



Bank on What You Believe

Behavioral Insights to Accelerate
Adoption of Sustainable Bank
Deposit Accounts

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| About ideas42



We are a non-profit looking for deep insights into human behavior—why people do what they do—and using that knowledge in ways that help improve lives, build better systems, and drive social change. Working globally, we reinvent the practices of institutions, and create better products and policies that can be scaled for maximum impact.

We also teach others, ultimately striving to generate lasting social impact and create a future where the universal application of behavioral science powers a world with optimal health, equitable wealth, and environments and systems that are sustainable and just for all.

For more than a decade, we have been at the forefront of applying behavioral science in the real world. And as we've developed our expertise, we've helped to define an entire field. Our efforts have so far extended to 40 countries as we've partnered with governments, foundations, NGOs, private enterprises, and a wide array of public institutions—in short, anyone who wants to make a positive difference in people's lives.

Visit ideas42.org and follow [@ideas42](https://twitter.com/ideas42) on Twitter to learn more about our work. Contact Erin Sherman at erin@ideas42.org or Sarah Welch at sarah@ideas42.org with questions.

Executive Summary

Climate change is our reality. But despite increasing recognition and concern, it is difficult to align our everyday decisions and actions to create positive impact—or avoid negative impact—on the environment. One important area where many socially and environmentally minded consumers don't consider the impact of their behavior is their personal banking.

In the United States, many of us have heard about sustainable investing, or choosing to buy stock in companies that are committed to positive social and environmental impact. But the money in deposit accounts—checking, savings, money market accounts, and certificates of deposit—also affects the world beyond the bank vault. Banks leverage these deposits to make loans to various corporations, including fossil fuel companies. In fact, North American banks are the biggest lenders and underwriters of fossil fuel projects.¹ Continued use of existing fossil fuel infrastructure until the end of its life imperils the Paris Agreement goal of keeping warming well below 2°C.² Financing new fossil fuel exploration and infrastructure virtually ensures we will exceed that limit.

Focusing efforts only on sustainable investing not only excludes many people from the conversation, it creates a missed opportunity for consumers who want to use their daily decisions to address the climate crisis. By switching our bank accounts to those that don't finance fossil fuel projects, we can send a clear message to banks urging them to transition to a clean economy. The opportunity to encourage consumers to switch bank accounts is large: 93% of US households have a checking or savings account, while only 52% own stock.³

In this report, we explore the behavioral barriers preventing everyday socially and environmentally minded consumers from switching their bank accounts to sustainable financial institutions.

- ▶ In **“The challenge”** section, we outline the deep ties between retail banks and the fossil fuel industry and make the case for consumer movement away from accounts that finance fossil fuel activities.
- ▶ In the **“Our work so far”** section, we give a brief overview of the work we've done with our sustainable financial institution partners.
- ▶ In the **“Insights and designs”** section, we provide an overview of the main behavioral barriers preventing well-intentioned consumers from switching to sustainable bank accounts. Consumers arrive at the decision to switch accounts in different ways and are at different places in the decision process when they do. We summarize the different decision phases, or levels of consumer engagement, along with the barriers to action for each phase below.

| Levels of Engagement | Barriers to Action |
|--|---|
|  <p>Recognition: Do I know what sustainable banking is? Am I aware that it's an option for me?</p> | <p>Most consumers hold inaccurate mental models of banks and what it means to be a sustainable bank. People think of their deposits as sitting passively in accounts rather than having a tangible effect in the world.</p> |
|  <p>Consideration: Do I consider the options? Does switching seem important to me? Do I form the intention to open a sustainable bank account?</p> | <p>Banks seem like commodities, not brands to relate to. Where you bank is not seen as personally relevant, and the decision of where to bank is therefore not seen as a reflection of your values.</p> <p>Banking behavior is private and invisible. Banking is neither commonly discussed nor easily observable, making it difficult for people to see and copy others' environmentally motivated banking choices.</p> <p>Individual actions feel like drops in the bucket. Even if people do understand the impacts of their deposits and want to do good with their money, they may not believe that moving a small amount of deposits will make a difference.</p> |
|  <p>Action: Do I act on my intention? Do I choose a sustainable bank and begin the process of opening an account? Do I fund and use my new account?</p> | <p>People rely on heuristics to make choices about where to bank. Because there are many options and the choice of where to bank is complex, people often use mental shortcuts to decide where to bank.</p> <p>Opening a new account and closing an old account is rarely easy and is usually hard. Hassle factors in the account-switching process can delay or derail action. There is no clear moment or deadline to switch.</p> |

We're excited to contribute to the movement toward sustainable financial practices, and we urge U.S. financial sector stakeholders to take note and increase the availability of sustainable deposit accounts. It will take all hands on deck to solve the climate crisis. The world is complex, as are the challenges we face, but acting on our values shouldn't be. To address climate change, we need to follow the money to its source—and shifting consumers towards sustainable banking practices is one important part of this task.

