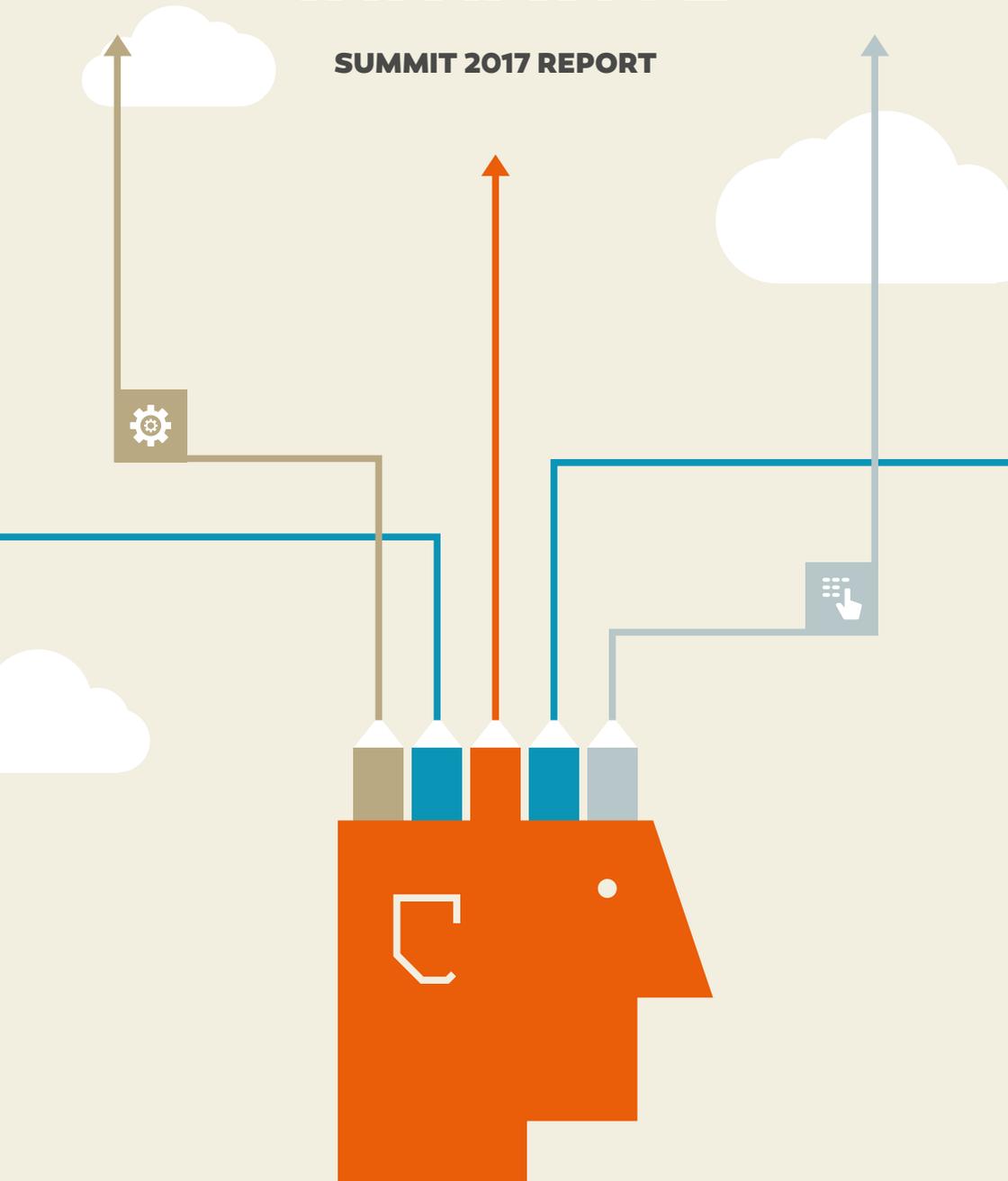


THINK FORWARD INITIATIVE

SUMMIT 2017 REPORT



About the Think Forward Initiative

The Think Forward Initiative is a multi-year movement bringing together a range of experts and research to find out how and why we make financial choices. The lessons learned will be a springboard for action to help consumers.

