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**Experience on financial behavior modification  
in the savings and loan sector of Costa Rica  
(April 1990 - December 1992)**

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**EXPERIENCE ON FINANCIAL BEHAVIOR MODIFICATION IN  
THE SAVINGS AND LOAN SECTOR OF COSTA RICA**  
(April 1990 -December 1992)

**BY**

**Jose Linares Fontela**  
**Psychologist**

**1995**

## 1.- PREFACE

I been working on financial and banking marketing since 1968, first at institution level, after at a financial group level and later on at country level, developing changes of the pattern of financial behavior particularly stimulating the savings in Central and Latin American countries. This experiences have two very distinct levels of action; A marketing level when a particular institution is promoted to attract the savers and a psychological economical level that is when the discretionary financial savings in the country are promoted and henceforth a new pattern of behavior is induced.

From all these experiences, I was able to resume, with difficulties the project in Costa Rica, due to the fact that the way this projects work out don't give the opportunity for a sufficient extensive documentation, as in the academic research. The main issue is that this projects were never treated as a scientific experiment, they were considered more as workable experiences to promote the savings on behalf of a sector of the economy, usually housing, through the Savings and Loan Associations. The problem is that in all these projects I acted as external financial marketing consultant who has access to the results but very limited access to the raw data. Anyhow I reached before similar results in Honduras (1981-1984) and Panama (1976-1977), but the information was not as accessible and systematic as in the case of Costa Rica, to support the findings. Is not that the Costa Rica project was organize as a scientific experiment, the main objective was to stimulate a savings behavior in the people, attracting them to the savings and loan industry, in order to impulse housing and mortgage long term lending, but this particular case has given ground to measurable experimental situations.

In any case, although the objective had a practical and very specific definition, the way the project was carried out used the survey and focus groups as the empirical scientific method of research and each step was based on ample social research.

I am clear that this work is highly imperfect because it's objective was not to prove any scientific hypothesis, therefore the financial resources were very limited and highly related to the results, that is why I think that it can be considered more a case history. Even so, I tried to do it the most controlled and organize as possible. A lot of information reference has not being obtain due to the cost of recollection that was not part of the terms of reference of the project. In any case, it can be considered as very particular approach to the problem of financial behavior modification, as I said before, just a case history.

Please I want the readers to excuse my English, although I tried my best, it is not easy for me to communicate in this language.

As a brief background, I studied psychology in Venezuela, graduating back in 1967 and started to work in marketing and advertising, for circumstances of life I entered in the financial and economical field where this techniques had little use at that time and in the last 27 years I being working in projects to make people have a better or at least, I think, a better way of living.

I want to make a full recognition of the people with whom I worked in this project: Mr. Pedro Lasa, who was the resident consultant for USAID, great friend and working partner; Mr. Henry Reynolds, Housing Supervisor for USAID Costa Rica; Mr. Ron Venezia, Director for USAID Costa Rica, Mr. Xavier Vela, great adviser; Mr. Joe Arington from PADCO, great support; Mr. Cristobal Zawasky, Minister of Housing in Costa Rica, great friend and supporter, Mr. Uriel Quesada, who was in charge of marketing in the BANHVI, and the rest of people involved both in the BANHVI and in the Savings and Loan Associations. To them all my respect and gratitude for given me this extraordinary experience.

## **2.- THE BACKGROUND**

### **2.1.- PREVIOUS EXPERIENCES**

In 1968 I started to work in the field of financial marketing, at that time there were no previous experiences of actions on this field (At least known to me). First, the financial marketing was developed at institution level (I worked in a savings & loan institution), selling the financial products both savings and mortgage loans. There were some national experiences in Venezuela at savings & loan system level were the actions exceeded that of the particular institutions, its objective was to promote the whole industry and the internal savings among the community with good results but little support documentation.

In 1974, leaders from the Inter-American Savings & Loan Association (UNIAPRAVI) became interested in my work and I started as a consultant and lecturer of financial marketing in others countries, through the UNIAPRAVI. First, I help the biggest Savings & Loan Association in Panama, then in 1978 came the first national wide experience in Honduras were the main objective was to impulse the internal discretionary savings oriented to finance the housing deficit. This was a relative huge project, although the country is an small place in Central America (About 3 million inhabitants) it change the parameters on which I worked previously and give me not only great satisfaction but also some interesting knowledge and help me to develop the ability to adapt to other countries.

Then came the need to help other institutions in 1990 in Costa Rica the opportunity came again, this time under a USAID project to impulse the savings & loan system and so divert part of the resources to finance the housing deficit in that country. This experience is the one that I am analyzing in this paper, because the documentation is more accessible and complete than that of the other experiences.

What were the results in the previous experiences ?; All the results were very successful. But let's exclude the institution level experiences and consider the nation wide efforts that are more near to the economical psychology considerations. In Honduras, the savings & loan industry grew from US\$ 2,5 millions in 1978 ending with US\$ 28 millions by 1982, from a share of 3% of total savings in 1978 ended with a 15% of total savings by 1982, banks savings also grew, although steadily

losing share. The Costa Rica experience was also very successful as you will appreciate in this paper.

## **2.2.- THE COUNTRY: COSTA RICA**

In 1990 I was called by Mr. Pedro Lasa of the US International Development Cooperative Agency to be consultant in a project to stimulate a positive discretionary financial savings behavior as a flow of resources to the Savings and Loan System in Costa Rica, in order to reduce the housing deficit in that country. This small country was famous for the tendency of the people to acquire credit and do little savings, at least so they told me (Although later on it proved to be the some what different). The project lasted from 1990 until 1992.

This country is an small nation in Central America with a population of about 2.7 million inhabitants, 45% urban and 55% rural with a 2.5% annual growth.

By 1988, the GNP per capita was US\$ 1.680 and had an inflation rate of 26.9% in 1988 that lower to 26% in 1991 and 10,5% in 1992. About 57% of the population is economically active and the GNP is divided as follows: 18% agricultural, 28% industrial and 54% services. The country's income comes from banana and coffee exports, tourism and more recently from free zone industries. The country had, by 1989 a foreign debt of US\$ 4.100 millions that was reduce to US\$ 2.870 millions with the Brady Plan to ease the debt burden of underdeveloped countries.

From 1980 to 1988, the internal investment was about 27,9% of the GNP, internal savings represented 17,7% (US\$ 802.9 millions) and they had a negative balance of payment of minus 10,2% that keep about that way in 1989, 90 , 91 and 92.

The country is a democracy for over 50 years and two political tendencies govern the country: Social-Democrats and Social-Christians. This social oriented government impose a heavy burden to the state due to subsidies and being owner of the strategic industries: Electric, telephone and, insurance and the commercial banks. A lot of money also goes to the social services so in the decade of the 80, the country started to show economical unbalances that it has been trying to balance with Economic Structural Adjustment Plans since then, in my opinion, there have been few changes that show a different orientation as that observed previously, although I did not gather objective information prove it.

The financial industry is composed of five great areas: 1.- The commercial or state banks; 2.- The private banks that were the survivors of a mass crash of financial societies created in the 80's; 3.- The saving and Loan industry; 4.- The Credit Unions that were also survivors of the mentioned crash in the 80's pulled down, in many cases, by the financial societies and 5.- The Stock Exchange, that really is more a financial paper exchange that an stock exchange, the fact is that it became the base of the secondary financial market.

The money denomination is the Colon. In 1989 it was about 120 colons for a US\$, by 1992 the rate of exchange was of 145 colons for US\$. They use the crawling peg system, for this reason and for

the effect of this study, the results figures will be calculated at a fixed average rate of 133 colons for a US\$.

### 2.3.- FINANCIAL AND BANKING SECTOR IN COSTA RICA

The savings composition is in passbooks, time deposits and secondary market. Commercial Government owned banks also use current account but no other institution is allowed to use this instrument. The savings passbook is authorized in government banks, savings and loan institutions and credit unions (In the first two there is a total guaranty of the deposits). The private banks can only operate with time deposits and secondary market. So to make more clear the distribution see the following table:

**TABLE No. 1**

#### CHARACTERISTICS OF THE BANKING SERVICES

INSTITUTION /INSTRUMENT	PASSBOOK SAVINGS	TIME DEPOSIT	SECONDARY MARKET
GOVERNMENT BANKS	YES gov.insured	YES gov.insured	YES gov.insured
PRIVATE BANKS	NO	YES	YES
SAVINGS AND LOAN	YES gov.insured	YES gov.insured	YES gov.insured
CREDIT UNIONS	YES	YES	NO

The Savings and Loan Institutions are private institutions of mutual or cooperative nature that are regulated by an special law and represented a small share of the financial market in 1989, about 6% of total savings (Passbook, time deposits and secondary market). The central housing bank is the BANHVI, that controls the mortgage financing policy of the housing sector.

The Credit Unions were insignificant in the market and the private banks represented about 30% of the market, this is very difficult to define exactly because there is little access to this information..

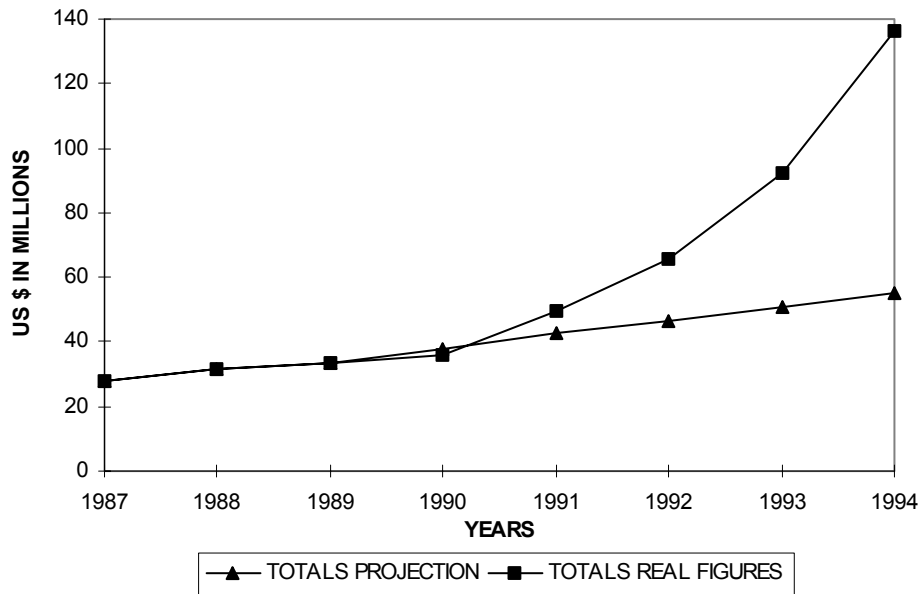
The resources portfolio of the Savings and Loan Associations had only about 60% of deposits from the public and 40% came from the secondary market, mainly in the stock exchange with highest interest, between 23% and 31%, this high cost limited the possibility of mortgage lending. The was the main objective to be contracted was: To stimulate cheaper savings from the general public (Primary market) and so make more accessible mortgage loans to reduce the housing deficit.

### 3.- RESULTS OF THE COSTA RICA PROJECT

The project started in July of 1990 and ended in June of 1993. The results obtained with the data available are showed in the Graph No. 1, the projected curve show the actual trend for the years 1990-1994 in base of the financial discretionary savings produced between 1987 and 1989, the second curve show the real figures obtained for the same period.

**GRAPH No. 1**

**COSTA RICA PROJECT - PROJECTED SAVING AND OTHER RESOURCES AND REAL FIGURES IN THE SAVINGS AND LOAN ASSOCIATIONS**



As it can be easily appreciated, if the trend had been sustained in base at the original growth between 1987 and 1989 (Totals projection), the savings gain would have been much lower that the actual figures showed, in fact, the resulted real figures (Totals real figures) show a very wide gap in 1993 and 1994, that can be explained by the permanence effect of the change in behavior, that each year was being reinforce by the satisfactory relation of the public with the Savings and Loan Associations and the reinforce image of the "Savings and Loan System" effect.

**TABLE No. 2****BALANCE OF FINANCIAL SAVINGS IN THE SAVINGS AND LOAN INSTITUTES  
BALANCE AT THE END OF EACH YEAR, REAL FIGURES**

(US\$ in millions)

				Project Start		Project End		
<b>FINANCIAL INSTRUMENTS.</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>
PASSBOOK SAVINGS	2,16	2,56	3,83	4,57	7,32	14,50	17,89	27,95
TERM DEPOSITS	10,16	10,0	19,68	23,21	31,55	46,05	67,34	98,65
SECONDARY MARKET	5,30	5,46	10,10	7,84	10,46	4,95	6,78	9,67
<b>TOTAL</b>	<b>17,62</b>	<b>18,02</b>	<b>33,61</b>	<b>35,62</b>	<b>49,33</b>	<b>65,50</b>	<b>92,01</b>	<b>136,27</b>

Source: BANHVI (Central Bank for the Savings and Loan Associations)

In Table No. 2 appears the actual figures of the savings balance consolidated of all the savings and loan institutions in December of each year. Although the project started in August 1990, the survey was ready in December 1990, the pre-testing of the advertising materials was done in January and the first campaign started in June 1991, there was a start in the growth of time deposits in 1990 due to direct marketing efforts and person to person communication motivating business to invest in this associations, but it was from 1991 on, that the massive communication efforts were done and there can be seen in the growth of the passbooks deposits and although the project ended in 1992, the effect continue. Since 1993 the only advertising effort has been that of each association in particular.

