

AELERT Webinar: Behavioural Insights for Better Regulatory Regulation.

Helen Wooton, Director, Land Tax, Office of State Revenue answered some post webinar questions from participants

Is there an example of applying nudge theory to a compliance issue?

Nudges fit easily into the compliance toolbox but should never be considered as the only tool as it won't capture everyone. It is best applied to push people who are already headed towards complying by making compliance as easy as possible. For most compliance issues, acts of noncompliance are unintentional, and usually only a small proportion of the regulated population are intentionally or maliciously not complying, so making it easier to comply, or applying pressure to our inherent desire to do the right thing, will influence compliance. Sometimes complying is harder than it should be, so even the best intentioned people can slip through the tracks.

So the first step is identifying whether you really have made it as easy as possible to comply - is it clear what complying actually means (do people understand the laws?), is it clear what they have to do and are their options for compliance accessible and easy (for example payment options)? If not, then that's the first place to make changes as it will almost certainly increase your compliance rates.

Alongside a number of world-wide examples where it's being used to increase tax compliance, here in Qld, nudges are being used to encourage compliance with speed limits – you will sometimes see electronic boards temporarily on the side of roads (usually in problem areas) that capture the speed of approaching motorists and then flashes up a sad or happy face depending on whether you are over or under the limit. This has been shown to decrease speeding. However, I am unaware of research that measures how long we are impacted by the nudge (5 minutes, 10 minutes, hours, days etc). Placing signs with the right messages (usually ones that play to our desire to do the right thing) in areas where dumping occurs, or any other illicit activity has also been shown to be effective in reducing incidents of dumping etc. In NSW they are starting to investigate "behavioural messaging" aimed at defendants to help reduce domestic violence offences. No results as yet however. Urban designers have been using nudges for decades to reduce crime - <http://thoughts.arup.com/post/details/377/how-can-good-urban-design-reduce-crime> and there are many examples of where public space design has been found to reduce graffiti - <http://www.pps.org/reference/graffitiprevent/>

What there are not great examples of are nudges effecting the behaviour of those who genuinely do NOT want to do the right thing, either because their motivation is strong enough to resist nudges, they disagree or oppose the regulation, or they just don't experience social empathy in that moment. I don't think it is impossible to nudge this sector, but we have to find the buttons to push, be imaginative and importantly test the impact of anything we try in case we actually nudge them in the wrong direction and decrease their compliance.

Do you have any research on whether it is 'nudge' or just a 'novelty factor' that delivers results?

Not that comes to mind – it's a great question that we need more evidence on, but I don't think there would be a clear answer anyway. Nudges are often just capturing moments in time so its impact might only be fleeting (and that might be all you are seeking), others might result in an attitude shift that might lead to more substantial change.

I certainly believe that we can become immune to specific nudges if we see them too often. The use of smiley and sad emoticons to convey social approval/disapproval, I believe could be over-used. If we saw it everywhere, it would lose its effect. But some design features will likely never lose their impact. For example, fast food restaurants for decades have been turning their air conditioning up high to encourage people to eat quickly and move on. Restaurants that make their money off you staying longer and consuming more, will do the opposite and make the environment cosy – these are nudges that never lose their impact even if we are conscious of them because they impact our comfort. Shopping centres use bright lighting to discourage groups of teens from gathering in areas – unless teens become more receptive to bright lights, this will likely keep working! But I do think some of the impact of nudges can be as a result of a novelty factor, and that regulators for example might see a reduction in its impact. So the most enduring of nudges are those that are not novelties, but really do play to our needs and our motivations, and which are as subtle as possible.