of the switch. We also recognize that by

group, labour market status, region and province of residence, whether the individual receives a social supplement, and the number of children for which the beneficiary receives child support. To obtain an indicator of the degree of urbanization of the beneficiary's residence, we made use of the classification developed by Van Hecke and his colleagues (Van Hecke, 1998 & Van Hecke et al., 2007), which links zipcodes (here, of where the beneficiary lives) to one of eight distinct urbanization types.

We gathered details on the beneficiary's marital status using the National Registry. However, since marital status *only* refers to the status of the beneficiary as registered officially, we complemented this measure with another categorical variable indicating whether the entitled individual and beneficiary are part of the same household (*cohabitation*). To do so, we took advantage of the fact that the National Registry includes a unique household identifier. This newly constructed variable comprises four categories: beneficiary and entitled live in the same household, beneficiary and entitled live in different household, beneficiary and entitled are the same individual, and a rest group with unknowns. We also used the National Registry to collect information about the nationality of each beneficiary. Finally, we established whether the beneficiary was (at the time of our sample selection) employed as a salaried person (*employed*) using data from the Crossroads Bank.

4 Results: Summary Statistics and Reduced Form Differences

We present the results of our experiment in three parts. First, we examine the causal effect of the experiment on beneficiaries' switching decision and report our findings on the relationship between switching and beneficiary-specific characteristics. Next, we study the goal framing effect and incremental effect of the *specific plan* on beneficiaries' switching decision. We also ask whether certain manipulations have been significantly more effective at impacting compliance of certain population segments, in particular beneficiaries who are traditionally hard to reach or who might stand to gain most from the switch. Finally, we discuss the outcome of a robustness check and examine *who* was opting for payment by check prior to the experiment. We thus compare the subjects of our experiment along a remarkably detailed set of characteristics with a random, stratified sample of beneficiaries paid by direct transfer.

A. The Effects of the Experiment

fixing the date of our measurement to two months after the mailing, we might be underestimating somewhat the true switching rate (say, simply because we do not account for those beneficiaries who switched only days after our cut-off date). Notably, beneficiaries were not asked to change payment method before any particular date. Still, we believe that it is reasonable to expect that the effects of the mailings on behaviour will have largely faded out after two months' time. Consequently, by allowing for a longer lag period before our second measurement of beneficiaries' payment status, confounding factors, like social network effects, will start to play an increasingly large role.

The summary statistics for the sample of 18,006 beneficiaries paid by check (at the time of the experiment) are displayed in Table 1, broken down into six groups. Panels A, B and C present, respectively, *beneficiary-specific* background characteristics, child benefit-related characteristics, and residence-related characteristics. Evidently, the overwhelming majority of beneficiaries were female. Nearly two-thirds of beneficiaries were aged between 25 and 44, and approximately half of the beneficiaries were married. Most of the beneficiaries (83,6 %) had the Belgian nationality. Also, the largest share of entitled individuals had been unemployed for over six months, and around 60 percent of beneficiaries received child benefit support for one child only. Finally, over half of beneficiaries lived in Wallonia. Because the groups were stratified and were chosen randomly, the mean of observable beneficiary-specific characteristics such as sex, age and marital status, and regional-specific characteristics such as region and degree of urbanization, are very similar across groups, and none of the differences are significant.

In panel D, we can see that our inducements had a dramatic effect on the likelihood of switching payment method: in the treated groups, as many as 26 percent switched, whereas in the control group, fewer than 6 percent switched. Comparing the standard letter group with the standard letter plus flyer groups (column (1) versus columns (2) and (3)) shows that the flyers raised the switching rate by over 2 percentage points. Furthermore, the difference in the switching rate between the standard letter plus flyer groups and standard letter plus flyer plus specific plan groups (columns (2) and (3) versus (4) and (5)) is another 2 percentage points.

In order to analyse these differences further, we consider simple reduced-form regression specifications. Let y_{ij} denote whether beneficiary i in group j changed payment method from payment by check to payment via direct transfer. D_{ij} is the dummy for receiving treatment j with $j = 2, ..., 6$, corresponding with each of the four variations on the standard letter treatment and the control group, respectively. The average effects on switching of being in one of the four, alternatively treated groups or control group versus receiving the standard letter only[13] is then captured by the following specification:

$$y_{ij} = \alpha_1 + \beta_2 D_{i2} + \beta_3 D_{i3} + \beta_4 D_{i4} + \beta_5 D_{i5} + \beta_6 D_{i6} + \gamma . X_{ij} + \varepsilon_{ij} \qquad (1)$$

where X_{ij} is a set of beneficiary-specific control variables. X_{ij} includes all stratification variables, and additional background variables such as marital status or whether the beneficiary receives a social supplement. The estimates of $\beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are the parameters of primary interest; they correspond, respectively, to the difference in switching rate between the four, alternatively treated groups and control group, on the one hand, and the group who received the standard letter only, on the other. ε_{ij} is the standard, robust beneficiary-level error term.

[13]Because we specifically wanted to know whether small, low-cost manipulations were capable of significantly increasing the switching rate as compared to the basic, informative letter sent by the National Service for Family Benefit, we set the latter as the reference category in the regression.

Table 2 summarizes the results. We find that all four alternative manipulations significantly raised compliance relative to the standard information letter, whereas the average switching rate in the control group was not surprisingly substantially lower. Being in the *positively framed* or *negatively framed flyer* treatment groups raised the average switching rate by over 2.3 percentage points relative to the standard letter group. Furthermore, being in the *positively framed* or *negatively framed flyer plus specific plan* treatment groups increased the average switching rate by respectively 4.3 and 3.3 percentage points, again relative to the standard letter group. The average switching rate in the control group was (not surprisingly) nearly 19 percentage points below the rate in the standard letter group. These estimates correspond to the difference in average switching rate reported in Panel D of Table 1. Obtaining significant differences between the four treatment groups, respectively, and the standard letter group means that the (goal framed) flyers and (goal framed) flyers plus specific plan did have an impact on switching. This impact is large in relative terms (raising the likelihood of switching by 10 to 18 percent after 2 months), though perhaps small in absolute terms (an increase of 2 to 4 percentage points on a base of 24 percent).