**TABLE No. 3****PASSBOOKS SAVINGS IN BANKS AND SAVINGS AND LOAN ASSOCIATIONS  
BALANCE AT THE END OF EACH YEAR, REAL FIGURES**

(US\$ in millions)

				Project Start		Project End		
<b>INSTITUTIONS</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>
GOVERNMENT BANKS	34,15	45,23	63,65	72,67	87,08	110,29	N/A	N/A
S & L ASSOCIATIONS	2,16	2,56	3,83	4,57	7,32	14,50	17,89	27,95

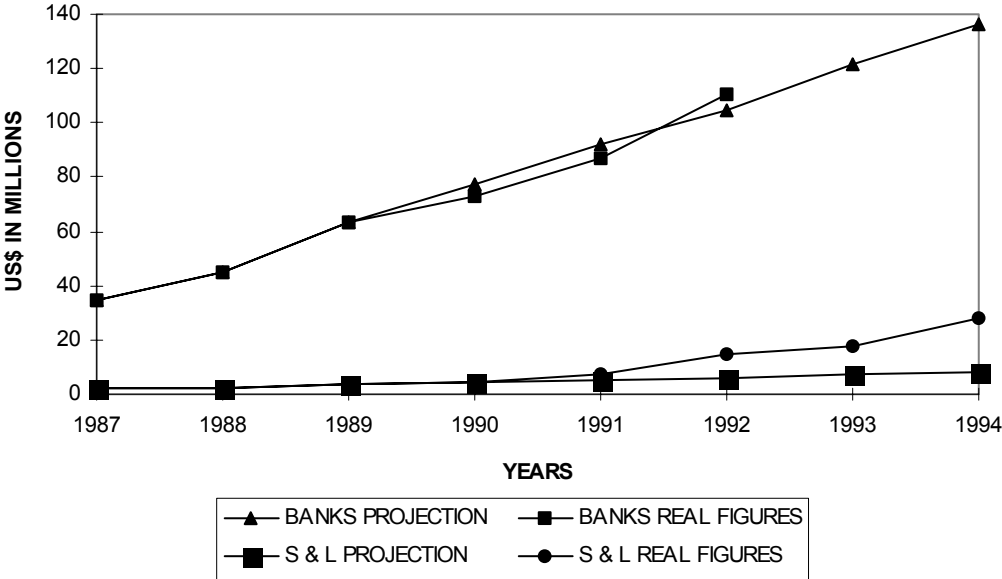
Source: BANHVI and Central Bank of Costa Rica

It could be said that savings worked well because the country and the other institutions had also worked well those years. So I took the passbook savings figures of the institutions authorize to have them (I ignore private banks because they were not authorized and credit unions because their figures were of little significance)(Table No. 3) and did the same analysis, projecting the 1987-1989 period for the state banks and the Savings and Loan Associations to 1990-1994, and then compare this trend with the real figures, unfortunately real figures for the state banks for 1993 and 1994 are not yet

available so I could not continue the comparison, but the trend and real figures up to 1992 are evident of the similarity of both curves.

**GRAPH No. 2**

**COSTA RICA PROJECT - PASSBOOK SAVING PROJECTION AAND  
REAL FIGURES FOR BANKS AND S & L ASSOCIATIONS**



Graph No. 2 shows the curves for the projected (Bank projection) and real figures (Bank real figures) of state bank’s passbook savings show practically no difference except maybe a little jump in 1992, I think that this jump could be a side effect of the savings and loan campaigns, but in any case this curve is fairly parallel, while the curve of the savings and loan sector show an undoubted gap of the real figures (s & l real figures) and the projected figures (s & l projection) which means that an exogenous influence to the expected trend affected the regular projection that otherwise should had behave as that of the banks. Is very interesting to see that even without time deposits, that are also discretionary financial savings from the public, the gap of the passbooks savings is very notable. The sustained historical growth in bank savings will be explain later on as a response to the government guaranty of the savings in banks that is a widely known fact (Everyone in Costa Rica knows that banks are government owned) while the same guaranty in the savings and loan sector was little known because this later institutions are private so, apparently not related to government. That information detected in the survey became the main issue to change the pattern of savings behavior of many people.

I will proceed to analyze the whole process to evaluate, with surveys of attitudes and behavior related to savings, then the process to evaluate communication materials and the strategies to bring forth the change of behavior in the patterns of savings of the people of Costa Rica.

## **4.- SURVEY ON SAVINGS AND FINANCIAL BEHAVIOR (August 1990)**

### **4.1.- SAMPLE AND QUESTIONNAIRE**

The first step on the process was to carry on a national survey to explore the discretionary financial saving behavior, for this purpose a very responsible local research firm was contracted to do the survey under my guidance and supervision.

The sample was a probabilistic stratified sample of savers and ex-savers in the main towns in the country of 954 interviews, with a 5% error and 95% of confidence (An statistics professional was contracted to define and calculate the sample). The interviews were carried out by professional interviewers in the homes of the sampled families. A previous test of the questionnaire was done with 30 interviews by the field supervisors, from this test we found that non savers, that is people who never had a savings account or time deposit, give little information on the matter, because of the lack of experience, so we limited the survey to savers and ex-savers which were filtered by asking them first: "Do you have or had before, a savings account or time deposit in any bank, Savings and Loan Association, credit union or financial institution ?", if the answer was yes the interviewer carried on if the answer was no, a second question was placed: "Did you ever had a savings account or time deposit in any bank, credit union, Savings and Loan Association or any other financial institution ?", if the answer was no again the sample was omitted and the interviewer took the next sample.

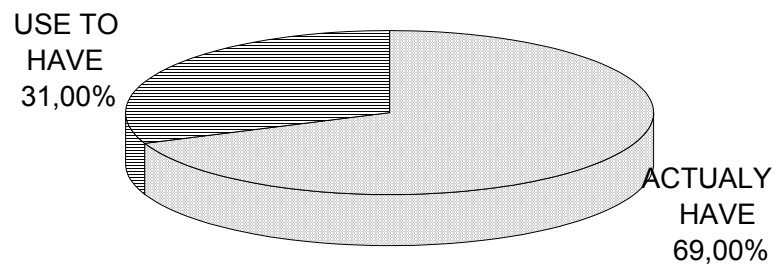
The survey used a questionnaire with 34 questions in the multiple choice questions a card with the answers were given to the person interviewed in order to reduce the interviewer bias, to avoid the first seen-first chosen effect, the cards were rotated with different order for the replies and this were not numbered or classify. The questionnaire had one ranking question on institutions related to security, gains in interest, customer service, speed in attention and number of branches. It had eight multiple chose questions and seven open questions to collect the qualitative aspects of the information.

### 3.2.- THE RESULTS

The following graphs show the results of the survey.

**GRAPH No. 3**

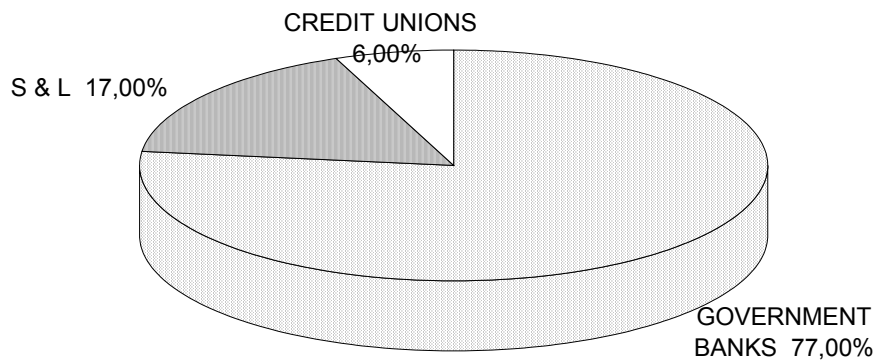
#### **ACTUAL POSESION OF A SAVINGS ACCOUNT OR TIME DEPOSIT**



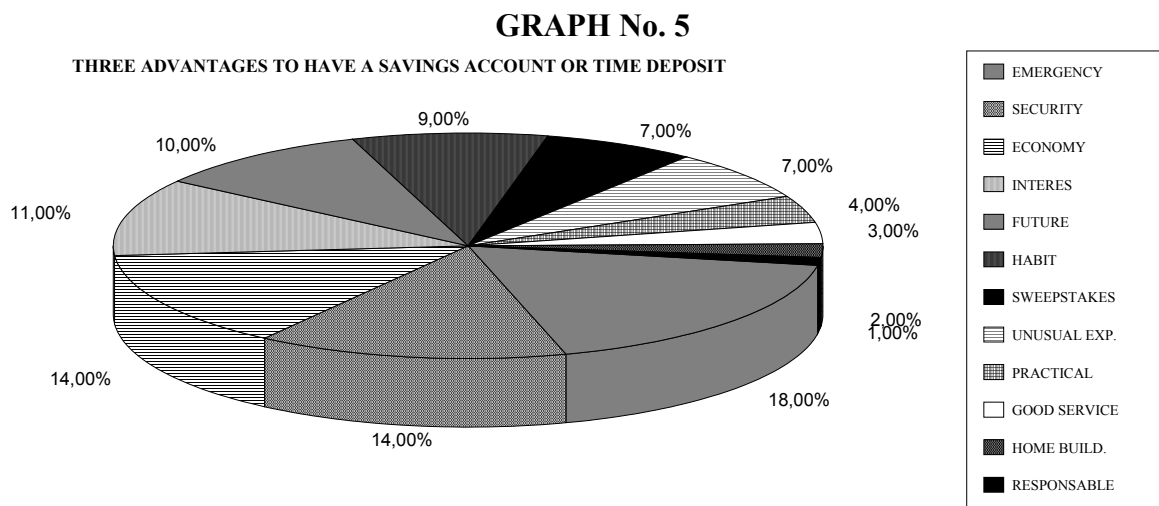
Graph No. 3 show the actual possession of savings accounts and time deposits in financial institutions. The majority of people interviewed was active in having a savings account or time deposit (69%), the rest (31%) use to have a savings account or time deposited but canceled it and had none at the moment.

**GRAPH No. 4**

#### **INSTITUTIONS IN WHICH THEY HAVE THEIR SAVINGS ACCOUNTS OR TIME DEPOSITS**



In relation to the financial institution where the savers have their accounts and time deposits (Graph No. 4), the government banks had the first and most important option (77%), followed very far by the Savings and Loan Associations (17%) and furthermore the credit unions (6%).



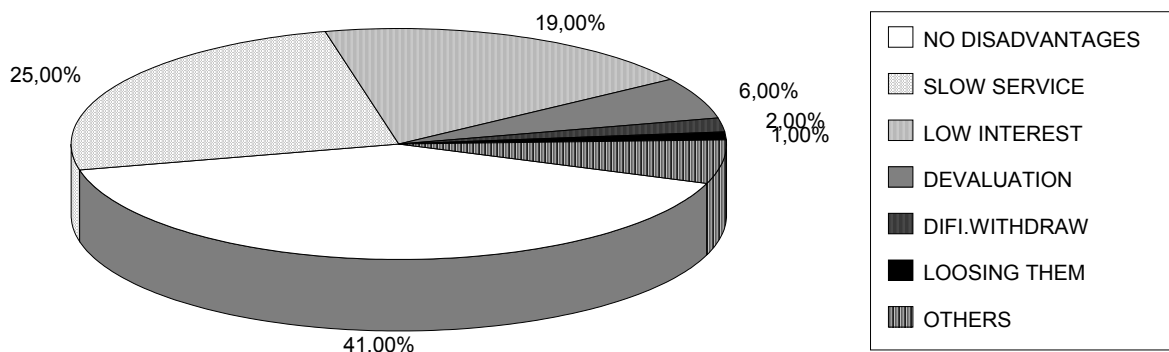
About three advantages of having a savings account or time deposit (Graph No. 5), the answers were for emergencies (18%), for security in an abstract sense (14%), to economize (14%) (This answer seem to confirm that to save is to some people a way not to consume), for the interest (11%), for future previsions (10%), just because is habitual (9%)(Here is also confirmed the hypothesis that habit plays a significant roll in economical behavior), Sweepstakes and promotions (7%)(At that time some Savings and Loan Associations had small promotions going on), unexpected expenses (7%), it is more practical (4%), because of the good services of the institution (3%), to construct a house (2%) and because he is responsible (1%).

Again housing was not seen as a motivation to save, this could have been a reason for the lack of attractiveness of the Savings and Loan Associations because if this institutions were seen only as place to save when you want a house, people will choose the banks in the first place and only save in the Savings and Loan Association when they were actually buying the house. That made us develop within the communicational strategy a concept in which we presented the Savings and Loan Associations as institutions to save money safely and with comfort, for homes or any other motives.

I usually like to use this type of question in which you force the people to give more than one answer (The interviewer asks that way but do not forces the people to answer so many, they simply answer until they have no more ideas, but usually from two to three) due to the following reasons: 1.- When you don't ask for more than one reply, the people are conformist and usually give you an only reply and 2.- When you ask for more than one reply, usually three or five, people answer in a certain weight of importance, that is they answer first the more important ideas and after the less important ideas. I don't have empirical evidence of this but from experience and many surveys I have done it seems so to me. Maybe in a future I can proof this with satisfactory evidence.

**GRAPH No. 6**

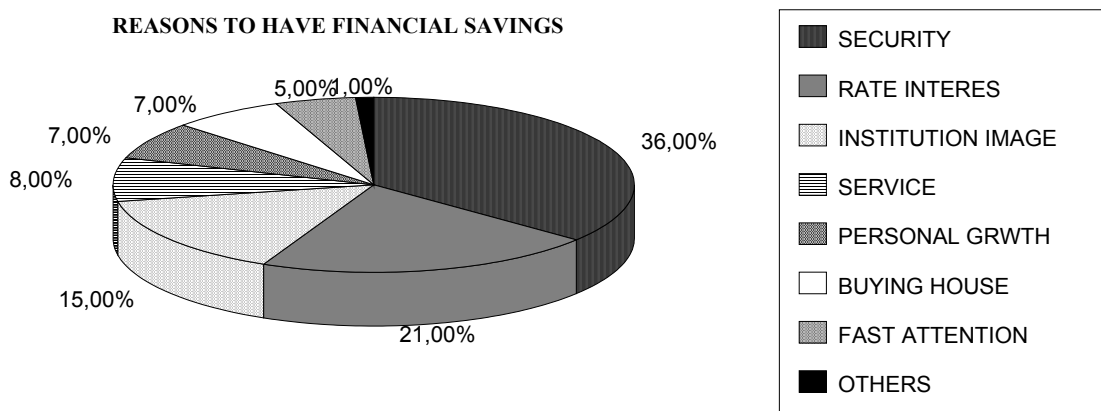
**THREE DISADVANTAGES OF HAVING SAVINGS ACCOUNTS OR TIME DEPOSITS**



When asked the same question but with the disadvantages of having a saving account or time deposit (Graph No. 6), the most answer that it had no disadvantages (41%), the very slow service in the institutions (25%)(They refer mostly in commercial banks that being a government office are very bureaucratic), low interest (19%), devaluation of the colon (6%), difficult to withdraw (2%)(Refereeing to the service), fear of loosing them (1%)(This reply has a great significance because is very low, that reflects the high confidence in government) and other replies (6%).

