

Behavioral Economics

Tutorial 10/11

The 2018 Nudgeathon Task

Informed Switching

- Modern products in banking, electricity and telecommunications services are provided via complex contracts
- Benefits of switching are hard to determine without applying the consumer's own usage patterns as a basis for comparison
- These usage patterns are held in machine-readable form by the consumer's existing provider
- If a comparison is to be done via third-party comparison sites, the problem for the consumer is to know whether to trust the sites and be able readily to make past usage information available to them for the purposes only of comparing rival providers' offers

The Australian Consumer's Data Right

- Beginning with 'open banking', the Australian consumer data right 'gives Australian consumers greater control over their data, empowering consumers to share their data with trusted recipients only for purposes that they have authorized'
- But what kind of choice architecture is needed to nudge Australians into letting third-party services access their data to help them make better choices, rather than sticking with their status quo deals and 'paying the lazy tax'?
- And how does this choice architecture need to be designed to ensure that, having discovered better options, consumers will switch to them?

The 2018 Nudgeathon Tasks

- Challenge 1: ***How can comparison services leverage behavioural insights to present complex information to customers in a form that enables them to make the best choice for them, without making the choice itself complex?***
- Challenge 2: ***How can we leverage behavioural insights to help people make informed and thoughtful choices about sharing their data and receive benefits from doing so? To help you focus, we would like you to think about credit cards as an example.***

Criteria for Judging Nudgeathon Presentations

Your ideas will be evaluated on five equally weighted dimensions –

- Originality
- Theoretical basis of your Nudge
- Feasibility with respect to (technological and legal) constraints & implementation (being effective on a mass scale)
- Meeting the brief
- Presentation

Remember:

- Any part of the choice architecture you propose should be derived from behavioural economics
- ‘Person in the street’ intuition isn’t enough