





FINANCE, COMPETITIVENESS &  
INNOVATION GLOBAL PRACTICE

TECHNICAL BRIEF

# Key Facts Statement Testing: Options, Methodologies, and Tools

FINANCIAL INCLUSION SUPPORT FRAMEWORK

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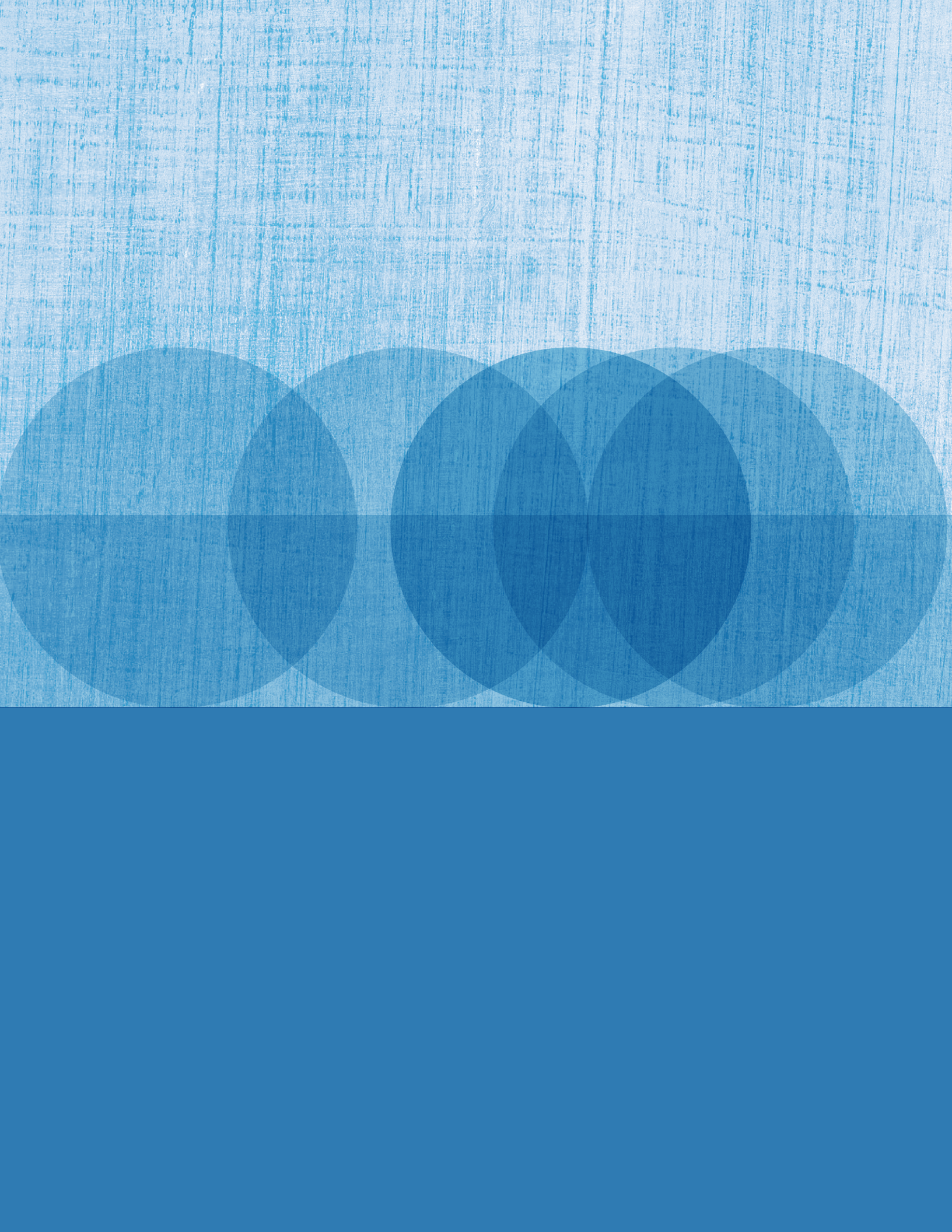
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## ACRONYMS AND ABBREVIATIONS

FGD	focus group discussion
KFS	key facts statement







## WHAT IS A KEY FACT STATEMENT?

[Disclosure and transparency are cornerstones of financial consumer protection](#) and are key drivers of trust in the financial system. Asymmetry of financial information due to misleading advertising and sales practices coupled with low levels of financial literacy can lead to poor financial decisions and resistance to engage with the formal financial sector. For example, information on fees and charges can be incomplete, or terms and conditions can be excessively detailed and therefore difficult for the average consumer to comprehend, contributing to suboptimal financial decisions. Additionally, without clear information provided during the pre-transactional stage, consumers are unable to comparison shop or to make informed choices regarding what product is best suited to their specific needs.

A key facts statement (KFS) is an important tool to improve transparency and disclosure of information for financial products through the adoption of a standardized format that is designed to convey information in a simple and easy-to-understand manner.

When standardized and easy to understand, KFSs makes it easier for customers to compare financial products from different providers, therefore promoting the responsible delivery of financial products and services and boosting market competition.

## WHY TEST A KEY FACTS STATEMENT?

The design of a KFS is central to its success. Testing a KFS is an important part of the design process and ensures that a KFS is designed in a way that reduces information asymmetry between consumers and providers of financial services most effectively.

The purpose of rigorously testing a KFS is to assess how different versions of a KFS influence the understanding of product terms and conditions, as well as the consumer decision-making process. Typically, as part of the tests, the same KFS is outputted twice (but with different sets of information, simulating different fees, services, interest rates, and so forth), and the counterfactual KFS helps testing if participants understand the content and are able to select the “better” product.

## WHAT CAN TESTING A KEY FACTS STATEMENT ACHIEVE?

KFS testing can identify and recommend improvements to the KFS. It does so by testing (1) participants’ design and content preferences; (2) the information on which they typically focus; (3) questions that arise with regard to the content and design; (4) the amount of information that participants can comprehend and process; and (5) how different presentations of information alter participants’ decision-making.

By the end of the testing process, policy makers and practitioners should be able to assess and identify how consumers perceive and engage with the KFS. Based on the results, the KFS can be changed/improved to yield better outcomes. In general, policy makers and practitioners should seek to understand the following:

- 1. Consumer preferences:** What product-related features are most important to consumers in the local market (for each financial product)? Some aspects, such as opening costs or interest, may be more important to the decision-making process than others.
- 2. Existing issues in disclosure and transparency:** What are the major comprehension gaps in consumer understanding? What experiences do consumers have opening and interacting with financial services? Did the existing materials address consumers' informational needs? If not, what are the issues with the existing materials with regard to the consumer preferences stated above?
- 3. Perception of a KFS:** Do participants understand the concept of a KFS? Do respondents see it as a standardized, comparable summary of key information about an account? Or are there different interpretations?
- 4. Value of the information within the KFS:** Which pieces of information are considered most important for a participant's decision-making process, and which information is considered less relevant? Specific questions may include (but are not limited to) the following: (i) Which items of information do participants think are the most important for deciding to sign up for the product? (ii) What are the terms/ expressions they use to describe this information? (iii) Do participants think that the KFS contains this information? (iv) Is there any information the consumer would also wish to see (but is not available)? (v) Is any information not needed?
- 5. Understanding of the KFS content, terms, and calculations:** Are the various fees, transaction amounts, minimum balances, interest rates, or annual percentage rates (for loans), nominal rates, and loan/investment periods well understood? Are these concepts still well understood when compounded with various years, fixed/variable rates, and so on? Do consumers find the example calculations easy to understand? Can consumers differentiate between superior and inferior products based on KFSs?
- 6. Usefulness of the KFS when making comparisons:** Do consumers feel the KFS is useful for comparing

offers from different providers? Did consumers know that they can compare offers?

- 7. Effectiveness of design and language:** Is the KFS template able to convey the critical information effectively? Which components of the KFS (for example, elements highlighted in color, the amount of information, the font size, types of information in boxes) are more useful than others? Do participants consider the KFS to be excessively long or short? In what language should the KFS be written (English or the national or regional language)?
- 8. Comprehension of changes, rights, and disputes:** Do participants understand that the information in the KFS might change before an account is opened? Do consumers understand how to complain and what the dispute-resolution mechanism will be?

