# TRUSTONIC

Case study:
Nudge
Theory

When addressing new markets, mobile phone carriers and retailers need assurance of one thing above all others - that the customer will be able to pay what they owe once they have received their bill.

The problem is that it can be challenging to assess a user's ability to pay or to influence them to do so. Without this surety, carriers can struggle to build business cases to address consumers who have poor credit, are unbanked, or are on low incomes for fear of accumulating bad debt and delinquency.

Overcoming this is key in addressing significant markets:

57%
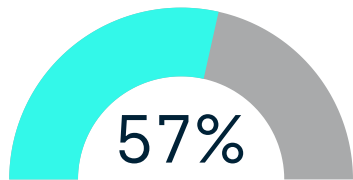
Population in Africa without a bank account - approx 95 million

55%
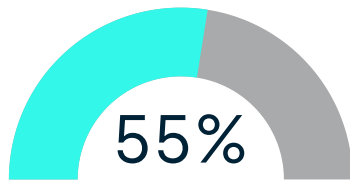
Population in Latin America with an account at a financial institution

480 million adults up to the age of 65 in India are classed as 'credit underserved', meaning they are either unbanked or underbanked.

With a stronger liklihood that customers will pay, carriers and retailers may be confident to enter previously unaddressable markets. Not only does this benefit them in terms of higher revenues brought by increased app and data services usage, but it also means that users get access to the commerce, health and education benefits of an internet-enabled smartphone.

While improving confidence that consumers will pay is vital to delivering these benefits, carriers and retailers must do this in a way that encourages users to pay without being forceful. Nudge theory presents the subtle solution to that problem.

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In simple terms, nudging is built around the idea that by shaping the environment – also known as the 'choice architecture' – it is possible to influence the likelihood that one option is chosen over another by individuals.

A vital factor of the theory is the ability of the individual in question to maintain their freedom of choice and feel in control of their decisions.

The Solution

At Trustonic, we have taken the principles and applied nudge theory to a critical part of our platform.

Through notifications and customised messaging via our digital platform, carriers can remind consumers to pay by sending messages with a more supportive than threatening tone, and if they still don't pay, progressively lock access to their device.

By gently ramping up the use of persuasiveness techniques, our customers can gradually increase the authority of their messaging. Following nudge theory, the idea is that, by doing this, operators are more likely to influence customers to pay off their bills on time.

Not only this, but consumers also get helpful reminders to pay back what they owe without feeling coerced into doing so. This shift in reminders makes them more inclined to pay and means that our customers are more likely to collect on time.

35%
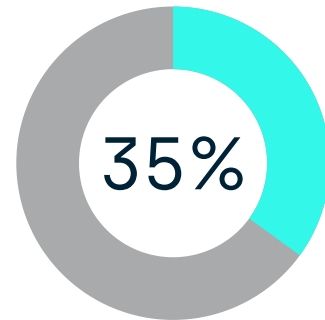
Delinquency ratio of an average customer before utilising our platform

65%
79%
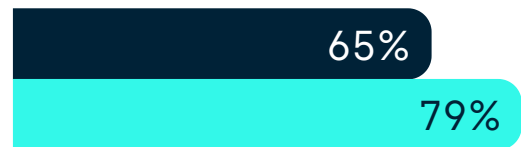
By using full-screen warning messages, the number of consumers who pay showed a 14% improvement.
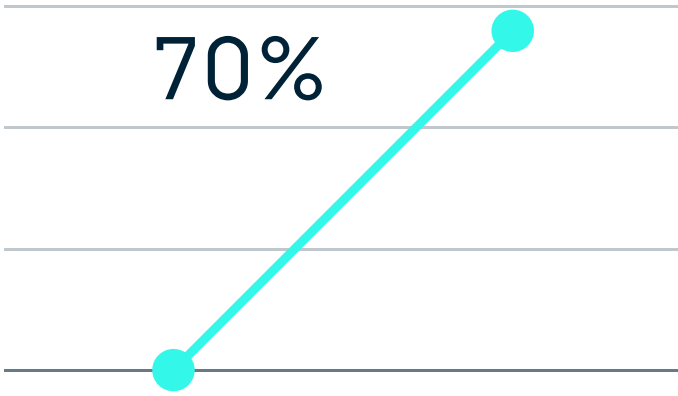
79%
89%

Where device locking was necessary due to late payment, an additional 10% of users paid, increasing total collections.

The result:

35%
11%

From 35%, the remaining bad debt only stood at 11%.

70%

Overall, the platform has delivered around 70% improvements in bill payments to clients.

By using increasing the frequency of messages and alerts (sending four times as many messages as previously) through our digital platform, our customers realised immediate and longer-term benefits around delinquency and debt reduction.
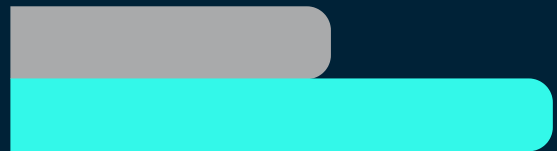
How did increased messaging and notifications help?