www.thinkforwardinitiative.com

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THINK FORWARD INITIATIVE

About the Think Forward Initiative

**How can we empower people to make better financial decisions?
That's the question the Think Forward Initiative wants to answer.**

When it comes to financial decisions, it's important to know what we're choosing – and why. Because although we like to see ourselves as sensible and logical decision-makers, studies continue to show that our decisions are driven by many other (often subconscious) factors.

Is it too hard to imagine and consider our future needs over our current needs? Does the abundance of choice help us or hinder us? We've all been there. From small decisions on impulse purchases to potential life-changing decisions on mortgages and pensions, financial choices are rarely easy.

How is the Think Forward Initiative tackling this? By conducting the right research to find out how and why people make financial choices, and then applying these insights to develop the right tools to help people – tools that are personal, relevant and timely.

ACHIEVEMENTS IN 2016

The Think Forward Initiative has accomplished a lot since the first Think Forward Summit in February 2016. At the time participants decided to narrow down three areas to focus on: savings, investment and retirement; budgeting, spending and borrowing; and financial literacy. Three areas where people experience challenges in their financial decision-making.

Over the following year, we defined five projects, which participants were busy working on throughout the year. The projects consisted of a research part and a practical solution.

Budgeting, spending and borrowing:

- Social media analysis
- Intra-household dynamics

Savings, investments and retirement:

- Future self
- Social-norm nudge

Financial literacy:

- Financial capability

For more information on the progress of the TFI projects please see www.thinkforwardinitiative.com

TFI's strategy outlines four ways to achieve its goal:

1. Develop and conduct new research;
2. Develop practical solutions that capitalise on the research results;
3. Increase awareness of the challenges and solutions to improving financial decision-making;
4. Draft policy recommendations.

The first two activities are well underway. The break-out session during the 2017 Summit focussed mostly on number three, generating ideas to increase awareness and maximise the impact of TFI.

THE 2017 SUMMIT

Four speakers – to inspire

The first part of the Summit offered participants the latest insights from leading thinkers on behavioural finance and financial decision-making. The four speakers inspired the participants with their enthusiastic and innovative thoughts.

Michael Norton is the Harold M. Brierley Professor of Business Administration at the Harvard Business School. He is the co-author (with Elizabeth Dunn) of the book 'Happy Money: The Science of Happier Spending'. His TEDx talk, How to Buy Happiness, has been viewed more than 3 million times.

Michael shared his insights on how consumers can spend money to 'buy happiness'. His research shows that people are actually happier when they spend money on others rather than on themselves. Plus, buying an experience, like a vacation, garners more happiness than buying things, like a car. Not only do these things make people happier, but the happiness also lasts longer.

Sille Krukow is the founder of KRUKOW and the developer of the KRUKOW behavioural design methodology.

Through her many years of designing and managing field tests within global organisations, she has built up the KRUKOW portfolio and knowledge bank on how to apply behavioural science and design thinking to optimise consumer behaviours and businesses.

Sille shared her insights on research methodology in the field of behavioural science. Her experience shows that without a structured approach, behavioural improvements become unrepeatable and thus unmanageable. A cycle of data gathering, analysis, prototyping, validation and implementation is needed to start a continuous improvement process.

Björn Weigel is a business strategist, private equity investor and entrepreneur. He has extensive

experience in growing innovative companies. He has always been active in policy issues and economic development for society.

Bjorn shared his insights into the state of innovation today. His research demonstrated that the pace of innovation is actually slowing down, which leads to a decrease in productivity and economic growth. Causes include increased concentration of market power among fewer players in many sectors. But also increased regulation, which creates barriers to entry for new players and leads to higher compliance costs. Creative destruction is therefore ever more rare. He called for an overhaul in government policy to remedy the situation.

