



Prize-Linked Savings

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Can Saving be Fun?

Insight: Saving is Not Fun



322-21
1610

Your First Bank Anytown, USA

DATE _____

SIGN HERE IN TELLER'S PRESENCE FOR CASH RECEIVED

DEPOSIT SLIP

:9124 6027 486586519 30937 3620000 108

CASH	CURRENCY		
	COINS		
LIST CHECKS SINGLY			
TOTAL FROM OTHER SIDE			
TOTAL			
LESS CASH RECEIVED			
NET DEPOSIT			

Lottery players may seek:

- 1) entertainment
- 2) financial planning / wealth building

Can we strengthen #2 without losing #1?

Idea: “Prize-Linked Savings”

- Concept: earn chance(s) to win by saving
- Why?
 - Make saving fun, exciting, interesting
 - Divert gaming dollars to saving
 - Exploit our weakness for evaluating odds
- Consider:
 - \$60 *billion* in US lottery sales
 - Average of \$515 per US household
 - 80% of gambling revenue from HH w/ income <\$50k*

Test: *Save to Win*

- Piloted in Michigan with 8 Credit Unions in 2009; over 40 Credit Unions today
- **Product design:**
 - + Balance-building 12-month share certificate
 - + Opening deposit: \$25
 - + One withdrawal allowed in 12-month period
 - + Interest rate set individually by each credit union
- **Raffle:**
 - + Every \$25 deposit is a chance to win
 - + Maximum of 10 entries per month (\$250), 120 per year
 - + Save to Win account must be open and active to win
- **Prize Structure:**
 - + \$100K in grand prizes
 - + Monthly League prizes
 - + Supplemental monthly CU prizes

IT'S TIME
TO...
**SAVE
TO
WIN**

Save to Win Participation (2009 – 2010)

The Save to Win program is successfully attracting new participants and engaging them in the act of saving

Growth in the Save to Win Program

	2009 (8 Credit Unions)	2010 (36 Credit Unions)
Accounts	11.7k	16.2K
Total Saved	\$8.6MM	\$27.9MM
Average Balance	\$734	\$1,268

- More than 11K new accountholders joined the program in 2010
- 30% of these new account holders came from the pilot credit unions, 70% came from 29 new credit unions.



BILLIE S., SOUTH LAKE MICHIGAN

Save to Win Participants (2009 – 2010)

The product is attracting a diversity of participants, including more financially vulnerable consumers

“Financially vulnerable” Categories	Definition	% in 2009	% in 2011
Non-Savers	<i>Reported not regular savers before Save To Win account</i>	56%	45%
Asset Poor	<i>\$5,000 or less in financial assets</i>	39%	32%
Low-to-Moderate Income	<i>Household income less than \$40,000</i>	44%	39%
Single with Dependents	<i>Single parents w/ one or more children</i>	14%	12%



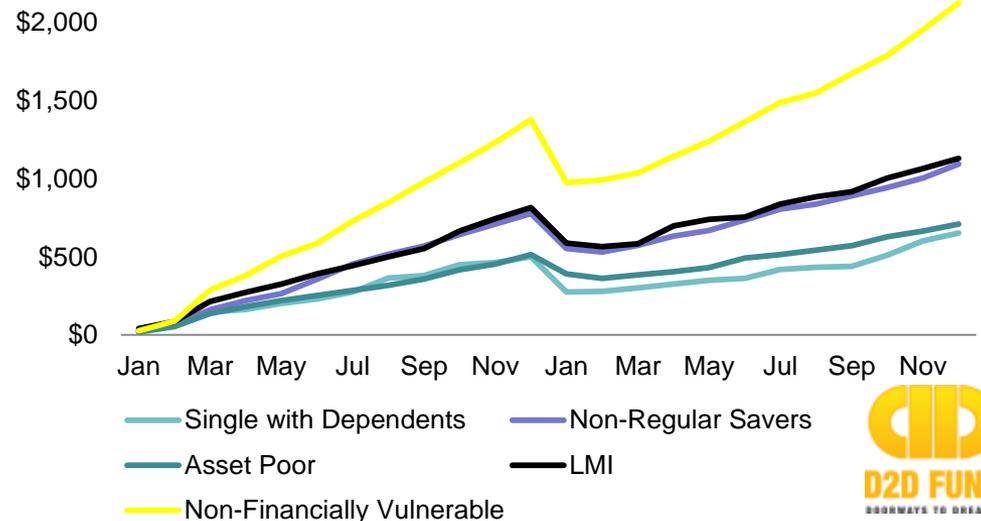
* The difference from 2009 to 2011 may be the result of a smaller survey sample size that may bias data.