**GRAPH No.7**

**REASONS TO HAVE FINANCIAL SAVINGS**

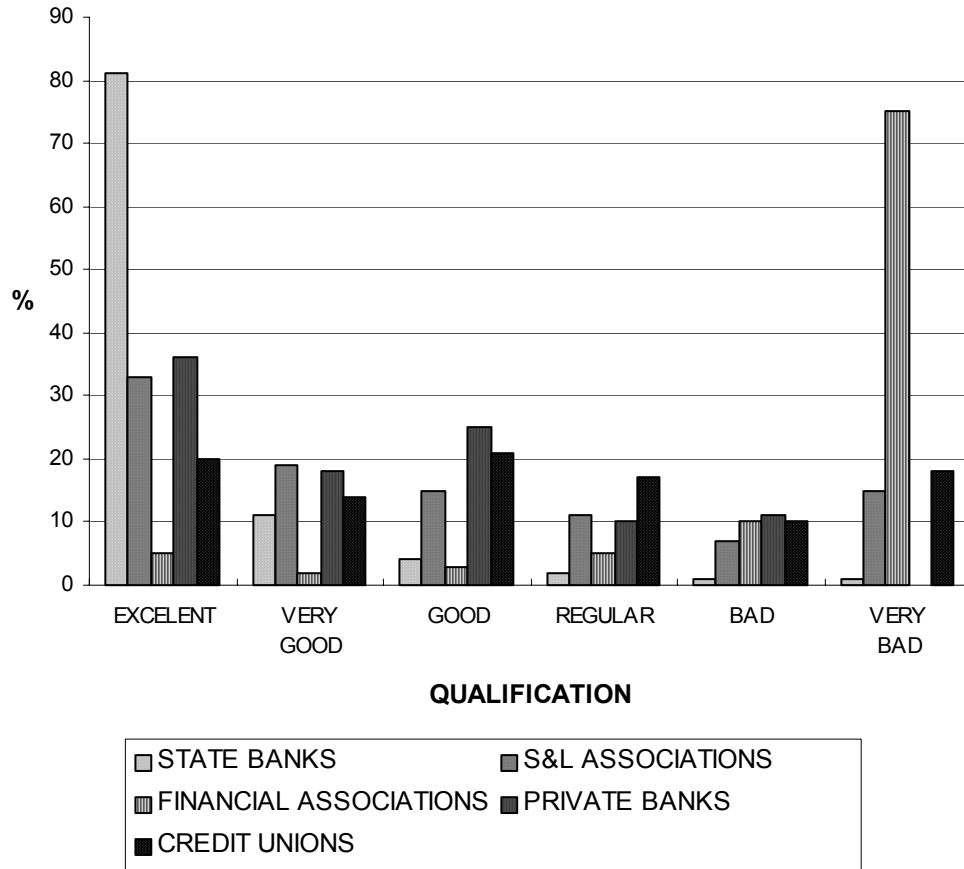


In relation to the reasons to save (Graph No. 7), the answers show: Security (36%), rate of interest (21%), image of the institution (15%)(Credibility and confidence), service (8%), personal growth (7%), home buying (7%), fast attention (5%) and others (1%). The security of the money (Remember the financial societies fiasco in the 80s), the rate of interest (Inflation at 26,9% at that time) and the image of the institutions (Insecurity due to the chaos of the 80s) were the main concerns about having savings.

The next questions refer to the qualification of the financial institutions in terms of: “Excellent”, “Very good”, “Good”, “Regular”, “Bad” and “Very bad”, refer to security, rate of interest, service to customers, fast attention and number of branches.

## GRAPH No. 8

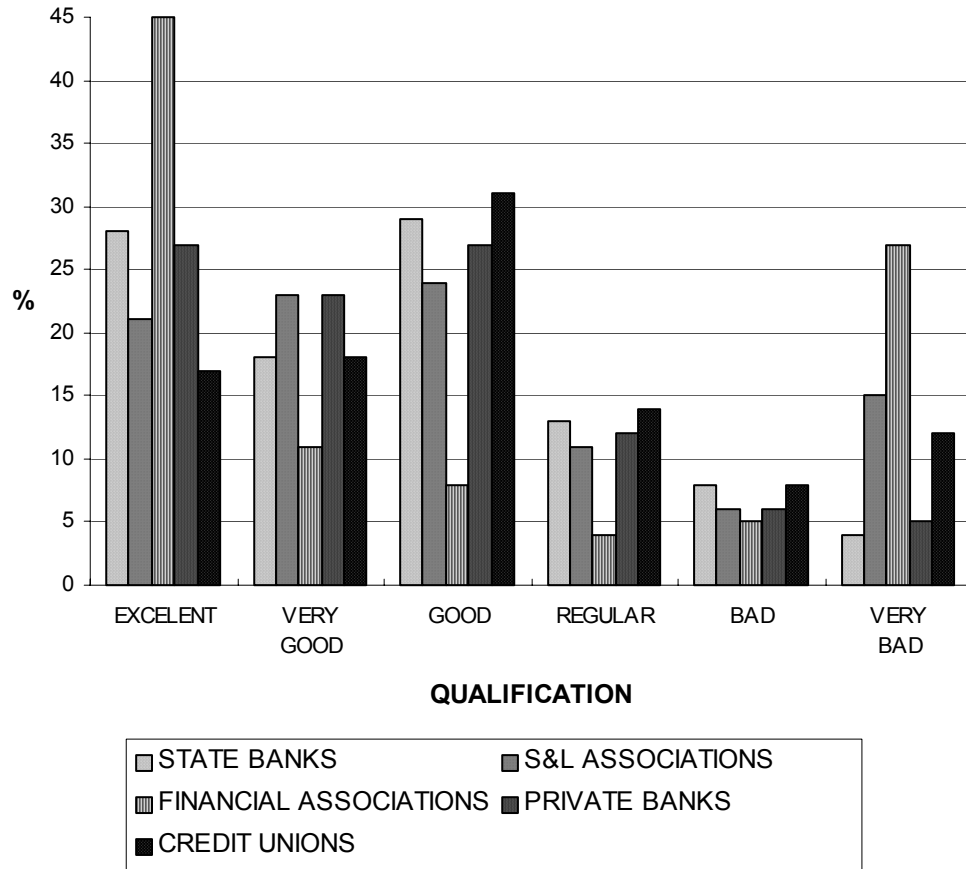
### QUALIFICATION GIVEN TO SECURITY



From the Graph No. 8 is evident the effects of the chaos of the financial associations in the 80s, the very negative view of this institutions makes quite a contrast with the very positive view of state banks. It can also be seen the attitude towards the Savings & Loan Associations that are seen as less secure than private banks when the savings in the former are guaranteed by the state and private banks have no guarantees. in any case, Savings & Loan Associations are seen as more secure than the Credit Unions.

## GRAPH No. 9

### QUALIFICATION GIVEN TO RATE OF INTEREST



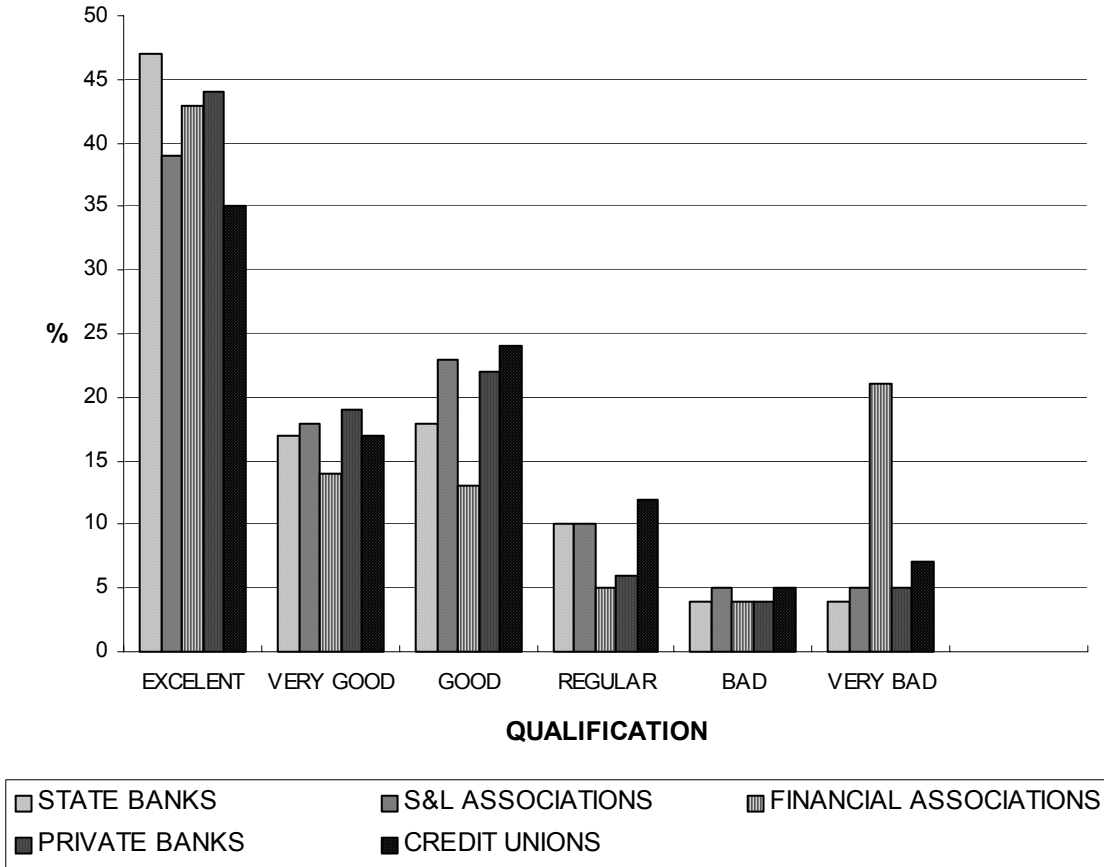
The Graph No. 9 analyses the rates of interest in these institutions. In this aspect there is a clear perception that the more is the risk the higher are the yields, although a price must be paid in terms of risk.

It can be seen that the main attraction in the Financial Associations is the high or “best” rate of interest while the Credit Unions show the worse. On the Other hand some of the negative attitude towards the Financial Associations is appreciated in the relative high “Very bad” responses.

Another interesting point is that by the time of the surveys, the lowest rates were paid by the State Banks and the Savings & Loan Associations, both of these institutions show high responses in the “Excellent” side, which do not correspond to the reality. I have a concept that the financial institutions have teached the people that high rates of interest is an important issue, this happens through the competitiveness of the institutions selling the highest rate, so people reach the conclusion that it must be something very important, so they mention as a benefit of their favorite institution, even if this is not true or if they don’t know.

**GRAPH No. 10**

**QUALIFICATION GIVEN TO CUSTOMER SERVICE**

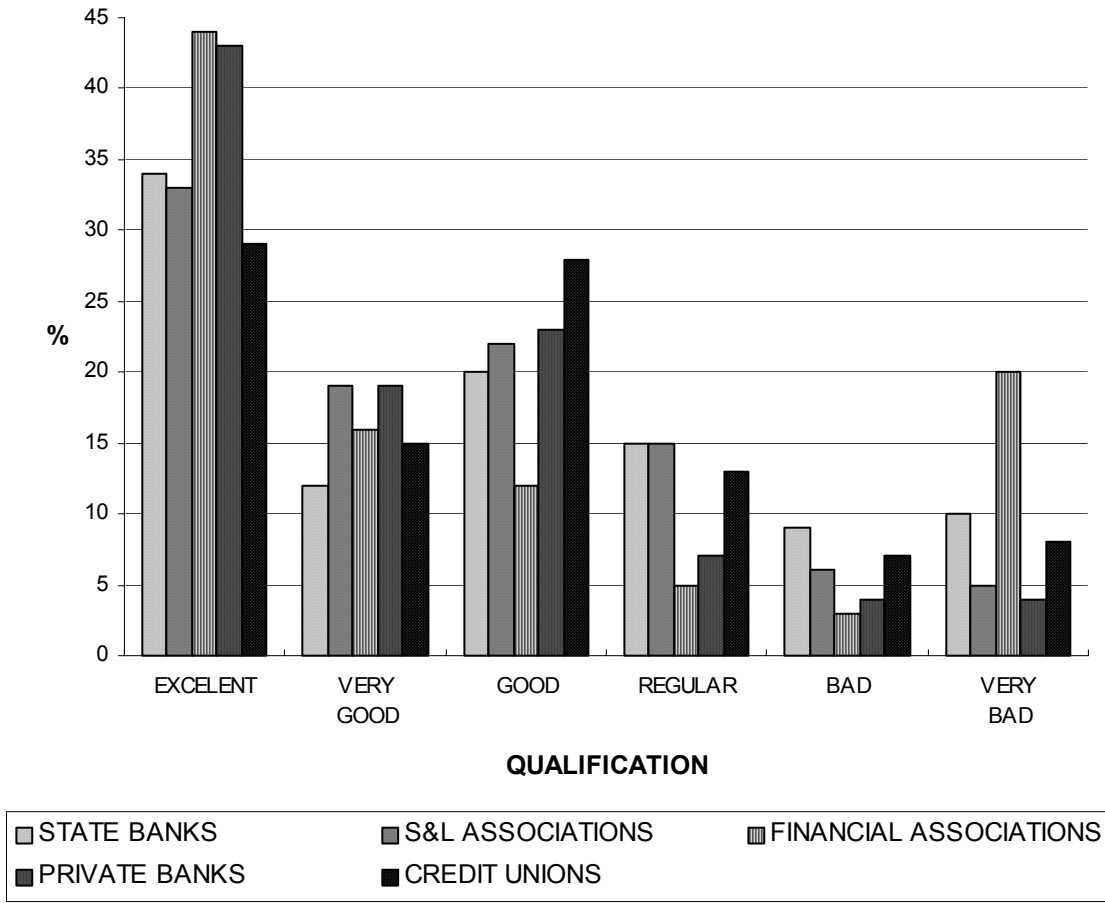


In Graph No. 10 there seems to be an over qualification of the customer service in all the institutions. The state banks are perceived as the most efficient (47%), when in practice are the worst (This last information has been defined by direct observation which has yield that people have to make long queues, suffer being ignore or ill treated by the employees, etc.), this answer is common in all my researches were people tend to defend the institution where they have their savings, this seems to happen due to two reasons: 1.- They have no experience with other institutions, hence don't have any reference with which compare and 2.- They simply can't accept that they are working with a "bad" institution. The rest of the institutions are about the same, except the financial associations that are perceive as having bad very bad service (Having the best personal attention), I think that this is due more to the 80s chaos than to the real quality of the service.

