

Summary of FCA presentation titled ‘Learning by doing’

This summary describes the presentation given by Paul Adams of the Financial Conduct Authority (FCA) at the second workshop of the UKCN consumer remedies project held at the Competition and Markets Authority on 9 December 2016. The theme of this workshop was ‘enhancing impact through customer testing’.

The FCA shared its experiences of running field experiments over the last 3 years. The FCA discussed published research covering field experiments and other methods, including:

- OP2 on compensation;
- OP3 on general insurance add-ons;
- OP7 and OP19 on cash savings;
- OP10 on personal current accounts; and
- OP23, a round-up of other experiments the FCA has run.

In particular the FCA discussed the importance of spending time on diagnosing problems and carefully designing remedies before running field experiments; ensuring adequate control of field experiments; ensuring sample sizes are sufficient to detect meaningful effect sizes; and, taking into account, as best as possible, the dynamic effects of treatments by using multiple research methods. The group also discussed the role of disclosure in resolving some of the issues in consumer markets.

Relevant references

Behavioural Insights Team (2012), Test, Learn, Adapt;

Dean Karlan and Jacob Appel (2016), Failing in the Field;

Tim Harford (2016), Messy;

Johannes Haushofer (2016), CV of Failures;

Donald A Norman (1988), The Design of Everyday Things;

Simonsohn and Nelson (2014), P-curve: A key to the file drawer problem;

Haushofer and Shapiro (2016), The short term impact of unconditional cash transfers to the poor;

Deaton and Cartwright (2016), Understanding and misunderstanding RCTs;

IPA, Evaluating financial products and services in the US: A toolkit for running RCTs;

FCA (2016), OP13: Economics for effective regulation;

FCA (2016), Smarter Communications Feedback Statement;

Bar-Gill (2012), Seduction by Contract;

Ben-Shahar and Schneider (2014), More than you wanted to know. The failure of mandated disclosure;