MJ Petroni is a cyborg anthropologist: a translator of trends, provocateur of new ways of thinking and guardian of values in the technology age. He draws from his experience with start-ups and digital businesses, global travel, and research to create compelling narratives of our future that catalyse innovation for top teams at global companies, organisations and governments.

MJ shared his insights into truly disruptive innovation. He took the audience through the day of Jenna, an imaginary consumer far in the future who uses a device to assist her with everything she does throughout her day. It demonstrated a world where customers no longer care about which companies they are using, but where everything is done through a device or app—the machinery behind it is fully irrelevant.

BREAK-OUT SESSION

The second part of the 2017 Summit consisted of a break-out session where participants split into four groups to discuss TFI's progress and projects so far, as well as strategy and activities for this year and beyond.

Process

Three of the break-out groups were organised along the themes of TFI, with the fourth looking at long-term innovation trends:

1. Budgeting, spending and borrowing
2. Savings, investment and retirement
3. Financial literacy
4. Improving financial decision making in 2027

Each of the three theme-related groups posed three questions to participants:

1. How can we maximise the impact

of the existing projects or... what did you miss?

This question asks the participants for ideas to maximise the impact of the existing TFI projects to increase awareness. If participants felt the existing projects could be improved, they could bring that forward also.

2. What new ideas, insights or areas

must we explore in this theme to enable innovation?

Participants were asked for their ideas on under-researched areas within the

theme, and new insights and ideas that TFI can use to maximise impact.

3. Who do we miss?

Finally, participants were asked for ideas on people, academic institutions, technology or fintech experts, corporations or NGOs that they felt TFI should involve – broadening the network in order to maximise impact.

In the fourth group, participants discussed which long-term innovations would have an impact on consumers in 2027. After a brief presentation of some trends, the participants split up in four mini-groups to reflect. How can TFI focus on these more long-term trends and innovations in coming years? Which trends impact the world and consumers in 2027?

Each break-out group had between 25 and 30 participants. The theme-related groups each split into two teams, while the long-term innovation group had sub-groups of seven to nine participants each.

RESULTS

The results of the break-out sessions can be found in the seven mindmaps in this report.

There are six theme-related mindmaps addressing questions 1 and 2; and one mindmap for the group long-term innovation. Finally you'll find a scheme on question 3 from all three themes. The results of the break-out session will be used to shape the TFI strategy and plan going forward.

After the session the facilitators presented the main findings of the break-out sessions to the participants.

The three key take-aways of the theme **Budgeting, spending and borrowing** were:

1. Add more positive feedback into the practical solutions; make them less binary (not only yes or no) and more personal, add a 'wish list', propose alternatives like sharing instead of buying and make the practical solutions more fun.
2. The practical solutions should be accessible; like cooperation with institutions where people go when they experience big life events.
3. Preferably, TFI should focus on young people; in research and in schools.

The three key take-aways of the theme **Savings, investments and retirement** were:

1. The group saw the need for 'meta-research', there is a need for research and infrastructure that transcends the themes. For example, issues as access to transaction data, the trust issue, privacy and others.
2. An important question is, how do we get people to use these tools? What will trigger them to take action and start using these tools?
3. What is truly material in financial health? Which decisions and personality traits truly determine the outcomes?

The three key take-aways of the theme **Financial literacy** were:

1. The apps should be integrated with existing banking apps to learn and leverage on transaction data.
2. The apps should test the validity of the profiling questions, the user's actual profile, and the tips and tricks which are generated – and learn from 'fun feedback' of the tips and tricks.
3. Initiate a new 'trust track' within TFI dealing with trust, ethics and privacy.

**How can TFI
maximise impact of
the existing projects
or ...
what did you miss?**

In general

**Social media
analysis**

**Intra-household
dynamics**

Theme: Budgeting, spending & borrowing

- Use gamification in the tools, so it will be more interesting to use.
- Timebox the developing of the tools, so we won't miss market opportunities.