Introduction

Climate change threatens our systems and societies, changing life on Earth as we know it. We see the effects everywhere, from sea level rise and species extinction to more frequent extreme events and the spread of contagious disease. As these direct impacts interact with and ripple across economic, political, social, and physical systems, they disrupt and threaten lives, especially for those living in the most vulnerable situations and areas. **Fortunately, we can change the structures and systems that have brought about the climate crisis**—if we can overcome the barriers to inaction.

This is where behavioral science comes in. While traditional economics portrays humans as perfectly rational actors, behavioral science reveals a slew of quirks and peculiarities about the way humans perceive risks, weigh choices, and make decisions.

As *homo sapiens*, we're fallible, prone to bias, and we only have limited levels of attention. **At times, this leads us to make decisions that go against our own best long-term interests.** It means that we often fail to follow through on intentions; we mean to volunteer on the weekend, bake fresh bread instead of using store-bought loaves, or switch to a new bank account, but never manage to do so.

The vast majority of decisions don't require conscious contemplation. Our brain uses automaticity (mental autopiloting) and heuristics (mental shortcuts) to make most of these decisions.⁴ The brain has incredible power to make the myriad decisions required each and every day, and for the most part, it gets the vast majority of them "right"—or chooses an option that's "good enough." Others usually go smoothly, but mistakes have immediate consequences: if you don't stop at a red light while driving, you'll be confronted with the effect of your choice right away. Immediate feedback helps us learn and avoid those mistakes in the future.

However, there are times when our decisions lead us astray, often in systematic ways.

Decisions that are not in a person's best interest are usually a result of some combination of the following three factors:

1. We use minimal cognitive resources on decisions that will have long-lasting consequences. Sometimes we use the heuristics inherent in automatic thinking when we should apply a more deliberate, analytical approach. For example, we are faced with the following series of decisions: Should I apply for a credit card? What credit card should I apply for? How should I make this choice? We should make a deliberate decision after researching and considering multiple offers, but often, availability bias wins out: even though other options may be better, we apply for whichever credit card offer has most recently arrived in our mailbox when we realize we want more credit. This is why credit card companies send eye-catching direct mail pieces so frequently—they work.

2. We are constrained by bounded rationality, meaning that our brains are not all-knowing, all-capable supercomputers.⁵ Our ability to make decisions is limited by the information available to us, the cognitive limitations we face in a given moment (e.g., mental fatigue after a long day at work), and the amount of time we have to make a decision.
3. The context or situation in which we operate significantly impacts our decisions.⁶ A range of contextual features—from seemingly small differences within an environment, such as how information is presented on a document, to larger situational differences, such as chronic poverty—can affect how we make decisions (and ultimately take action) given the same choice set.⁷ For example, our choice to enroll in a free, beneficial service might vary based on how information about the service is presented: in clear language via a short, personal letter, or in the fine print of a long, dense form.

Applied behavioral design is the practice of using behavioral science to address real-world problems created by these three factors. At ideas42, we use behavioral science to create programs and products for people with real, complex lives. One of the key challenges we're addressing with behavioral design is climate change. Behavioral design is critical for advancing our world from an unsustainable present to a sustainable future.

When we consider the actions we can take to address the climate crisis, many of us think about changing transportation habits, eating lower on the food chain, and supporting politicians and movements. But there is another aspect of our behavior that impacts the environment that we rarely consider: our money, or more precisely, where we keep it. ***Personal financial choices, including where we hold our deposit accounts, are linked with global carbon emissions.*** Yet, many of us don't think to align our financial decisions with our social and environmental values, as we do in other areas of our lives.

»» The Challenge

Banks, fossil fuels, and climate change

Banks, asset managers, insurance companies, and other financial entities all heavily fund the ventures of the fossil fuel industry. **The scale is stunning: in the three years since the Paris Agreement, banks have directed over 50 times more financing toward new fossil fuel projects than fossil fuel companies have themselves.**⁸ In 2018 alone, the four biggest U.S. banks provided \$202 billion in lending and underwriting of fossil fuel activities—much of it going toward new or expanded extractive ventures.⁹ Financing these new projects makes it increasingly difficult to leave fossil fuel reserves in the ground, which is necessary to limit warming to 2°C and avert the worst effects of climate change.¹⁰ Simply put, the fossil fuel industry is intricately connected to the finance sector, and the movement of our money makes this possible.

While many of us think of our money as simply “sitting” in the bank, it may actually be part of a greater pool of capital that is actively funding activities that contribute to climate change, undermining the personal and political decisions we make in other areas of our lives. In addition to making money from fees and processing credit and debit cards (interchange), banks and credit unions also lend out the money we deposit and may make a profit from the difference in the interest rates they charge for these loans versus the rate they pay us for using our money (the net interest margin). The securitization of these loans, among other business activities, allows banks to generate further revenue, continue lending, and increase profits. By continuing to bank with institutions that finance fossil fuel projects, we send a signal that these projects are acceptable—even if we would never invest in fossil fuel expansion ourselves.