Save to Win Retention (2009 – 2010)

Consumers are building a longer-term savings habit

- 54% of active 2009 accountholders opened 2010 STW accounts
 - + Save to Win program had a significantly higher percentage of accounts roll over (81%) than more traditional 1 year CD (51%)
- 53% of non-savers, 51% of the asset poor, 53% of LMI and 50% of single parents with dependents continued from 2009-2010
- 2009 participants continue to grow their savings in 2010
 - + Average balances increasing from \$860 in December 2009 to \$1,347 in December 2010

Average STW Monthly Balances 2009 to 2010

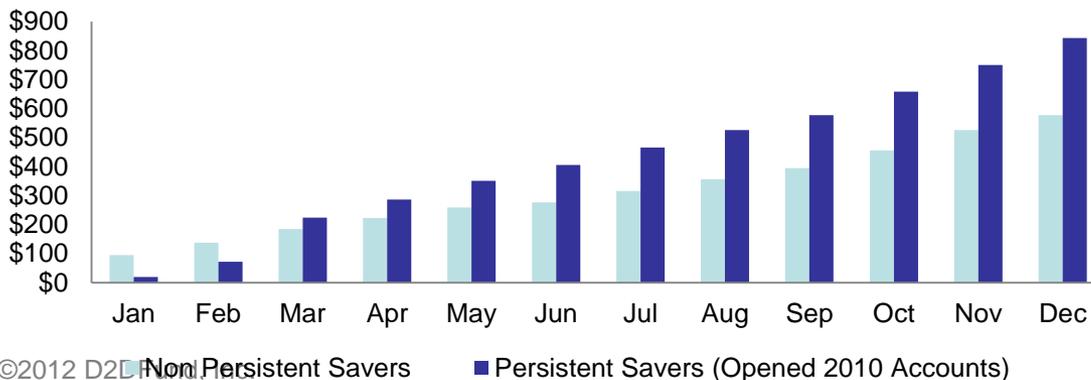


Save to Win Retention (2009 – 2010)

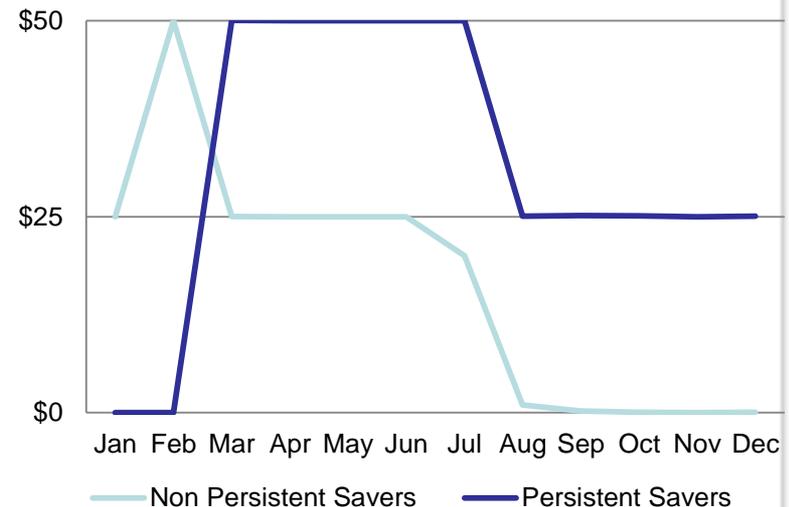
Savings behavior is a predictor of continued participation in the program

- Persistent savers saved 46% more in 2009 than non-persistent savers and maintained a more regular savings habit throughout the year
- Holds true for financially vulnerable participants too

2009 Average STW Balances



2009 Median Net Deposit



Save to Win – Power of Winning

Winning is a huge motivator for participation and savings

- In 2009, we learned that winning was a powerful motivator for continued savings in the program
 - + Median deposit for winners holds steady at \$100 while deposits trend downward and drop-off to \$0 later in the year for non-winners
- In 2010, we find that increasing the number of winners can improve the product's stickiness
 - 73% of winners continued in the program into 2010 (vs. 54% of non-winners)



Scale: Future of Prize-Linked Savings

- National expansion in credit unions
 - + Save to Win launched in Nebraska in January 2012
 - + PLS bills passed in 6 states so far (WA, NE, NC in 2011), more coming
- Other opportunities
 - + Several state lotteries studying PLS
 - + For-profit start ups
 - + Other (retirement plans?)



California Lottery



Contact Information

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