## WHAT METHODOLOGIES CAN BE USED TO TEST A KEY FACTS STATEMENT?

Different approaches can be employed to test a KFS. Prior to selecting a methodology (or combination of methodologies), policy makers and practitioners should consider priorities in terms of testing. Quantitative testing (for example, using an experimental approach) can help identify the best KFS variations and impact of a KFS, while qualitative methods like semistructured interviews and focus groups may be more helpful to build an initial KFS (particularly if resources are constrained).

When used together, both qualitative and quantitative methodologies can prove to be powerful tools in finalizing KFSs for use in any local market. Mixed approaches allow authorities to understand consumer behavior in depth, identify issues that need to be addressed, and design KFS templates that are effective in improving disclosure and transparency.

Selecting a methodology or combination of methodologies should depend on a country's or an institution's (i) available resources for testing; (ii) populations of interest; (iii) need/objective for testing; and (iv) type of KFS being tested (that is, credit products, transaction accounts, and so forth).

Policy makers and practitioners should also note that resources intensify depending on the number of types of research employed; the breadth of locations, regions, and languages covered; the number of KFS variations tested; or the number of participants in the study.

In general, this report recommends prioritizing focus groups for the majority of policy maker and practitioner KFS-testing needs. Should resources permit, combining focus groups with lab-in-the-field experiments helps to fine-tune KFSs and assess impacts. In general, consumer interviews and surveys may be less useful and more costly tools for the purposes of KFS testing, although they yield their own benefits as well.

*Appendix A includes a case study and lessons learned from testing KFSs in Ethiopia.*

## 1. Focus Group Discussions

Focus group discussions (FGDs) tend to be well suited as a first step to designing a KFS and contextualizing it the local market. FGDs are guided discussions on relevant topics between six to eight individuals that resemble a target segment. A number of such group discussions can be employed to understand broad customer preferences and identify existing issues related to disclosure and transparency. FGDs are also helpful in understanding how consumers approach KFSs. FGDs provide a relatively quick and low-cost method of capturing such qualitative information on a broad range of topics.

FGDs can be helpful in developing the initial KFS template by capturing what consumers believe to be the most important content and best design for a particular KFS, and how to best explain complicated concepts (such as terms, overdrafts, consumer protection, and so on). One of the advantages of FGDs is the feedback channel that allows for identification of gaps in existing or proposed KFS templates.

**Benefits:** Focus groups provide a relatively quick and low-resource sample of many consumer opinions covering a broad range of topics, permitting consumer preferences, perceptions, and areas of confusion to be understood quickly. One advantage of FGDs is the interaction between participants, which allows for the confirmation and refutation of the discussion. FGDs are particularly valuable as a first approach to understanding the market, especially in identifying main issues. They are also a useful tool for identifying major topics that should be covered in a KFS and gaps in existing KFS templates, as more quantitative methods often lack flexible feedback channels. FGDs also provide some flexibility to drill

deeper into problem areas, although less so than personal interviews

**Challenges:** Focus groups are less helpful in identifying specific solutions (that is, which KFS version is more effective than another). While focus groups are most useful as a first approach in developing a KFS and short-listing from a wide range of possible solutions, they allow for neither a rigorous empirical test of whether a solution works nor a comparison of the effectiveness of alternative solutions. It is also difficult to unpack the decision-making process of consumers through focus groups. Additionally, focus groups are not suitable when topics may provoke discussion that is deemed private or sensitive (for example, personal financial details).

**Resources:** Focus groups can be relatively quick and low cost, as each group takes roughly 60–120 minutes, offers the opinions of multiple people, and can cover multiple topics in a short period of time. Costs increase with the number of focus groups conducted. Resources required will increase in cases where the KFS needs to be tested on multiple different population groups (that is, ethnic groups, regions, languages, and so forth), as more focus groups may be required to capture the views of different subgroups. The main resource considerations are hiring/training competent enumerators to accompany relevant financial-sector staff, recruiting participants, and finding an appropriate location to conduct the FGDs. The quality of the moderator is critical to the success of FGDs.

**Methodology:** FGDs can be conducted in two stages. First, participants answer questions without seeing a KFS. This will result in (i) understanding consumer preferences and (ii) identifying existing issues in transparency and disclosure. Second, participants provide their reactions to the initial KFS template(s) to identify (i) the pieces of information that are considered most valuable and relevant; (ii) gaps in the information and consumers' additional content/conceptual needs; (iii) comprehension of contents/concepts and possible solutions to explain them better; (iv) the usefulness of the KFS to consumers; and (v) general design/language preferences. This latter is also known as a prototyping session and often contains visual elements associated with the KFS (for example, posters and vision boards) to elicit feedback on early versions of the template, with a focus on language, content, and design.<sup>1</sup> The objective of a prototyping session is to reveal

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## NOTE

1. If an early version of the KFS template does not exist, an internationally tested KFS can be used as an initial template. The discussions will then provide nuance and help to contextualize the KFS template for the local market.

participants' actual understanding of terminology and format preferences that may otherwise not emerge from verbal discussion exclusively. Participants may be asked to rate templates if multiple alternatives are to be tested.

*Appendix B provides a sample FGD guide on KFS testing for transaction accounts. Note that this is only for illustrative purposes; while the guide includes some sample topics and questions that may be relevant, it is imperative that the guide be customized to the local context.*

## 2. Consumer Interviews (Non-rigorous)

Consumer interviews generally employ in-depth semi-structured interviews with individual consumers. One-on-one interviews allow for detailed probing of issues, experiences, and perceptions to allow for a nuanced understanding of the related issues and explore possible solutions. It can provide a deep dive into the consumer experience to help fine-tune (but not to test rigorously) the development of a KFS.

**Benefits:** Consumer interviews allow for a detailed understanding of the consumer's decision-making process. Interviews can be customized according to the individual and can probe areas of interest in greater detail. Interviews are an appropriate tool to cover sensitive and private topics. They can be used to understand issues as well as explore solutions. Interviews are particularly useful in identifying gaps in existing KFS templates. They are often used to refine findings from FGDs. Given limited resources, in-depth interviews are ideal for shedding light on detailed, various preferences and experiences, particularly if representativeness is not needed.

**Challenges:** Conducting consumer interviews is costly and time consuming. They allow going into greater depth but are limited to smaller samples. Interviews are typically limited to specific areas concerning participants and will generate little information on other topics. Consumer interviews are often conducted on small samples due to the resources required, making the results unlikely to be representative of the larger population. Such interviews are typically qualitative in nature and hence do not allow for rigorous empirical testing of the effectiveness of a KFS.

**Resources:** Consumer interviews may require substantial resources and may be time consuming. Generally, interviews take 60–120 minutes. Given this constraint, sample sizes are often restricted, causing results not to be representative of the population. The main resource considerations are the hiring/training of enumerators and recruiting of participants. The quality of the interviewer is crucial to the success of this methodology.

## 3. Lab-in-the-Field Experiments

Rigorous empirical testing of whether a KFS works and a quantitative comparison of the effectiveness of alternative KFS solutions identify the impact and effectiveness of a KFS or a particular KFS variation.

A lab-in-the-field experiment involves testing the impact of a KFS by randomly assigning participants to "treatment" groups (one group for each KFS version to be tested). Each of the treatment groups can be exposed to a different version of the proposed KFS. All participants are then asked the same set of questions to gauge their level of understanding and measure their financial behavior. A comparison of the different groups' answers sheds light on the impact of each KFS. The KFS that improves understanding the most and translates to a change in actual financial behavior is considered the most impactful and should be selected for piloting or launch.

The experimental methodology also allows authorities to calculate the impact of introducing a KFS in the local market more generally. To do this, an additional group (known as the control group) can be introduced to those mentioned above. (See footnote 4.) This additional group would be exposed not to any KFS but only to current marketing materials for transaction accounts. A comparison of the most effective KFS template with the control group will capture the impact of introducing the KFS in the market.

Through these approaches, lab-in-the-field experiments can help test the effectiveness of different, finalized KFS versions and their features to see which are most impactful, as well as the overall impact of the KFS when compared to non-KFS documents.

**Benefits:** Experiments can provide evidence to answer questions about the value of introducing a KFS, its content, and its design. This is a quantitative methodology that allows for causal and statistical inference, hence making it a rigorous evaluation tool. Experiments are also ideal for a comparison of the effectiveness of alternative KFSs. This approach can highlight specific aspects of KFSs that work better or worse, and hence provide valuable insights when fine-tuning the KFS.

