

HSBC trials Nudge, the world's first banking app combining customer data and nudge theory

Developed using behavioural science insights from the LSE about how technology can assist consumers' financial decision making

19th January 2016 - HSBC has begun trialling a new consumer finance app - HSBC Nudge - designed to help customers achieve their financial goals with the help of gentle 'nudges'. The app uses nudge theory to encourage customers to make small, regular financial decisions that will result in a change to long term spending habits.

A recent study by the London School of Economics and Politics (LSE)*, commissioned by HSBC, utilised behavioural science to explore the barriers experience by people when trying to achieve their financial goals. It identified that leveraging technology, such as automatic messages, was key in encouraging people to meet their financial ambitions.

Nudge theory is a concept which argues that positive and indirect suggestions or 'nudges', can influence an individual's decision making. Using software to evaluate individuals' current account data, HSBC Nudge identifies trends in customers' spending habits and sends regular, targeted digital 'nudges' to make people aware of their expenditure.

These messages are designed to encourage customers and help them achieve their longer term financial goals. There are currently 38 types of nudges in the trial, these include notifications about the amount of money spent on groceries in a week and updates on how much customers are spending or saving versus others in the same income bracket.

Nudge is being trialled by around 500 HSBC customers over a three-month period. During this time, HSBC will test the effectiveness and popularity of different nudges.

This trial follows the successful introduction of a text alert service that warns customers when they are approaching their overdraft limit. This service has already saved HSBC's customers over £85m in overdraft charges since its introduction, with £800,000 saved between Christmas and New Year alone.

Raman Bhatia, Head of Digital at HSBC UK said: *"We know that many of our customers have good intentions for their financial futures, but that willpower alone is not always enough to drive a long term change in behaviour. By incorporating nudge theory into our digital customer communications, we can help customers to achieve their financial goals."*

Professor Paul Dolan, London School of Economics and Political Science commented: *"Just as personal trainers can be effective in helping individuals stick to their exercise goals, financial institutions can play an important role in helping their customers follow through with their good financial intentions. It is great to see that HSBC is using the lessons from behavioural science to change customers' behaviour and improve their financial wellbeing."*

– ENDS –

Media contacts

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Notes to editors

***Doing as I intend to: the role of implementation intentions in financial behaviours** – *Paul Dolan, Laura Kudrna and Kate Lafan, London School of Economics and Political Science, commissioned by HSBC, 2015*

**** Applying behavioural insights to reduce fraud, error and debt** – *Cabinet Office, Behavioural Insights Team, February 2012*

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HSBC Bank plc

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