Several of world’s largest banks have made commitments to sustainable finance targets, or pledges to provide capital to climate-positive solutions such as renewable energy and clean technology. However, many of these commitments are vague in scope, unclear in their definition, or small compared to their active fossil fuel funding. **Among the banks with some level of**

» Defining sustainable deposit accounts

Definitions for sustainable banking range from excluding coal investments, excluding all fossil fuel investments, targeting funds towards “green” activities, and more. While there is no single definition of the term, there is an understanding that the funds held by the banking sector can and ought to support and accelerate social, economic, and environmental sustainability. **We use the term “sustainable deposit account” to refer to accounts offered by depository institutions—including credit unions, banks, and thrifts—that have funds entirely restricted from being lent to or invested in projects related to fossil fuel production, expansion, exploration, or storage.**

Throughout this report, we refer to the institutions that offer such accounts as “sustainable banks” (recognizing that some of these are credit unions and thrifts), and the activities of these institutions, as well as the act of opening an account or becoming a member, as “sustainable banking.”

commitment, the average annual level of fossil fuel finance is still double that of sustainable finance.^{11,12} As fossil fuel financing becomes more of a social and financial risk, some large banks, such as Bank of the West (along with their parent company, BNP Paribas), have already started to move away from the sector.¹³ Consumers can accelerate this movement by switching to sustainable deposit accounts, which don't fund fossil fuel projects and may instead finance climate-positive projects.

The power of public consumer movement

Individuals do not act in a vacuum. Recent examples illustrate how consumer behavior can influence both the behavior of individual banks and sector-wide norms. In September of 2011, Bank of America announced it would start charging a \$5 monthly fee for debit card holders. Consumer pushback was swift and harsh; after massive outrage online and in branches, Bank of America announced it would no longer charge the fee, and several other banks abandoned their plans for this change as well.¹⁴ More recently, after sustained pressure from activists and shareholders, JPMorgan Chase announced in March of 2019 that it would no longer finance the private prison industry, including two of the biggest companies that run migrant detention facilities.¹⁵ Shortly after, a number of other large banks followed suit, including Wells Fargo, U.S. Bank, SunTrust, and Bank of America.¹⁶ A clear signal was sent: profiting from separating families at the U.S.-Mexico border is not tolerated by consumers and presents a reputational risk for banks.

In the same way, **consumers and activists are sending ever-louder signals to the financial industry that the continued financing of fossil fuels will not be tolerated.** Our work builds on a long legacy of divestment organizing and activism. Already, campaigns like [DefundDAPL](#), [Bank Transfer Day](#), [Amazon Watch](#), [Fossil Banks No Thanks](#), [Bank on Good](#), [Go Fossil Free](#), [Is Your Bank Loaded](#), and [Stop the Money Pipeline](#)—among many others—have sensitized people to the fact that many banks may be engaged in activities that do not reflect their ethics and values. Organizations such as [Green America](#) provide tools and resources to help consumers search for and switch to sustainable banks, while others like [Mazaska Talks](#), [350.org](#), and [Climate Justice Alliance](#) call for fundamental shifts in the financial system toward a more just, equitable, and environmentally sustainable future. We see our work as part of a long journey with many stakeholders; **effective collective advocacy leads to consolidation of wins through policy, regulation, standards, and evidence**, as in the cases of lead disclosure requirements and seatbelts.

These movements and others have drawn attention to the real effects of how capital is deployed in the world. Moreover, they demonstrate consumer interest in banks and other financial institutions that *do* uphold values of environmental justice and social well-being. These groups, and others, have achieved momentous victories, such as the divestment of three cities—Seattle, Santa Monica, and Davis—from Wells Fargo in protest of the bank's financing of the Dakota Access Pipeline,¹⁷ and the movement of thousands of consumers to credit unions on Bank Transfer Day.¹⁸ Yet, for a variety

of reasons—some of which we explore here—**these movements have not yet driven a level of consumer action commensurate with consumer intent.** Applied behavioral design specializes in closing this “intention-action gap.” Interventions informed by behavioral science can raise awareness, convince consumers of the importance of sustainable deposit accounts, build demand, reduce barriers to switching, and ultimately, help people align their money with their values.

Our work so far

In 2019, we partnered with two financial institutions, Self-Help Federal Credit Union and Aspiration, to learn more about the barriers to opening sustainable deposit accounts. We defined a problem of focus for each institution, diagnosed behavioral barriers, and developed initial design strategies to address these barriers (see the [Appendix](#) for an overview of our behavioral design process as well as further sustainable banking resources).

» **Aspiration**

Aspiration, an online-only fintech firm founded in 2013, is working to transform the deposit sector. Its motto, “Do Well. Do Good,” captures its mission to offer customers products with high returns that also deliver social benefits. Aspiration does not use its deposit products to fund fossil fuel activities. It also donates 10% of its revenues to charity, including environmental causes. Customers are able to track the social and environmental impact of their purchases with the “Aspiration Impact Measurement,” or AIM Score. In addition to its deposit products—the Spend Account and the Save Account—it offers two investment funds.

Our partnership with Aspiration thus far has focused on the user experience between a customer’s first awareness of Aspiration and the moment they fund an account. We identified places along the way that could be tweaked to help people successfully start, finish, and use an account.