**Cons:** One drawback of experiments is that they require prior understanding of consumer preferences and issues. This ex ante knowledge is crucial to construct the initial KFS templates to be tested. Hence, the experimental approach is not well suited to be the first approach to understanding issues in consumer experiences and preferences (particularly on how best to explain complicated

concepts) in order to construct and finalize an initial set KFS. Another shortcoming is that consumer reaction is measured only for the KFS aspects that are tested. Missing aspects or gaps in the KFS are not highlighted due to the lack of a flexible feedback loop.

**Resources:** Lab-in-the-field experiments require approximately 30–40 participants per group (control and treatment groups). The cost to implement the experiment for each participant is approximately the same as that of a survey of similar length, which places experiments at a greater expense than, for instance, focus groups. If the number of KFSs to be tested is high, this approach can become costly as the number of participants increases significantly. The main resource consideration is the recruitment of participants. The methodological design of the experiment is the crucial factor for success in an experimental approach and may require a technical background in economics. The skills required for implementation are low and similar to those required for implementing a simple survey.

#### 4. Consumer Surveys (Rigorous)

Large-scale consumer surveys are able to capture the views of a large sample of consumers. These surveys are well structured, with fixed questions and responses, and can be used to collect both qualitative and quantitative data. Such a method is most suitable when a representative sample is desired. It is also useful for measuring change over time and for identifying issues that may be sensitive or personal. In general, consumer surveys can

analyze broad views of the KFS that are rigorously representative of particular populations, or even at the national level.

**Benefits:** Consumer surveys can capture data about a large sample of consumers, ensuring representativeness for the population. For this reason, surveys are often used to understand population-level characteristics, such as the level or breadth of the incidence of a problem. Surveys can also be used to identify common issues, including those that may involve sensitive or personal information.

**Challenges:** Representativeness typically comes at the expense of depth in the case of large-scale surveys. Such surveys are usually not designed to collect detailed information about individual experiences and preferences. In addition to cost, this may also not be possible due to the fact that such surveys are well structured and not easily customizable to individual circumstances. While consumer surveys often yield quantitative data, they are not ideal for testing the effectiveness of alternative KFSs, especially when fine-tuning is required.

**Resources:** The level of resources required for consumer surveys is largely dependent on the sample size. While the marginal cost of administering an additional survey is low, overall costs can be substantial, as such surveys are typically employed on a large scale for representativeness. However, representativeness is usually not required for KFS testing, which makes this an expensive method to do so. The main resource consideration is the hiring of a large number of enumerators.



## CONCLUSION

A well-designed KFS can play an important role in reducing informational asymmetries between providers and consumers, allowing individuals to choose more appropriate products to meet their financial needs.

While different approaches can be employed to test a KFS, policy makers and practitioners should always consider priorities in terms of testing. A combination of both qualitative and quantitative methodologies can prove powerful for finalizing KFSs in any local market.

In general, this report recommends prioritizing focus groups as a tool that can address the majority of KFS-testing needs. Should resources permit, combining focus groups with lab-in-the-field experiments helps to fine-tune a KFS and assess impacts.

To provide further guidance, this report also provides the following tools to support policy makers and practitioners to design and implement KFS tests:

- Appendix A includes a case study and lessons learned from testing KFSs in Ethiopia.
- Appendix B provides a sample FGD guide on KFS testing for transaction accounts. Note that this is only for illustrative purposes; while the guide includes some sample topics and questions that may be relevant, it is imperative that the guide be customized to the local context.
- Appendix C contains more information and examples for conducting an experiment for testing two different versions of a KFS template.

When used together, this technical brief and related appendixes can help policy makers and practitioners develop initial methodologies for testing KFSs, draft terms of references and scopes of work, and provide initial resources that can be leveraged during a KFS-testing process.



## APPENDIX A: EXPERIENCES FROM KEY FACT STATEMENT TESTING IN ETHIOPIA

To increase financial inclusion, the Government of Ethiopia launched an ambitious national financial inclusion strategy in 2014, placing high importance on improving consumer protection through various reforms and activities, including the introduction of key facts statements (KFSs). The Financial Inclusion Support Framework program supported the government on this front by conducting KFS testing for current accounts, time deposits, and fixed-term loans. The testing assessed how different variations of KFS content and layout affected consumer understanding of product terms and conditions, as well as consumer decision-making processes.

Both focus group discussions (FGDs) and lab-in-the-field experiments were employed to test the KFS variations in Ethiopia. However, the lab-in-the-field experiments had to be suspended due to the onset of COVID-19, which restricted fieldwork. The lab-in-the-field experiments were replaced with a phone-based experiment that was more limited in scope. The sections below describe the methodological approach of all three components and the research results of the qualitative research and mobile experiments.

### FOCUS GROUP DISCUSSIONS: IMPLEMENTATION AND FINDINGS

The objective of the FGDs was to understand which factors are important to users when deciding on a financial product and how best to present the information to optimize decision-making. The research focused on the following two core research questions:

- i. What information do consumers value, understand, and find most useful in making decisions about fixed-

term loans, savings and current accounts, mobile money wallets, and time-deposit accounts?

- ii. What is the best content, design, and layout of KFS templates for these products to enhance consumer comprehension and decision-making?

A team of researchers facilitated discussions around participants' decision-making processes when choosing financial products, with the aim of understanding what factors are important to them, how they make financial decisions, and how they have previously gained the necessary information. The FGDs were also used to seek early feedback on an initial KFS template, as participants were asked direct questions about their understanding and perceptions of different elements of the template.

Prototyping sessions were also conducted as part of the FGD but with different participants. Each session consisted of the following four activities:

- 1. Terminology posters:** Participants were asked to provide definitions or alternative wording for terms used in the KFS. A minimum of nine technical terms were selected per product.
- 2. Vision boards:** Participants were given cut-up versions of the KFS template. They were asked to place each section under one of four categories depending on their perceived priority for it to be included in the KFS: "Must Include," "Should Include," "Could Include," and "Would Not Include."
- 3. Template rating:** Participants were given two more alternative versions for the KFS template and asked to rate all three according to a series of characteristics.

**4. Template feedback:** Participants completed a table for each template version giving feedback on what they liked, what they did not like, what could be better, and suggestions for improvement.

For all activities, the written outputs were collated and translated for analysis. Notes made by the facilitator and notetaker during and after the session were also collated and translated.

The qualitative research consisted of 16 FGDs, evenly split across the capital Addis Ababa and Adama, a peri-urban location in the Oromia Region. The selection of these two research sites enabled the study to be conducted in both the Amharic and Oromo languages, therefore examining how different communities and languages might relate to understanding KFS documents. Selected participants were primarily of low to medium socioeconomic status, with the aim of ensuring that the KFS templates were designed for an audience as wide as possible. Sessions were gender uniform: half the sessions were with men only, and half were with women only. On average, seven participants were in each FGD. The aim was to recruit a balanced number of people who were already using the financial product and people who were not, defined as follows:

- 1. Users:** People who are currently using the financial product under consideration or have used the product within the last six months preceding data collection
- 2. Potential users:** People who do not have the financial product under consideration but who are eligible, in terms of their socioeconomic status and geographical location, to apply for the financial product<sup>2</sup>

Four people participated in each prototyping session. As before, all sessions were split across the two sites and were gender uniform. A mix of users and non-users of the products were in most sessions, but the current-account sessions consisted of users only. One fixed-term-loan session consisted solely of potential users.

The FGDs collected consumer feedback on the content, layout, format, and phrasing of the KFS templates. These insights were used to inform the second phase of testing. The following insights were key takeaways from the first stage:

**1. Difficulty in accessing simple and reliable information:** Transparency on financial products is a significant challenge for respondents, which affects their capacity to select appropriate products, especially for fixed-term loans. Respondents do not currently receive all the desired information when enquiring about financial products, which creates gaps in their decision-making process.

**2. Reliance on multiple sources for information:** Most respondents relied on a range of sources—including family, friends, employees, and financial service providers—for information when selecting financial products. Respondents valued the benefit of KFSs in presenting comparable information on financial services and products.

**3. Understanding of key terms is a significant challenge:** Some common financial terms—such as annual percentage cost of a loan, up-front fees and charges, and transaction limits—were not well understood.

**4. Preference for simplification:** Most respondents expressed the desire for simplified wording and a more illustrative representation of content for better engagement. They also expressed a preference of a more personalized touch over formal text in context presenting.