Furthermore, we find that the likelihood of switching payment method or compliance monotonically increased with the age (category) of the beneficiary. Also, female beneficiaries were evidently more likely to have switched compared to male beneficiaries. And, the greater the number of payments previously received via check, the less likely it was that the beneficiary had switched. The latter suggests that beneficiaries exhibit a significant status quo bias in their choice of payment method (see e.g., Samuelson and Zeckhauser, 1988). In general, socio-economically weaker (or more vulnerable) beneficiaries were significantly less likely to have switched. Arguable exceptions to this rule, if you will, were beneficiaries of Northwest African and other non-EU origin and beneficiaries with a supplemental allowance. However, the latter groups might have switched disproportionately more because of strong network effects and/or the large number of support institutions, which solely work with/target these specific groups. While married, widowed and divorced beneficiaries were significantly more likely to have switched relative to unmarried beneficiaries, in cases where the entitled individual and beneficiary were living together, the beneficiary was relatively less likely to have switched. This suggests that the decision to opt for payment by check might be in a significant number of instances the outcome of intrahousehold bargaining, whereby payment by check essentially enables the beneficiary (spouse) to control the spending of the child benefit. Finally, the results show that none of the residence-related characteristics were significant predictors of the beneficiary's likelihood of switching payment method.

B. Goal Framing, The Specific Plan and Beneficiary Heterogeneity in Responsiveness

Our results do not show any valence or goal framing effects, neither when we compare compliance across the two *flyer only* groups, nor when we compare compli-

ance across the *flyer plus specific plan* groups. Specifically, the mean switching rate in group 2 and group 3 is not significantly different. Likewise, we cannot reject the hypothesis that the mean switching rates in group 4 and group 5 are equal. One plausible explanation for why we find no goal framing effects is that the topic of our message had high intrinsic self-relevance to the beneficiaries. High intrinsic self-relevance is instantiated when a decision maker spontaneously relates to the decision context. This was *by construction* the case since all beneficiaries we knew were receiving their child benefit via check. Extending the framework by Levin, Schneider, and Gaeth (1998) to explain previously observed discrepancies in the effects of positive versus negative framing, Krishnamurthy, Carter and Blair (2001) indeed suggest that valence effects may not occur in the context of goal framing when the research topic has high intrinsic self-relevance to the research population.

We establish that adding the specific, step-by-step plan achieved a significantly positive impact on compliance, over and above the effect of the flyer alone. The average difference between compliance in groups 4 and 5 versus groups 2 and 3 was about 1.75 percentage points, with $\Pr(|\mathrm{T}| > |\mathrm{t}|) = 0.0316$. This is a striking result. Moreover, as we demonstrate next, when we examine *who* was most likely to switch, our evidence suggests the *flyer plus specific plan* was effectively able to induce compliance amongst certain population segments, for whom the *flyer alone* did not significantly impact compliance.

To test whether the different manipulations differentially impacted the switching decision of certain types of beneficiaries, we ran a simple OLS regression of the following form separately for the different treatment groups:

$$y_i = \alpha_1 + \gamma . X_i + \varepsilon_i \qquad (2)$$

where y_i denotes whether beneficiary i changed payment method from payment by check to payment via direct transfer, X_i is, like before, a vector whose elements capture various relevant beneficiary-specific characteristics, and ε_i is the standard robust error term. We were essentially interested in the estimates of γ for the different treatment groups.

Table 3 reports the main results. Comparing the regression results for the *standard letter plus flyer* group with those for the *standard letter plus flyer plus specific plan* group, we see that *the flyer plus specific plan*, contrary to the *flyer alone*, significantly raised the switching rate of women and older beneficiaries. It is also noteworthy that the size of the relative impacts of the *flyer plus specific plan* treatment on these beneficiary groups were remarkably large. Furthermore, in contrast to the *flyer alone*, the long term unemployed and retired beneficiaries did not significantly respond less to the *flyer plus specific plan*. This shows that the *flyer plus specific plan* treatment succeeded in influencing the method of payment decision of precisely those groups who in general perform worse on measures of financial literacy. Several recent empirical studies have found that older people, females and unemployed individuals tend to achieve lower credit and financial knowledge test scores (see e.g., Lyons, Rachlis and

Scherpf, 2007; Atkinson et al., 2007). Our results thus suggest that the complexity of the decision task at hand can pose a significant barrier to compliance particularly for less financially literate beneficiaries.

C. Robustness and On The Identity of Subjects in The Experiment

As a robustness test, we ran regressions (1) and (2) on a restricted sample of beneficiaries, namely on only those beneficiaries who we know had been receiving payment by check since January 2007. We thus attempt to fully filter out any newcomers to the National Office for Family Benefits, who were perhaps being paid by check at the time of the experiment simply because of delay in the administrative processing of their case. Intuitively, the restricted sample should better approximate the target population of the National Office whose decision the Office was hoping to influence via the campaign. We confirm that all our results go through unscathed.[14]

Finally, to better understand *who* participated in our experiment, that is, *who* was still opting for the traditional payment by check in April (i.e., at the date of our sample selection), we ran a simple logistic regression of the following form now (evidently) for all beneficiaries:

$$\log\left(\frac{\pi_{i,t}}{1-\pi_{i,t}}\right) = \beta_0 + \beta_1 X_{i1,t-4} + ... + \beta_k X_{ik,t-4} + u_{i,t} \qquad (3)$$

where π_i represents the probability that beneficiary i is paid by check at time t (April 2007), X_1 to X_k are a set of explanatory variables measured at time $t-4$ (January 2007), and $u_{i,t}$ is the standard error term. We performed this analysis using the sample of beneficiaries for whom we had data for January and April, i.e. 33,774 beneficiaries[15] , thereby weighting the observations in our random, stratified sample of beneficiaries who were in April 2007 paid by electronic transfer. To guard against omitted variable bias due to simultaneity, we used time-lagged explanatory variables, that is, variables that relate back to beneficiary characteristics in January 2007.

The results are shown in Table 4. The regression analysis yields three useful insights. First, they confirm our intuition that people who are in a relatively more precarious financial situation tend to be paid by check more often. For instance, the odds that a recipient of guaranteed child benefit was paid by check was as much as 2.4 times as high as the odds for individuals in the 'employees' category (of child benefit system). Similarly, foreign nationality, being young and unemployed were all statistically significant positive predictors of the odds of payment by check. Second, male beneficiaries were significantly more likely to be paid by check. Admittedly, males formed a very small minority in our database. Still, the fact that they were

[14] They are not included here due to a limitation in space but are available upon request.