In the overall qualification credit unions appear to be the more weak in customer attention and Savings and Loan Associations as average.

**GRAPH No. 11**

**QUALIFICATION GIVEN TO FAST ATTENTION**

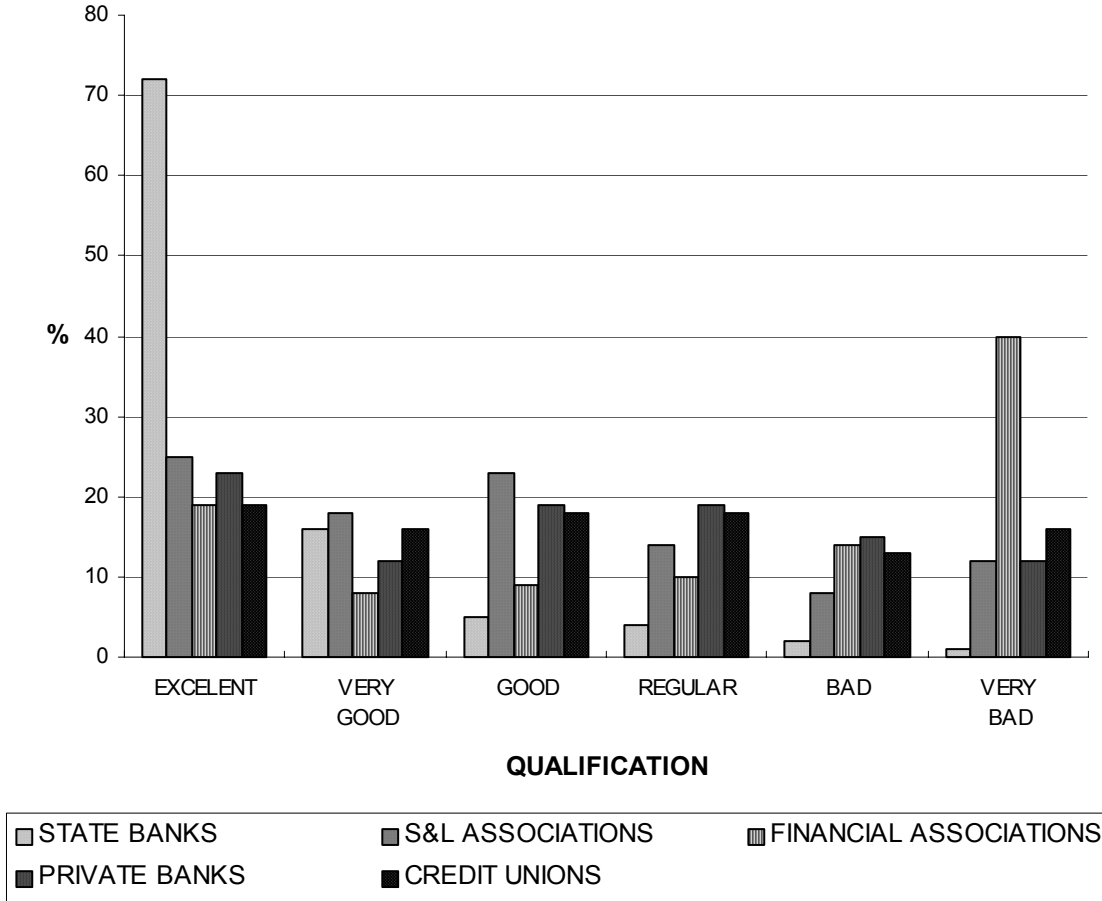


In relation to the speed of attention (Graph No. 11) happens something very interesting, that in some way confirms the previous appreciation, the private banks are chosen in the first place of excellence (44%), followed very near by the financial associations (43%), in this last, the interviewed people accept this positive aspect even considering the highly negative attitude to these institutions in all the survey. On the other hand, banks qualify the third (34%) followed by Savings and Loan Associations (33%) and finally the credit unions that keep the same low profile.

At this point is very important to keep in mind that the biggest group of people interviewed have their accounts in state banks (77%) and the credit unions reply were completely marginal (6%), these qualification measures of attitudes refer to what they think about this aspect in these institutions not necessarily what they really know about them. What I was trying to measure was the level of acceptance of the Savings and Loan Associations in relation to the other savings institutions.

**GRAPH No. 12**

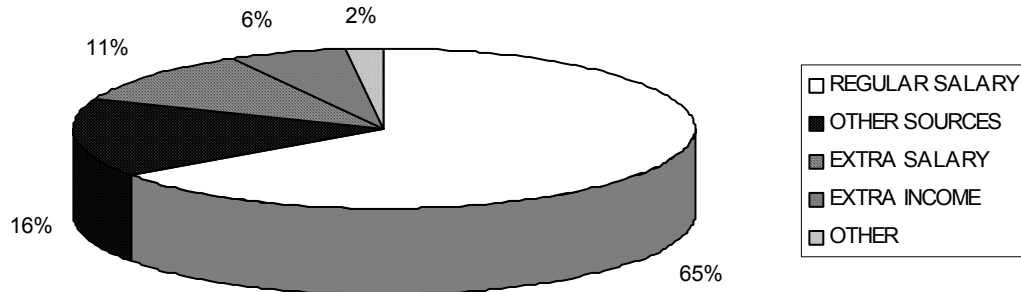
**QUALIFICATION GIVEN TO NUMBER OF BRANCHES**



In relation to the number of branches (Graph No. 11) the reply was very objective because state banks have the mayor number of branches all over the country (72%), what was surprising was the mention of Savings and Loan Associations in second place because by that time the whole savings and loan system only had 10 branches in five institutions, for me it reflected a criteria of positive attitude that potentates the campaigns.

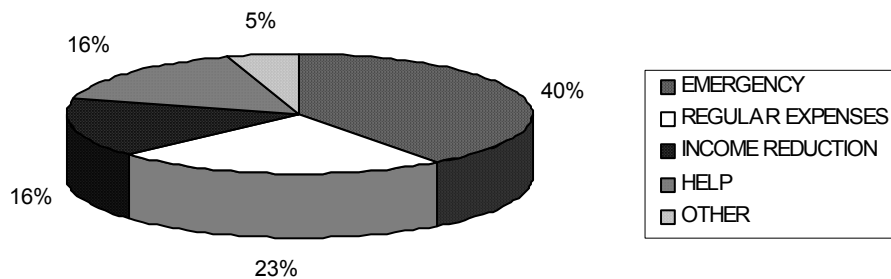
Two aspects interest me in relation to the savings behavior: 1.- Where the money the people save came from ? and 2.- On what they use the money that they withdraw from the accounts ?, I call this origin and applications of the savings.

**GRAPH No. 13**  
**SOURCE OF THE SAVINGS**



In Graph No. 13 it can be appreciated that the money the people save come as part of their regular salary (65%), from other sources (16%)(Selling some household appliances, car, etc. which means a significant amount of money), from extra salary (11%)(Overtime, Christmas bonus, etc.) and extra income (6%)(Usually informal economy).

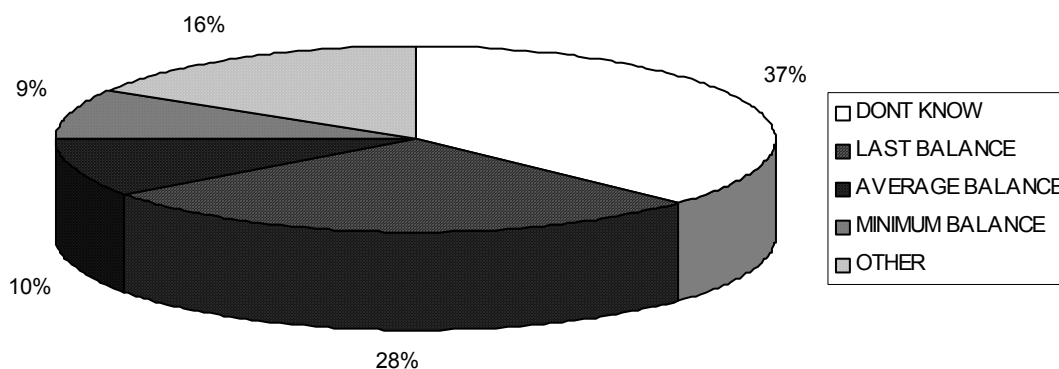
**GRAPH No. 14**  
**USE GIVEN TO THE SAVINGS**



The most common use for the savings withdrawal (Graph No. 14) is to pay emergencies (40%)(In Costa Rica as in many Latin-American countries social security is limited and sometimes inefficient, due to this people must use private hospital that are quite expensive), the second use is to cover regular expenses (23%), the third option is to cover income reduction (16%) and finally as a help (16%), when need it.

Another aspect that I considered important to research was the knowledge and attitudes related to the interest paid for the savings, because the private banks and financial associations usually paid much more rate than the Savings and Loan Associations due to the limited spread of home buying loans. The first aspect explored was the knowledge in how the interest was calculated. In Costa Rica, interests on savings are calculated by the state banks and the saving and loan associations on the minimum monthly balance, both institutions also paid the same rate, 12% at the time of the survey.

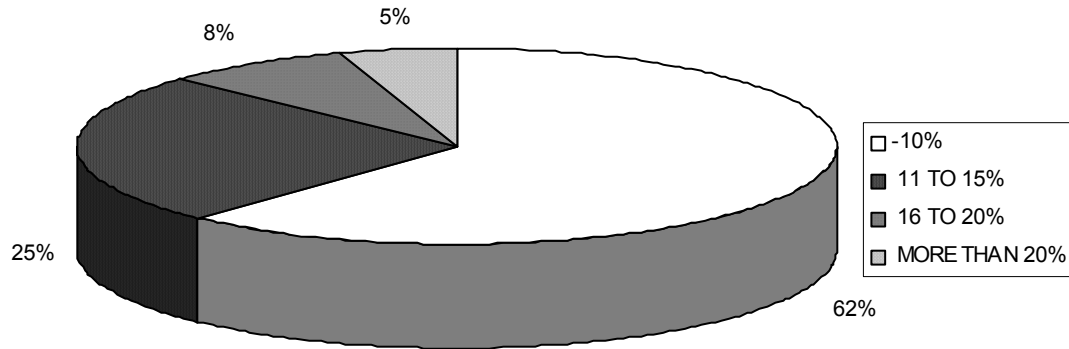
**GRAPH No. 15**  
**KNOWLEDGE OF HOW INTEREST IS CALCULATED IN**  
**THE SAVINGS ACCOUNTS**



In Graph No. 15 it can be seen that a significant mass of interviewees didn't know how the interested are calculated (37%), even this figure was high in the higher levels of income. "On the last balance", was the second reply (28%), this accounts for the frequent complains of receiving less interest (This happens in Costa Rica and in the other countries where I worked, savers conscious of rate usually calculate wrong and complain), the third reply was "on the average balance of the month", (10%) and the fourth reply was "on minimum monthly balance" (9%), few people really was capable to respond this right answer. Apparently there is no clear concept on how the interest are calculated, which seem to reflect the little attention to this matter.

**GRAPH No. 16**

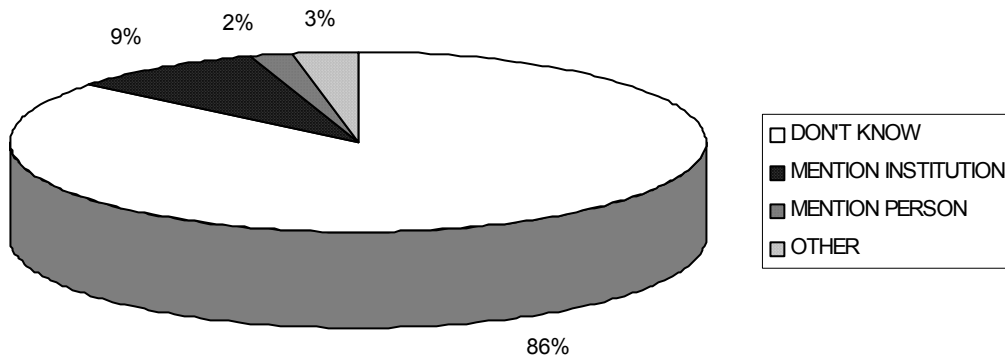
**RATE OF INTEREST PAYED FOR THE SAVINGS**



In Graph No. 16 it can be seen the perception of rate received for the savings (At that time the real rate of the savings was 12%) when asked the rate that they received for their savings, the majority of the answers were less than 10% rate (62%), between 11% and 15% rate was the next answer (25%), between 16% and 20% rate was the following answer (8%) and more than 20% rate was the final answer (5%). There seems that people undervalue the rate they are receiving for their savings, which tends to confirm that this is not the main issue to have savings. In this sense, the people look more on security and the “rainy days” reserve than the rate of interest that the savings should receive.

**GRAPH No. 17**

**KNOWLEDGE OF THE PEOPLE THAT RUN THE INSTITUTION WHERE THEY HAVE THEIR SAVINGS**

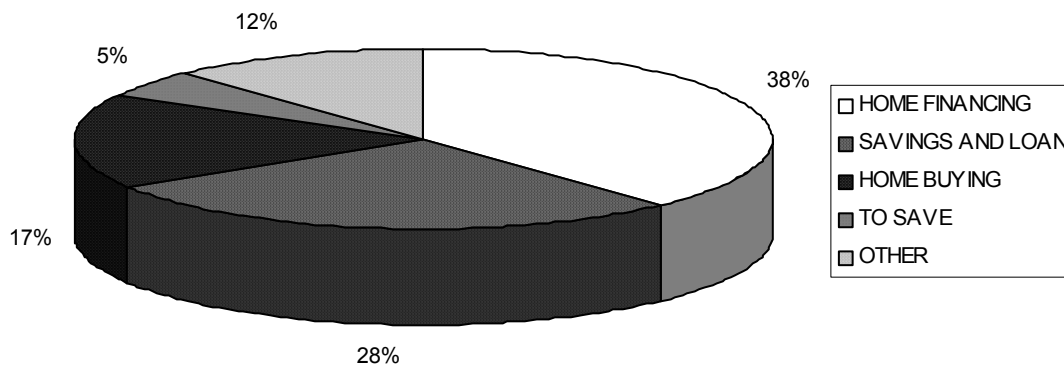


Being Costa Rica a very small country one of the concepts was to see the effect of the people who run the financial institutions on the image and confidence in these people (Graph No. 17), but the results showed that the great majority ignore who run the institution where they had their savings (85%), mentioned only the institution itself (9%) and mention at least one person in charge (3%). This

was surprising in a country of about 2 millions of inhabitants with the capital with about half a million. On the other hand, it show the strength in the institution itself.