Based on insights gained from the FGDs as well as literature reviews, the research team identified key aesthetic features, styles of communication, and explanatory phrasing of commonly misunderstood terms that were then used in the lab-in-the-field experiments in the second stage.

## LAB-IN-THE-FIELD EXPERIMENTS: PILOTING AND IMPLEMENTATION DESIGN

The lab-in-the-field experiments were developed and went through initial piloting in Addis Ababa, but they were suspended shortly before implementation due to the onset of COVID-19 pandemic in East Africa. Hence, this section focuses on the methodology developed for the study rather than the study results.

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### NOTE

2. For the case of current-account FGDs, the potential users are those that are unbanked.



The goal of the experiments was to quantify the impact of different KFS design elements on consumers' level of understanding and decision-making. In particular, the experiments were to test new design elements of the KFS, such as infographics, typographical cues, and icons, and compare the results against a baseline version of the KFS, which the World Bank had used in other countries and did not include these design elements. Conducting the experiment in the field allowed observation of how participants would react in a natural setting. Tablets, laptops, and other equipment were to be used to emulate the treatment in desired locations.

The experiment was planned to run in two locations: Addis Ababa and Adama. A total of 800 participants (400 in each location) were to test KFSs for three products: (i) fixed-term loans, (ii) saving and current accounts, and (iii) time deposits. Participants were evenly distributed to the three products so that each product would receive approximately 133 participants in each location. A treatment arm under a particular sequence of a particular product (that is, a series of screen displays, and quizzes designed to test a particular design element such as infographics, typographical cues, and so on) would receive about 45 respondents each. The minimum detectable effect for the experiment was estimated to be 11.6 percent, with 86 percent power at 95 percent confidence interval.

The study aimed to understand how each of the design elements affected the following four customer outcomes:

- 1. Comprehension:** Understanding how different design elements and language used in the KFS affect participants' understanding of the terms and conditions of the financial products
- 2. Willingness to compare:** Understanding if and how different design elements support the consumers' willingness to compare product offers in terms of costs and product features
- 3. Optimal product choice:** Understanding what design elements of the KFS would aid consumers to choose the product most appropriate to their needs

- 4. Recall:** Understanding which design elements help customers recall the content of the KFS

The experiment tested five specific KFS design elements in isolation as well as three variations of the full KFS for each product. The five KFS design elements were the following:

- 1. Pledges:** Literature suggests that pledge framing, which requires signing an explicit promise statement, may increase a participant's level of engagement with KFS content (Bhanot 2017). To test this, respondents were introduced to an identical offer for a financial product that included summary information about the costs and other product features. Respondents were then assigned to three treatments, a plain pledge, a loss framed pledge, and the original default instruction at the top of the KFS (control).<sup>3</sup> Participants were required to answer a short quiz at the end of each experimental sequence that measured comprehension under the three treatment conditions.
- 2. Infographic illustrations and iconography:** As per the feedback gathered in FGDs, the use of infographics may help respondents better understand product features. Three treatments were developed to test this: one treatment with no infographics (control) and two with infographics with different designs features. All participants were then asked a series of questions to measure their comprehension of the information contained in the KFS.
- 3. Typographical cues:** As per the feedback gathered in FGDs, simple changes to the text format, such as using bold text in key parts of the KFS, may improve comprehension. To test this, respondents were tested on their ability to recall parts of the KFS where various typographical cues were used (or none in the control group).
- 4. Frequently asked questions:** Communicating key information of the KFS content through questions and answers may be more efficient than using descriptions or information in table format. To test this, respondents were randomly assigned to treatments with various forms of frequently asked ques-

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## NOTE

3. See appendix D for more details about the pledge experiment.

tions (including a control with no questions) and tested for comprehension.

**5. Ordering effects (primacy or recency):** The experiment also tested the importance of the ordering of content, such as with the most relevant information at the top or bottom of a section or page. Respondents were assigned various ordering treatments and tested for comprehension and recall.

### PHONE-BASED EXPERIMENT: IMPLEMENTATION AND FINDINGS

As the lab-in-the-field experiments could not be implemented due to the onset of the COVID-19 pandemic, an alternative phone-based experiment was undertaken to avoid physical interaction during the fieldwork. As access to smartphones is limited in Ethiopia, especially among the target groups of the study, a nonvisual approach that relied on basic phones had to be adopted. Unfortunately, this severely limited the scope of the activity, as most design elements could not be tested. Instead, the focus shifted to understanding the terminology used in the KFS templates.

Based on the outcomes of FGDs, the research team identified 20 key terms from the initial KFS templates that either were difficult to understand or required further exploration. For each term, the research tested at least two alternative explanations or alternative terms. The experiment was implemented via phone calls and, hence, was significantly simplified to ensure that it would be understood when administered verbally. The length of time required for completion was minimized to avoid respondent fatigue. The randomization of the original experimental methodology was retained, and participants were randomly allocated into one of three treatment groups to ensure a fairly equal balance across gender, location, income level, and educational attainment.

The phone-based experiment, while significantly limited in scope, allowed for the testing of alternative explanations and preference for certain terminology, as detailed below:

**1. Testing of alternative explanations of financial terms:** For each identified term, participants were randomly assigned to a treatment group and tested on an alternative explanation. In each treatment, field officers read out an alternative explanation to respondents, followed by a hypothetical question. Participants were given three or four options for answers and asked to choose the one that they thought was

correct. Here is an example of one of the questions administered in this style:

“A standing order is an instruction for regular fixed payments. Based on this explanation, please pick which of the following is a good example of a standing order.”

- (i) Sending money to a friend for Christmas shopping
- (ii) Paying for airtime
- (iii) Sending money from your account to your landlord every month to pay your rent

**2. Preference for terminology:** All participants were introduced to a description or a concept, followed by a list of three or four terms. They were asked to pick one term from the list that they felt best represented the description they heard. Here is an example of one of the questions administered in this style:

“Which of the following do you think best describes an account you can access with your mobile phone to transfer money and pay for goods and services?”

- (i) Mobile Money
- (ii) Mobile Money Account
- (iii) Mobile Wallet Account

Data was captured from the experiment on the comprehension rates and preferences of all respondents. To determine preferences for terminology, a simple descriptive analysis was conducted to uncover the most preferred terms. Results were also recalculated for key demographic segments, such as women and low-income and rural individuals. To test alternative explanation of financial terms, a comparison was made of the comprehension rates between participants that received different treatments (explanations). A statistically significant difference implied that one explanation was more effective than the other in enhancing understanding of a particular financial product. A regression analysis was also conducted to identify influential factors that affect an individual's comprehension of the terms tested.

Based on the descriptive and inferential analysis, the research was able to identify alternative explanations and terms that could help stimulate better comprehension among readers. For example, in the KFS for fixed-term loans, incorporating the phrase “*fee required to get the loan*” in explaining “*up-front fees and charges*” seemed to drive better clarity and improved comprehension among the wider population. Similarly, the explanation “*full cost of your loan (including interest and fees) at*

a *yearly rate*” boosted comprehension of the term *“annual percent cost of loans”* among women. In the KFS for current/saving accounts and mobile money, adopting the explanation *“the amount you can send or receive from your account”* helped improve the comprehension of the term *“transaction limits”* among the wider population. The term *“standing order”* was also difficult to understand for many respondents. Incorporating the phrase *“instruction for regular payment”* or *“making regular payments for your account”* seemed to improve the understanding.

Although the research helped to shed light on trends in the descriptive statistics, most of the findings were not statistically significant, which suggests that most of the alternative explanations tested and the original terms are likely to yield the same level of comprehension for the larger population of Ethiopians. This can arise due to limitations if the number of participants is inadequate, as was the case in Ethiopia due to COVID-19 limitations. The experiment results were further constrained as visual content could not be employed over the phone. It can be difficult to detect differences in consumer comprehension due to minor changes, and such restrictions can further limit KFS testing.



# APPENDIX B: EXAMPLE FOCUS GROUP DISCUSSION GUIDE FOR KFS TEMPLATE FOR TRANSACTION ACCOUNTS

## WELCOME NOTE

Introduction of the moderator and recorder—Introduce the objectives of the meeting and the expected outcome—Inform the participants that the discussions are recorded for future reference and analysis—Assure the participants that the information provided will be kept confidential and no names will be quoted while compiling the findings—Set minimum rules for FGD that include keeping mobiles silent, one to talk at any time, discuss freely, no right or wrong answer, allow all to speak, and so forth—Encourage talking loud and clear for the recorder and moderator and note taker to take notes.

These questions should be contextualized and revised based on the needs of the regulator.

Be sure to collect the following demographic details are collected for analysis purposes:

- Age
- Prior credit experience
- Gender
- Education
- Family Income

## INTRODUCTION

Welcome, and thank you for coming today. My name is \_\_\_\_\_ and this is \_\_\_\_\_. We are from \_\_\_\_\_.

The material we are testing today is part of a consumer study about the information you receive when you go to open or compare a financial transaction account. A transaction account is typically defined as a store-of-value account at a bank, microfinance institution or other regulated financial institution that lets you make/receive payments, save or store money.

Specifically, we are testing a summary form of key information for the transaction account—we call such a form a “key facts statement” or “KFS.” We are trying to create a form that will summarize all the information consumers need in order to choose the right transaction account and better understand the terms of the account, their rights, and the different features. What you say to us today will help us to better understand what consumers need. With your help, we will be able to prepare an information summary form to help consumers make better decisions about transaction accounts. There are no right or wrong answers, we are just interested in learning from your opinions and experiences.

I will be leading today's session and \_\_\_\_\_ will be taking notes to help us remember what you say. We will be audio- and /or videotaping this session, based on what you agreed to, to ensure that we collect complete information. The entire session will take no more than 2 hours, and we will take a break about halfway through the session.

Over the next 2 hours, I am going to ask you to do a couple of things and to respond to a series of questions. As I go through these questions, and you give me your responses, please remember there are no right or wrong answers. We aren't testing you. We're testing the summary form or KFS.

We want to learn from you what works best for consumers to help them understand transaction accounts and if these summary forms give you the information you need to decide if you are interested in transaction accounts, and if you are able to use the information to compare amongst providers.

Do you have any questions?

## CONFIDENTIALITY

I have a few questions to ask you about the paperwork you filled out when you arrived. Can you please answer either yes or no to each of the questions that I will ask you? (If participants nod or shake head, ask him or her to say the answer out loud for our tape.)

Did you fill out a questionnaire when you arrived today?

Were you given consent forms to participate in this session for us to audiotape and videotape your session today? Did you give permission for both audiotape and videotape? (If did not give permission for video, ensure video is off.)

Did you read and sign those forms?

Do you have any questions?

All of the information we collect today will be kept confidential to the extent permitted by law, and we will not identify you by name when we compile our results. In addition, we will not use your full name, address, or any other personal identifying information (other than your image if you agreed to videotaping) in reports, papers, or videos based on this research. I want to remind you that you may terminate the interview at any time.

**Note to moderator: Do not proceed with the session unless the participants answer yes to each of the first three questions. (Participants must agree to audio, but video is optional.)**

### CONSUMER PREFERENCES AND EXISTING ISSUES

Before we show you the KFS, we would like to hear from you.

What types of services and products do you use? (MFIs, credit cards from retail stores, pawn shops, informal providers, etc. OTC, nothing?) How do you utilize these products?

What are the main criteria you consider when selecting a product?

Now, what would be the main criteria you would consider when selecting a transaction account? Please write down up to three features that you consider most important when selecting a transaction account or bank.

What information would you like to know when shopping around or considering opening a transaction account?

What features of the account are most important to you (for example, costs, fees, and so forth)?

What are major gaps in your understanding of a transaction account? What would you like to know but have a hard time understanding?

What have been your experiences opening and interacting with financial services? Any positive/negative?

For those that have tried to open/opened an account before, did existing materials address your informational needs? What were some of the issues?

If there is a common document to be published by every financial institution to help you make decisions about opening accounts, list down the information financial institutions should disclose that would help you to compare and shop around.

#### **FOR USERS OF FINANCIAL SERVICES:**

Why did you select the institutions you got the transaction account from? Do you have more than one account with different institutions?

How did you figure out the terms of the transaction account? Who communicated this information to you?

Are there specific features of the transaction account that you think could be changed or improved upon (that is, fees, balances, and so on)?

Which aspects did you consider when opening an account? How did you obtain this information? Did you have any problems in getting information you wanted?

When did you receive this information? (Before or after you received the product?)

Did the person offering the product explain the aspects/terms of the product? Did you ask additional questions to resolve any doubts you had?

Are there any features that were not clear to you or that you were not aware of when opening the account? If so, what did you do when you found out?

### HAND OUT KFS

I am now going to provide you with the KFS. I would like to ask you to talk out loud about what you are thinking as you read it. I want to hear what you are noticing and thinking about as you look through it as well as your thoughts, questions, and ideas about the KFS. You might be reading out loud and thinking, "Wow! This is great!" or "I don't like this!" Say those things out loud. Or maybe you think, "What does this word mean?" Say it out loud. Tell me what you like about what you see and what is confusing, so we can improve. Remember we want to hear your thoughts—both positive and negative—so we can make sure consumers have clear information about transaction accounts.

We want to hear that inner dialogue or voice in your mind that comments on things you read. Talking out loud is the only way we can hear what you are thinking and how you are reacting. This may seem a little odd, but we really want to hear everything that you are thinking as you interact with this summary form for the first time, so we can improve it further.

To learn from you, it is important that you:

Tell us out loud where you are in the key information document.

Tell us what you are reading, skimming, skipping in the form.

Tell us any questions, suggestions, or confusion that you might have about any part of the summary form.

Here is the KFS.

Note to moderator: Allow sufficient time for participants to read through the KFS.

## VALUE OF KFS

What is the purpose of this document? Do you understand the concept of this KFS?

Given the scenario, would you be interested in this transaction account? (PROBE: Why or why not?)

Can you explain to me what about this summary form helped you to decide?

Which pieces of information are most important for your decision, and which ones are less relevant? We want to know what consumers think is the most important and useful information in the summary form. Take a highlighter and highlight parts of the form that you think are most important and useful.

- Which 3 items of information do you think are the most important for deciding to sign up for the product?
- Does the KFS have all the information you need to make a decision?
- Is there any information that you would also wish to see (but is not available)?
- Is there any information that is not needed? Any information that you skimmed? Any information that you skipped?
- Can you explain to me, in your own words, why you selected the information you did?

On what parts or information in the KFS do you focus to take your decision? Does the form contain the information you need to make a decision? If not, what other information should be included?

Which are the most difficult parts of the document to understand? Are there any parts that are unclear?

## UNDERSTANDING THE KFS

### FORMAT:

Do you have any comments on the format of the KFS?

What about the elements bolded in color? Should other parts be bolded as well? What parts did you find most important?

How was the amount of information? Was it too much? Too little? What about the information in boxes?

Can you read and generally understand the English version of the KFS? And the Urdu version? Would you prefer that the KFS was in another language (such as a provincial language—for example, Sindhi)?

Do you consider the KFS is too long? Too short?

Explain the terminology used in the KFS that is new to you. Is there a better way to present it to make it easier to understand?

Is the font or typeface easy to read? Is it large enough?

Is there a specific structure in which you would like the document to be presented?

Where do you prefer the placement of the [cover, premiums, fees, and excesses] information? (Moderator: make people vote for each of these features.)

**TERMS AND FEES:**

Are the various fees well understood? Do you understand what it means? Are they confusing? How would you prefer for it to be explained?

Are the transaction amounts well understood? Do you understand what it means? Are they confusing? How would you prefer for it to be explained?

Are the minimum balances well understood? Do you understand what it means? Are they confusing? How would you prefer for it to be explained?

Are the example calculations/fees/balances easy to understand? Are you able to calculate correctly the various fees?

Do you understand what all the terms mean? Are there any terms you don't understand?

Are there other terms/ways to explain the elements that would make more sense? Easier to understand?

**UNDERSTANDING THE KFS — DISCLOSURE AND TRANSPARENCY**

Through the KFS:

Do you understand that the information in the KFS might change before an account is opened?

Do you understand how to complain? Should complaint and dispute-resolution sections be given more prominence?

If you were dissatisfied with the product or had a question to ask, where would you present a complaint or go for help?

Describe the different steps that you take/would take to resolve these problems. To whom do you look? What resources, channels, or services would you use to try and resolve them?

Do you understand which organizations can help you resolve problems with banks and other financial service providers?

**UNDERSTANDING THE KFS — PRODUCT COMPARISON**

**NOTE TO MODERATOR: NOW PROVIDE EXAMPLE OF TWO DIFFERENT PRODUCTS USING SAME INFORMATION THROUGH TRANSACTION ACCOUNT**

Based on the KFS for each of the two products [give sufficient time to read and understand the content of KFS], specify which product you as a customer would choose.

Which product would you prefer, transaction account 1 or 2? Explain the reason for why you chose this product.

What factors influenced your decision?

In your own words, can you summarize how you used the summary forms to compare?

Did you have enough information to make a decision? Was there any additional information that you would have needed to make a decision?



Can you explain if any information was not relevant for decision-making?

Do you think the availability of this information changed your behavior when selecting a transaction account?

Did you feel the KFS was useful for comparing offers from different providers? Did you know that you can compare offers?

Did consumers understand how to select the “better” product? Who didn’t understand how to select the “better” product?

#### WRAP UP

How can this document be improved to make it more understandable?

Would you utilize this information to compare the costs of products?

Are there ways in which it could be made easier to compare products with each other?

Any other comments or suggestions?

**Thanks Note** — Thanks so much for sharing your thoughts and impressions with us today. Your feedback and suggestions have been very helpful. Do you have any questions I can try and answer?

Remind and reassure participants about confidentiality and that no names will be published in any reports. Provide them with contact details in case they do have any further questions or concerns.



## APPENDIX C: EXAMPLE OF AN EXPERIMENTAL APPROACH TO KFS TESTING FOR TRANSACTION ACCOUNTS

An experimental approach to KFS testing allows for a rigorous empirical investigation of the impact of a KFS on consumer perception and eventual decision-making. The approach is especially useful to test the effectiveness of a KFS template and thus make it an appropriate tool to compare multiple versions of KFS templates.

This appendix demonstrates how an experiment can be used to compare the effectiveness of two versions of a KFS template, with the objective of identifying the more appropriate one for the local market.<sup>4</sup> The versions used are only for illustrative purposes to outline how an experiment in this context should be designed and conducted.<sup>5</sup> The actual methodology can be borrowed from this guide but is likely to vary slightly to incorporate specific aspects of the KFS and local market dynamics.

A lab-in-the-field experimental methodology is recommended for KFS testing. This involves conducting a highly controlled experiment (similar to a lab experiment) in the field with real-world participants who constitute the potential audience for transactional accounts. Details of the experiment are as follows:

**Participants:** Participants should be randomly selected in a busy public area that is visited by a variety of people, to ensure sufficient variation in characteristics (such as income, education, gender, age, employment, banking status, and so forth). Ideally, the entire experiment should not be conducted in one slot but distributed over multiple slots across different days of the week and times of day to ensure this variation. The objective in participant recruitment is to capture individuals that are likely to constitute the potential audience for transactional accounts.

**Monetization:** The example experiment below is expected to last 20 minutes on average and can be conducted without any monetary incentives. However, it is good practice to monetize an experiment if it lasts longer than 30 minutes. The monetary award should be proportional to the number of correct answers by the participant. The mean payout should be roughly equivalent to the cost of one meal locally for each hour of the participant's time (on a pro rata basis).

**Logistics:** Participants are to be randomly selected in the public area.<sup>6</sup> Once an individual agrees to participate in

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### NOTE

4. Alternatively, the objective may be to measure the impact of introducing a KFS, in which case the control group should be given existing marketing materials (if these exist).

5. Two sample versions (along with an accompanying KFS for each) are presented at the end of this appendix.

6. The participants must agree to participate in the experiment. This can be obtained through a consent form.

the experiment, basic demographics of the participant are recorded. A script is then read aloud to the participant. A sample script is provided in box C.1.

Once the script is read, one version of the KFS template is randomly chosen to be presented to the participant, who is then given time to go through it.<sup>7</sup> Once the participant has familiarized himself/herself with the KFS template, the first set of questions are to be read, and answers recorded. The participant is allowed to refer to the KFS template provided earlier when answering the questions. There is no time limit, and the participant may take as long as he or she wishes to answer the questions.

Once the participant has answered the first set of questions, a second accompanying KFS is to be handed to him/her in addition to the first KFS.<sup>8</sup> The participant is allowed time to go through it. Once the participant has familiarized himself/herself with the second KFS template,

the second set of questions are to be read, and answers recorded. As before, the participant is allowed to refer to both the KFS templates provided earlier when answering the questions, and there is no time limit to answer. Once the participant has answered all the questions, the experiment ends, and the participant is free to go.<sup>9</sup>

**Analysis:** The analysis of the data resulting from an experiment is straightforward. Given random selection of the participants, only a simple comparison of the means is required. A simple statistical test of differences between the number of correct answers between the two will reveal the more effective KFS template. It is also possible, to some extent, to determine which aspects of the KFS template are better or worse by examining the answers for each individual question. For example, more correct answers to question 5 (parts a and b) for the second version will suggest that the warning icon draws attention to the warning text and is more effective in communication.

#### BOX C.1

#### Experiment Script

Welcome, and thank you for participating in this experiment. My name is \_\_\_\_\_ and I am from \_\_\_\_\_.

The material we are testing today is part of a consumer study about the information you receive when you go to open or compare a financial transaction account. A transaction account is typically defined as a store-of-value account at a bank, microfinance institution or other regulated financial institution that lets you make/receive payments, save or store money.

You will receive two leaflets with information on transaction accounts and will be asked a series of questions. Your answers and personal data will be kept completely confidential and will not be used for any purpose other than this experiment. This experiment will last approximately 20 minutes. We request that you do not use your cell phone or talk to anyone during the experiment.

Before we begin the experiment, we would like to collect some information about you. Please tell us your:

Age:

Gender:

Highest education achieved:

Current Employment:

Family Income (approximately):

Banking status (whether you ever had a bank account or not):

#### NOTE

7. It is extremely important that the KFS template version be chosen randomly. This can be done most easily by tossing a coin for each participant to decide between versions 1 and 2. A dice can be used if there are more than two versions. Do not simply alternate between versions systematically.

8. It is important not to take the first KFS away from the participant.

9. In case the experiment is monetized, the participant is to be paid once the experiment ends.

We will now begin the experiment. Here is some information about a transaction account.

*[Moderator to randomly select one version of KFS template and hand to participant. Record version of KFS template selected here: \_\_\_\_\_]*

This is a sheet that contains some information a bank has provided for its transaction account. Please take your time to review it and let me know when you are ready. I will then ask some questions regarding the transaction account. You may refer to the sheet to answer the questions. Please let me know whenever you are ready to answer the questions.

*[Wait for participant to inform moderator that they are ready to answer the questions.]*

I will now ask you some questions. Remember, you can refer to the information sheet to answer the questions. There is also no time limit, so feel free to take as much time as needed to answer the questions.

*[Read aloud the following questions, followed by the options. Record participant's answers.]*

Q1. What type of account is this?

- a. Current account
- b. Saving account
- c. Mobile wallet account
- d. Other type of account

Q2. Can you open this account with no money?

- a. Yes
- b. No
- c. Not specified in sheet
- d. Don't know

Q3a. Do you need to pay anything if you keep the minimum amount of money required to keep the account?

- a. Yes
- b. No
- c. Not specified in sheet
- d. Don't know

Q3b. If yes to above: How much do you need to pay every year?

- a. \$50
- b. \$100
- c. \$300
- d. Not specified in sheet
- e. Don't know

Q4. How much money will you have in the account after 1 year if you deposit \$1,000 today and not use the account again?

- a. More than \$1,000
- b. Exactly \$1,000
- c. Less than \$1,000
- d. Not specified in sheet
- e. Don't know

Q5a. Can the interest payment on this account ever change?

- a. Yes
- b. No
- c. Not specified in sheet
- d. Don't know

Q5b. If yes to above: Why can the interest payment on this account change?

- a. Bank may choose not to pay interest after one year.
- b. Bank may return deposit whenever they want.
- c. Bank may change the mentioned interest rate.
- d. Not specified in sheet
- e. Don't know

Q6. What is the cheapest way to send fund transfers from this account?

- a. Transfer at a branch
- b. Transfer through Internet banking
- c. Transfer through mobile banking
- d. Standing orders/direct debits
- e. Not specified in sheet
- f. Don't know

Q7. What can you do if you are unsatisfied with how the bank has handled your complaint?

- a. Do nothing
- b. Report to police
- c. Contact the Ombudsman's secretariat
- d. Not specified in sheet
- e. Don't know

Q8. How often can the bank change the fees listed in the information sheet?

- a. Bank cannot change these fees
- b. Once a year
- c. Once a month
- d. Not specified in sheet
- e. Don't know

Q9. Do you have to open an account if you sign this document?

- a. Yes
- b. No
- c. Not specified in sheet
- d. Don't know

I will now share another information sheet of a second transaction account.

*[Moderator to hand to participant the accompanying KFS template for the selected version.]*

This is a sheet that contains some information a different bank has provided for their transaction account. Please take your time to review it, and let me know when you are ready. I will then ask some questions regarding both accounts. You may refer to both information sheets to answer the questions. Please let me know whenever you are ready to answer the questions.

*[Wait for participant to inform moderator that they are ready to answer the questions.]*

I will now ask you some questions. Remember, you can refer to both the information sheets to answer the questions. There is also no time limit, so feel free to take as much time as needed to answer the questions.

*[Read aloud the following questions, followed by the options. Record participant's answers.]*

Q10. Which account will you open if you have only \$100 to deposit?

- a. Bank Account ABC
- b. Bank Account XYZ
- c. Indifferent between the two bank accounts
- d. Don't know

Q11. Which account will you open if you have \$500 to deposit and will not use any of the banking services?

- a. Bank Account ABC
- b. Bank Account XYZ
- c. Indifferent between the two bank accounts
- d. Don't know

Q12. Which account will you open if you have \$500 to deposit and will frequently use some of the listed banking services?

- a. Bank Account ABC
- b. Bank Account XYZ
- c. Indifferent between the two bank accounts
- d. Depends on which services I use most
- e. Don't know

Q13. Which account can change the fees presented?

- a. Bank Account ABC
- b. Bank Account XYZ
- c. Both accounts
- d. Neither account
- e. Don't know

Q14. Which account offers more services?

- a. Bank Account ABC
- b. Bank Account XYZ
- c. Not specified
- d. Don't know

This concludes the experiment. Thank you for participating.

*[Experiment ends.]*<sup>10</sup>

## NOTE

10. Correct answers to the questions above are (1) B, (2) B, (3a) A, (3b) B, (4) C (interest minus maintenance fees), (5a) A, (5b) C, (6) A, (7) C, (8) D, (9) B, (10) B, (11) B, (12) D, (13) C, and (14) C.

## APPENDIX C.1: Version 1 of KFS Template

Read this document carefully if you are considering opening a new account.  
Use it to compare different accounts and different providers.

## KEY FACTS STATEMENT FOR ACCOUNT

**Account provider:** Bank ABC

**Date:**

**Product name:** Account ABC

**Account type:**  Current Account

Savings Account  Mobile Wallet

**WARNING:** This information is accurate as at the date above. Services, fees and interest rates may change.

Opening and keeping this account	
<b>Minimum balance</b>	
To open the account:	\$ 200
To keep the account:	\$ 300
<b>Maintenance fee</b>	\$ 100 per year

Interest
<b>Interest paid on account?</b> Yes
<b>Annual interest rate:</b> 9%
This rate may change at any time.
Based on the current rate, this means for every \$ 1,000 you keep in the account for 12 months you receive \$ 90 in interest.

Services	Fees	
<b>ATM/debit card</b>	First ATM/debit card	\$ No fee
	Replacement ATM/debit card	\$ 50
<b>Cash withdrawals</b>	Branch withdrawal	\$ No fee
	Withdrawal from our ATMs	\$ No fee
	Withdrawal from other ATMs	\$ 10
<b>Deposits</b>	Branch deposit	\$ No fee
	Deposit through our ATMs	\$ No fee
<b>Cheques</b>	Cheque book	\$ 80
	Stop cheque	\$ 30
<b>Sending funds transfers</b>	Transfer at a branch	\$ No fee
	Transfer through Internet banking	\$ 75
	Transfer through mobile banking	\$ 75
	Standing orders/direct debits	\$ 30

Services	Fees
<b>Receiving funds transfers</b>	Receiving fund transfers \$ No fee
<b>Statements</b>	Paper statements \$ No fee
	Electronic statements \$ No fee
<b>Balance inquiries</b>	At a branch \$ No fee
	At our ATMs \$ No fee
	At other ATMs \$ 5
	On mobile banking \$ No fee
<b>Internet banking</b>	Fees for using Internet banking No fee
<b>Mobile banking</b>	Fees for using Mobile banking No fee

**Important:** This is a list of the main service fees for this account. It does not include all fees. You can find a full list of fees in our branches and on our website.

Calculation and payment of interest
Interest is calculated annually on the balance in your account and is credited to your account annually.

What happens if you overdraw the account?
Overdrawing fees \$ 250

**Warning:** If you dishonestly write a dishonoured cheque, you will commit a criminal offence.

**Other things you should know**

- **Requirements when opening this account:** To open the account you will need to satisfy some identification requirements. These can include providing documents and information to verify your identity. Please ask us for more details.
- **What happens if you do not use this account for a long period?** If you do not make any deposit or payment/withdrawal for 12 months, your account will be treated as dormant. If your account becomes dormant, you will not be able to withdraw/ deposit money. To reactivate your account you must visit the nearest bank branch.
- **Closing this account:** To find out the procedure for closing your account, you should contact the nearest bank branch. [You do not have to pay any extra fee to close your account.]

**How can you get assistance or make a complaint?**

Contact us in any of the following ways: Helpdesk at 111 111 111. If you are unsatisfied with how we handle your complaint, you can contact the Ombudsman’s secretariat.

**I ACKNOWLEDGE RECEIVING THIS KEY FACTS STATEMENT**

Customer name: \_\_\_\_\_ Customer signature: \_\_\_\_\_ Date: \_\_\_\_\_



## APPENDIX C.2: Accompanying KFS with Version 1 of KFS Template

Read this document carefully if you are considering opening a new account.  
Use it to compare different accounts and different providers.

## KEY FACTS STATEMENT FOR ACCOUNT

**Account provider:** Bank XYZ-

**Product name:** Account XYZ

**Date:**

**Account type:**  Current Account

Savings Account  Mobile Wallet

**WARNING:** This information is accurate as at the date above. Services, fees and interest rates may change.

## Opening and keeping this account

**Minimum balance**

To open the account: \$ 50

To keep the account: \$ 100

**Maintenance fee** \$ 50 per year

## Interest

**Interest paid on account?** Yes

**Annual interest rate:** 12%

This rate may change at any time.

Based on the current rate, this means for every \$ 1,000 you keep in the account for 12 months you receive \$ 120 in interest.

## Services

## Fees

**ATM/debit card**

First ATM/debit card \$ No fee

Replacement ATM/debit card \$ 70

**Cash withdrawals**

Branch withdrawal \$ No fee

Withdrawal from our ATMs \$ No fee

Withdrawal from other ATMs \$ 5

**Deposits**

Branch deposit \$ No fee

Deposit through our ATMs \$ No fee

**Cheques**

Cheque book \$ 50

Stop cheque \$ 50

**Sending funds transfers**

Transfer at a branch \$ No fee

Transfer through Internet banking \$ 50

Transfer through mobile banking \$ 50

Standing orders/direct debits \$ 100

Services	Fees	
<b>Receiving funds transfers</b>	Receiving fund transfers	\$ No fee
<b>Statements</b>	Paper statements	\$ No fee
	Electronic statements	\$ No fee
<b>Balance inquiries</b>	At a branch	\$ No fee
	At our ATMs	\$ No fee
	At other ATMs	\$ 10
	On mobile banking	\$ No fee
<b>Internet banking</b>	Fees for using Internet banking	No fee
<b>Mobile banking</b>	Fees for using Mobile banking	No fee

**Important:** This is a list of the main service fees for this account. It does not include all fees. You can find a full list of fees in our branches and on our website.

Calculation and payment of interest
Interest is calculated annually on the balance in your account and is credited to your account annually.

What happens if you overdraw the account?
Overdrawing fees <span style="float: right;">\$ 200</span>

**Warning:** If you dishonestly write a dishonoured cheque, you will commit a criminal offence.

**Other things you should know**

- **Requirements when opening this account:** To open the account you will need to satisfy some identification requirements. These can include providing documents and information to verify your identity. Please ask us for more details.
- **What happens if you do not use this account for a long period?** If you do not make any deposit or payment/withdrawal for 12 months, your account will be treated as dormant. If your account becomes dormant, you will not be able to withdraw/ deposit money. To reactivate your account you must visit the nearest bank branch.
- **Closing this account:** To find out the procedure for closing your account, you should contact the nearest bank branch. [You do not have to pay any extra fee to close your account.]