[15] As before, we only included beneficiaries who had left the National Office by June, beneficiaries who had previously received zero or one payment, German speaking beneficiaries, and beneficiaries who were raising children with more than one entitled individual.

significantly more likely to be paid by check is consistent with the evidence elsewhere that females are more likely to use electronic payment methods like direct deposit (see e.g. Stavins, 2002; Mantel, 2000). Finally, the results suggest that the average use of payment by check significantly varies across regions, with the Walloon region (Brussels region) being a positive (negative) predictor of the odds of payment by check as compared to the Flanders region. Also, relative to beneficiaries living in metropolitan areas, beneficiaries living in smaller cities were significantly more likely to be paid by check.

5 Conclusion

Our encouragements had a marked effect on the likelihood of switching payment method. In the treated groups, as many as 26 percent of beneficiaries switched, whereas in the control group, this proportion was less than 6 percent. In particular, supplementing the standard, informative letter with a more accesssible goal-framed flyer or with a goal-framed flyer ánd a step-by-step plan successfully raised compliance by 2 and 4 percentage points, respectively, relative to the base rate of 24 percent (obtained when sending beneficiaries the standard, informative letter alone). Whether the flyer was negatively or positively framed made no difference to its persuasiveness. Adding the step-by-step plan produced the largest effect on beneficiaries' switching decision, and moreover succeeded (contrary to the other simple, low-cost manipulations that we have tested) in significantly raising switching rates of the typically low financially literate individuals.

These results suggest that individuals' preferences over method of payment can be malleable and confused, and therefore that beneficiaries can benefit from attention and help through intelligent information. However, the relatively large effects of the flyer and flyer plus specific plan also suggest that individuals do not always optimally process this information. The complexity of this information or the complexity of the decision-task which this information aims to influence can become decisive obstacles. This has important implications for the optimal design of government-led information campaigns or messaging.

The increase in administrative saving generated by the encouragement experiment was much greater than its costs. Our experiment induced 4,114 beneficiaries to change payment method after two months. The administrative saving generated by our experiment was thus about 5,143 euros per month or over a period of one year is likely to be as high as 61,710 euros. The overall costs of the experiment amounted to 9,494 euros. Therefore, the net saving obtained is no doubt large relative to the encouragement costs. Our experiment thus illustrates that the use of marketing techniques need not be in conflict with (severely) limited government budgets.

Our analysis also casts light on governmental efforts to move towards electronic benefit transfers. Whereas there appears to be a rampant ignorance of the benefits from payment via check as well as a widely felt difficulty to switch payment method,

there still exists a significant proportion of beneficiaries who persist with payment of child benefits via check. Our data suggest that payment by check is in some instances an active decision to keep control over the benefit spending or a decision that allows some to continue to steer away from the financial mainstream, and thus raise concerns about measures like mandating payment by check. The results instead lend support to measures like changing the default from payment by check to electronic payment. And, the results encourage government to more strategically exploit opportunities to provide the right channel factors and thus ameliorate decision-making in socially desirably ways.

We have shown that providing individuals with a specific plan is a necessary condition to attain the relative largest impact on method of payment choice. However, establishing whether a specific plan is also a sufficient condition is an outstanding, interesting question for future research. And, examining the relative impacts of other simple, low-cost manipulations to the design of similar decision contexts is another fruitful avenue for future research. Finally, another important topic for future research is to assess the implications of method of payment for spending and savings, and poverty in particular.

6 List of references

References

[1] Atkinson, A., S. Mckay, S. Collard and E. Kempson (2007): "Levels of financial capability in the UK," *Public Money and Management*, 27 (1), 29-36.

[2] Banks, S.M., P. Salovey, S. Greener, A.J. Rothman, A.J., A. Moyer, J. Beauvais, and E. Eppel (1995): "The effects of message framing on mammography utilization," *Health Psychology*, 14 (2), 178–184.

[3] Bertrand M., S. Mullainathan and E. Shafir (2006): "Behavioral economics and marketing in aid of decision making among the poor," *Journal of Public Policy and Marketing*, 25 (1), 8-23.

[4] Bertrand M., S. Mullainathan and E. Shafir (2004): "A behavioral-economics view of poverty," *American Economic Review*, 94 (2), 419-423.

[5] Beshears, J.J., J. Choi, D.I. Laibson & B.C. Madrian (2006): "The Importance of Default Options for Retirement Savings Outcomes: Evidence from the United States," NBER Working Paper No. W12009.

[6] Choi, J., D. Laibson and B.C. Madrian (2006): "Saving for retirement on the path of least resistance," in *Behavioral Public Finance: Toward a New Agenda*,

edited by E. McCaffrey and J. Slemrod, New York: Russell Sage Foundation, 304-351

[7] Dhar, R. and S.N. Nowlis (1999): "The effect of time pressure on consumer choice deferral," *Journal of Consumer Research,* 25 (4), 369-384.

[8] Dynarski, S.M. and J.E. Scott-Clayton (2006): "The Cost of Complexity in Federal Student Aid: Lessons from Optimal Tax Theory and Behavioral Economics," *NBER Working Papers* 12227.

[9] Fiske, S.T. and S.E. Taylor (1991): *Social cognition.* New York: McGraw Hill.

[10] Gollwitzer, P.M and V. Brandstätter (1997): "Implementation intentions and effective goals pursuit," *Journal of Personality and Social Psychology*, 73, 186-199.

[11] Iyengar, S.S. and W. Jiang (2003): "Choosing not to choose: the effect of more choices on retirement savings decisions," *Columbia University Working Paper.*

[12] Iyengar, S.S., W. Jiang and G. Huberman (2004): "How much choice is too much? Contributions to 401(k) retirement plans," in *Pension Design and Structure: New lessons from behavioral finance*, edited by O. Mitchell and S.Utkus, Oxford, UK: Oxford University Press, 83-96.

[13] Iyengar, S. S., & M.R. Lepper (2000): "When choice is demotivating: Can one desire too much of a good thing?," *Journal of Personality and Social Psychology*, 79, 995-1006.

[14] Kahneman, D., J. Knetsch and R. Thaler (1990): "Experimental tests of the endowment effect and the coase theorem," *Journal of Political Economy*, 98, 1325-1348.

[15] Krishnamurthy P., P. Carter P. and E. Blair (2001): "Attribute framing and goal framing effects in health decisions," *Organizational Behavior and Human Decision Processes*, 85 (2), 382 – 399.

[16] Lalor, K.M. and B.J. Hailey (1990): "The effects of message framing and feelings of susceptibility to breast cancer on reported frequency of breast self-examination," *International Quarterly of Community Health Education*, 10, 183-192.