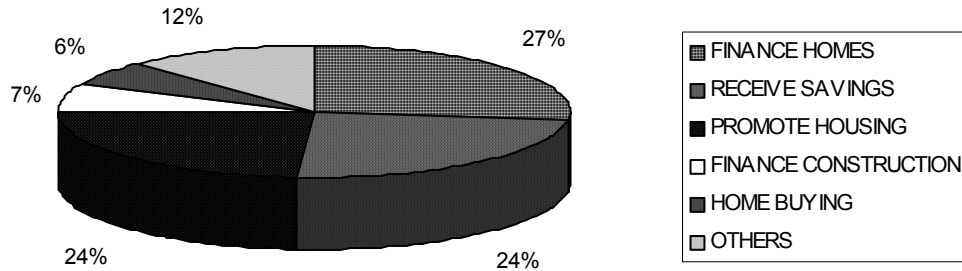
The next question refer in particular to the Savings and Loan Associations due to the fact that the main objective of the project was to promote these institutions the survey had to include them as central part of the research. Another aspect that had to be explored was the perception people had of these institutions as private or state owned, because the state own image brought security and the private image brought speed and good service, so we had to be clear on this issue to work out the campaign that will bring forward the change of attitudes and behavior.

**GRAPH No. 18**  
**REASONS WHY THE SAVINGS AND LOAN ASSOCIATIONS WERE CREATED**



The Savings and Loan Associations (Graph No. 18) were seen as created only for home financing (38%), as savings and loan (28%), to lend for home buying (17%) and to save (5%). The main image was mainly related only to housing which meant that people only went to these institutions when they needed a credit to buy a home, meanwhile they save in the state banks and only when the housing need arouse they would take their money from the bank to the Savings and Loan Associations. This meant that “the bets place just to keep my savings” perception was very weak in the mind of the people towards this institutions and could explain the low effectiveness to attract savings and investments.

**GRAPH No. 19**  
**MAIN ACTIVITIES OF THE SAVINGS AND LOAN ASSOCIATIONS**

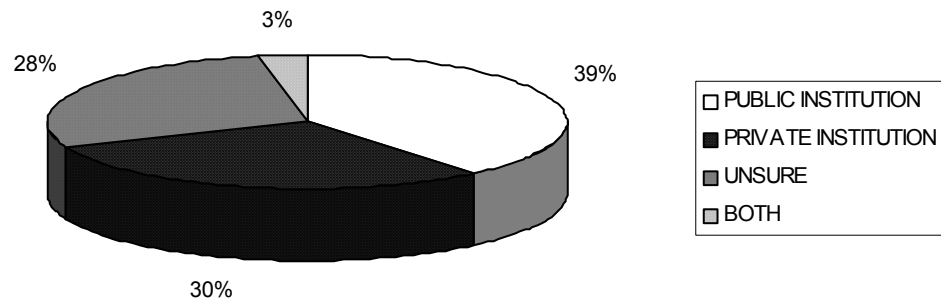


When explored more in detail (Graph No. 19) the main activities related to Savings and Loan Associations, the first answer was to finance homes (27%), followed by receive savings (24%), promote housing (24%), finance construction (7%) and home buying (6%). Although savings have a better outlook in this answers still housing has the main weight.

The main weakness of these institutions to attract massive savings was the lack to develop an image of a safe place to have savings no matter if this savings were for housing or any other purposes, the savings would be more secure due to the guaranty of the money they loan to be on mortgages with a constant revaluation due to land and housing costs.

Another aspect was the state guaranty that people knew little about , that was the reason why these institutions qualified relatively low in the comparative security (Table No. 1, Page 6). Of course people were clear on this guaranty for the state banks but they were not so clear that also Savings and Loan Associations had it.

**GRAPH No. 20**  
**TYPE OF INSTITUTION THAT IS THE SAVINGS AND LOAN ASSOCIATIONS**

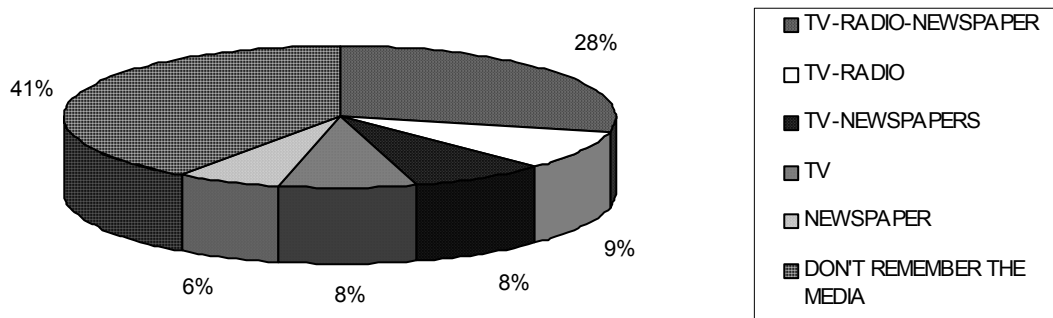


About the type of institutions, public or private (Graph No. 20), there was confusion: Many thought that they are public (39%), but many also thought of them as private (30%) and a significant number were unsure (28%). There is a particular aspect related to the state housing institutions, these

are seen as very unstable and limited institutions with a high political bias, so the concept of guaranty related to state banks does not apply to Savings and Loan Associations because they are perceived more as housing than financial institutions, which is not true.

**GRAPH No. 21**

**MASS MEDIA WHERE PEOPLE SAW OR HEARD ABOUT SAVINGS AND LOAN ASSOCIATIONS**



Another aspect of interest related to the Savings and Loan Associations (Graph No. 21) was the level of awareness among the people. To measure the remembrance of messages and information in mass media, the results showed that few people remember something (9%), and the media in which the people remember more was television , radio and newspapers (28%), television and radio (9%), next came the combination of television and newspapers (8%), next only television (8%), next only newspapers (6%) and finally don't remember 40%. It is clear that the Savings and Loan Associations had a very low profile, at that time they only advertised in newspapers and a little on radio, television was not used, this shows not only the importance of this mass media but the side effect and confusion that attributes information to the wrong institutions.

**SOCIAL AND FINANCIAL PROFILE OF THE INTERVIEWEES**

The sample had the same proportion of males (50%) as females (50%).

The main occupational activities of the interviewees was commerce (22%), blue collar workers (17%), office clerks (11%), liberal professionals (9%), technical (7%), pensioned (7%), sales (6%), government employees (6%), education (5%), other (10%).

The age groups were: 16% less than 18 years old, 18% from 18 to 29 years old, 24% 30 to 40 years old and 42% more than 40 years old.

The level of education was high school (34%) in the first place, followed by university (33%), primary school (25%), commercial (6%) and other (1%).

The marital status was: 62% married, 26% bachelors, 6% widow, 3% divorced and 2% free union.

The monthly home income level was as follows: 29% high income (More than US\$ 800), 50% medium (US\$ 200 to 799) and 21% low income, (Less US\$ 199), as the people interviewed were all savers or ex-savers, therefore the immediate conclusion is that medium income people concentrate in this segment (Nearly twice as much as the other segments)(The minimum monthly legal salary was around US\$ 95).

The interviewees had the following home status: Own and paid (44%), hired (25%), owned and paying the credit (23%), lent (3%) and in the parent's house (3%) and other (2%).

The time living in the same home was more than five years in the first place (64%), two to five years (19%) and less of two years (17%).

The survey has shown that the Savings and Loan Associations had a very low profile, that the overall image was very weak and that people only came to them when they actually need to buy a home.

People seem to save for emergencies, look for security of their money in the first place, have little knowledge respect to interest rates and how this is calculated, the principal mass of savings was concentrated in the state banks, savings come primarily from regular salary and they use it to handle emergencies and complete regular expenses. People don't realize that with a 24% inflation index and 12% rate of interest they are receiving negative rate on their savings, they don't know who run the financial institutions where they have their savings and don't know if the Savings and Loan Associations are public or private institutions.

This sample showed a higher presence of home owners than the average of population in Costa Rica, this suggests that savers can own their homes in a higher proportion than the rest of the of the population or it could be the other way around, that home owners save more than those who don't own their homes. This hypothesis will have to be confirm in future surveys, right know I don't have the answer to whether is on or the other.

## **5.- THE AUDIENCE PROFILE (August 1990)**

Another survey was done to evaluate the way the people in Costa Rica watch the mass media, in order to determine the best options to reach the adequate persons with the messages and so obtain the behavior modification with the least of resources.

### **5.1.- THE SAMPLE AND THE QUESTIONNAIRE**

This survey was done with a different research firm than the one that did the previous survey. The sample of 614 interviewees was stratified and also had a 5% error and 95% of confidence, the main difference between this sample and that of the previous survey was that the sample was completed adjusted to the census profiles of economically active population and this sample had no filtering questions. The fact is that with this survey we wanted to reach a very representative segment of the Costa Rican population because its objective was to reach with the messages both savers and non-savers, in order to attract the non saver: First, to save and Second, to save in the Savings and Loan Associations. This objective was reached also in 1992, because prior to that date, a significant group of saver in Savings and Loan Associations have started to save in the state banks, in 1992, the proportion of new savers opening their first saving account

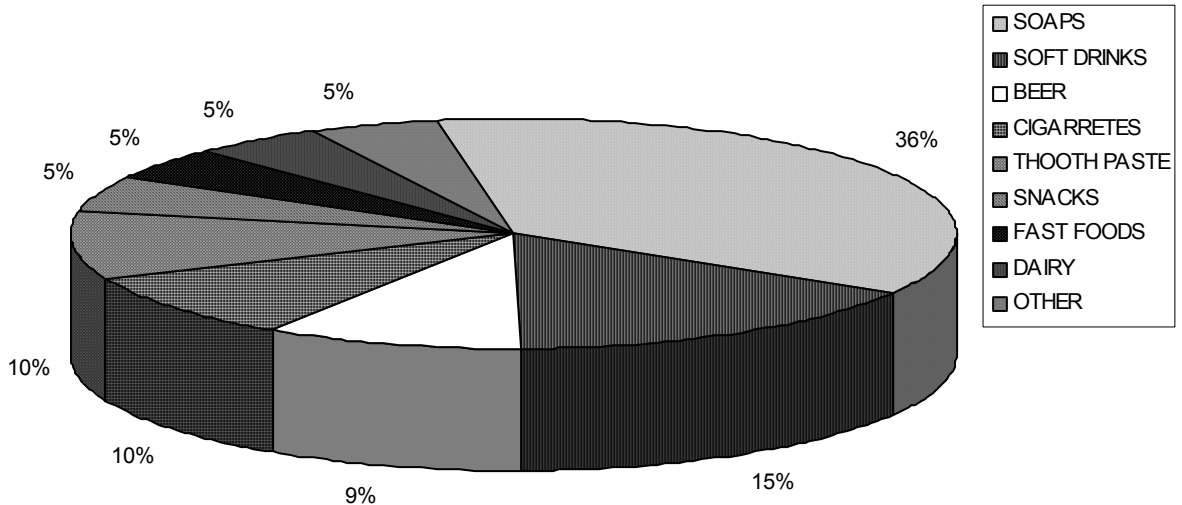
The questionnaire had 20 questions and it was device to measure progressively the awareness of the Savings and Loan Associations versus the other mass media information, within this process the audience habits were also measured. The methodology first explore spontaneous replies on general advertising recall, then financial institutions (Banks, s & l, credit unions, etc.), then the Savings and Loan Associations. Aspects related to advertising perception were also analyze and a socioeconomic profile of the economical active population.

## 5.2.- THE RESULTS

The results were as follows.

**GRAPH No. 22**

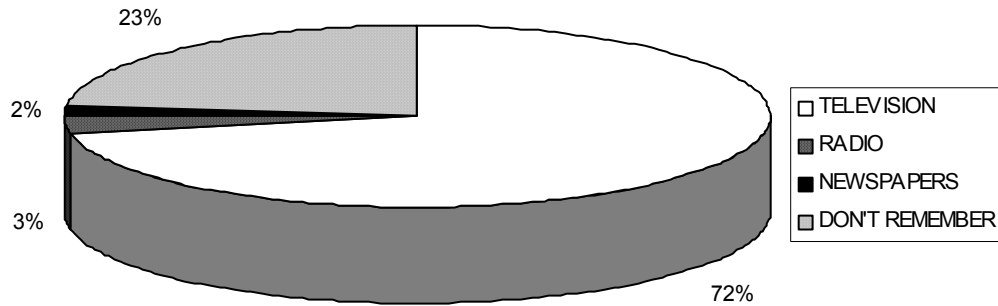
### **GENERAL ADVERTISING MORE REMEMBERED**



The general advertising most remember (Graph No. 22) was on soaps (23%), soft drinks (10%), beer (6%), cigarettes (6%), tooth paste (6%), snacks (3%), fast foods (3%), milk and derivatives (3%) and others (3%). The advertising of banks, s & l, credit unions and other financial institutions wasn't even mentioned. About 28% of the interviewees didn't recall any advertising. I think that the lack of answer in the bank advertising was due to the style of communication that was very abstract, "institutional" we can say, that is very difficult to understand.