- Include young people in the media analysis; their social media behaviour and communication style is different.
- Include people that are not so likely to use the tools, though they might need it the most.
- Include a periodic overview dedicated to what you can buy, to remain positive.
- Add a wish list in which users can see how making purchases now effects their ability to purchase other things later (positive stimulation).
- Involve retailers in future development of the solution.
- Gain more insight in the correlation between emotion and purchase outcome.
- Make it more transparent how the individual data is used.
- Reconsider whether the tool should be a banking product.
- Define when the project is considered a success.
- Be less binary in the answer (yes/no).

- Develop tools for young children too, so they will grow up with more financial information.
- Gain more insight into the most effective ways about how joint decisions are made.
- Take a person's characteristics in account and involve these characteristics in the research.
- Use a test environment lab in which we can see how households respond.
- Reconsider the approach from the other way around to make it effortless.
- Make the tool more fun to use.
- Make the outcome of the tool more concrete.
- Think about a plug-in option rather than a stand-alone app.
- Onboarding of people and institutions that are involved in people's life decisions.

**What new ideas,
insights or areas
must TFI explore in
this theme to enable
innovation?**

In general

Research

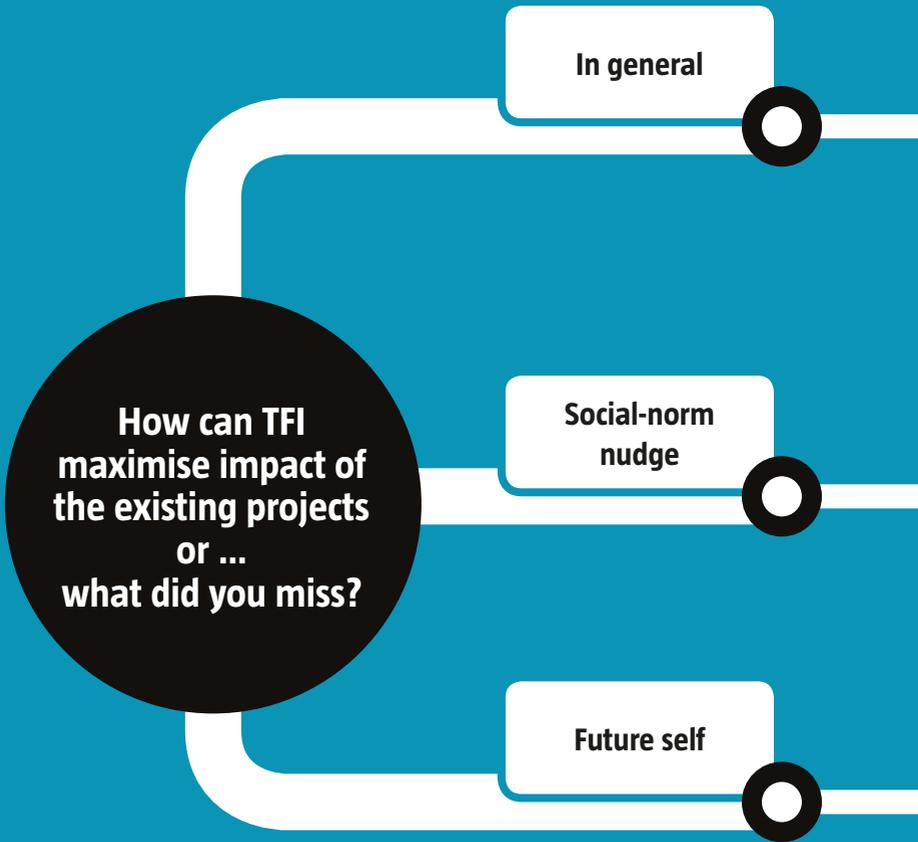
Practical solutions

Theme: Budgeting, spending & borrowing

- Think about a financial model for TFI, like the Spotify model.
- Include a global view: involve best practices and users from other continents.
- Involve young adults in the TFI working groups.
- Don't involve too many commercial organisations: keep the balance.
- Organise more discussion on confidence and trust: how can consumers trust us to protect them?