[17] Lauver, D. and M. Rubin (1990): "Message framing, dispositional optimism and follow-up for abnormal Papnicolaou tests," *Research in Nursing and Health*, 13, 199-207.

[18] Leventhal, H., R. Singer and S. Jones (1965): "Effects of fear and specificity of recommendation upon attitudes and behavior," *Journal of Personality and Social Psychology*, 2, 20-29.

[19] Levin, I.P., S.L. Schneider and G.J. Geath (1998): "All Frames Are Not Created Equal: A Typology and Critical Analysis of Framing Effects," *Organizational behaviour and human decision processes*, 76 (2), 149-188.

[20] Lyons, A.C., M. Rachlis & E. Scherpf (2007): "What's in a score? Differences in consumers' credit knowledge using OLS and quantile regressions," *Journal of Consumer Affairs*, 41 (2), 223-249.

[21] Madrian, B.C. and D.F. Shea (2001): "The power of suggestion: inertia in 401(k) participation and savings behavior," *The Quarterly Journal of Economics*, 116 (4),1149-1187.

[22] Mantel, B. (2000): "Why do consumers pay bills electronically? An empirical analysis," *Economic Perspectives*, Federal Reserve Bank of Chicago, issue Q IV, 32-48.

[23] Meyerowitz, B.E. and S. Chaiken (1987): "The effect of message framing on breast self-examination attitudes, intentions and behavior," *Journal of Personality and Social Psychology*, 52, 500-510.

[24] Rothman, A.J. and P. Salovey (1997): "Shaping perceptions to motivate healthy behavior. The role of message framing," *Psychological Bulletin*, 121, 3–19.

[25] Samuelson, W. and R. Zeckhauser (1988): "Status quo bias in decision making," *Journal of Risk and Uncertainty*,1 (1), 7-59.

[26] Siminoff, L.A., J.H. Fetting and M.D. Abeloff (1989): "Doctor-patient communication about breast cancer adjuvant therapy," *Journal of Clinical Oncology*, 7(9), 1192–1200.

[27] Schreft, S.L. (2005): "How and why do consumers choose their payment methods?," Conference Series; Proceedings, Federal Reserve Bank of Boston.

[28] Shafir, E., I. Simonson and A. Tversky (1993): "Reason-based choice," *Cognition*, 49, 11-36.

[29] Stavins, J. (2002): "Effect of consumer characteristics on the use of payment instruments," *New England Economic Review*, Federal Reserve Bank of Boston, issue Q 3, 19-31.

[30] Steffen, V. J., L. Sternberg, L.A. Teegarden and K. Shepherd (1994): "Practice and persuasive frame: Effects on beliefs, intention, and performance of a cancer self-examination," *Journal of Applied Social Psychology*, 24, 897-925.

[31] Thaler, R.H. (1999): "Mental accounting matters," *Journal of Behavioral Decision Making*, 12(3) , 183-206.

[32] Thaler, R.H. (1990): "Saving, fungibility and mental accounts," *Journal of Economic Perspectives*, 4 , 193-205.

[33] Tversky, A. and D. Kahneman (1991): "Loss Aversion in Riskless Choice: A Reference-Dependent Model," *The Quarterly Journal of Economics*, 106 (4), 1039-61.

[34] Tversky, A. and E. Shafir (1992): "Choice under conflict: the dynamics of deferred decision," *Psychological Science*, 3 (6), 358-361.

[35] Van Hecke, E. and S. Luyten (2007): "Verstedelijking, Monografie van de SE Enquête 2001," *Algemene Directie Statistiek en Economische Informatie.*

[36] Van Hecke, E. (1998): "Actualisering van de stedelijke hiërarchie in België," *Tijdschrift van het Gemeentekrediet*, 205.

TABLE 1

COMPARISON OF THE TREATMENT GROUPS

	Standard Letter	+ Framed Flyer	- Framed Flyer	+ Framed Flyer & Plan	- Framed Flyer & Plan	Control
	(1)	(2)	(3)	(4)	(5)	(6)
PANEL A: BENEFICIARY-SPECIFIC BACKGROUND CHARACTERISTICS						
SEX						
% females	91.92	91.87	92.22	91.58	91.87	91.45
AGE						
% of individuals < 18 years old	0.43	0.59	0.33	0.4	0.58	0.5
% of individuals aged 18-20	3.24	3.62	3.33	3.23	3.19	3.31
% of individuals aged 21-24	7.81	7.86	7.98	8.01	7.73	8.12
% of individuals aged 25-34	30.22	30.47	30.05	30.27	30.53	30.27
% of individuals aged 35-44	32.32	32.31	33.28	33.37	32.63	32.06
% of individuals aged 45-54	19.33	18.92	18.73	18.38	19.32	19.28
% of individuals aged 55-64	3.91	3.92	3.96	3.87	3.76	4.21
% of individuals aged > 64	2.74	2.3	2.34	2.46	2.27	2.25
NATIONALITY						
% Belgian nationality	77.33	78.64	77.54	78.55	77.43	77.54
% EU 15 nationality	0.9	0.46	0.4	0.57	0.68	0.6
% EU 12 nationality	8.21	6.52	8.21	7.24	8.2	7.32
% Northwest African nationality	1.87	2.04	1.95	2.36	1.63	2.55
% Other nationality	11.69	12.34	11.91	11.28	12.06	11.99
MARITAL STATUS						
% unmarried individuals	31.62	31.52	31.33	30.67	32.36	31,67
% married individuals	49.08	48.6	48.55	48.01	48,12	48.53
% widows / widowers	3.71	3.42	3.17	3.57	3.86	3.44
% divorced individuals	15.39	16.35	16.92	17.58	15.62	16.3
% others	0.2	0.1	0,03	0.17	0.03	0.07

TABLE 1
COMPARISON OF THE TREATMENT GROUPS (CONTINUED)

