



CHALLENGE

Even though in Colombia all workers are required to contribute to the social security system, in 2018, 35% of private entity employees and 67% of self-employed workers did not contribute to their pension. This is, in part, due to 44% of Colombians having incomes below the minimum wage and, therefore, the minimum contribution to the system would represent a very high percentage of their income. As they do not have a sufficient income, many Colombian workers do not have an automatic mechanism to save for old age.

To improve the coverage of this population, in 2015 the Colombian government created the voluntary pension savings program, Beneficios Económicos Periódicos (BEPS). When designing the intervention, in June 2018, BEPS had 1 107 383 affiliates, of which 352,192 (31.8%) had saved at least once in the program. In addition, only 19% of those who saved did so constantly: either they had saved at least 147,500 Colombian pesos in 2017 (approx. 115 PPP dollars), or they had made more than six contributions in that year, requirements to access life insurance subsidized by the program in 2018.

This program has no cost for the beneficiary, in addition to having subsidized benefits for those who exceed minimum savings.

Incentivizing voluntary retirement savings among self-employed and low-income workers is challenging. In a context of limited resources, a first challenge is to identify which affiliates your promotion efforts should focus on. In other words, you need to identify who is most interested in saving and determine their savings potential. Traditionally, affiliates are often segmented according to certain socioeconomic characteristics, including age, gender, income level (or similar variables) and place of residence. Although many of these variables suggest different ways of addressing the affiliate, the segmentations are still very broad and are not necessarily associated with the savings potential of each individual. A second challenge is identifying the best way to communicate with workers. While there is evidence of the broad benefits of contacting them through personalized messages and plans (Azevedo et al., 2019), there is a clear trade-off between the scope of a campaign and the level of closeness with the saver that can be achieved.

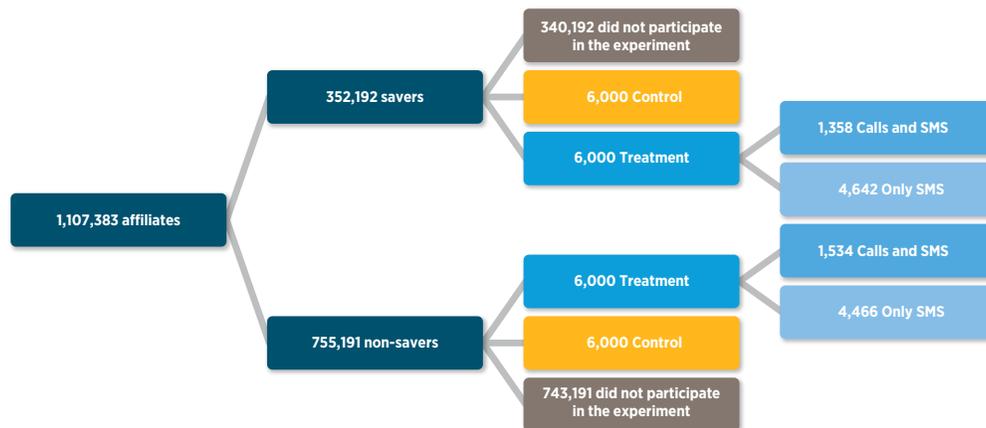
In this way, the two questions are related, since, with broad segmentations and little understanding of people's ability to save, communication with affiliates are not personalized. Thus, the analysis of enriched and unstructured databases would make it possible to identify affiliate segments with a high propensity to save, enabling highly personalized savings promotion campaigns to be carried out.

INTERVENTION DESIGN

Approximately 24 000 BEPS affiliates in June 2018 (12,000 affiliates who had been saving and another 12,000 who had not been saving) were randomly assigned to the control or treatment groups. Among treatment group affiliates, the 10,834

who had cell phone information received three text messages that either provided information on the program or promoted saving in BEPS.

FIGURE 1. PILOT IMPLEMENTATION SUMMARY





Then, using an analytical model to segment the affiliates, savers profiles with a high or very high saving disposition were identified, a segmentation that was then applied to the group of non-savers to identify those who also had a high or very high savings potential. In this profiling, in addition to unconventional groupings according to geographic variables (going beyond commonly used regions), it was found that affiliates with high savings potential were those who had joined the program more recently and had relatively few financial obligations, even though they were already active users of the formal financial system (98% had a savings account and three out of four had a credit card).

Affiliates with high and very high savings potential were selected to carry out the call campaign, which lasted for 2 months. In these calls, the call center agent helped answer affiliates' questions and sought to establish a close relationship with them, thus bringing them closer to the organization and generating greater identification with the program. In addition, all calls had a message that incentivized them to save, with an emphasis on the present benefits that can be obtained by saving in the program (for example, subsidized life insurance for those who save enough). During the first month, an average of 2,192 people were contacted, while in the second month this number was 1,522. Many of those contacted in the second month had also been contacted during the first month.

IMPACT

Being assigned to the treatment group is significantly related to a greater number of savers and greater savings amount. The effects, however, are limited to active affiliates. Among active affiliates during the 2 treatment months, while 16.1% of control group participants made a contribution in an average month, in the treatment group 18.4% made a contribution (14% more).

saved COP 7,650 (USD 2.34, approx) per month on average, while the control group saved COP 6,993 (USD 2.13, approx) per month, on average.

Unlike other similar experiments carried out by the [Retirement Savings Laboratory](#), the additional savings are enough to find a significant effect on the amounts saved. The treatment group

Among inactive affiliates, those assigned to the treatment group had a 41% higher probability of making contributions in one month and saved an additional 46.9% per month. However, the differences found are not significant from a statistical point of view.

FIGURE 2. SUMMARY OF THE TREATMENT'S MONTHLY IMPACTS

