Panel: Behavioral Interventions in Public Sector

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Title  How Reminders to Debtors on a Local Tax Affects their Behavior? The Field Experiment from Slovak City Prievidza

Abstract  Nudging claims potency in making it more likely that people will behave in a manner, in which the nudge designers want them to. Functionally, thus, nudging can be seen as a tool and as such it can be utilized by various actors, among others also by public administrators. Recent but exponential growth of case studies describing the application of behavioral insights onto public policy implicates that public administration across the globe are becoming more and more aware of this tool. They seem to be also significantly more open for utilization of these insights in favor of enhancing the efficiency of their classic, public policies.

This paper describes yet another case of applying behavioral insights for making public policies more effective. We conducted a field experiment in partnership with local public administration of Slovak city Prievidza. The experiments was designed to find out whether employing a second reminder with particular framing in communication with the debtors on a local tax (waste collection) has an effect on their behavior. In this experiment, we specifically analyzed the time that it took contacted debtors to pay the overdue fee after receiving our reminder and compared it with the time it those who payed the overdue fee prior to this second reminder. Due small sample size, we were not able to test various framings, but this will be the subject of our future experiments.

The rationale behind designing this particular behavioral intervention is that the sooner Prievidza disposes with the money it expected to already have, the better it can
actually function in terms of cash flow, and provision of good quality services.