

New research shows text messages help tackle problematic debt

Tackling debt problems early on is key to avoiding more serious financial issues in the future. And a simple text message could help, according to a new study by the Think Forward Initiative



Text messages tailored to individuals with credit issues could be one answer to tackling problem debt in Europe.

This is the conclusion of a recently published TFI research report, which finds that personalised messages, which address people by name, and messages with specific targeting, which address the debtor's personal situation, can encourage people to contact their creditor and set up arrangements to pay off their outstanding bills.

The report, by Felix Uhl at the University of Amsterdam & de Gedragstudio and Claartje ter Hoeven and Marieke Fransen at the University of Amsterdam, suggests that a relatively small change in text messages, or reminders sent by companies, can motivate debtors to take action.

The findings could have direct implications for companies, but also benefit individuals and society at large.

In Europe, millions of households are struggling with serious financial problems, with an estimated 1.4 million people in the Netherlands alone suffering from problematic debt (Rijksoverheid, 2018). Delays in paying bills can mean addition costs and fees, which can quickly escalate and spiral out of control. Too often, individuals ignore debt problems until the situation has become critical, so nudging people to address the issue early on can be key to lightening the debt load and reducing financial hardship.

Read more about this TFI research report [here](#).

Author

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com