**GRAPH No. 23**

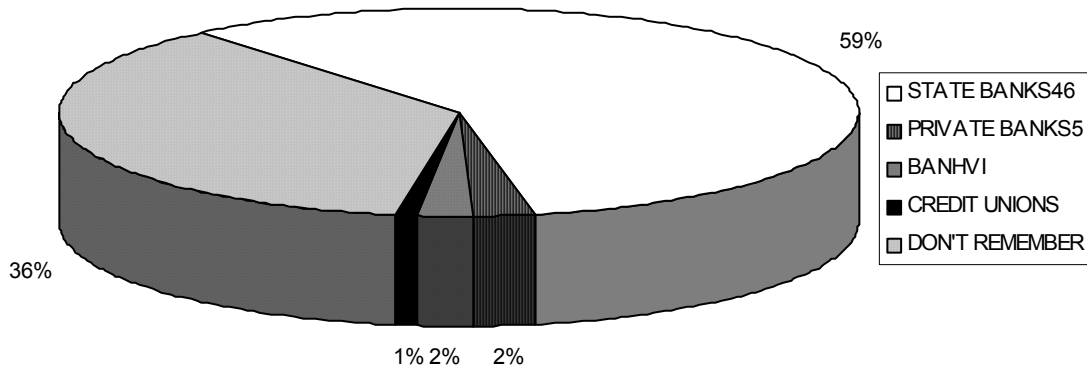
**MEDIA IN WHICH THE GENERAL ADVERTISING WAS SEEN/HEARD**



The media in which the ads were seen (Graph No. 23) was: Television (72%), radio (3%), Newspaper (2%), a great number of interviewees didn't remember the media (23%). The television proved to be the best option to use for effective advertising, although the high level of alphabets is present in the country, newspapers are expensive and limits the possibility of their use, on the other hand, with this last media the top level classes can be reached easily.

**GRAPH No. 24**

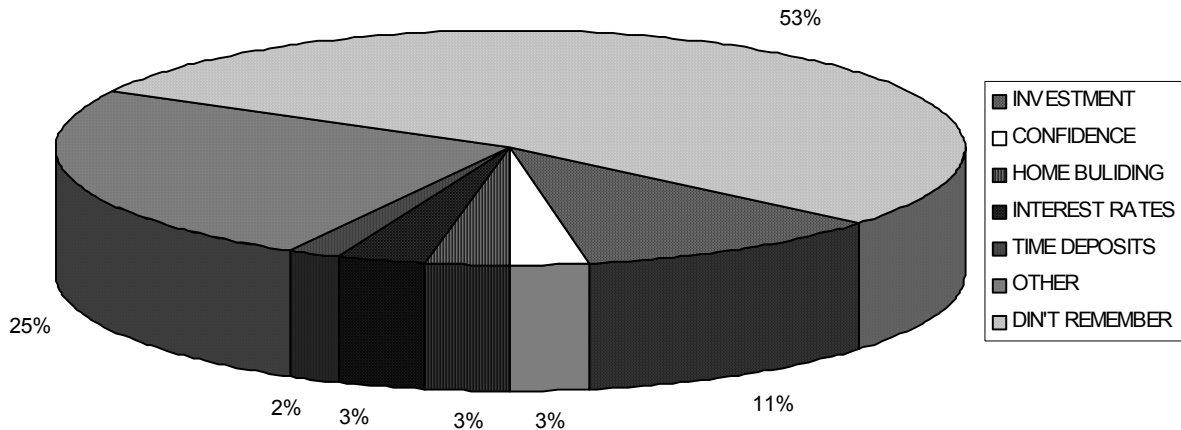
**RECALL OF FINANCIAL INSTITUTIONS ADVERTISING**



The next evaluation was related to the recall of financial institutions advertising (Graph No. 24). A significant part of the interviewees did not remember any advertising (45%), the most remember advertising came from the state banks (46%), the private banks (5%), the BANHVI (3%)(This is the housing central bank as mentioned at the beginning) and the credit unions (1%).

**GRAPH No. 25**

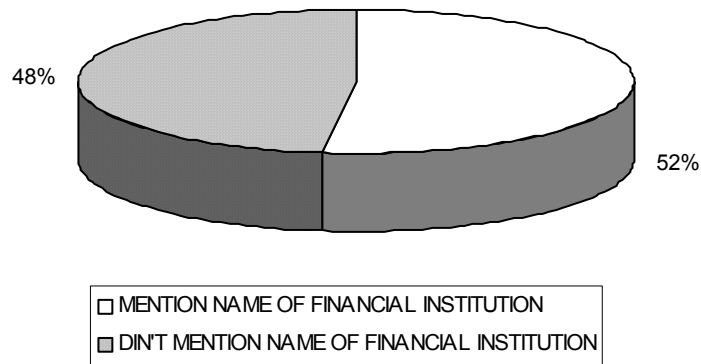
**RECALL OF THE CONTENTS OF THE ADS OF FINANCIAL INSTITUTIONS**



But, when referred to the ads itself (Graph No. 25), more than half of the people interviewed did not remember anything (53%). The people that did remember, say that the ads were about investment (11%), confidence in the institutions (3%), construction (3%), interest rates (3%) and time deposits (2%). 25% percent answer a great variety of concepts which can be interpreted that they were confused or unsure on the answer.

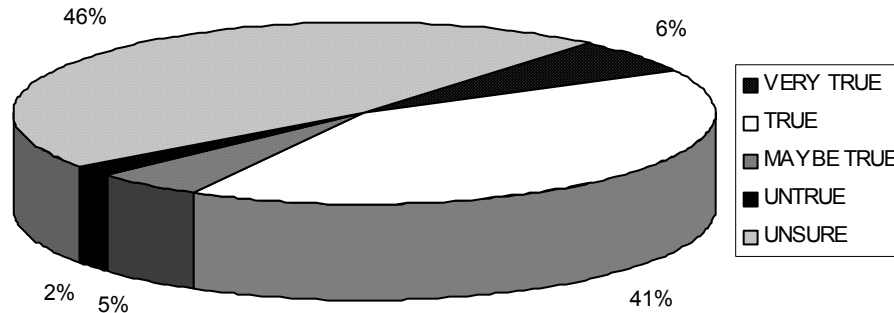
**GRAPH No. 26**

**MENTION OF THE NAME OF THE FINANCIAL INSTITUTIONS**



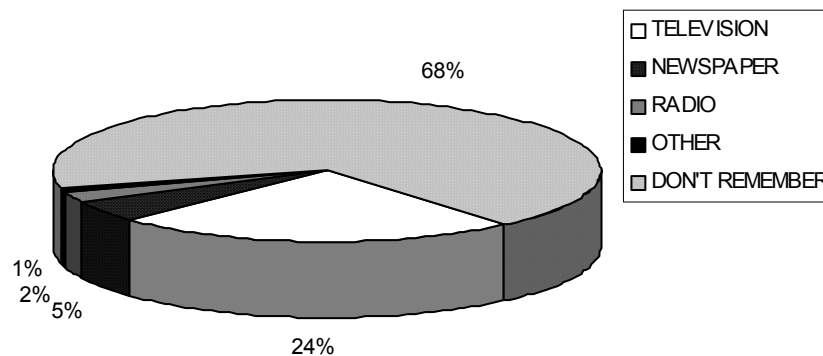
In Graph No. 26 it can be seen that more than half of the people interviewed mentioned the name of a financial institution, particularly the state banks (52%), the rest (48%) did not remember particular names.

**GRAPH No. 27**  
**CREDIBILITY OF THE FINANCIAL INSTITUTIONS ADS**



In relation to the credibility of the messages of the financial institutions in general (Graph No. 27), many interviewees could not decide the answer to this question (46%), many said that it was true (41%), the “very true” had low replies (6%), maybe it was true was also low (5%) and untrue (2%). This answers were significant because although they had a positive outcome, the uncertainty could be interpreted as negative or at least lack of compromise. The style of bank advertising is very abstract in Costa Rica, there seems to be a relationship between serious image and abstract and formal advertising which caused the people to reject it due to a lack of comprehension.

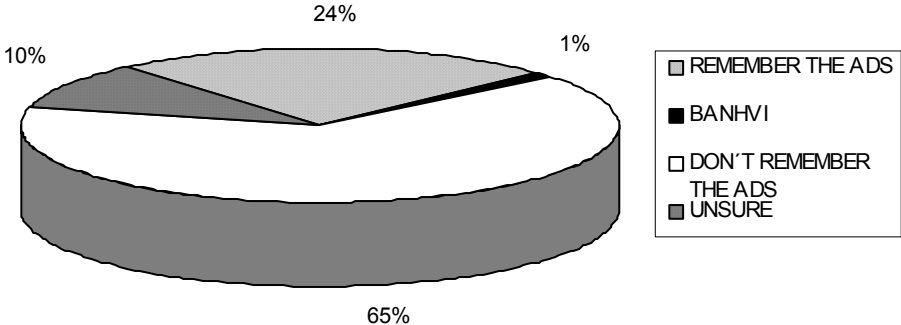
**GRAPH No. 28**  
**MEDIA IN WHICH THE FINANCIAL INSTITUTIONS ADS WERE SEEN/HEARD**



In relation to the media where the ads were seen Graph No. 28), the great majority did not remember (68%), Television was important (24%), newspaper had a higher presence than radio (5%), radio (2%) and other media (1%). The interesting aspect of this replies lies in the fact that financial institutions never used television, so the recall refers to the mention of these institutions in the news or special interviews that are done in TV, the main media has always been the newspaper.

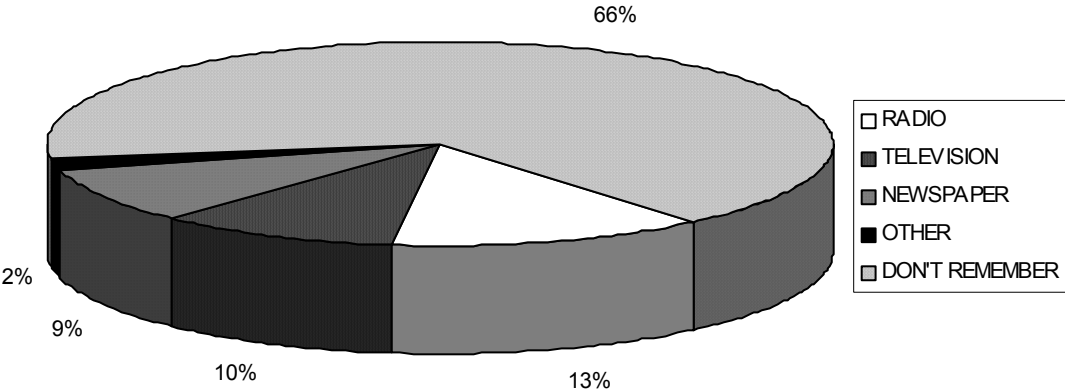
The last evaluation was for the Savings and Loan Associations, although I knew that this institutions will not have significant recall because they did very little advertising, I felt that a general image and attitudes could be measure indirectly.

**GRAPH No. 29**  
**RECALL OF ADS FROM SAVINGS & LOAN ASSOCIATIONS**



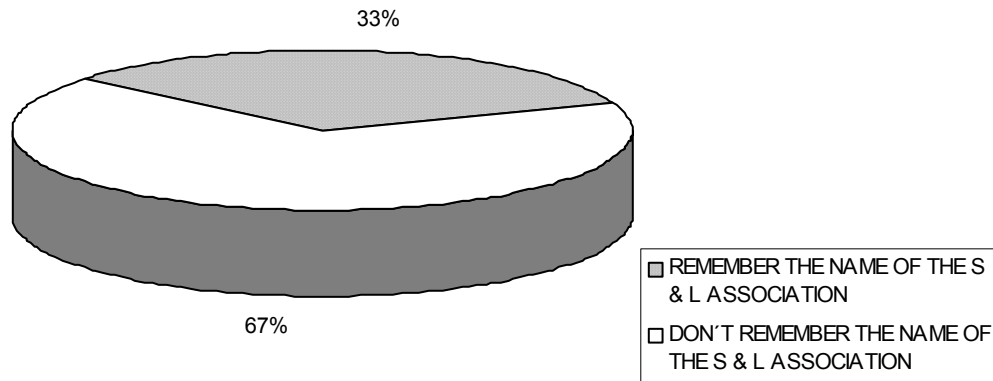
In Graph No. 29 it can be appreciated that most of the interviewees did not remember any ads from the Savings and Loan Associations (65%), some people remember ads (24%) and a minimal group remember ads from BANHVI (1%). As we will see in the following answers, people were confused with ads from Savings and Loan Associations and the rest of the financial institutions, they seem to fill the lack of recall with information from the other institutions.

**GRAPH No. 30**  
**MEDIA IN WHICH THE SAVINGS & LOAN ASSOCIATIONS ADS WERE SEEN/HEARD**



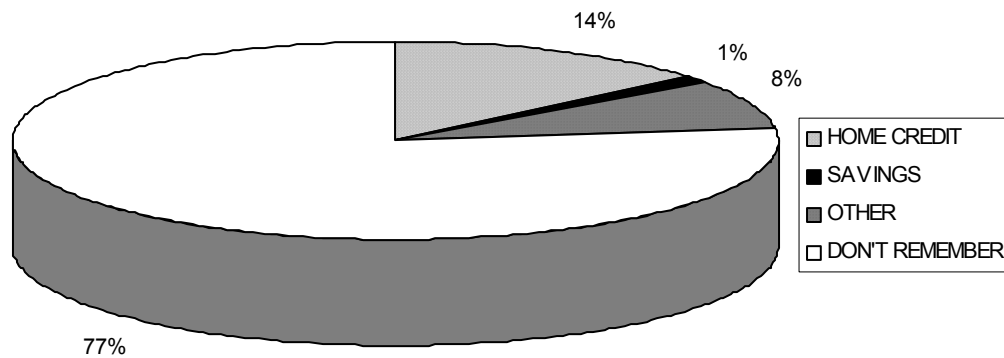
The media in which Savings and Loan Associations were more remembered (Graph No. 30) was radio (13%), television (10%), newspaper (9%) and other (2%), again 66% did not remember the media used. Radio was significant because the soccer that is the national sport, and they take it quite seriously, was sponsor by one of the savings and loan association.