- Expand the research to changing technology and how that influences our behaviour.

- Develop a planning game for young kids at school to teach them to make smart financial decisions early.
- Create an intergenerational aspect (between parents and children).
- Come up with a cheaper alternative if someone can't purchase the product they like.
- Consider the sharing economy as an alternative to purchasing or borrowing.
- Take the sort of relationship that people have into account too.



Theme: Savings, investments & retirement

- Define success, and when the outcome is sufficient; when is someone financially responsible?
- Make a marketing plan: is the app a product? a service?
- Define the goals of the tools and decide whether an app is the right instrument.
- Broaden the scope of implementation of the research, it doesn't have to be an app.
- Keep in mind the differences between people, they may need different nudges.
- Find out if we can use existing tools that already have a user base.
- Link the projects with social media analysis.
- Enlarge the testing sample and with people who agree to make their transaction data available.
- Collect data, publish papers and make the data available for other academic research.

- Add the question: 'What would financially responsible people do?'
- Allow for multiple peer groups.
- Let users describe their peers and use that data for the peer feedback.
- Test the app by making it broadly available.
- Broaden the scope to other tools to save money, for example investing.
- Add gamification aspects for motivation.
- Using the app as a data gathering method might fuel the academic results on this topic.

- Add the notion of risk in the projection.
- Find out what's the easiest way for people to get started with the app; starting with goals could be hard for people.
- For the Netherlands: connect with the pension registry.
- Show what you can't do if you decide to spend money.

**What new ideas,
insights or areas
must TFI explore in
this theme to enable
innovation?**

In general

Research

Practical solutions

Theme: Savings, investments & retirement

- A project about how to optimise the interaction between machines and humans, especially when using multiple agents.

- Research on what choices are truly material in financial decision making.
- Research on how to move people from deposits to investments that carry more risk and reward.
- Research on the collective: what is the optimal result for the collective?
- Research on optimal (text) framing to get the desired behaviour.
- Research on how to create habits and how much time is needed to change them.
- Research on the correlation between public expenditure and research behaviour.
- Research on happiness and saving: are people who saved happier than people who didn't?
- How effective are financial games for children?
- What makes a consumer start with a tool in the first place?
- How do political developments influence people's financial decision making?
- What can we learn from people's behaviour during specific periods in time? (for example great depression)
- What is the impact of the sharing economy on saving needs?
- Look into the distinction between what drives differences in income and wealth.
- Compare the financial reserves of people to their perception of their financial reserves.

- Find out who the target group is for tools for improving financial decision making.

**How can TFI
maximise impact of
the existing projects
or ...
what did you miss?**

In general

**Financial
capability**

Theme: Financial literacy

- Change the name of the theme Financial Literacy to Financial Capability.
- Organise feedback loops between the design and testing trials, do not stick with one solution.
- Make a teenager version of the tool, to start early in their financial careers.

- Make sure to use language that fits the target group: needs, wants (not fears).
- Connect the past self and the current self: organise reminders about your own rating of your previous experiences.
- Start crowd funding and storytelling about the tool, since it is too much between partners now.
- Strengthen the accuracy of the link between profile questions, the actual profile and the generated tips and tricks.
- Find the right target group (probably 20-30s) and make sure to focus, in order to deliver the proper tips and tricks.
- Define a clear behavioural result (KPI) for use of the tool (define what it is 'to make ends meet').
- Find synergy between the tools developed within the different projects, there seems to be overlap in the different tools and perhaps more diversified tools would help (like engage with retail).
- Add experimental variation to the current research.
- Include social factors into the decision making analysis and the tool eventually.
- Make sure that the tool is flexible enough in order to use feedback from testing.

