Applying behavioral insights and Nudge to public policies

BVA Nudge Unit
November 2018
Want to flip a coin with me?

Head you win 10 Brazilian Real

Tail you lose 10 Brazilian Real
Loss aversion is one of the hundreds and more biases

<table>
<thead>
<tr>
<th>Ambiguity effect</th>
<th>Anchoring</th>
<th>Functional fixedness</th>
<th>Framing effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attentional Bias</td>
<td>Availability heuristic</td>
<td>Focusing effect</td>
<td>Frequency illusion</td>
</tr>
<tr>
<td>Availability cascade</td>
<td>Availability bias</td>
<td>Gambler’s fallacy</td>
<td>Hyperbolic discounting</td>
</tr>
<tr>
<td>Blackfire effect</td>
<td>Bandwagon effect</td>
<td>Hindsight bias</td>
<td>Illusion of control</td>
</tr>
<tr>
<td>Base rate neglect or Base rate fallacy</td>
<td>Belief bias</td>
<td>Hostile media effect</td>
<td>Illusion of validity</td>
</tr>
<tr>
<td>Bias blind spot</td>
<td>Choice-supportive bias</td>
<td>Hyperbolic discounting</td>
<td>Illusory correlation</td>
</tr>
<tr>
<td>Clustering illusion</td>
<td>Confirmation bias</td>
<td>Impact bias</td>
<td>Information bias</td>
</tr>
<tr>
<td>Confirmation bias</td>
<td>Congruence bias</td>
<td>Insensitivity to sample size</td>
<td>Irrational escalation</td>
</tr>
<tr>
<td>Conjunction fallacy</td>
<td>Conservatism or Regressive</td>
<td>Just-world hypothesis</td>
<td>Knowledge bias</td>
</tr>
<tr>
<td>Conservatism (Bayesian)</td>
<td>Contrast effect</td>
<td>Knowledge bias</td>
<td>Less-is-better effect</td>
</tr>
<tr>
<td>Contrast effect</td>
<td>Curse of knowledge</td>
<td>Loss aversion</td>
<td>Mere exposure effect</td>
</tr>
<tr>
<td>Decay effect</td>
<td>Denomination effect</td>
<td>Money illusion</td>
<td>Money illusion</td>
</tr>
<tr>
<td>Distinction bias</td>
<td>Duration neglect</td>
<td>Moral credential effect</td>
<td>Negativity bias</td>
</tr>
<tr>
<td>Duration neglect</td>
<td>Empathy</td>
<td>Neglect of probability</td>
<td>Normalcy bias</td>
</tr>
<tr>
<td>Empathy</td>
<td>Endowment effect</td>
<td>Observer-expectancy effect</td>
<td>Optimism bias</td>
</tr>
<tr>
<td>Endowment effect</td>
<td>Essentialism</td>
<td>Omission bias</td>
<td>Optimism bias</td>
</tr>
<tr>
<td>Exaggerated expectation</td>
<td>Experimenter’s or Expectation bias</td>
<td>Ostrich effect</td>
<td>Outcome bias</td>
</tr>
<tr>
<td>Ostrich effect</td>
<td>Overconfidence effect</td>
<td>Pareidolia</td>
<td>Parkinson’s bias</td>
</tr>
<tr>
<td>Parkinson’s bias</td>
<td>Planning fallacy</td>
<td>Post-purchase rationalization</td>
<td>Pre-innovation bias</td>
</tr>
<tr>
<td>Pre-innovation bias</td>
<td>Pseudocertainty effect</td>
<td>Reactive devaluation</td>
<td>Recency bias</td>
</tr>
<tr>
<td>Pseudocertainty effect</td>
<td>Reactance</td>
<td>Recency bias</td>
<td>Recency Illusion</td>
</tr>
<tr>
<td>Reactance</td>
<td>Reframing</td>
<td>Recency Illusion</td>
<td>Restraint bias</td>
</tr>
<tr>
<td>Reframing</td>
<td>Rhyme as reason effect</td>
<td>Selective perception</td>
<td>Semmelweis reflex</td>
</tr>
<tr>
<td>Selective perception</td>
<td>Sensitivity bias</td>
<td>Social comparison bias</td>
<td>Social desirability bias</td>
</tr>
<tr>
<td>Sensitivity bias</td>
<td>Social desirability bias</td>
<td>Status quo bias</td>
<td>Stereotyping</td>
</tr>
<tr>
<td>Social desirability bias</td>
<td>Stereotyping</td>
<td>Subadditivity effect</td>
<td>Subjective validation</td>
</tr>
<tr>
<td>Stereotyping</td>
<td>Subjective validation</td>
<td>Time-saving bias</td>
<td>Unit bias</td>
</tr>
<tr>
<td>Subadditivity effect</td>
<td>Unit bias</td>
<td>Well travelled road effect</td>
<td>Zero-risk bias</td>
</tr>
</tbody>
</table>
You said bias?

Donations were 3Xs higher with eyes
From behavioral insights to nudge: How to use social norms to encourage people to pay in time?

+ 2.8 millions pounds paid in time

39%

33.6%
Nudge rely on behavioral economics

“A Nudge is any aspect of the choice architecture that alters people’s behaviour in a predictable way without forbidding any options or significantly changing their economic incentives.”

Understand how real people make real decision in real world
The learnings of behavioral Economics

The FIRST Big Learning

We are not rational agents maximizing self-interest...

...but only fallible humans driven by impulse, habits, and herd mentality. We are easily confused and often inconsistent...

The SECOND Big Learning

Moreover, these irrational behaviors of ours are neither random nor senseless.
They are systematic,
And since we repeat them again and again, predictable
From academics to practice

Daniel Kahneman, behavioral Economics

Richard Thaler, Nudge

Nobel Prize in Economics 2002

Nobel Prize in Economics 2017
Nudge and behavioral insights for public policies in France
How to use behavioral insights and create nudges?
The first Nudge experiment in France

How to accelerate
the change of behavior of French tax payers

from paper form

to online declaration

Copyright © BVA Nudge Unit
+ 1.1 million online tax return vs 2013
How to encourage citizens to go vote in France?

64% turnout rate at the 2014 election

+ 7%
How to increase cleanliness in public transports?

Bin use \( \times 2 \)

Ashtray use \( \times 2 \)
How to entice children (11 – 19 y.o.) to buckle up in school buses

Seatbelt use $\times 2.4$
How to help people to go the right way
How to encourage to join HeforShe (UNOPS Gender equality program)

1000 registrations/day

x 12
The 1er Nudge Building is in Paris for sustainable behavior
And some more experiments to run

- Texting and driving
- Urban cleanliness
- Patient compliance
- Safety at work
35 candidates, 7 laureats

Antibiotic reduction
Check and money use reduction
Fighting stereotypes at work

Children’s sleep
Encouraging physical activity
Enhance circular economy
Global warming
Applying behavioral insights and Nudge to public policies

BVA Nudge Unit
November 2018

Etienne Bressoud, PhD
Deputy CEO, BVA Nudge Unit
eb@bvanudgeunit.com
@bressoud