» **Self-Help Federal Credit Union**

Self-Help Federal Credit Union (SHFCU) was founded in 2008 with a clear social mission to create and protect ownership and economic opportunity for all by providing responsible financial services, lending to small businesses and nonprofits, developing real estate, and promoting fair financial practices. They focus on groups underserved by conventional lenders. As a matter of policy, Self-Help does not invest in projects involving fossil fuel activities. Self-Help also actively loans to projects with positive environmental benefits, such as renewable energy, energy-efficient homes, and sustainable food systems.

Self-Help is headquartered in Oakland and operates 27 branches in California, Illinois, and Wisconsin. It serves over 74,000 members and holds \$1 billion in assets. Self-Help is also part of the Self-Help family of non-profit organizations, founded in 1980, which today includes 150,000 members and serves over 56 branches in six states. Self-Help offers a variety of business and personal financial products, including personal checking and savings accounts and mission-oriented CDs.

During our work with Self-Help, we examined several steps in a potential member’s journey to becoming a member-depositor, identified barriers along the way, and designed prototype solutions for overcoming them, some of which are highlighted in the following section.

>> Insights and Designs



If switching to a sustainable deposit account is not only possible, but also aligned with many people's social and environmental values, then why don't more people do it?

While it may be tempting to point to a lack of awareness that can be fixed with more and better marketing, we are interested in the gaps that remain between intention and action. Even if every well-intentioned person knew about sustainable banking, why might they fail to act? Through a combination of interviews and observations with our financial institution partners and our deep understanding of cognitive, emotional, and social processes, we've identified a number of barriers that deter people from considering, deciding on, and ultimately opening a sustainable bank account.

The barriers fall into three levels of engagement: recognition of sustainable banking, consideration of the option, and taking action to open an account. Of course, not all people will follow a linear path from recognition to consideration to action. Some people may already be aware of banks' financing practices and have meant to switch accounts for years, but haven't done so yet. Some may have a highly developed intention to make pro-environmental choices, so as soon as they are aware of sustainable banking, they will jump directly to action. And others may not be motivated primarily by climate mitigation, but may still seek to bank with institutions that uphold socially and environmentally sustainable values.

How to read this section

This section is structured by the three levels of engagement with sustainable banking: recognition, consideration, and action. Under each phase, we describe how features of the contextual environment interact with psychological patterns to create behavioral barriers. We then share design solutions for interventions that address the barriers. Some of these solutions are standalone products, others center around framing and messaging, and others are tweaks to existing processes.

| Levels of Engagement | Barriers to Action |
|---|--|
|  <p>Recognition: Do I know what sustainable banking is? Am I aware that it's an option for me?</p> | <p>Most consumers hold inaccurate mental models of banks and what it means to be a sustainable bank. People think of deposits as sitting passively in deposit accounts rather than having a tangible effect in the world.</p> |
|  <p>Consideration: Do I consider the options? Does switching seem important to me? Do I form the intention to open a sustainable bank account?</p> | <p>Banks seem like commodities, not brands to relate to. Banks are not seen as personally relevant, and the decision of where to bank is therefore not seen as a reflection of your values.</p> <p>Banking behavior is private and invisible. Banking is neither commonly discussed nor easily observable, making it difficult for people to see and copy others' environmentally motivated banking choices.</p> <p>Individual actions feel like drops in the bucket. Even if people do understand the impacts of their deposits and want to do good with their money, they may not believe that moving a small amount of deposits will make a difference.</p> |
|  <p>Action: Do I act on my intention? Do I choose a sustainable bank and begin the process of opening an account? Do I fund and use my new account?</p> | <p>People rely on heuristics to make choices about where to bank. Because there are many options and the choice of where to bank is complex, people often use mental shortcuts to decide where to bank.</p> <p>Opening a new account and closing an old account is not always easy. Hassle factors in the account-switching process can delay or derail action. There is no clear moment or deadline to switch.</p> |



Recognition

Many consumers hold inaccurate mental models of banks and what sustainable banking means.

Many people have heard about sustainable investing, or choosing to buy stock in companies that are committed to positive social and environmental impact. Sustainable investing has garnered significant attention over the past decade. But few people in the U.S. have heard of sustainable banking or have any idea of what it might be. The differences in investment and deposit choice architecture may fuel this discrepancy. While investing often involves making a relatively clear and concrete choice between companies or industries, and investors can assess whether a stock or fund matches their values and preferences, banking does not offer the same choice or clear value signals: depositors can almost never choose or set conditions on where their deposits are lent.¹⁹

This is where **mental models** come in. Mental models are representations of the world that we use to make judgements, solve problems, and make predictions. Our mental models aren't always accurate; rather, they reflect a generalized understanding based on our prior experience. For instance, many people hold a mental

model of a bird as a “small-ish thing with feathers that has wings and flies.” Of course, this model isn't entirely accurate—penguins and ostriches don't fit this description—but for the most part, this mental model serves us well in navigating the world and quickly identifying what is and isn't a bird.

Many people do not hold well-formed mental models of the banking system—how banks and financial institutions leverage customers' deposits to finance projects and, in turn, collect interest on those loans. Instead, the dominant mental model of a bank is a large, institutionalized piggy bank: a place where deposits sit passively in vaults, accumulating interest as naturally as an unattended bookshelf accumulates dust. This mental model helps explain why few people examine their current accounts and even fewer actively search for and open a sustainable account. In this representation, banks make loans and hold deposits, but since deposits are perceived as idle, the two activities appear unrelated.

