



# Helping people make informed decisions about bankruptcy

Applying for bankruptcy is a major life decision. BETA worked with the Australian Financial Security Authority (AFSA) to help bankruptcy applicants better understand the consequences of bankruptcy.

To apply for bankruptcy online, applicants must:



complete a **consequences tool**, which asks seven questions and provides personalised information;



review the **prescribed information**; and complete and submit an online form, which contains five **prompts**.



These are all designed to communicate the **consequences of bankruptcy**.

## STUDY 1



In an online experiment with 6,500 members of the general public, we tested **six approaches to explaining the consequences of bankruptcy**.

Using a video and quiz were the most effective compared to receiving no information. The current approaches – the consequences tool and prescribed information – were also effective.

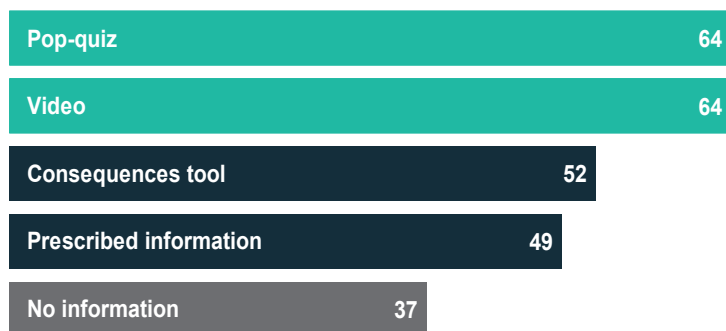
## STUDY 2



In a randomised controlled trial of 2,339 bankruptcy applicants, we tested **five additional prompts about the consequences of bankruptcy** in the application form.

Overall, additional prompts didn't influence behaviour. Applicants completed the application at the same rate and reported the same value of assets whether or not they saw extra prompts.

Average % of correct answers



Helping people understand the consequences of bankruptcy is best achieved earlier in the process, via a range of approaches. These findings inform how governments can best communicate with their citizens.