**What new ideas,
insights or areas
must TFI explore in
this theme to enable
innovation?**

In general

Research

Practical solutions

Theme: Financial literacy

- Trust, privacy, security and ethics are really important themes in all the projects so far, and therefore a new 'trust track' should be initiated by TFI.
- TFI should work with primary and secondary educational institutions to work on the curriculum.
- From Michael Norton's insights: contingent matching translated to contingent saving: the bank will give you a higher interest return if you actually commit to saving contingent on others sticking to the saving deal as well.
- TFI should invite start-ups and other partners to make use of TFI to test their tools.

- In research TFI should link to administrative data (from ING and public institutions) to improve insights.

- The app should be dynamic in design, responding to feedback from different groups of users and could include machine learning, in order to specify the profiles continuously.
- TFI should include more fun in the tool, by adding gamification and fun feedback and asking users to rate the tips and tricks from the tool and have fireworks for the best ones and EXPLODE the worst three.
- The solution should be tailor-made in terms of design, language and gamification for the target group: gender specific, age specific, sinus milieu, etc.
- TFI should link up with other financial literacy initiatives – including research – to define the basic principles that are most important for financial literacy and translate them into the tool(s).

**What trends
impact the future
of the world and
consumers
in 2027?**

Business models

Politics

**Jobs and
education**

Data and trust

Technology

**Behaviour and
psychology**

TFI trends

- Income will be passive, through 'sharing' assets.
- New ways to create and exchange value will be developed.
- Business models will be more platform based.

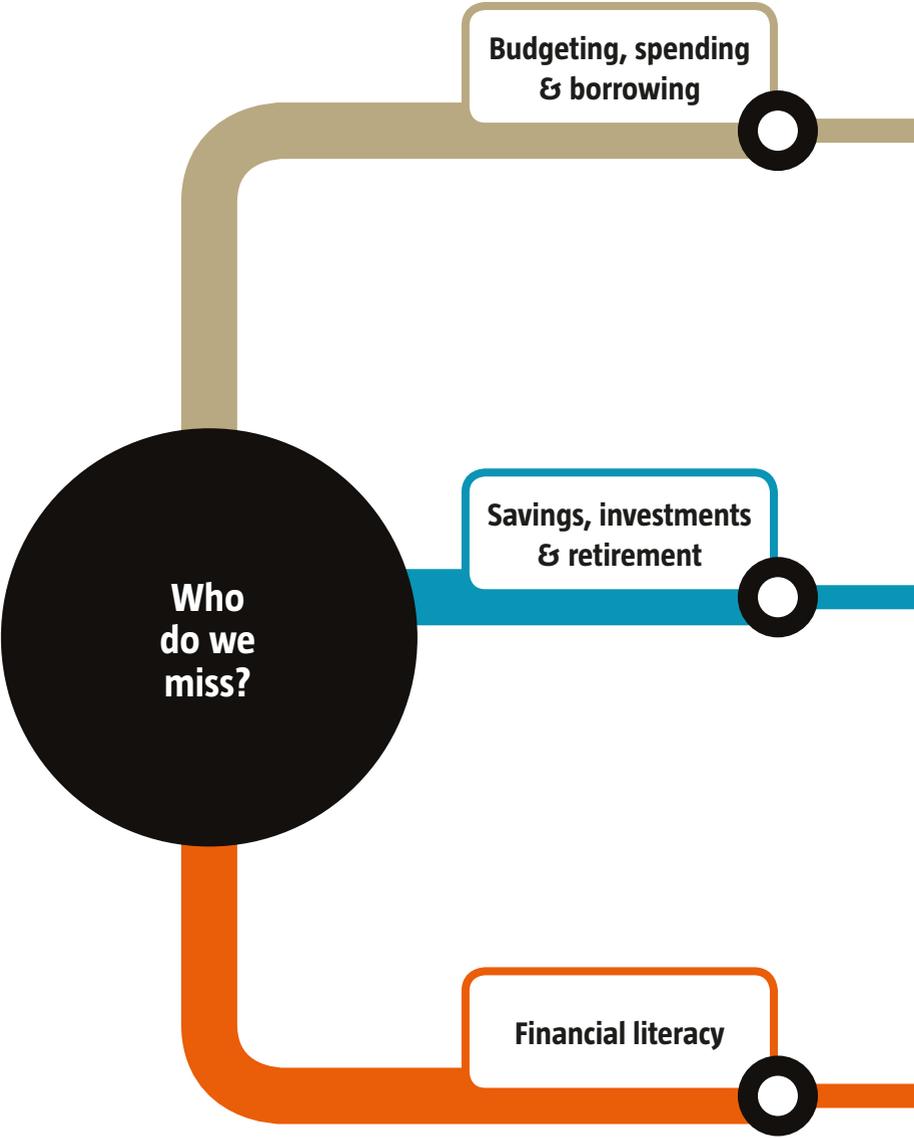
- The gap between rich and poor will increase.