When asked, several interviewees shared impressions of sustainable banks as banks that use online-only, paperless statements, or banks that recycle. This assumption reflects a superficial, simplistic mental model of “sustainability” rather than a more holistic understanding. While certainly good, activities like paperless statements, recycling, installing energy-efficient infrastructure, or sourcing energy from renewable sources²⁰ only address emissions associated with banks' direct activities or sources of energy. Addressing these types of emissions means incorporating sustainability into only a handful of an institution's processes, with superficial impact, while its core lending practices remain the same.²¹ Instead, a more holistic understanding of social and ecological

» **Mental models**

are representations of the world that we use to make judgements, solve problems, and make predictions.

sustainability looks at downstream emissions that occur from sources that are not directly owned or controlled by the bank—in this case, the emissions from the fossil fuel activities made possible by the bank. Activities like offering paperless billing are often used to greenwash financial institutions, or convey a false impression of how environmentally sustainable a company is. These superficial activities stand in contrast to a deeper and more accurate understanding of sustainable banking in which social and ecological values underlie lending and financing decisions.



A note on the designs:

Many of the design ideas presented here are high-level concepts and would have to be adapted to specific contexts. They are meant to provide inspiration and illustrate what applied behavioral design might look like. For some designs, financial institutions would drive implementation; others could be pursued by non-profits, NGOs, or advocacy organizations, or as partnerships between any of these actors.



Example design solutions

- ▶ **Deposits Don't Sit:** Produce a short, animated video explaining how banks leverage deposits to make loans and finance activities to address the inaccurate “piggy bank” mental model of banks. A physical counterpart of this idea might look like a Rube Goldberg machine-like contraption in a public space (like plazas, libraries, or malls) where people insert a penny and watch it as it “moves” through the banking system.
- ▶ **Transparency of Lending:** On bank websites and impact reports, increase transparency around environmental lending portfolios. Use graphs, pie charts, and icons. Equally as important, showcase narrative examples of lending’s real-world effects. This shows consumers the tangible connection between their dollars and community to increase salience around the impact of sustainable accounts.



Consideration

Banks seem like commodities, not brands to relate to.

Like electricity and cellular services, banking services are perceived as commodities: there are a plethora of options to choose from and few distinguishing factors among them. Many customers do not decide where to bank, exactly; they simply begin to bank at the institution that is closest at hand or most convenient when they want to start an account. Many open an account where their parents bank, or during a moment of transition like starting college, moving to a new city, starting a new job, or getting married, and then remain there unless a disruptive event happens. Because of this, accounts are extremely sticky; once a customer opens an account, chances are good that they'll keep that same account for some time. Several of the people we spoke to reported having opened their current bank account in high school or college. This is true for many Americans; the national average age of a checking account in the U.S. is 16 years.²²

The decision of where to bank also seems unimportant and irrelevant to one's identity—it is a neutral service provided by an institution that seems, for the most part, interchangeable with its peers. We deliberately align our identities with choices like the clothes we wear, the food we eat, and the cars we drive. We signal our values to others when we buy from Black- or women-owned businesses, wear fair trade, or drive an electric vehicle. However, when it comes to where we put our money, we do not do the same. This doesn't mean that the decision of where to deposit our money is any less important; on the contrary, it has implications for whether private capital is directed toward climate-friendly practices, or not. Incumbents in the financial space know that people are likely to remain at the same bank for many years and work to keep it that way by making it difficult to switch accounts and by establishing relationships with teens and young adults.

Banking behavior is invisible.

Humans are deeply social beings, and as a result we are heavily influenced by what we perceive the people around us are doing. We are particularly influenced by our perceptions of the actions of others who we think of as being similar to us (such as friends and family, those that look like us, those who live in the same neighborhood, etc.). In psychology, this is referred to as **social norms** and **social proof**. What we perceive others doing influences how we consider choices, weigh options, and ultimately make decisions. We look to others for cues and guidance around how to act. We are also more likely to engage in prosocial behaviors when there are reputational benefits—in other words, when good actions are able to be seen and known by others.²³ And simply telling people what others around them—or like them—are doing is a powerful way to get them to do the same thing.^{24,25}

There are very few opportunities to observe other people's banking behavior. Unlike other behaviors that are inherently visible and thus available for observation and conversation (like what car you drive, what clothes you wear, or what food you eat), banking is for the most part *invisible* and

private. In our interviews, people reported that they did not know where others banked. The topic had only come up with family members with whom their financial lives were connected or through chance encounters such as catching glimpses of friends' debit cards when seeing them withdraw money from an ATM.

Moreover, financial matters are generally a taboo topic. People often feel uncomfortable sharing details about their financial lives—from their credit score, to how much is in their bank account, to how much their rent is. In fact, one study found that 43% of surveyed couples (either married or in long-term relationships) didn't know their partner's salary.²⁶ While talking about where you bank isn't as sensitive as sharing how much is in your bank account, the discomfort and privacy surrounding financial matters extends to banks, as well. And since your choice of bank isn't a notable reflection of your values or identity, banking isn't the most riveting topic of conversation and there is little motivation to overcome the taboo. Thus, not only is banking an activity that generally lends itself to invisibility, but the dominant norm is to keep it private and further invisible.

