

**Credit when it’s due: Timely reminders to help reduce credit card debt**



Hello Ash, Payment on your

Westpac credit card is due next week.

Consumers who only make the minimum repayment on their credit card could be paying hundreds of dollars a year in high interest payments.

**To help, BETA partnered with Westpac and Treasury. We designed different SMS and email reminders to see whether we could encourage consumers to pay earlier and save money.**

**Sending SMS reminders increased credit card repayments**

We found **sending any type of SMS reminder**

**No SMS**

$**478**

**Received an SMS**

0

100

200

300

400

500

$**612**

600 700

**Repayments ($)**

**resulted in a $134 (28 per cent) increase in**

**repayments in the following month**, compared to those who received no message.

However, different SMS messages all had a similar impact and we were unable to detect an effect from sending email reminders.

**SMS reminders had a lasting impact on balance size**

**Average balance size 12 months later**

We also found those who received an SMS

**Received**

**an SMS**

$**9206**

$**365**

**No SMS**

$**9571**

DIFFERENCE

reminder had, on average, **smaller balances**

**twelve months later** compared to those who received no message.

**Sending an SMS reminder to credit card consumers before their payment due date is a simple, cost-effective way to improve their financial wellbeing.**

Behavioural Economics Team of the Australian Government **pmc.gov.au/beta**