- There will be many unskilled digital workers.
- People will have more time.
- Manual jobs may disappear.
- Virtual assistants will help with issues such as corporate and human rights issues.
- Robotics will lead to job losses of unskilled people.
- The way people work will change: platform economy based on new skills versus a parallel unskilled economy.
- Reinvention will take place about the meaning of life.
- It's not about jobs but about tasks and projects.

- Privacy issues will become more important and decisive:
 - Potential to divide;
 - Who will you vote for?
 - Who will get ill?
 - Who will pay for this?
- Ethical issues will become more important.

- Biotechnology will develop further.
- There will be self driving cars.
- The society will be completely virtual and cashless.
- Blockchain networks will increase.

- Marketing will be more and more individualised.
- The risk of social stress will increase.



- Implementation partners
- Governments
- Pension funds
- Authorities
- 'Engineers of life'
- 'Real life' people
- Neurensics
- Brokers
- Political Scientists
- Deloitte US
- Microsoft US
- Netspar
- UNICEF
- World Bank
- ING Innovation office representatives

- Educational experts
- The new generation: young adults
- Budget coaches who work in the field, with real families
- Retailers
- Organisations that have access to data
- Experts that can translate research data to companies
- FinTech experts
- Experts in bank marketing
- NGOs
- Insurance organisations
- Compliance professionals

- Ministry of Justice and Safety (for privacy issues)
- CPB
- Investors
- Centre for Advanced Hindsight
- The target groups
- Social, fintech and gamification start-ups
- Institutions that help people with their deposits
- Designers
- Virtual reality organisations (Storytelling)
- Schools and teachers
- Young people (age 12-15)
- Education policymakers
- Consumers
- Ministry of Education
- Regulators responsible for consumers
- Lawyers
- Behavioural experts from other branches than financial services

WHAT'S NEXT

Ambition and objectives

We really appreciate all the commitment and work done by the various TFI partners and participants throughout the past year.

This past Summit didn't only showcase the TFI projects' preliminary results, but also gathered more insights on how to sharpen and enrich them.

The TFI partners and facilitating team are now working to translate all the outcomes from the past year and the Summit into

a clear ambition and objectives for the coming year(s). We want to find the best way forward.

We will approach the TFI participants and network with a clear structure, next steps and planning before the end of May.

We are very much looking forward to cooperating with all of you and taking TFI one step further together.



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Content

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TFI facilitating team

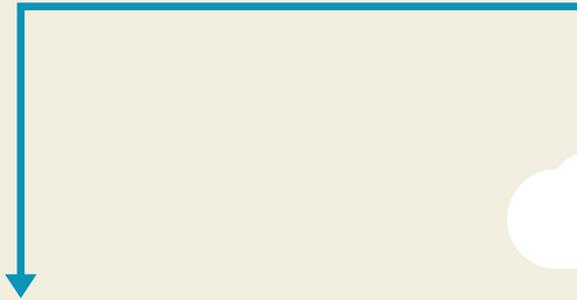
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