Carefully planned SMS reminders can get clients to act

Research from microfinance in Bolivia, Peru and the Philippines has shown SMS reminders to increase savings balances. Messages that mentioned a specific saving goal (for example, saving for school fees) were particularly effective.

Microinsurers are similarly using SMS reminders for premium collection. Alternative Insurance Company (AIC) in Haiti started using SMS campaigns in 2010 to remind clients to pay monthly premiums for funeral insurance. The campaigns were planned around the mid-month pay cycle. Premium payments spiked on the day of the messages, and up to three to four days following a SMS campaign. When necessary, AIC conducted a second campaign to coincide with the next pay cycle at the end of the month. Messages were, however, never sent more than twice per month.

SMS can be an effective communication channel for insurers, provided the content, timing and frequency of the messages are planned properly. Insurers need to avoid information overload and sending messages that clients ignore. For example, Weather Risk Management Services Ltd (WRMS) in India learnt that farmers preferred ad hoc weather alerts to daily weather forecasts. Farmers responded to the weather alerts by adapting their irrigation techniques. WRMS realized that it needed to be selective and send only the most important messages to prompt action from clients.

To learn more about how to send effective SMS messages, see two new Facility papers Microinsurance Paper 26: Mobile phones and microinsurance [1] and Microinsurance Paper 27: Removing obstacles to access microinsurance [2]

Source URL: http://www.impactinsurance.org/emerging-insights/ei78

Links: