Behavioral Economics Audit

Choices Wealth eApplication – Fund Selection Pages

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Sun Life

Life's brighter under the sun

Agenda

This presentation is an audit of the Choices Wealth eApp user experience.

The purpose is to understand barriers and opportunities to optimize the Client journey using Behavioural Economics principles.

1. BE Bootcamp learnings
2. Current state audit of Choices Wealth eApp – Fund selection pages
3. Re-design of fund selection pages

BE Bootcamp Learnings

Course Structure

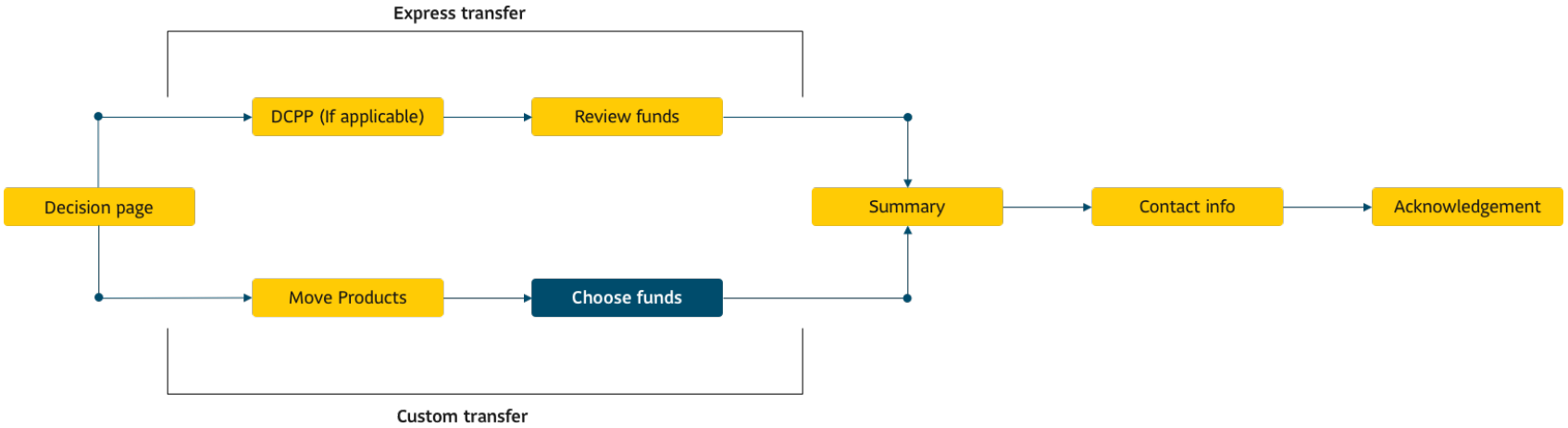
- Bootcamp was run for 8 weeks, split into 2 parts
- Weeks 1-4
  - Covered core BE principles and practices that can be incorporated within Sun Life.
  - Homework included applying these principles in the project we are working on.

- Weeks 5-8
  - “The Smarter screen” by Jonah Lehrer and Shlomo Benartzi.
  - Reviewed practical research and examples of how BE can improve user experience.

Key Takeaways

- Design principles backed by psychological principles on how people interact with digital applications will drive better client experience.
- Validate designs based on proven research in order to reduce friction.
- Evaluate content and design based on BE principles, reward the desired user behavior instead of desired outcome to drive ideal client behavior.

Choices Wealth Current State



Fund Selection Page Audit

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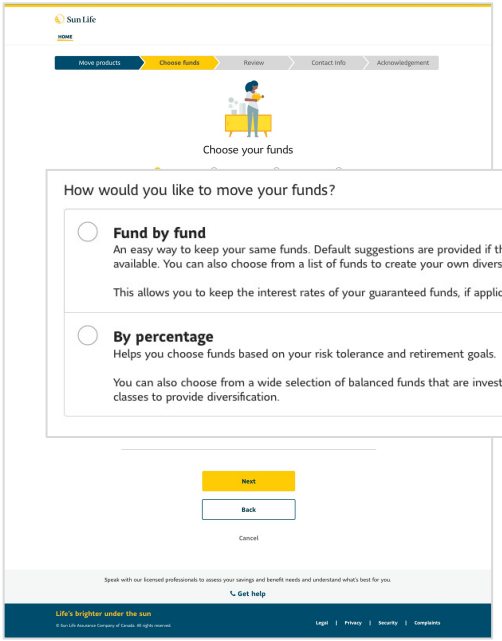
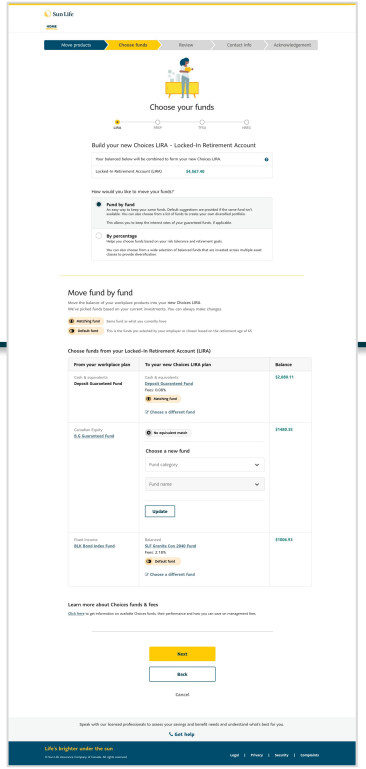
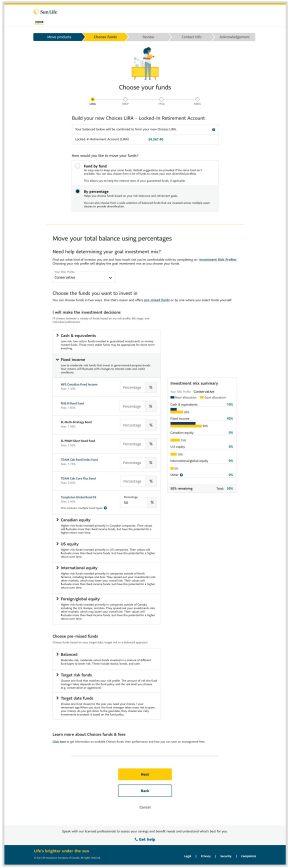
Choices Wealth Current State



Fund selection – Initial page

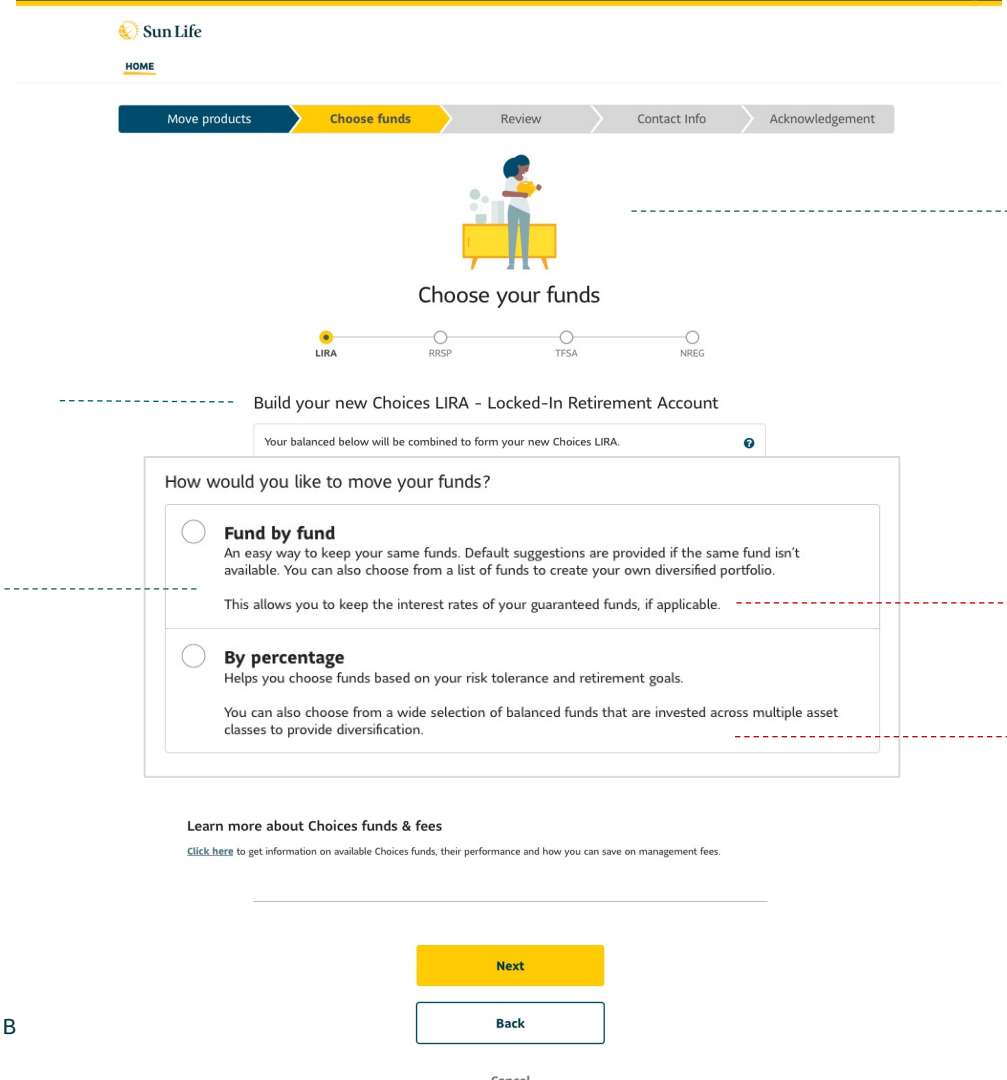


Fund selection – By fund



Fund selection – By percentage

Initial page



ë ***Emotional State: Interest/Anticipation***
User's emotional state is anticipation to select their investments with help/guidance from the application.

✓ ***Endowment effect***

Users value what they currently have more than something new, Option to 'keep your same funds' taps into that heuristic to help client make faster decision.

*We can also leverage **status quo bias**: people have a tendency to keep things the same because its cognitively easier.*

✓ ***System 1 stimuli: Visual***

Visual processing is superior and faster. Visual cue at top of page immediately invokes the positive emotion of trust.

X ***Attention economy***
Information about guaranteed funds is displayed even before we determine whether user has guaranteed funds.

X ***Lack of pattern recognition***
Description given for each fund are not comparing same attributes, its hard to scan and process the information quickly.

By percentage

Move your total balance using percentages

Need help determining your goal investment mix?

Find out what kind of investor you are and how much risk you're comfortable with by completing an Investment Risk Profiler. Choosing your risk profile will display the goal investment mix as you choose your funds.

Your Risk Profile
Conservative

Choose the funds you want to invest in

You can choose funds in two ways. One that's easier and offers pre-mixed funds or by one where you select funds yourself.

I will make the investment decisions

I'll choose between a variety of funds based on my risk profile, life stage, and individual preferences.

Cash & equivalents
Low-risk, low-return funds invested in guaranteed investments or money market funds. These more stable funds may be appropriate for short-term investing.

Fixed income
Low to moderate-risk funds that invest in government/company bonds. Your returns will fluctuate with changes to interest rates and credit conditions.

MFS Canadian Fixed Income Fees: 1.30%	Percentage	%
PH& N Bond Fund Fees: 1.80%	Percentage	%
SL Multi-Strategy Bond Fees: 1.98%	Percentage	%
SL PH&N Short Bond Fund Fees: 1.95%	Percentage	%
TDAM Cdn Bond Index Fund Fees: 1.74%	Percentage	%
TDAM Cdn Core Plus Bond Fees: 2.00%	Percentage	%
Templeton Global Bond Fd Fees: 2.40% This contains multiple fund types.	Percentage 50	%

Investment mix summary

Your Risk Profile: Conservative

New allocation | Goal allocation

Cash & equivalents	10%
20%	
Fixed income	40%
50%	
Canadian equity	0%
15%	
U.S equity	0%
10%	
International/global equity	0%
5%	
Other	0%

50% remaining Total: 50%

TDAM Cdn Core Plus Bond Fees: 2.00%	Percentage	%
Templeton Global Bond Fd Fees: 2.40% This contains multiple fund types.	Percentage 50	%

Canadian equity
Higher-risk funds invested primarily in Canadian companies. Their values will fluctuate more than fixed income funds, but have the potential for a higher return over time.

US equity
Higher-risk funds invested primarily in U.S companies. Their values will fluctuate more than fixed income funds, but have the potential for a higher return over time.

International equity
Higher-risk funds invested primarily in companies outside of North America, including Europe and Asia. They spread out your investments into other markets, which may lower your overall risk. Their values will fluctuate more than fixed income funds, but have the potential for a higher return over time.

Foreign/global equity
Higher-risk funds invested primarily in companies outside of Canada, including the U.S. Europe, and Asia. They spread out your investments into other markets, which may lower your overall risk. Their values will fluctuate more than fixed income funds, but have the potential for a higher return over time.

5%
Other 0%

50% remaining Total: 50%

Choose pre-mixed funds

Choose funds based on your target date, target risk or a balanced approach.

Balanced
Moderate-risk, moderate-return funds invested in a mixture of different fund types to lower risk. These include stocks, bonds, and cash.

Target risk funds
Choose one fund that matches your risk profile. The amount of risk the fund manager takes depends on the fund policy and the risk level you choose (e.g. conservative or aggressive).

Target date funds
Choose one fund closest to the year you need your money / your retirement age.When you start, the fund manager takes more risk to grow your money. As you get closer to the goal date, they choose less risky investments to protect it based on the fund policy.

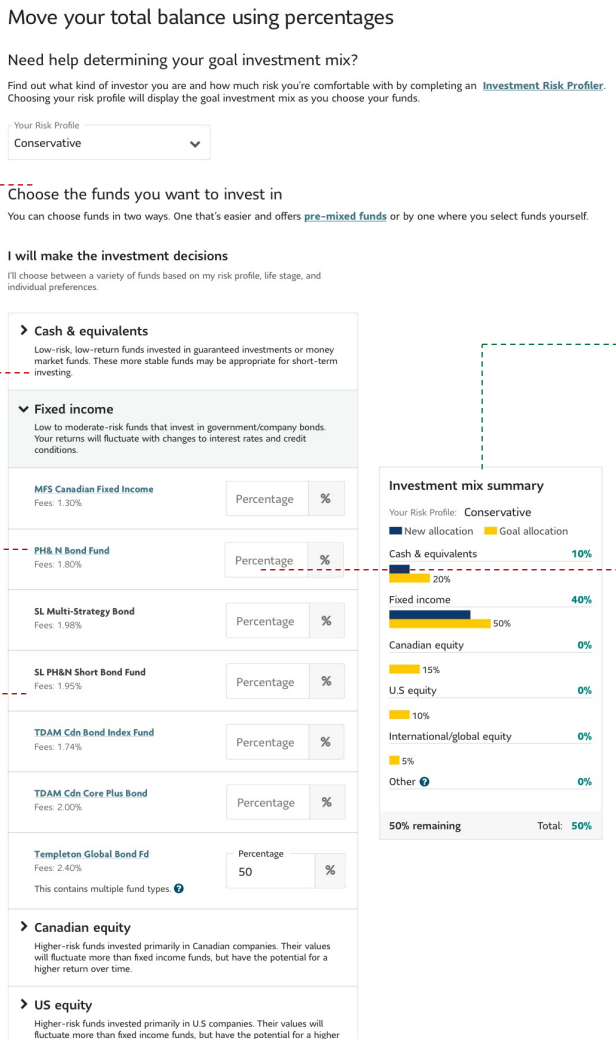
By percentage

ë ***Avoidance emotional state: Distress***
Overwhelming amount of information about fund categories need to be processed even before viewing funds. This causes distress, users are more likely to abandon the flow.

X ***Attention economy***
Too much information leads to scarcity of attention

X ***Lack of availability heuristic***
No information available regarding current funds making it hard for users to make quick decisions.

X ***Lack of query theory/choice closure***
Opportunity to use query theory with additional filters to reduce the choice consideration set.

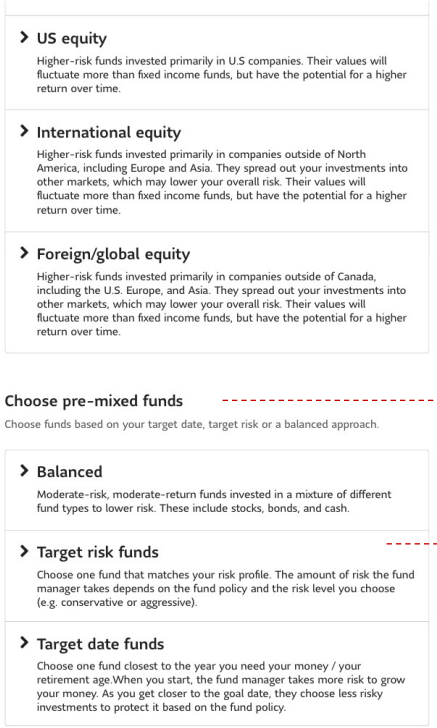


X ***System 1 stimuli – Lack of emotional lift***
Lacks emotional lift to encourage users to proceed.

✓ ***Visual cue***
Goal and new allocations are next to each other, providing visual guide for users as they are allocating funds.

X ***Choice paralysis***
Choices can be too overwhelming to user without proper framing and relation between different funds. The only attributes currently in play are fund category and fund fees.

By percentage



- ***Social proof***
  Opportunity to use social proof here by tagging these funds as beginner friendly funds - "most beginner knowledge investors select pre-mixed funds"

X ***Visual saliency***
Opportunity to increase prominence of pre-mixed funds to improve decision making for beginners

X ***Framing and relativity***
Lack of framing of different options other than fund category. Each dropdown could still result in up to 20 funds.

Fund Selection Page Re-design

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Initial page comparison

Fund selection – Current State

Choose your funds

LIRA RRSP TFSA NREG

Build your new Choices LIRA - Locked-In Retirement Account

Your balanced below will be combined to form your new Choices LIRA.

Locked-In Retirement Account $4,567.40

How would you like to move your funds?

Fund by fund
An easy way to keep your same funds. Default suggestions are provided if the same fund isn't available. You can also choose from a list of funds to create your own diversified portfolio.

This allows you to keep the interest rates of your guaranteed funds, if applicable.

By percentage
Helps you choose funds based on your risk tolerance and retirement goals.

You can also choose from a wide selection of balanced funds that are invested across multiple asset classes to provide diversification.

Fund selection – Proposed Re-design

Choose your funds

LIRA RRSP TFSA NREG

Build your new Choices LIRA - Locked-In Retirement Account

Your balanced below will be combined to form your new Choices LIRA.

Locked-In Retirement Account $4,567.40

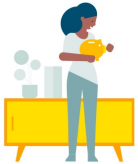
How would you like to move your funds?

Keep the same investments
An easy way to keep your same funds. Default suggestions are provided if the same fund isn't available. You can also choose your own funds.

Choose new investments
Choose new funds based on your risk tolerance and retirement goals.

I'm a beginner, help me choose funds
Choose from a wide selection of balanced funds that are invested across multiple asset classes to provide diversification.

Initial page



✓ *Use of visual to trigger gives the positive feeling of trust*

Choose your funds

ë ***Emotional State: Interest/Anticipation***
User is interested at this point to select their funds and anticipating help in either options they might choose to make a confident fund selection

LIRA · RRSP · TFSA · NREG

Build your new Choices LIRA - Locked-In Retirement Account

Your balanced below will be combined to form your new Choices LIRA.

Locked-In Retirement Account **$4,567.40**

How would you like to move your funds?

- **Keep the same investments**
  An easy way to keep your same funds. Default suggestions are provided if the same fund isn't available. You can also choose your own funds.
- **Choose new investments**
  Choose new funds based on your risk tolerance and retirement goals.
- **I'm a beginner, help me choose funds**
  Choose from a wide selection of balanced funds that are invested across multiple asset classes to provide diversification.

✓ ***Path of least resistance***

Users value what they currently have more than something new, Option to 'keep your same funds' taps into that heuristic to help client make faster decision.

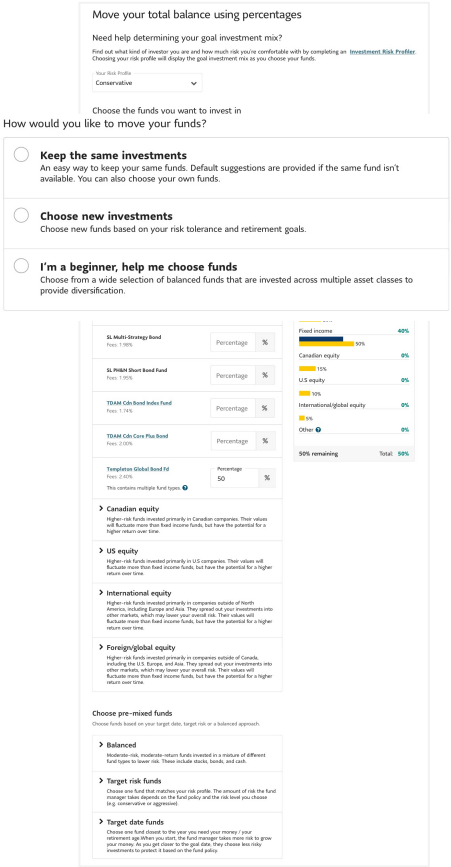
*We can also leverage **status quo bias**: people have a tendency to keep things the same because its cognitively easier.*

✓ ***Intent language***
Changing copy to speak to the intent to do specific action user wants to perform helps make decision

✓ ***Contrastable options***
Differentiates each option with benefits, reducing the decision cycle.

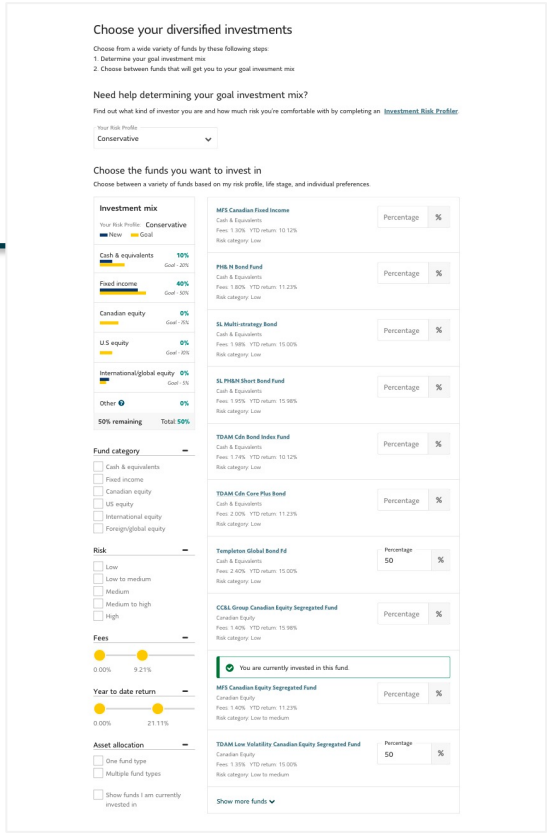
By percentage page comparison

Fund selection by percentage– Current State



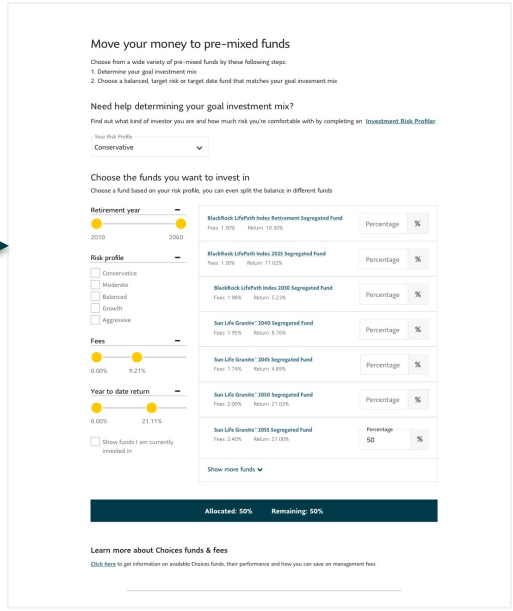
Fund selection by percentage re-design

(Diversified investments)

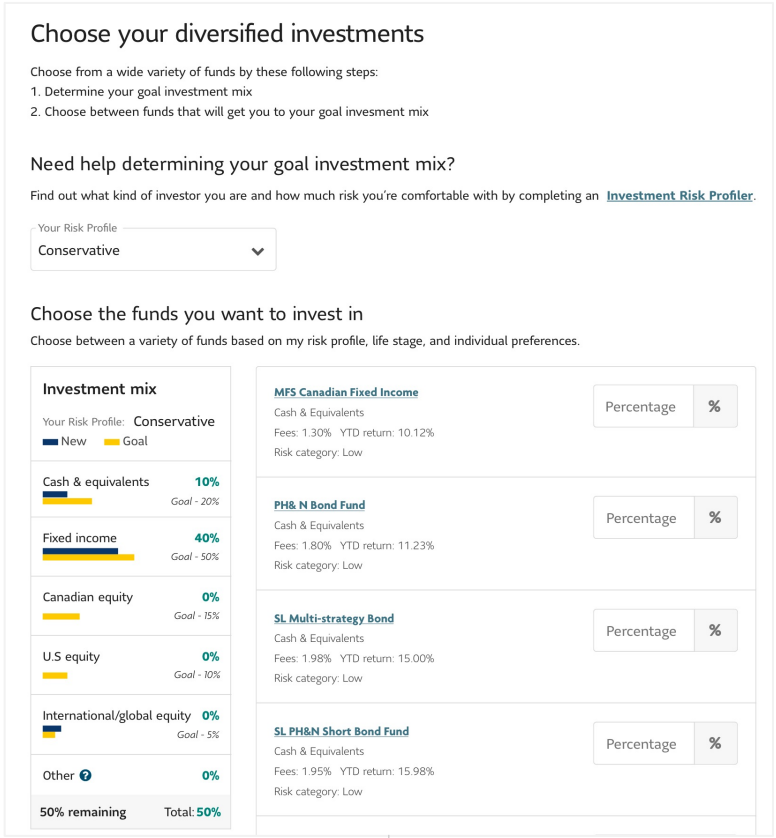


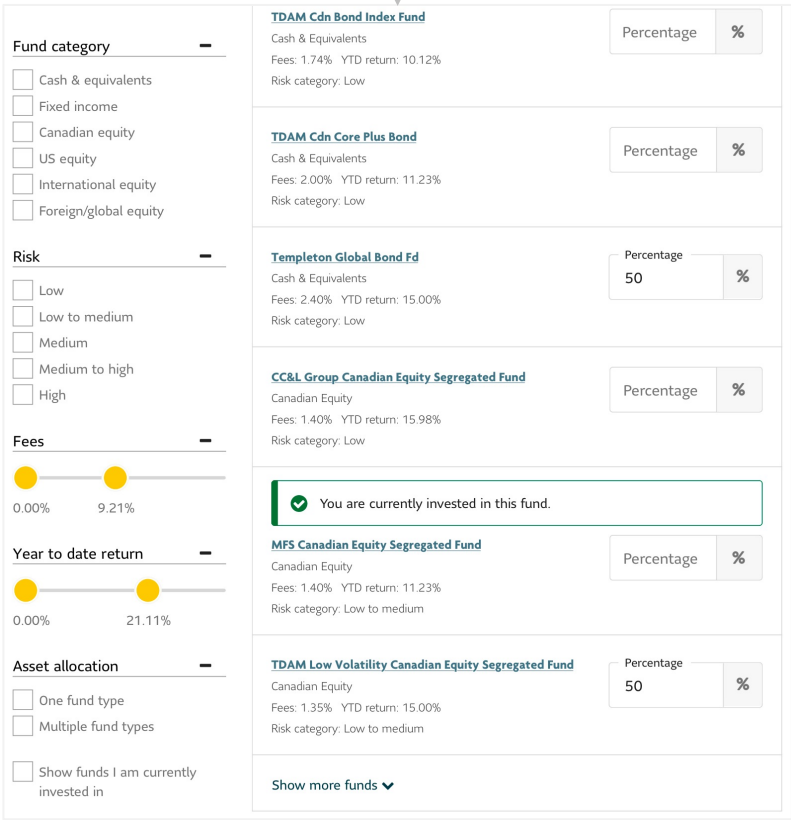
Fund selection by percentage re-design

(Pre-mixed funds)



Diversified investments



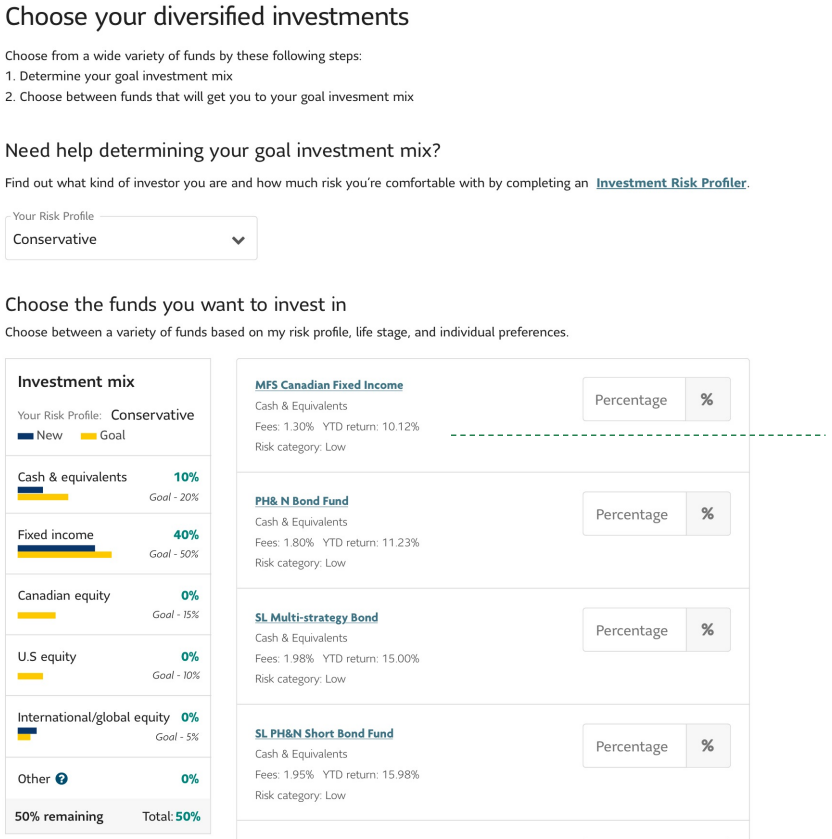


Diversified investments

✓ ***In your way instructions***
Providing clear instructions reduces ambiguity and distractions

✓ ***System 1 stimuli: Visual***
Visual stimuli helps grab attention than text. Gives immediate direction on how users should allocate funds

✓ ***Framing***
Framing the investments against the goal makes this more comparable, simplifying the decision making process