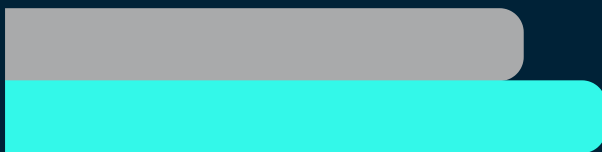**The number of phones they had to lock due to late payment**
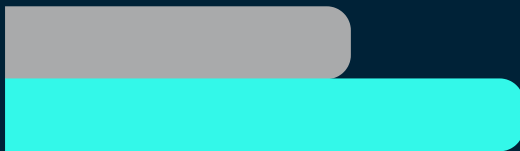
7% lower than previously [14% vs 21%], marking a 45% improvement.

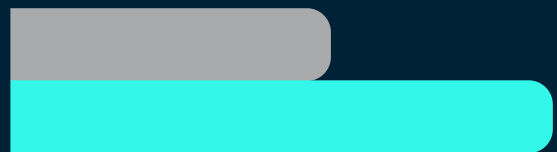**The number of customers paying after their phone was locked**

36% more customers paid than previously [88% vs 52%], marking a 71% improvement.

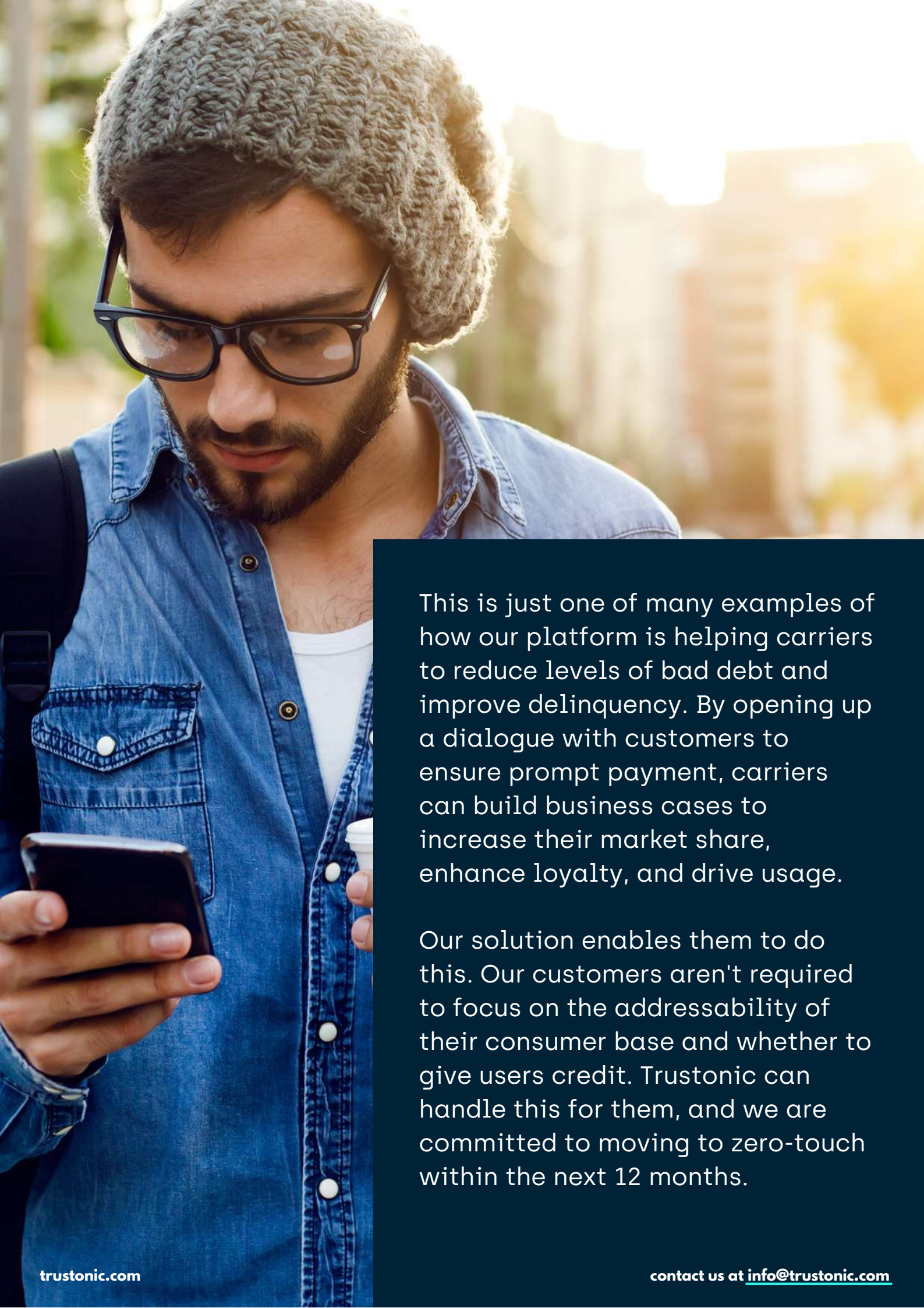**The number of customers who paid within five days**

Grew by 10% [73% vs 63%], marking a 16% improvement.

The customers' overall bad debt rate

7% better than the previous [1% vs 8%], marking a 13% improvement.

This is just one of many examples of how our platform is helping carriers to reduce levels of bad debt and improve delinquency. By opening up a dialogue with customers to ensure prompt payment, carriers can build business cases to increase their market share, enhance loyalty, and drive usage.

Our solution enables them to do this. Our customers aren't required to focus on the addressability of their consumer base and whether to give users credit. Trustonic can handle this for them, and we are committed to moving to zero-touch within the next 12 months.