	Standard Letter	+ Framed Flyer	- Framed Flyer	+ Framed Flyer & Plan	- Framed Flyer & Plan	Control
	(1)	(2)	(3)	(4)	(5)	(6)
PANEL B: BENEFICIARY-SPECIFIC CHILD-BENEFIT RELATED VARIABLES						
SYSTEM OF CHILD BENEFIT						
% category working or temporarily unemployed	26.31	27.02	26.39	26.36	26.77	25.47
% category deceased	3.77	3.36	3.89	3.87	4.57	5.00
% category unemployed for less than 6 months	3.44	3.06	3.5	3.37	3.29	3.41
% category unemployed for more than 6 months	34.89	34.95	35.46	35.19	34.7	35.54
% category retired	2.14	2.2	1.58	1.85	1.9	2.02
% category disabled	8.98	8.85	9.07	9.29	8.81	8.41
% guaranteed child benefit	7.08	7.54	6.93	6,87	6.68	6.92
% working for government institutions	13.39	13.03	13.19	13.2	13,28	13.22
SOCIAL SUPPLEMENT						
% beneficiaries receiving social supplement	37.63	37.12	37.14	37.51	37.11	37.16
NUMBER OF CHILDREN RECEIVING CHILD BENEFITS						
% individuals with 0 children	0.27	0.39	0.69	0.4	0.37	0.43
% individuals with 1 child	59.3	59.1	59	60.24	60.39	60.95
% individuals with 2 children	26.48	26.88	26.78	25.89	25.96	26.17
% individuals with 3 children	9.55	9.18	9.27	9.02	9.62	8.81
% individuals with 4 children	2.97	2.67	2.97	2.66	2.41	2.25
% individuals with > 4 children	1.44	1.78	1.29	1.78	1.25	1.39
NUMBER OF PAYMENTS SINCE FEB 2006						
Average number of payments	13.73	13.84	13.82	13.72	13.7	13.7
Standard deviation of number of payments	4.73	4.64	4.69	4.78	4.75	4.76

TABLE 1
COMPARISON OF THE TREATMENT GROUPS (CONTINUED)

	Standard Letter	+ Framed Flyer	- Framed Flyer	+ Framed Flyer & Plan	- Framed Flyer & Plan	Control
	(1)	(2)	(3)	(4)	(5)	(6)
			PANEL C: BENEFICIARY-SPECIFIC RESIDENCE-RELATED CHARACTERISTICS			
REGION						
% individuals living in Flanders	32.75	32.38	32.35	32.29	32.09	32.3
% individuals living in Wallonia	54.39	54.69	54.75	54.81	55.13	54.62
% individuals living in Brussels	12.85	12.93	12.9	12.9	12.78	13.08
PROVINCE						
% individuals living in Antwerp	16.8	17.1	16.44	16.2	16.68	16,8
% individuals living in Flemish Brabant	17.64	16.99	16.02	16.45	16.02	16.88
% individuals living in Walloon Brabant	16.64	15.79	16.81	16.81	16.47	17.49
% individuals living in Brussels	16.57	16.91	16.82	16.48	16.22	17
% individuals living in West Flanders	16.34	17.2	17.2	16.34	16.42	16.51
% individuals living in East Flanders	16.93	16.46	17.47	16.46	16.07	16.61
% individuals living in Hainaut	16.42	17.09	16.76	16.48	16.63	16.61
% individuals living in Liège	16.63	16.67	17.03	16.52	16.45	16.7
% individuals living in Limburg	16.56	16.56	17.07	17.2	15.67	16.94
% individuals living in Luxemburg	17.14	16.71	16.86	16.15	16.15	17
% individuals living in Namur	16.32	17.06	16.74	16.74	16.41	16.74
DEGREE OF URBANISATION						
% of individuals living in a metropolitan city	18	18	18.27	17.74	18.03	17.75
% of individuals living in an urban agglomeration	18.3	18.56	18.44	18.45	18.6	18.35
% of individuals living in the suburbs	8.75	8.72	8.71	8.75	8.57	8.71
% of individuals living in a regional city	13.29	13.66	13.29	13.3	13.18	13.22
% of individuals living in a small city	19.63	19.35	19.16	19.39	19.08	19.71
% of individuals living in rest	12.39	12.21	12.57	12.39	12.74	12.62
% of individuals living in a commuting town	9.65	9.51	9.56	9.97	9.79	9..64

TABLE 1
COMPARISON OF THE TREATMENT GROUPS (CONTINUED)

	Standard Letter	+ Framed Flyer	- Framed Flyer	+ Framed Flyer & Plan	- Framed Flyer & Plan	Control
	(1)	(2)	(3)	(4)	(5)	(6)
			PANEL D. EFFECTS ON COMPLIANCE			
Percentage of Beneficiaries who Switched	23.97	26.06	26.12	28.32	27.35	5.43
Net Percentage of Beneficiaries who Switched	18.54	20.63	20.69	22.89	21.92	-
Overall Number of Beneficiaries	2,995	3,039	3,032	2,970	2,951	3,019

Note: We stratified the sample according to: language and age category of the beneficiary, total number of children for which beneficiary receives child benefit support, whether the beneficiary receives a social supplement, status type of the 'entitled individual' linked to the beneficiary, and region, province, degree of urbanization of beneficiary's residence. We have a total of 3,284 or 3,285 possible observations per group. Deviations from this are accounted for by attrition between April and June, by our sample restriction decision to exclude beneficiaries who had not yet received more than one payment or who had mistakenly received two mailings and by missing data.

TABLE 2
REDUCED-FORM ESTIMATES (OLS) – EFFECTS OF EXPERIMENT ON SWITCHING RATE

	Coefficient	*Robust Standard Error*
TREATMENTS		
+ Framed Flyer	0.021	(0.011)**
- Framed Flyer	0.023	(0,011)**
+ Framed Flyer Plus Specific Plan	0.044	(0.011)***
- Framed Flyer Plus Specific Plan	0.034	(0.011)***
Control Group	-0.186	(0.009)***
SEX OF THE BENEFICIARY[B]	0.03	(0.011)***
AGE OF THE BENEFICIARY[B]		
18-20	0.093	(0.036)***
21-24	0.11	(0.036)***
25-34	0.122	(0.033)***
35-44	0.139	(0.033)***
45-54	0.147	(0.034)***
55-64	0.152	(0.034)***
> 64	0.161	(0.037)***
NATIONALITY OF THE BENEFICIARY[B]		
EU15	0.013	(0.041)
EU12	0.001	(0.011)
Northwest Africa	0.06	(0.023)**
Other	0.118	(0.012)***
MARITAL STATUS OF THE BENEFICIARY[B]		
Married	0.037	(0.008)***
Widow(er)	0.056	(0.020)***
Divorced	0.318	(0.01)***
Other	0.118	(0.111)
Employed	0.031	(0.007)***
SYSTEM OF CHILD BENEFIT[B]		
Category orphans	-0.029	(0.019)
Category unemployed < 6 months	0.007	(0.019)
Category unemployed > 6 months	-0.035	(0.011)***
Category retired	0.0007	(0.025)
Category invalidity	-0.049	(0.013)***
Guaranteed child benefit	0.009	(0.017)
Government institutions	0.013	(0.011)
Recipient of a Social Supplement	0.048	(0.009)***
Number of payments since February 2006	-0.008	(0.0007)***
COHABITATION[B]		
Entitled individual and beneficiary not in same household	0.072	(0.036)**
Entitled individual = Beneficiary	0.025	(0.008)***
Other	0.053	(0.011)***
Constant	0.135	(0.042)****
Number of observations	18,006	
Adjusted R^2	0.07	