**GRAPH No. 31**  
**RECALL OF THE NAME OF THE SAVINGS & LOAN ASSOCIATION**  
**OF THE ADS**



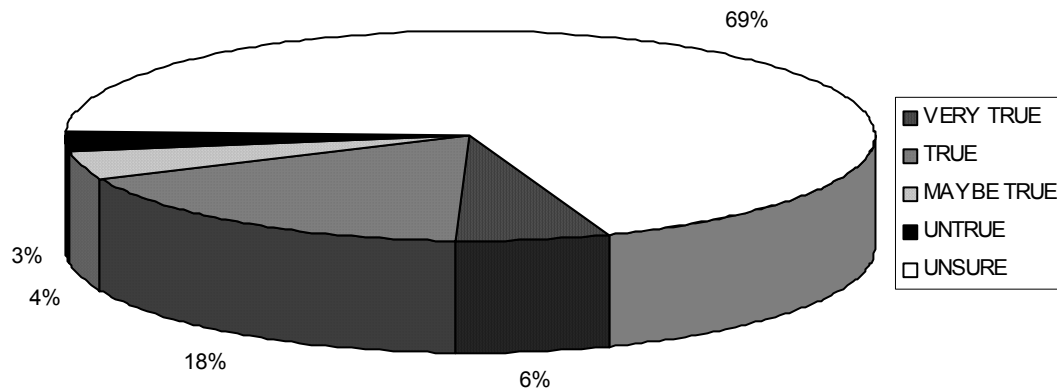
In Graph No. 31 it can be seen that more than half of the interviewees did not remember the name of the Savings and Loan Association (67%), the rest mentioned some name (33%). This contrasts with the same answer in financial institutions and gives clues to the information generalization and fill in the mind of the people by a process of association.

**GRAPH No. 32**  
**RECALL OF THE CONTENTS OF THE SAVINGS & LOAN**  
**ASSOCIATIONS ADS**



When asked about the ads itself (Graph No. 32), a very significant number (77%) did not remember, home credits accounted for a significant answer (14%) and other replies (8%) were also important. Savings was very insignificant (1%). This again proves that there is an ample confusion between the messages and the sponsors.

**GRAPH No. 33**  
**CREDIBILITY OF THE SAVINGS & LOAN ASSOCIATIONS ADS**



In Graph No. 33, it can be appreciated that more than half of the people interviewed do not believe in the ads of the Savings and Loan Associations (69%), a few think that they are “true” (18%), very few think they are “very true” (6%), some think that “maybe it is true” (4%) and the less think that they are “false” (3%). This attitude seems to be related to the lack of information, the sample is from the general population which means that most of them don’t know much about the Savings and Loan Associations, therefore there cannot be credibility on something that they know nothing about.

### SAMPLE PROFILE

The profile was stratified in such a way that it matched the active population of Costa Rica, and particular emphasis was given to collect ample economical information on the interviewees.

40% have accounts in some financial institution (State bank, private bank, credit unions, Savings and Loan Associations or financial societies).

The account that people have most are savings account (30%), time deposit (6%) and checking account (4%)

The income was adjusted to match the previous survey of people with savings accounts or had savings accounts. The medium level income was important (48%), low level followed (48%) and high level (4%).

More than half (59%) of the interviewees were female, the rest were males (41%).

The occupation of the interviewees showed the following profile: 21% office clerks and secretaries, 20% Blue collar workers, 17% related to agriculture, 11% technical, 7% commerce, 6% sales, 6% government employees, 6% education and 5% liberals (Medicine doctors, lawyers, dentists, etc.).

The ages ranked this way; 3% less than 17 years old, 16% 18 to 24 years, 16% 25 to 29 years, 36% 30 to 39 years, 19% 40 to 45 years and 21% more than 50 years. Costa Rica has a very significant government bureaucracy, this usually retires their old employees with important pensions, that is the reason to find a very significant presence of economical active population over 50 years old.

The sector in which the interviewees worked was; 19% own business, 13% government, 10% commerce, 10% industry, 3% agriculture, 1% other. More than 40% did not give a reply. The small presence of agriculture in an agricultural oriented country is due to undefined agricultural oriented activities within own business and industry.

The marital status showed that 66% were married, 24% bachelor, 4 widows, 2% divorced and 4% other (Usually living as mates).

The education profile showed that 31% had complete basic education, 21% uncompleted high school, 20% incomplete basic education, 10% complete high school, 6% incomplete university education, 2% complete university education, 2% commerce high school and 8% other education. The profile showed the relative high level of education in the country, in fact Costa Rica has at least 20 private and public universities and a government student credit service to finance university and post-grade studies.

The people lived in their actual homes for more than five years (67%) or for less than two years (19%), a group of interviewees say that they have between two and five years living in their actual home (14%).

The situation of their actual home is 41% own it and is free of debt, 21% live hired, 20% is own and are paying mortgage, 10% is lent by a family member and 4% other. As it can be seen 615 of the economic active population own their homes.

The financing of their homes, in case of home owners showed that 26% buy it or construct it with their own resources, 23% with a credit from a government housing institution, 4% with a credit from a savings and loan association and 1% with a credit from a credit union. 43% did not answer. I know that a great part of the non answers are Savings and Loan Associations that people don't identify as such.

The number of people in the homes showed that 13% of the homes have less than two people, 56% have between 3 and 5 people, 27% have between 6 and 8 people, 3% have between 9 and 12 people and 1% more than 12 people.

Another aspect that was explored was the attitude towards the effect perceived of advertising on the behavior of people. 76% say that it affects people, 22% say that it does not affect people and 2% are unsure. In relation to the way advertising affects the behavior of people, the main reasons for this effect were: 16% brings comfort, 14% gives information, 8% gives orientation, 6% gives confidence, 3% presents options and 1% sales. The advertising is perceived as having a strong effect on people's lives.

With this information on advertising presence and effect and the profile, an strategy was developed to impulse the savings and move it to the Savings and Loan Associations as a primary place to save.

**6.- COMPARISON BETWEEN THE COMMON ELEMENTS OF THE OWNERS AND EX-OWNERS OF ACCOUNTS AND ACTIVE POPULATION  
FINANCIAL AND SOCIAL PROFILES**

**TABLE No. 4**

<b>OCCUPATIONAL PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
COMMERCE	22%	6%
OFFICE CLERKS	11%	21%
BLUE COLLAR WORKERS	17%	20%
LIBERAL PROFESSIONALS	9%	5%
TECHNICAL	7%	11%
GOVERN.EMPLOYEES	6%	6%
SALES	6%	6%
EDUCATION	5%	6%
PENSIONED	6%	2%
OTHER	10%	17%

It is interesting to see that the higher presence of account owners and ex-owners (Table No. 4) among commerce activities that is usually define as small business owners against the lower presence of office clerks and secretaries and blue collar workers. The higher presence of liberal professionals in account owners sound logical due to their higher income, technical staff in Costa Rica is more related to agriculture which will explain the lower presence among account owners. The other interesting aspect is the pensioned that have a much higher presence among account owners which it cam mean that they continue to save even when they retire or maybe they made savings for the retirement.

**TABLE No. 5**

<b>SEX PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
MALE	50%	59%
FEMALE	50%	41%

Sex (Table No. 5) seems to be more balance among owners and ex-owners of account than in the other population.

**TABLE No. 6**

<b>AGE PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
LESS THAN 18 YEARS	18%	3%
18 TO 29 YEARS	24%	32%
30 TO 40 YEARS	30%	36%
MORE THAN 40 YEARS	42%	40%

The approximate match of ages (Table No. 6) between both surveys show that young people and old people tend to be more account owner and ex-owner. Young adults and adults are less account ownership oriented.

**TABLE No. 7**

<b>EDUCATIONAL PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
PRIMARY SCHOOL	25%	51%
HIGH SCHOOL	34%	16%
UNIVERSITY	33%	2%
COMMERCE EDUCATION	6%	2%
OTHER	2%	29%

There seems to be a clear relationship between higher educated people and account ownership (Table No. 7).

**TABLE No. 8**

<b>MARITAL STATUS PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
MARRIED	62%	66%
BACHELOR	26%	24%
WIDOW	6%	4%
DIVORCED	3%	2%
FREE UNION	3%	4%

There seems to be no significant difference between account ownership and marital status (Table No. 8), this surprise me because previous studies in other countries show that married people tend to save more than bachelors or other status, but this does not seem to be the case in Costa Rica.

**TABLE No. 9**

<b>INCOME PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
HIGH	29%	4%
MEDIUM	50%	48%
LOW	21%	48%

Is evident that the higher income class have a much higher account ownership than the low class, but medium class is very consistent in account ownership (Table No. 9).

**TABLE No. 10**

<b>HOME STATUS PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
OWN PAID	44%	41%
OWN PAYING	23%	20%
HIRED	25%	21%
LENT	3%	10%
OTHER	5%	8%

Is clear than less people that live in lent homes have accounts (Table No. 10), but the rest of the profile of account ownership does not differ significantly from the economical active population profile and the savers and ex-savers. The only aspect that can be considered is that people who own their home and had paid for it have a higher account ownership than the other people. This can mean that once paid for the home, that is a very significant motivation to the people, there is a continuous wish to deposit the payment amount as regular savings. In other words, without analyzing it, people convert negative savings (Credit) into positive savings once they cancel their home mortgage.

**TABLE No. 11**

<b>TIME LIVING IN THE SAME HOME PROFILE</b>	<b>OWNERS AND EX-OWNERS OF ACCOUNTS</b>	<b>ECONOMICAL ACTIVE POPULATION</b>
LESS THAN 2 YEARS	17%	14%
2 TO 5 YEARS	19%	19%
MORE THAN % YEARS	64%	67%

There seems to be no significant difference between the time living in the same home and account ownership (Table No. 11).

## **7.- THE RESEARCH CONCLUSIONS AND COMMUNICATIONAL STRATEGY**

### **7.1.- THE CONCLUSIONS**

From the surveys, the following working conclusions were reached:

#### **STRENGTH ON THE SAVINGS**

1. There is a great savings potential in Costa Rica
  - All the social classes save
  - The savings come from the regular income
2. There is an strong linkage between savings and the family
  - The savings motivations are for rainy days
  - The savings are used to cover income deficits
  - The savings are viewed as family protection
3. There is a traditional abuse of the saver on behalf of the state banks
  - Very low rates of interest for the savings
  - Slowness in customer service as observed in the institutions
  - Bureaucratic indifference towards the savers
4. The savings have become generic, there is no differentiation between institutions

#### **WEAKNESS ON THE SAVINGS**

1. There is a need to pay a better interest rate for the savings
  - Although the people don't save for interest, there is awareness of the convenience of receiving a better rate
  - The way the rate of interest is calculated reduces the yield
2. The services in banks are not very attractive
3. There is a high loyalty and confidence towards the state banks

#### **STRENGTHS OF THE SAVINGS AND LOAN ASSOCIATIONS**

1. Good service as observed in the institutions
2. Fast attention as observed in the institutions
3. Better rate of interest
4. Ambiguous perception of savings & loan associations as public (Security) and private (Good service) financial institutions
5. There is little awareness which means that the savings & loan associations can be shaped to any image without any risk

## **WEAKNESS OF THE SAVINGS & LOAN ASSOCIATIONS**

1. Perception of this institutions as only for home financing, very attractive to home buying but indifferent as a place to keep savings
  - They are not mentioned between the financial institutions
  - The image is mainly related to home financing and home building
2. Insecure image of the institutions in relation to the state banks (Although the state guaranty the savings in both)
3. Perception of the savings & loan services as worse than those in the state banks (Which is not true)
4. Low awareness in number of branches (Which is true)
5. Inconsistency of the messages of the savings & loan association that weaken the image
  - Lack of perceived themes by the public
  - Low frequency of the advertising effort (Very low investment and recall)
6. Lack of vision of the savings & loan associations as a financial group or system

### **7.2.- THE STRATEGY**

The strategy proposed was as follows:

1. Attract savings from lower and medium class savers (High class savings cost more)
2. Create and communicate a global image based on the state guaranty for the savings
3. Revision of the financial products and services to re-pack them and present them to the public as a more flexible and serviced way to save

### **7.3.- THE TACTICS**

The specific actions that were taken nationally to change the situation were:

1. Create an overall image of the savings & loan financial system
2. Stop promoting the house financing
3. Motivate the savings in a mass media campaign as a family need
4. Identify all the offices of the savings & loan associations with a common symbol, that of the savings & loan system
5. Amplify and inform the guaranty of the state on the savings
6. Give technical assistance to the savings & loan associations to:
  - Revise their services
  - Make faster the customer attention
  - Pack their financial products
  - Research their particular market
  - Develop new financial savings products
  - Synchronize their own advertising on the national campaigns (Both in concept and timing)

This process was done at a national level with a central national campaign to promote four aspects:

1. The Savings & Loan System
2. The need of the family to save
3. The security and guaranty of the savings by the state
4. The fact that the savings & loan associations are private enterprises

## **8.- THE MASS MEDIA CAMPAIGN DEVELOPMENT AND DESIGN EVALUATION (April 1991)**

### **8.1.- THE IMAGE AND CAMPAIGN CONCEPT**

#### **8.1.1.-THE IMAGE CONCEPT**

As part of the overall strategy it was necessary to define a symbol, a name to identify the whole Savings and Loan System and an institutional slogan . An advertising agency was contracted to develop this two ideas and from the team work with them six symbols, four names and four institutional slogans were selected to be tested in focus groups with samples from the savings accounts owners market.

The symbols were design on cardboard and shown to the members of two focus groups in a different order each session to avoid first center and last answer bias.

The names and slogans were also written on big paper sheet and rotated as well.

A total of 30 people assisted to the focus group session, 15 of low income class and 15 of medium income class, because this two classes were the main targets to which we wanted to receive savings.

The symbols were:

1. An oval ring which it supposed to transmit integration
2. A coin with winds
3. A curtain
4. A sided coin
5. A key lock
6. A series of arrows to show action, dynamism

The names for the savings and loan system were:

1. The Mutuals (That is the way they were actually called the Savings and Loan Associations)
2. The Savings and Loan Mutuals
3. The Savings and Loan Mutual System
4. The Savings and Loan System

The institutional slogans were:

1. The financial private institutions guaranteed by the State
2. The financial private institutions supported by the State
3. The private financial system guaranteed by the State
4. The private financial system supported by the State

The difference was the words supported and guaranteed by the State, because we felt that people may not believe the guaranty.

## RESULTS

The results showed the following :

### FOR THE SYMBOL

#### TABLE No. 12

### LIKED THE MOST

OPTION	%
1. An oval ring which it supposed to transmit integration	0
2. A coin with winds	29
3. A curtain	14
4. A sided coin	19
5. A key lock	38
6. A series of arrows to show action, dynamism	0
<b>TOTAL</b>	<b>100</b>

The most accepted symbol was the keylock , the other symbol well accepted was a coin with winds, the other had less weight (Table No. 12).