**How can you get assistance or make a complaint?**

Contact us in any of the following ways: Helpdesk at 111 111 111. If you are unsatisfied with how we handle your complaint, you can contact the Ombudsman’s secretariat.

**I ACKNOWLEDGE RECEIVING THIS KEY FACTS STATEMENT**

Customer name: \_\_\_\_\_ Customer signature: \_\_\_\_\_ Date: \_\_\_\_\_

APPENDIX C.3: Version 2 of KFS Template<sup>11</sup>

Read this document carefully if you are considering opening a new account.  
Use it to compare different accounts and different providers.

## KEY FACTS STATEMENT FOR ACCOUNT

**Account provider:** Bank ABC

**Date:**

**Product name:** Account ABC

**Account type:**  Current Account

Savings Account  Mobile Wallet

**WARNING:** This information is accurate as at the date above. Services, fees and interest rates may change.

Opening and keeping this account	
<b>Minimum balance</b>	
To open the account:	\$ 200
To keep the account:	\$ 300
<b>Service fee</b>	\$ 100 per year

Interest
<b>Interest paid on account?</b> Yes
<b>Annual interest rate:</b> 9%
This rate may change at any time.

Services	Fees	
<b>ATM/debit card</b>	First ATM/debit card	\$ No fee
	Replacement ATM/debit card	\$ 50
<b>Cash withdrawals</b>	Branch withdrawal	\$ No fee
	Withdrawal from our ATMs	\$ No fee
	Withdrawal from other ATMs	\$ 10
<b>Deposits</b>	Branch deposit	\$ No fee
	Deposit through our ATMs	\$ No fee
<b>Cheques</b>	Cheque book	\$ 80
	Stop cheque	\$ 30
<b>Sending funds transfers</b>	Transfer at a branch	\$ No fee
	Transfer through Internet banking	\$ 75
	Transfer through mobile banking	\$ 75
	Standing orders/direct debits	\$ 30

## NOTE

11. The second version of the KFS template is different from the first one in the following ways: (1) The interest-paid example has been removed; (2) an icon has been added to the warning text to draw attention to it; and (3) the second version is shorter and removes the following sections: (a) Calculation and payment of interest, (b) What happens if you overdraw the account?, and (c) Other things you should know.

Services	Fees	
<b>Receiving funds transfers</b>	Receiving fund transfers	\$ No fee
<b>Statements</b>	Paper statements	\$ No fee
	Electronic statements	\$ No fee
<b>Balance inquiries</b>	At a branch	\$ No fee
	At our ATMs	\$ No fee
	At other ATMs	\$ 5
	On mobile banking	\$ No fee
<b>Internet banking</b>	Fees for using Internet banking	No fee
<b>Mobile banking</b>	Fees for using Mobile banking	No fee

**Important:** This is a list of the main service fees for this account. It does not include all fees. You can find a full list of fees in our branches and on our website.

**How can you get assistance or make a complaint?**

Contact us in any of the following ways: Helpdesk at 111 111 111. If you are unsatisfied with how we handle your complaint, you can contact the Ombudsman’s secretariat

**I ACKNOWLEDGE RECEIVING THIS KEY FACTS STATEMENT**

Customer name: \_\_\_\_\_ Customer signature: \_\_\_\_\_ Date: \_\_\_\_\_

APPENDIX C.3: Version 2 of KFS Template<sup>11</sup>

Read this document carefully if you are considering opening a new account.  
Use it to compare different accounts and different providers.

## KEY FACTS STATEMENT FOR ACCOUNT

**Account provider:** Bank XYZ-

**Product name:** Account XYZ

**Date:**

**Account type:**  Current Account

Savings Account  Mobile Wallet

**WARNING:** This information is accurate as at the date above. Services, fees and interest rates may change.

## Opening and keeping this account

**Minimum balance**

To open the account: \$ 50

To keep the account: \$ 100

**Service fee** \$ 50 per year

## Interest

**Interest paid on account?** Yes

**Annual interest rate:** 12%

This rate may change at any time.

Services	Fees	
<b>ATM/debit card</b>	First ATM/debit card	\$ No fee
	Replacement ATM/debit card	\$ 70
<b>Cash withdrawals</b>	Branch withdrawal	\$ No fee
	Withdrawal from our ATMs	\$ No fee
	Withdrawal from other ATMs	\$ 5
<b>Deposits</b>	Branch deposit	\$ No fee
	Deposit through our ATMs	\$ No fee
<b>Cheques</b>	Cheque book	\$ 50
	Stop cheque	\$ 50
<b>Sending funds transfers</b>	Transfer at a branch	\$ No fee
	Transfer through Internet banking	\$ 50
	Transfer through mobile banking	\$ 50
	Standing orders/direct debits	\$ 100
<b>Receiving funds transfers</b>	Receiving fund transfers	\$ No fee

Services	Fees	
<b>Statements</b>	Paper statements	\$ No fee
	Electronic statements	\$ No fee
<b>Balance inquiries</b>	At a branch	\$ No fee
	At our ATMs	\$ No fee
	At other ATMs	\$ 10
	On mobile banking	\$ No fee
<b>Internet banking</b>	Fees for using Internet banking	No fee
<b>Mobile banking</b>	Fees for using Mobile banking	No fee

**Important:** This is a list of the main service fees for this account. It does not include all fees. You can find a full list of fees in our branches and on our website.

**How can you get assistance or make a complaint?**

Contact us in any of the following ways: Helpdesk at 111 111 111. If you are unsatisfied with how we handle your complaint, you can contact the Ombudsman’s secretariat

**I ACKNOWLEDGE RECEIVING THIS KEY FACTS STATEMENT**

Customer name: \_\_\_\_\_ Customer signature: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX D: Pledge Experiment**

**SCREEN 1: INTRODUCTION**

A new bank in your area, called Zamira, is offering small business loans that you can benefit from. You have been given a task to review a Zamira bank loan and answer a few questions about the loan.

We will show your information about the loan in stages, after which you will be asked to answer a few questions about the loan. You will not be able to go back to a previous screen, so use the time you have well.

**SCREEN 2: LOAN INFORMATION—THREE TREATMENTS**

Loan Summary	
<b>Amount of Your Loan</b> Amount you are borrowing	60,000 Birr
<b>Amount You Will Receive</b> Amount you will get after up-front fees and charges are removed	59,000 Birr
<b>Loan Term</b> Amount you will get after up-front fees and charges are removed	24 months
<b>Repayment Amount and Frequency</b> The amount you will repay and how often you will repay it	2,750 Birr per month

Cost of Loan	
<b>Total Interest</b> Interest you will be charged for the loan	6,000 Birr
<b>Total Fees and Charges</b> See below a list of total fees and charges	1,000 Birr
<b>Annual Percent Cost of the Loan</b> Total cost of the loan a year in percentage	5.93%
<b>Total Cost of Your Loan</b> All cost for the loan including total interest, fees and charges	7,000 Birr

**Treatment 1—Plain Pledge:**

Please type your first name below and read through the loan information.

I ..... agree to review the information below carefully.

**Treatment 2—Loss Frame Pledge:**

Please type your first name below and read through the loan information.

I ..... agree to review the information below carefully before making a choice so that I do not choose a loan that is not right for me.

**Treatment 3—Original Instruction (Baseline):**

Carefully review the information below if you are considering a fixed-term loan.

**SCREEN 3: QUIZ (ALL TREATMENTS)**

Please answer the following questions to the best of your ability based on the information you have just seen.

1. If you apply for a loan from Zamira bank the loan amount you apply for and the amount you receive will be:
  - a. Different
  - b. The same

2. What is the total cost of the loan?
3. How often would you have to make repayment
  - Once a year
  - Every month
  - Every day
  - Every week





## REFERENCES

- Bhanot, S. P. 2017. "Cheap Promises: Evidence from Loan Repayment Pledges in an Online Experiment." *Journal of Economic Behavior & Organization* 140 (August 2017): 246–66.
- Krueger, R. A. 2002. *Designing and Conducting Focus Group Interviews*.
- Stewart, D. W., and P. N. Shamdasani. 2014. *Focus Groups: Theory and Practice, Third Edition*. (Sage Publications, 2014).