Note: The regression controls for all the stratification variables. None of the residence-related variables significantly predicted beneficiaries' switching decision. B: Reference categories: treatment: basic letter; sex of beneficiary: female; age of beneficiary: < 18; nationality of beneficiary: Belgian; marital status beneficiary: unmarried; system of child benefit: category employed; cohabitation: entitled individual and beneficiary in the same household. * Significant at the 10-percent level; ** Significant at the 5-percent level; *** Significant at the 1-percent level.

TABLE 3
REDUCED-FORM OLS ESTIMATES: HETEROGENEOUS RESPONSE BY TREATMENT TYPE

	Standard Letter + Flyer Only	Standard Letter + Flyer + Specific Plan
	(1)	(2)
SEX OF THE BENEFICIARY[B]	0.013	0.059
	(0.022)	(0.021)***
AGE OF THE BENEFICIARY[B]		
18-20	0.086	0.155
	(0.073)	(0.062)***
21-24	0.083	0.170
	(0.069)	(0.058)***
25-34	0.107	0.178
	(0.068)	(0.056)**
35-44	0.131	0.200
	(0.069)*	(0.057)***
45-54	0.126	0.264
	(0.07)*	(0.059)***
55-64	0.155	0.269
	(0.075)**	(0.066)***
> 64	0.13	0.301
	(0.081)	(0.072)***
SYSTEM OF CHILD BENEFIT[B]		
Category orphans	- 0.027	-0.085
	(0.037)	(0.045)*
Category unemployed < 6 months	- 0.018	0.026
	(0.033)	(0.035)
Category unemployed > 6 months	- 0.051	-0.022
	(0.018)***	(0.196)
Category retired	- 0.01	-0.042
	(0.048)	(0.046)
Category invalidity	- 0.047	- 0.038
	(0.025)	(0.026)
Guaranteed child benefit	0.005	0.044
	(0.03)	(0.032)
Government institutions	0.01	-0.008
	(0.02)	(0.020)
Number of observations	6,071	5,921
Adjusted R^2	0.05	0.05

Note: Robust standard errors are reported below the estimated OLS coefficients in parentheses. We only report those coefficient estimates, which significantly differed across the two treatment types. In the regressions, we also controls for all our stratification variables, as well as marital status, cohabitation and nationality. B: Reference categories: sex of beneficiary: female; age of beneficiary: < 18; nationality of beneficiary: Belgian; marital status beneficiary: unmarried; system of child benefit: category employed; cohabitation: entitled individual and beneficiary in the same household. * Significant at the 10-percent level; ** Significant at the 5-percent level; *** Significant at the 1-percent level.

TABLE 4

LOGISTIC REGRESSION – PREDICTION CHOICE OF PAYMENT METHOD (CHECK VERSUS ACCOUNT)

	Coefficient	*Standard Error*
SEX OF THE BENEFICIARY[B]	-0.646	(0.038)***
AGE OF THE BENEFICIARY[B]		
18-20	-1.295	(0.231)***
21-24	-1.411	(0.224)***
25-34	-1.603	(0.222)***
35-44	-1.69	(0.223)***
45-54	-1.754	(0.223)***
55-64	-1.692	(0.227)***
> 64	-1.263	(0.231)***
NATIONALITY OF THE BENEFICIARY[B]		
EU15	0.635	(0.12)***
EU12	0.34	(0.034)***
Northwest Africa	0.331	(0.064)***
Other	0.407	(0.036)***
MARITAL STATUS OF THE BENEFICIARY[B]		
Married	-0.096	(0.023)***
Widow(er)	-0.16	(0.056)**
Divorced	-0.157	(0.029)***
Other	0.322	(0.464)
EMPLOYED	-0.434	(0.022)***
SYSTEM OF CHILD BENEFIT[B]		
Category orphans	-0.238	(0.056)***
Category unemployed < 6 months	0.091	(0.057)
Category unemployed > 6 months	0.226	(0.034)***
Category retired	0.183	(0.072)*
Category invalidity	0.215	(0.042)***
Guaranteed child benefit	0.679	(0.053)***
Government institutions	-1.214	(0.031)***
Recipient of a Social Supplement	-0.05	(0.03)*
Number of payments since February 2006	-0.057	(0.004)***
COHABITATION[B]		
Entitled individual and beneficiary not in same household	0.445	(0.119)***
Entitled individual = Beneficiary	-0.13	(0.024)***
Rest group	0.128	(0.031)***
REGION[B]		
Wallonia	0.213	(0.046)***
Brussels Capital	-0.291	(0.041)***
PROVINCE[B]		
Flemish Brabant	-0.139	(0.049)**
Walloon Brabant	-0.195	(0.06)***
West-Flanders	0.145	(0.046)**
East-Flanders	-0.027	(0.043)
Hainaut	0.248	(0.038)***
Liège	-0.148	(0.042)***
Limburg	-0.132	(0.052)*
Luxemburg	0.018	(0.057)

TABLE 4

LOGISTIC REGRESSION – PREDICTION CHOICE OF PAYMENT METHOD (CHECK VERSUS ACCOUNT) (CONTINUED)

	Coefficient	*Standard Error*
DEGREE OF URBANISATION[B]		
Large city (agglomeration)	0.08	(0.031)**
Large city (suburbs)	0.042	(0.038)
Commuting town near large city	0.089	(0.034)**
Regional city	0.134	(0.031)***
Small city	0.194	(0.037)***
Rest (villages)	0.164	(0.037)***
Constant	0.946	0.229)***
Number of observations	33,774	
Adjusted R^2	0.11	

Note: B: Reference categories: treatment: basic letter; sex of beneficiary: female; age of beneficiary: < 18; nationality of beneficiary: Belgian; marital status beneficiary: unmarried; system of child benefit: category employed; cohabitation: entitled individual and beneficiary in the same household; region: Flanders; province: Antwerp; degree of urbanisation: large city (centre). * Significant at the 10-percent level; ** Significant at the 5-percent level; *** Significant at the 1-percent level.