What this means for sustainable banking is that, as long as banking remains a private, invisible, and rarely discussed behavior, there will be few opportunities for people to find out about sustainable accounts from others, little social motivation to open one, and scarce opportunity to use the power of social norms to drive adoption of sustainable banking products. The good news is that we can use **descriptive and prescriptive norms** to make visible what sustainable banking is, why it's important, and who is doing it—without attempting to change an entire culture around the taboo of talking about money.

Norms can be made visible through both voluntary or default mechanisms. Voluntary mechanisms are ways that people can willingly choose to display their behavior after opening a sustainable account (such as hashtags and pictures on social media, templates for letters to the editor, bumper stickers, and postcards to send to friends and family). Default mechanisms subtly broadcast consumers' sustainable banking behaviors by virtue of their having the account (such as an eye-catching, sustainability-themed debit card that people might want to show to a friend because of how it looks).

These channels—both default and voluntary—allow people to signal good deeds without overtly bragging. They allow people to gain reputational benefits and to observe when others are engaging in the same behavior. Furthermore, by creating avenues and spaces to talk about banking (especially in the context of climate change), we can emphasize that deposits do have a tangible effect in the world, and in doing so create social pressure to open a sustainable account.

» **Descriptive norms**

are descriptions of how other people typically behave.

» **Prescriptive norms**

are descriptions of what people should (or shouldn't) do. Communicating descriptive and prescriptive norms are powerful ways to encourage behavior change.

People feel that their actions are only drops in the bucket.

Even if people do understand how deposits work and want to make an impact with their money, they may not be convinced that moving their individual deposits can make a difference in the grand scheme of things. Traditional banking institutions are huge entities with billions of dollars of deposits whose practices can hardly be influenced by other huge entities—like governments—let alone an individual consumer and their comparatively small individual deposit amounts.

In behavioral science, we call problems like this **collective action problems**. Each individual person often feels that their action alone is not enough to make a difference, and they are correct if they were indeed acting alone. In fact, if they were to act alone, they might sacrifice some benefit or incur some cost. However, if a large group of people all do the same activity, their collective actions and corresponding power drive change that is to their benefit. Pressuring financial institutions by moving our money, collectively, is one pathway to do that. By emphasizing **dynamic norms**, or descriptions of how others' behaviors are changing or moving in a certain direction, we can make people want to be part of that movement, realize they are not acting alone, and overcome the “my actions don't matter” type of thinking.²⁷



Example design solutions

- ▶ **Polluter-Free Commuters:** Advertise to public transit commuters in environmentally conscious metro areas and contrast their environmentally positive transit behavior with their banking behavior, with taglines such as, “Your commute doesn't pollute. How about your bank account?” Include a short URL or QR code, leading to a search tool that helps people find a sustainable bank that meets their needs.



- ▶ **Subtle Signaling:** Incorporate default social signaling on Venmo, PayPal, and other peer-to-peer payment apps by visually marking payments made from sustainable banks. For example, payments made by or received from a sustainable bank could have a light green background with a plant emoji. The signal serves as a subtle cue, providing information about who is banking with a sustainable institution, and can garner curiosity, interest, and excitement from others.
- ▶ **Green Banks, Green Cards:** Design a credit or debit card that is sustainability themed, with eye-catching graphics to inspire conversation when the card is used and to prompt people to show the card to others. This allows people to virtue-signal in a subtle, non-intrusive way, using the card as a conversation prompt.

▶ **Bank Swap Tripling:** When a person expresses interest in opening an account, ask them to identify three friends who'd be interested in opening accounts as well. Give the original account-opener three cards that have information on account-switching written on them. People would give these cards to their three friends as a reminder and reciprocity trigger. To explicitly align the switch with pro-environmental values, the cards could be biodegradable, with pollinator-friendly seeds embedded in the paper; the card could include instructions to plant it on the day the cardholder opens their new account. This concept parallels Vote Tripling, an intervention used in the voter turnout space where voters are encouraged to get three other friends to vote. Research has found that commitment to others not only increases the likelihood of follow-through on an action, but also can lead to sustained behavior change.²⁸ This design also encourages people to talk about banking to make discussing financial matters less taboo.



▶ **People Like You:** Include information on the number of similar peers who have already opened a sustainable account, e.g. San Franciscans, University of Maryland students, or Google employees. Information on what “people like you” are doing provides powerful social norms and compels “you” to do the same.

▶ **Points for Pro-Environmental Purchases:** Offer discounts or additional reward points for cardholders who shop at companies that have environmentally-friendly practices like Patagonia, Clif Bar, or Beyond Meat. For example, offer double the points at Patagonia if you use a card issued by a sustainable bank. A possible slogan idea is: “What you wear defines you. Your banking should too.”



Action

Most banking choices are driven by heuristics.