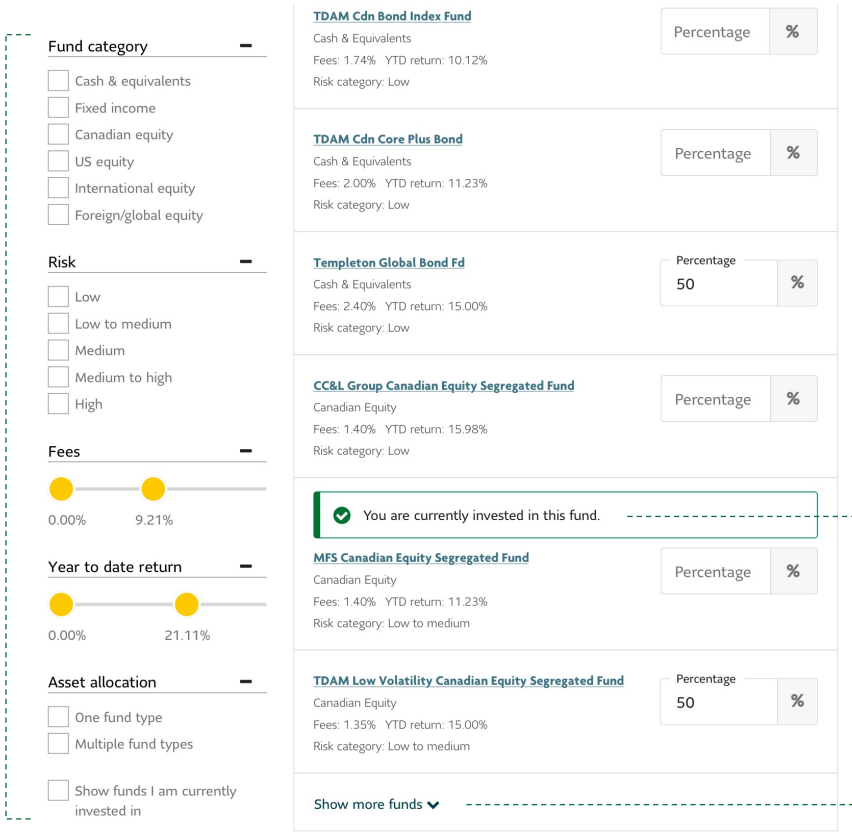
✓ ***Thinking architecture***
By adding the key pieces of information the user will be looking for, we make the decision making process simpler.

Diversified investments

✓ ***Query theory***
By providing additional filters, we make it easy for the member to considerably reduce the consideration set from 130 to 20 funds.

✓ ***Thinking architecture***
We are bringing mental shortcuts that help guide members on to the screen, helping them make same decisions quicker

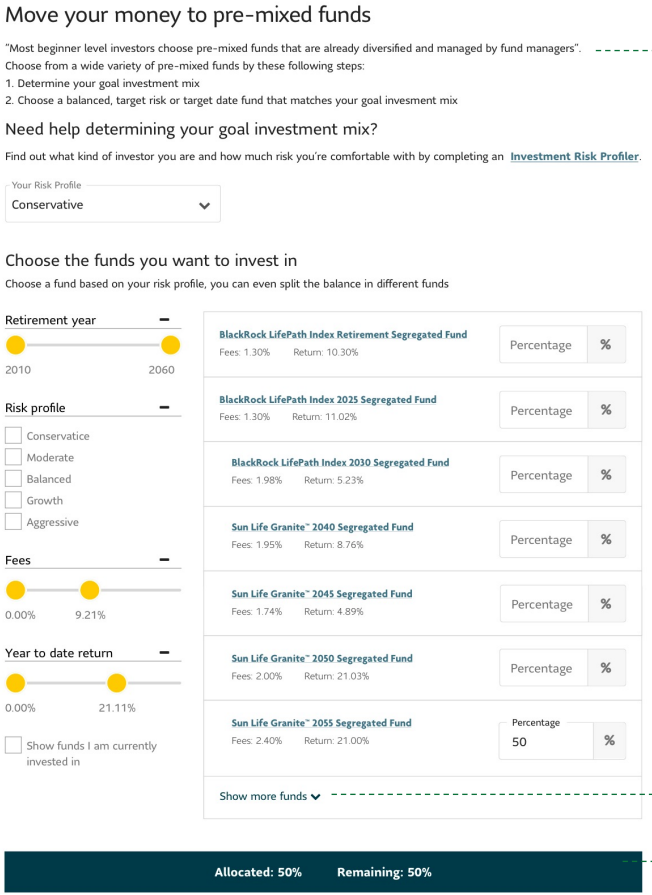
✓ ***Choice closure***
By filtering the funds users don't want, we are providing choice closure to users, thereby reducing the chance of post choice regret.



✓ ***System 1 trigger: availability heuristic***
Highlighting the funds users are currently invested in helps reduce ambiguity and influences quick decisions.

✓ ***Progressive disclosure***
We are avoiding choice paralysis by only showing digestible pieces of information at any time and give user option to see more

Help me choose funds



✓ ***Social proof***
Makes it easy for user to relate to and follow the social norm.

✓ ***Personalization***
Filtering funds based on their target retirement age helps scan through 81 funds quicker

✓ ***Thinking architecture***
We are bringing mental shortcuts that help guide members on to the screen, helping them make same decisions quicker.

✓ ***Choice closure***
By filtering the funds users don't want, we are providing choice closure to users, thereby reducing the chance of post choice regret.

✓ ***Progressive disclosure***
We are avoiding choice paralysis by only showing digestible pieces of information at any time and give user option to see more

✓ ***System 1 stimuli: Visual***
Using visual cue that stays persistent on screen to tend to subliminal priming.

Questions?

Contact sneka.sampath@sunlife.com