Rue de Trèves 70
B-1000 Bruxelles

Bijlage 2

Expéditeur ONAFTS Rue de Trèves 70 B-1000 Bruxelles

service

date
notre réf.
votre réf.
contact

téléphone 02-237
02-237 21 12
télécopieur

Concerne: **Paiement de vos allocations familiales**

Madame (nom),
Monsieur (nom),

Vous percevez vos allocations familiales chaque mois par chèque circulaire. Si vous faites **verser** vos allocations familiales **sur un compte à vue,** vous en retirerez d'**importants avantages**:

- Vous ne pouvez encaisser gratuitement un chèque circulaire que dans un bureau de poste, une banque réclame des frais à cette fin. Le paiement sur un compte à vue auprès d'une banque ou de la Poste est par contre **gratuit pour vous**.
- Un chèque circulaire peut se perdre ou être volé. Le paiement sur un compte à vue est donc **beaucoup plus sûr**.
- Le paiement sur un compte est **plus facile:** vous pouvez retirer de l'argent à l'endroit, au moment et jusqu'à concurrence du montant que vous souhaitez.

De plus le **paiement sur un compte à vue** est devenu **une méthode de paiement encore plus avantageuse grâce à deux initiatives du gouvernement**:

1. **Toute personne** ayant une résidence légale en Belgique **peut ouvrir un compte à vue** pour 12 EUR par an au maximum (loi sur le service bancaire de base).

2. A partir du 1er janvier 2007, les allocations familiales (y compris l'allocation de naissance et la prime d'adoption) qui sont versées sur un compte à vue sont **entièrement protégées contre la saisie le jour du versement.** Les allocations familiales sont normalement versées sur votre compte au plus tard le dixième jour du mois.

Attention:

- La protection complète ne vaut que le jour où l'argent est versé sur votre compte. A partir du jour suivant, la protection diminue ensuite d'un trentième par jour.
  Exemple: le 10 juin, 120 EUR d'allocations familiales sont versés sur votre compte. Le 10 juin, le montant est entièrement protégé contre la saisie. Un jour plus tard, le 11 juin ,4 EUR peuvent être saisis (1/30 de 120 EUR). Le 20 juin, 40 EUR peuvent être saisis (10/30 de 120 EUR).

- La protection contre la saisie ne vaut pas si vous encaissez d'abord les allocations familiales par chèque circulaire et si vous ne les versez qu'ensuite sur votre compte à vue.

- Votre banque peut apurer un solde négatif sur votre compte.

- Les allocations familiales ne **peuvent être payées que sur un compte à votre nom** ou sur un **compte commun** (à votre nom et à celui de votre partenaire) auquel vous avez également accès.

Vous pouvez indiquer votre numéro de compte sur le **formulaire ci-joint** pour percevoir désormais vos allocations familiales sur votre compte à vue. Demandez à votre banque de compléter également la partie inférieure du formulaire. Renvoyez le formulaire à l'adresse mentionnée dans la partie supérieure de la première page de cette lettre.

Pour toute question supplémentaire, vous pouvez vous adresser à votre gestionnaire de dossier. Vous trouverez ses coordonnées en haut de la première page de cette lettre.

Veuillez agréer, Madame, Monsieur, l'expression de notre considération distinguée.

Comment pouvez-vous faire payer désormais vos allocations familiales sur votre compte?

Les allocations familiales ne peuvent être payées que sur un compte à votre nom ou sur un compte commun (à votre nom et à celui de votre partenaire) auquel vous avez aussi accès.

Vous avez déjà un compte?

1. **Complétez vous-même la partie supérieure** du formulaire ci-joint en mentionnant votre adresse, votre date de naissance et votre numéro national (vous le trouverez en haut à droite de votre carte SIS).

2. Faites compléter **la partie inférieure par votre banque**.
3. **Renvoyez le formulaire au service et à l'adresse qui sont indiqués sur ce formulaire.**

Vous n'avez pas encore de compte?

Vous pouvez ouvrir un compte dans **n'importe quelle banque** pour **12 EUR au maximum par an**.

Plus d'info?

Avez-vous d'autres questions concernant votre dossier?

Prenez contact avec votre gestionnaire de dossier.

Vous trouverez son nom, son service, son adresse et son numéro de téléphone sur le formulaire ci-joint.

Vous désirez des informations générales?

Prenez contact avec:

L'Office national d'allocations familiales pour travailleurs salariés
Rue de Trèves 70
1000 BRUXELLES
Tél. 02-237 23 20
ou 0800-94 434 (numéro gratuit)
info.mediation@rkw-onafts.fgov.be
www.allocationfamiliale.be

Office national d'allocations familiales pour travailleurs salariés

FAITES VERSER VOS ALLOCATIONS FAMILIALES SUR UN COMPTE BANCAIRE!

Le paiement sur un compte est:

- ⇨ gratuit
- ⇨ sûr
- ⇨ pratique
- ⇨ facile à contrôler

ANNEXE 3

Pourquoi faire payer vos allocations familiales sur un compte bancaire?

Vous recevez actuellement vos allocations familiales par chèque circulaire.

Le paiement sur un **compte bancaire** présente toutefois de nombreux **AVANTAGES**:

- **il est gratuit**
- **il est beaucoup plus sûr (un chèque circulaire peut se perdre ou être volé)**
- **vous pouvez retirer votre argent où et quand vous le voulez, et le montant que vous souhaitez**
- **vous contrôlez aisément vos revenus et vos dépenses**

Pourquoi opter *maintenant* pour le paiement de vos allocations familiales sur un compte bancaire?

Deux initiatives récentes du gouvernement rendent **le paiement sur un compte bancaire ENCORE PLUS AVANTAGEUX**:

1. Grâce à la loi instaurant un service bancaire de base, chaque personne disposant d'un domicile légal en Belgique peut ouvrir un **compte** pour **12 EUR par an au maximum**.
2. Depuis le 1er janvier 2007, les allocations familiales qui sont versées sur un compte **ne peuvent plus être saisies le jour du versement**. Les allocations familiales sont normalement versées sur votre compte au plus tard le 10 du mois.

Attention:

- Vos allocations familiales ne sont protégées entièrement contre la saisie que le jour du versement sur votre compte. Ensuite, la protection diminue d'1/30 par jour.

