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Humanizing Financial Services with Behavioral Science

Howe et al. (2021)

Context

"Context matters" is the golden rule in behavioural science, as interventions designed without understanding how customers actually make decisions can easily backfire. While traditional demographic segmentation and generic design heuristics (e.g. "make it easy") remain common, they fail to capture the psychological and behavioural dimensions that shape customer choices.

This chapter of "The Behaviorally Informed Organization" explores this gap through case studies on e.g. trader segmentation and loan denial experiences, where practitioners used ethnographic research and interviews to uncover decision-making patterns standard approaches miss.

Key Insights

Behavioural segmentation over demographics

- Enables targeted design/ communication based on cognitive needs and risks (see Figure 10)
- Predicts future behaviour using past behaviour, unlike static demographic profiles

Context decides if interventions help or harm

- Streamlining mortgage renewals reduced trust by removing reflection moments customers liked
- Redesigning loan denials built trust by equipping staff with norms-based tools to support customers' long-term financial wellbeing

Figure 10.1 Four segments of traders



▷ Behavioural interventions are only as effective as the customer understanding behind them.

Implications

- How could you differentiate customer segments behaviourally to better tailor your products and communication to groups and contexts?
- Where in the customer journey might you remove friction that actually builds trust?
- Which negative customer interactions (e.g. claim rejections) could be redesigned to support long-term financial wellbeing and customer value?
- What behavioural insights reflecting customer needs and risks do you have as validation?