People face **choice conflict** when deciding where to bank: There are hundreds of options and it can be challenging to weigh the relative benefits and drawbacks of each option. Since we have limited time and attention, we often (consciously or subconsciously) rely on mental shortcuts, or **heuristics**, to make the decision. We focus on the most salient features, ignoring the rest. This simplified approach generally helps us navigate our complex world. However, using heuristics can lead us astray if important information is missed. We're more likely to rely only on heuristics if we think a choice is unimportant or reflects little on who we are.

Insofar as people continue to view banks as commodities and there's no social pressure to switch, they will be more likely to rely on heuristics instead of deeper thought and consideration to guide their decision-making.

» Choice conflict

is created when people are presented with too many choices, complex choices (with many features), or difficult choices with high stakes. The positive and negative aspects of the different choices are not salient, which results in avoidance or deferral of a decision. It can be simplified by reducing the number of choices or the attributes of the choices.

Common Heuristics Used to Choose a Bank

| | |
|----------------------------------|---|
| Choose the status quo. | We are inclined to stick with the thing that we already know and use, so to the degree we think about switching, we tend to stay with what we know and have. |
| Choose what is top of mind. | Banks that we see more often come more readily to mind. When we decide to open an account, we may go with the option that we have been exposed to the most, or the most recently—such as the branches we pass on our way home, or the ads we see most often on social media. This is called the availability heuristic : we use information that is most readily available to guide our decisions. |
| Choose what others have chosen. | We look to others' behavior to guide our own (known as using social proof). When it comes to choosing a bank, we may go with the option that has been validated by people around us. |
| Choose what is easily available. | What is close by, the institution our parents bank with, or the options available at an opportune time, such as a college fair. |
| Avoid what feels like a loss. | We experience losses as more painful than gains of equivalent magnitude (known as loss aversion). The prospect of losing a feature that is currently available (such as switching from a brick-and-mortar institution to an online-only one) can lead us to remain with our current accounts. |



Example design solutions

- ▶ **Fresh Starts:** Table at college freshmen orientations, in partnership with university environmental clubs, to encourage new students to open a sustainable account. In general, people are more likely to change their behaviors during new beginnings (e.g., the start of the month and beginning college, known as the **fresh start effect**). Furthermore, going to college represents a unique window of opportunity where cohorts open new deposit accounts and want to follow acceptable social norms.
- ▶ **The Quick Online “Quiz”:** Create an online deposit account decision tool where users can put in information, such as where they live, whether they want physical branches close by, how comfortable they are with online-only services, the kinds of services they need, etc. The tool will then suggest several sustainable accounts as options and provide links. This would assist potential customers to overcome hassle factors when switching accounts and reduce choice overload by narrowing down and ordering options.
- ▶ **Event-Inspired Action:** In the wake of “hot state” events (such as bank scandals, oil spills, or the release of new climate reports), use social media ad campaigns to encourage people to switch to a sustainable account. Similarly, attach limited-time opportunities to climate events (e.g., by the next international climate change conference, Earth Overshoot Day, Earth Day, etc.). During these moments, environmental issues are top of mind and people are more likely to switch. The deadline also creates a clear moment for people to take action instead of delaying indefinitely.



Opening a new account is not always easy.

Small features in the account-opening process can have a large impact on a prospective customer’s success in following through. Even the smoothest and easiest account-opening processes have points at which users may lose motivation and drop off. Hassles at each step make it disproportionately more likely that people won’t make it to the following step. While creating a seamless, hassle-free process isn’t sufficient to encourage interest in sustainable bank accounts, it *is* necessary to ensure that not only people with the highest motivation and available time succeed in making it through the process. Of course, large incumbent institutions have more resources to spend on user interface and experience design—but there are still quick, cost-effective measures an institution can take to reduce barriers during the account-opening process. Below, we describe some of these barriers and example solutions.

» Hassle factors

are seemingly small inconveniences that prevent people from following through on their intentions—even when the benefits of taking action are significant.

Addressing Common Barriers in Account-Opening Processes

| Barrier | Example solutions |
|---|--|
| <p>I need to gather several pieces of information that I may not immediately have on hand, such as my Social Security Number, login info for my current accounts, and driver’s license number.</p> | <ul style="list-style-type: none"> ▶ Include a “cover” sheet at the beginning of the process with the estimated time to complete the process and a checklist of the information needed. |
| <p>It’s tedious for me to input information in poorly designed forms, whether in print or online.</p> | <ul style="list-style-type: none"> ▶ Auto-fill redundant information; auto-fill zip code after inputting address; create fillable PDFs that can be completed on a computer instead of having to print them and scan them. ▶ Reduce drop-off points by consolidating steps as much as possible. |
| <p>Switching a banking relationship entails switching direct deposit, linked cards, linked apps, and auto-pay. For consumers who want to switch to a single sustainable account, this may mean that they have two accounts open at the same time as checks clear or until all auto pay bills are switched over. This requires managing the right amount of money in each account as you switch over. This is a heavy burden for the majority of Americans, who may have little to no savings.</p> | <ul style="list-style-type: none"> ▶ Provide a service such as the UK’s Current Account Switch that helps consumers transfer necessary information to their new account. ▶ Offer free half-hour appointment blocks to sit down with customers to identify all the linked cards and services and create a plan to switch them. |
| <p>There’s no incentive or deadline to finish the process.</p> | <ul style="list-style-type: none"> ▶ Impose a sense of urgency or desire to complete the application website through a deadline prompt. ▶ Pair an incentive with a deadline to complete the signup process. (For instance: If you complete the sign up in seven days, we’ll deposit \$20 into your account / double your interest rate for the first three months / waive requirements for our top interest rate for six months / double our first donation to charity from your deposits, etc.) |
| <p>I feel like I have very little invested in the process.</p> | <ul style="list-style-type: none"> ▶ Elicit endowed progress by having progress bars, encouraging messages, or an “application buddy” who walks you through the steps. ▶ Include messaging that reinforces an environmental identity. ▶ Send reminder emails to finish the process tailored to the specific step at which the user left off. |