Exemple: les allocations familiales, d'un montant de 120 EUR, sont versées sur votre compte le 10 juin. Le 10 juin, le montant est entièrement protégé contre la saisie.
Un jour plus tard, le 11 juin, 4 EUR peuvent déjà être saisis (1/30 de 120 EUR).
Le 20 juin, 40 EUR peuvent être saisis (10/30 de 120 EUR).

- Vos allocations familiales ne sont pas protégées contre la saisie si vous les touchez d'abord au moyen d'un chèque circulaire et que vous les versez seulement ensuite sur votre compte.
- Votre banque peut apurer un solde négatif sur votre compte.

Comment pouvez-vous faire payer désormais vos allocations familiales sur votre compte?

Les allocations familiales ne peuvent être payées que sur un compte à votre nom ou sur un compte commun (à votre nom et à celui de votre partenaire) auquel vous avez aussi accès.

Vous avez déjà un compte?

1. **Complétez vous-même la partie supérieure** du formulaire ci-joint en mentionnant votre adresse, votre date de naissance et votre numéro national (vous le trouverez en haut à droite de votre carte SIS).

2. Faites compléter **la partie inférieure par votre banque**.
3. **Renvoyez le formulaire au service et à l'adresse qui sont indiqués sur ce formulaire.**

Vous n'avez pas encore de compte?

Vous pouvez ouvrir un compte dans **n'importe quelle banque** pour **12 EUR au maximum par an**.

Plus d'info?

Avez-vous d'autres questions concernant votre dossier?

Prenez contact avec votre gestionnaire de dossier.

Vous trouverez son nom, son service, son adresse et son numéro de téléphone sur le formulaire ci-joint.

Vous désirez des informations générales?

Prenez contact avec:

L'Office national d'allocations familiales pour travailleurs salariés
Rue de Trèves 70
1000 BRUXELLES
Tél. 02-237 23 20
ou 0800-94 434 (numéro gratuit)
info.mediation@rkw-onafts.fgov.be
www.allocationfamiliale.be

Office national d'allocations familiales pour travailleurs salariés

FAITES VERSER VOS ALLOCATIONS FAMILIALES SUR UN COMPTE BANCAIRE!

Le paiement par chèque circulaire:

- ⇨ n'est souvent pas gratuit
- ⇨ n'est pas si sûr
- ⇨ est peu pratique

ANNEXE 4

Pourquoi faire payer vos allocations familiales sur un compte bancaire?

Vous recevez actuellement vos allocations familiales par chèque circulaire.

Le paiement par **chèque circulaire** présente toutefois d'importants **INCONVENIENTS**:

- **souvent il n'est pas gratuit: vous ne pouvez encaisser gratuitement un chèque circulaire que dans un bureau de poste; les banques comptent des frais**
- **il n'est pas si sûr: un chèque circulaire peut se perdre ou être volé**
- **il est moins pratique: vous ne pouvez pas retirer votre argent où et quand vous le voulez, ni le montant que vous souhaitez**

Pourquoi opter *maintenant* pour le paiement de vos allocations familiales sur un compte bancaire?

Deux initiatives récentes du gouvernement rendent **le paiement sur un compte bancaire ENCORE PLUS AVANTAGEUX**:

1. Grâce à la loi instaurant un service bancaire de base, chaque personne disposant d'un domicile légal en Belgique peut ouvrir un **compte** pour **12 EUR par an au maximum**.
2. Depuis le 1er janvier 2007, les allocations familiales qui sont versées sur un compte **ne peuvent plus être saisies le jour du versement**. Les allocations familiales sont normalement versées sur votre compte au plus tard le 10 du mois.

Attention:

- Vos allocations familiales ne sont protégées entièrement contre la saisie que le jour du versement sur votre compte. Ensuite, la protection diminue d'1/30 par jour.

Exemple: les allocations familiales, d'un montant de 120 EUR, sont versées sur votre compte le 10 juin. Le 10 juin, le montant est entièrement protégé contre la saisie.
Un jour plus tard, le 11 juin, 4 EUR peuvent déjà être saisis (1/30 de 120 EUR).
Le 20 juin, 40 EUR peuvent être saisis (10/30 de 120 EUR).

- Vos allocations familiales ne sont pas protégées contre la saisie si vous les touchez d'abord au moyen d'un chèque circulaire et que vous les versez seulement ensuite sur votre compte.
- Votre banque peut apurer un solde négatif sur votre compte.

ETAPE PAR ETAPE

Comment passer du paiement de vos allocations familiales par chèque circulaire au paiement sur un compte?

Vous disposez déjà d'un compte ouvert à votre nom ou d'un compte commun (à votre nom et au nom de votre partenaire) auquel vous avez aussi accès:

1. Complétez vous-même la partie supérieure du formulaire ci-joint (« Paiement de vos allocations familiales sur un compte »), en y indiquant:
   - vos nom, prénom et adresse complète
   - votre numéro national (en haut à droite de votre carte SIS)
   - votre date de naissance
   - votre numéro de compte
   - n'oubliez pas de dater et de signer!
2. Faites compléter la partie inférieure (« Déclaration de l'institution financière ») par votre banque.
3. Renvoyez le formulaire au service et à l'adresse qui figurent sur ce formulaire.

VOUS POUVEZ AUSSI APPORTER CE FEUILLET ET LE DEPLIANT QUI L'ACCOMPAGNE A VOTRE BANQUE.

Vous n'avez pas encore de compte bancaire:

Grâce à la loi instaurant un service bancaire de base, CHAQUE PERSONNE disposant d'un domicile légal en Belgique peut ouvrir un compte pour 12 EUR au maximum par an. Si vous n'avez pas encore de compte, vous pouvez donc en ouvrir un auprès de la banque de votre choix.

1. Pour ce faire, vous avez besoin:
   - si vous n'êtes pas marié(e): de votre carte d'identité ou de votre passeport;
   - si vous êtes marié(e):
     - de votre carte d'identité ou de votre passeport et
     - de la carte d'identité (ou une copie des deux faces de la carte d'identité) de votre partenaire ou de son passeport.

   ☝ Si vous êtes marié(e), la banque vous demandera toujours les coordonnées de votre partenaire. Cela ne veut pas dire que vous êtes obligé(e) d'ouvrir un compte commun. Vous pouvez aussi ouvrir un compte personnel à votre nom.
2. Dès que vous avez ouvert un compte bancaire, suivez les instructions 1-3 du cadre ci-dessus.

VOUS POUVEZ AUSSI APPORTER CE FEUILLET ET LE DEPLIANT QUI L'ACCOMPAGNE A VOTRE BANQUE.