Moving Forward

Climate change is our reality. Working together, we still have the opportunity to put robust mitigation and adaptation efforts in place that prevent the worst impacts. Addressing climate change demands tenacity, creativity, and resilience. It asks us to recognize that those who are hardest hit have least contributed to the problem, and to reduce the harm that is yet to come. And it will take all hands—and all sectors—on deck.

We are making it easier for people to align their good intentions with their good values—values for a more just, equitable, and sustainable world. And, in doing so, we are helping people send a clear signal to banks that activities that accelerate the climate crisis cannot continue.

Here, we explored how to translate intention into action. We found that

- 1.** most consumers don't *recognize* the links between where they keep their money and climate change, or aren't aware of sustainable banking as an option;
- 2.** don't *consider* their banking behavior as a means for social change; and
- 3.** many do not *act* to switch accounts even if they want to do so.

Going forward, we will encourage our partners and other institutions will test interventions to help people overcome these barriers. A movement of consumers holds promise not only to demonstrate a moral and ethical standard for banks to uphold, but also to grow the business potential in the sustainable banking space—and the reputational risk of maintaining the status quo.

The path to change is not simple, and retail banking customers comprise just a subset of actors. We recognize that many pathways to change exist, and that financial experts have a variety and often competing theories of change for growing the sustainable finance space. A just transition to a clean economy requires not just the movement of individual deposit accounts, but a shift in all global capital pools, including business accounts, insurance, mutual funds, asset owners, pension funds, venture capital, and private equity. It will require improved product offerings from financial institutions and may also require regulations to hold them accountable and disclosures to help customers make informed choices.

Consumers, sustainable financial institutions, and advocates will all have roles to play in mobilizing the financial sector away from fossil fuels and toward a clean and just economy. Along the way, we can discover and leverage behavioral strategies to help more people drive informed, values-based, empowered action in service of a better world for all.

Appendix

Our behavioral design process

Systematic, scalable behavioral change is the result of a thoughtful, deliberate process. In our process, we combine the best of behavioral science, design thinking, and impact evaluation. ideas42's behavioral design process has five key phases: Define, Diagnose, Design, Test, and Scale.



- 1. Define.** To address a problem, we must first accurately and concisely define it. We do so by conducting background research, which can include literature reviews, interviews, analyses of existing data, and observation, to develop a problem statement. Helpful problem definitions have two parts: a brief, verifiable summary of a stakeholder's current behavior, and a clear statement of the desired change in behavior.
- 2. Diagnose.** Diagnosis aims to answer the question: "if the desired behavior is such a good idea, why aren't people already doing it?" We draw from scientific literature and analytical frameworks to develop possible answers. We then investigate those answers' accuracy through qualitative research and quantitative analysis of the available data on stakeholder behavior. Through diagnosis, we develop a shortlist of possible factors in the context—structural, economic, social, or psychological—that may account for the behaviors we observe.
- 3. Design.** Drawing on our findings from diagnosis and the behavioral science literature, we design interventions that address the factors in the environment that cause the existing behaviors. Designs range from subtle changes to existing programs and products to more complex interventions. We work closely with partners, providing operational and technical assistance, to finalize and implement the designs. We build designs that could be scaled later if our tests prove promising.
- 4. Test.** To determine if our hypotheses are right and our designs work, we rigorously test our interventions, ideally through a randomized controlled trial (RCT)—that allow us to directly connect changes in behavior to our intervention.
- 5. Scale.** Once we know what works, we then seek to refine our designs and adapt them for scaling up using any of a variety of channels. These can include policy changes, dissemination and replication, or the creation of new organizations or services.

Further resources

Our partners



www.aspiration.com



www.self-help.org
www.self-helpfcu.org

Other resources



Green America bank search tool:

www.greenamerica.org/getabetterbank



Opportunity Finance Network CDFI locator:

ofn.org/cdfi-locator



Just Money online course:

www.edx.org/course/just-money-banking-if-society-mattered-mitx-11-405x-0

Additional reading:

Money Is the Oxygen on Which the Fire of Global Warming Burns
Why Big Banks Are Accused of Funding the Climate Crisis
Goldman Sachs agreed to stop funding Arctic drilling. Will other banks join them?

Endnotes

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