**TABLE No. 13**

**DISLIKED THE MOST**

<b>OPTION</b>	<b>%</b>
1. An oval ring which it supposed to transmit integration	14
2. A coin with winds	14
3. A curtain	10
4. A sided coin	33
5. A key lock	0
6. A series of arrows to show action, dynamism	29
<b>TOTAL</b>	<b>100</b>

The most disliked symbol was the sided coin and the arrows, related to this last one people mentioned that the dynamism transmitted insecurity and that was the reason for rejecting it (Table No. 13).

**TABLE No. 14**

**STRONG SYMBOL**

<b>OPTION</b>	<b>%</b>
1. An oval ring which it supposed to transmit integration	5
2. A coin with winds	21
3. A curtain	5
4. A sided coin	24
5. A key lock	32
6. A series of arrows to show action, dynamism	21
<b>TOTAL</b>	<b>100</b>

The key lock was perceived as the strongest symbol , followed by the side coin. This perception reinforce the first selection of the key lock as a symbol of solids (Table No. 14).

**TABLE No. 15**

**SYMBOL FOR A BANKING INSTITUTION**

<b>OPTION</b>	<b>%</b>
1. An oval ring which it supposed to transmit integration	5
2. A coin with winds	14
3. A curtain	14
4. A sided coin	10
5. A key lock	52
6. A series of arrows to show action, dynamism	5
<b>TOTAL</b>	<b>100</b>

Again, the key lock was chosen as the most significant banking symbol (Table No. 15).

From this results, the key lock symbol was selected as the savings and loan system symbol due to the preference of the panel members, the perceived strength and the related image with banking.

Later this symbol proved to be totally up with these results by being liked by the public and give the savings and loan association a common image of strength and financial operation, moving away the savings an loan associations from the only home financing image to an overall financial institution image, this new image brought people who were home owners and had no need for home buying but were looking for a financial institution where to have their accounts. In this way, financial resources came to the Savings and Loan Associations from the overall market regardless of the home buying motivation.

**FOR THE NAME**

**TABLE No. 16**

**LIKED THE MOST**

<b>OPTION</b>	<b>%</b>
1. The Mutuals	0
2. The Savings and Loan Mutuals	0
3. The Savings and Loan Mutual System	100
4. The Savings and Loan System	0
<b>TOTAL</b>	<b>100</b>

The name “Savings and Loan Mutual System” was chosen by the total group, so that was the name given to the Savings and Loan Associations (Table No. 16).

**TABLE No. 17**

**DISLIKE THE MOST**

<b>OPTION</b>	<b>%</b>
1. The Mutuals	5
2. The Savings and Loan Mutuals	19
3. The Savings and Loan Mutual System	0
4. The Savings and Loan System	76
<b>TOTAL</b>	<b>100</b>

The most rejected name was the “Savings and Loan Mutuals”, maybe because its very simple (Table No. 17). The concept of creating a system image of the Savings and Loan Associations, although somehow abstract, it worked well because people perceived the savings and loan association as one and that solved the lack of branches, that was one of the weakness. We were able to place the symbol and the name in the windows of every office of the Savings and Loan Associations which gave them an overall geographical presence. Although operation with the account was limited for the clients to his particular association, by now, the operations inter associations is possible, solving completely the branching image. Besides, this, the associations in the last three years have being working an intense branching strategy.

## FOR THE INSTITUTIONAL SLOGAN

**TABLE No. 18**

### LIKE THE MOST

<b>OPTION</b>	<b>%</b>
1. The financial private institutions guaranteed by the State	52
2. The financial private institutions supported by the State	5
3. The private financial system guaranteed by the State	10
4. The private financial system supported by the State	33
<b>TOTAL</b>	<b>100</b>

The slogan selected was “The financial private institutions guaranteed by the State” (Table No. 18) was chosen because it was very clear that guaranty was a credible and appropriate term, although the slogan “The private financial system supported by the State” had also a significant presence, it was felt that repeating financial system would not give as much information as the selected.

**TABLE No. 19**

### DISLIKE THE MOST

<b>OPTION</b>	<b>%</b>
1. The financial private institutions guaranteed by the State	19
2. The financial private institutions supported by the State	24
3. The private financial system guaranteed by the State	29
4. The private financial system supported by the State	28
<b>TOTAL</b>	<b>100</b>

This results confirmed the previous preference because the chosen slogan disliked less (Table No. 19).

So the image of the savings and loan system was defined by the symbol of the key lock, named as “The Savings and Loan System” and the institutional slogan associated to this symbol and name was “The financial private institutions guaranteed by the State”, This combination proved to be as effective as the results shown.

## 8.1.2.- THE EVALUATION OF THE CAMPAIGN CONCEPT

Once defined the institutional concepts and the slogans there was a need to define and test the advertising campaign concepts that will stimulate the change of attitudes through the information and motivational elements.

Three focus groups were done with 12 assistants each, for a total sample of 36 participants. Two groups covered the medium level income class and the third the low level income class. The sex was balance in each group.

### THE ADVERTISING CAMPAIGN SLOGAN

**TABLE No. 20**

#### **MOST LIKED**

<b>OPTIONS</b>	<b>%</b>
1. It is the best that can happen	10
2. It is worth it	40
3. Is the best option	30
4. It is the most convenient	20
<b>TOTAL</b>	<b>100</b>

From the concepts presented, the assistants to the focus groups preferred the concept “It is worth it”, so that was the selected concept because in the next table the concept was also the less rejected which comes to confirm the preference (Table No. 20).

**TABLE No. 21**

#### **THE MOST DISLIKED**

<b>OPTION</b>	<b>%</b>
1. It is the best that can happen	15
2. It is worth it	5
3. Is the best option	30
4. It is the most convenient	50
<b>TOTAL</b>	<b>100</b>

The concept “It is the most convenient” was highly rejected, maybe due to its weakness and again the concept “It is worth it” was the less rejected which reinforce the preference for the idea and we felt that the strength within this message was very high (Table No. 21).

**TABLE No. 22**

**THE QUALIFICATION OF THE RELATIVE ADVANTAGES TO HAVE SAVINGS**

<b>OPTION</b>	<b>%</b>
1. State Guaranty	17
2. Deposit and withdrawal in any branch	13
3. Personal attention	13
4. Tax exemption for interests	17
5. Open on Saturdays	17
6. National coverage	17
7. Open the account with a small balance	6
<b>TOTAL</b>	<b>100</b>

The most important advantages to have savings were state guaranty, tax exemption on interest, opening on Saturdays and national coverage. Based on these aspects some were mentioned in the advertising basically the state guaranty (Table No. 22).

**8.1.3.- THE ADVERTISING CAMPAIGN COMMERCIALS AND ADS EVALUATION**

The pieces that formed the advertising campaign were evaluated on two aspects: The credibility of the message and the motivation of the message in order to know how effective this message could be. The motivation was measure also before and after seeing the campaign to evaluate the two situations, with and without the stimulus.

The sample in the focus group were of 30 people, half men and half women, with all ranging ages from 25 years to 45 years.

The methodology used was to show the people a drawing of the main scenes of the TV commercial explaining them the sequence and the text of the commercial they understood without any problem (Today I scan the images and assemble a presentation in computer using a multimedia program), the radio commercials were recorded and played to the group and the newspaper ads were shown on cardboard in actual size. The assistants had ample time to evaluate each of the pieces.

**TABLE No. 23**

**CREDIBILITY OF THE MESSAGE**

<b>OPTION</b>	<b>%</b>
1. It is very true	43
2. It is true	29
3. It is only half true	21
4. It is not true	7
<b>TOTAL</b>	<b>100</b>

The majority of assistants to the focus groups said that it was very true or true, only an insignificant number said that it was not true (Table No. 23).

**TABLE No. 24**

**MOTIVATION BEFORE SEEING THE CAMPAIGN**

<b>OPTION</b>	<b>%</b>
1. I would look for more information	47
2. I would open an account in the S & L	6
3. I will not open an account in the S & L	47
<b>TOTAL</b>	<b>100</b>

Before watching the campaign three simple questions were placed to the group and in individual written form asked for an answer about having savings in a Savings and Loan Association (Table No. 24). The majority of the assistants would search for more information or would not open the account.

**TABLE No. 25**

**MOTIVATION AFTER SEEING THE CAMPAIGN**

<b>OPTION</b>	<b>%</b>
1. I would look for more information	52
2. I would open an account in the S & L	24
3. I will not open an account in the S & L	24
<b>TOTAL</b>	<b>100</b>

After watching the campaign the profile of motivation changed significantly, more than six times the people would open an account in the Savings and Loan Association and more people would seek for information (Table No. 25). Now, I know that in this particular case the 100% of the audience was obliged to see the campaign and that this would not happen in reality, but in this phase I was evaluating the impact of the message and not the effectivity of the campaign, that dependent on choosing wisely the mass media and the hours. On the other hand we had a detailed profile of audience that would guide this last aspect of the campaign. The point is that if people received the

impact of the message (That could be multiple due to seeing the message in TV, in newspapers and hear it on radio) this will transmit a highly motivational charge and also credible.

from the qualitative stand point the following behaviors were observed in the assistants:

1. They identify the Savings and Loan Associations very quickly with housing
2. The family that comes in the ads was automatically related with roof or home (In the ample sense not only house)
3. There was a very high coherence between all the ads in the campaign (TV, newspaper, and radio)
4. They considered that the newspaper ads should be more detailed
5. The presence of the family in a Savings and Loan Association to give it coherence
6. It is worth to save in a Savings and Loan Association
7. The keyhole should be in metal to give security
8. The man should not use a tie (In Costa Rica the majority of workers don't use ties)
9. The baby must be in the arms of the father

Final recommendation based on all the focus groups were as follows:

1. Try to make a highly attractive TV ad because this was the main mass media
2. Use a metallic effect on the key lock (Inox steel)
3. Use a profound safebox closing noise when the keyhole is formed
4. Use middle class family to attract both high and low class people
5. Identify clearly the "Savings and Loan System"
6. Use slogan "The private financial institutions guaranteed by the State"
7. Use the text "To save in a savings and loan institution, is worth it"
8. Add the term "The Savings and Loan Law" to better credibility
9. The father must use a shirt without a tie
10. The father must have the baby in the arms
11. The family scene must happen in front a Savings and Loan Association
12. In newspaper there must be an ad with the list of the Savings and Loan Associations offices indicating the towns and districts
13. Definite advantages to be used:
  - State guaranty
  - Open on Saturdays
  - Tax exemption on interests
  - deposits and withdrawals in any Savings and Loan Association
  - National coverage
  - Opening a savings account from 500 colones (US\$ 3)
  - National coverage
14. Make a poster version of the symbol to be placed in all the windows of the branches with the phrase "Information here"
15. Make an skeleton final art with the phrases "Savings and Loan System" and "The private financial institutions guaranteed by the State" and the symbol to be used as a base for the Savings and Loan Associations particular campaigns
16. Make new letter, envelopes and other printed materials to include the new symbol and slogans

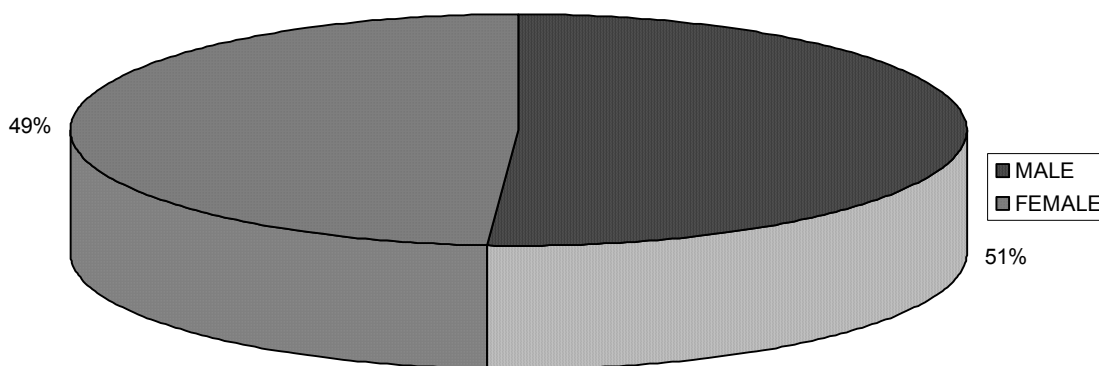
From this recommendations and evaluations adjustments were made and the campaign went to production. In June 1991 the this campaign went to the air and after that a process of follow up started to evaluate the reactions of the public and the new savers that came to de Savings and Loan Associations.

### 8.1.4.- THE FOCUS GROUPS SAMPLE PROFILE

As the focus groups were chosen with the same profile only the issue to be measure was changed there was only a unique profile to all of them. This profile is describe next.

**GRAPH No. 34**

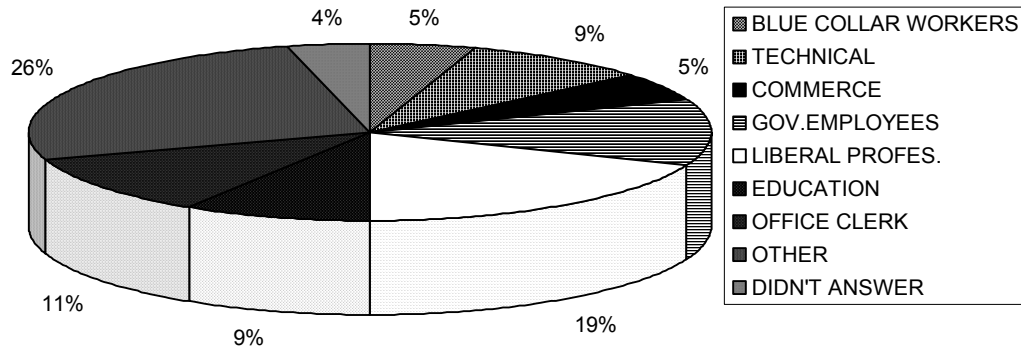
**AGE OF THE PARTICIPANTS**



Practically the sex profile was balance with 49% of males and 51% of females (Graph No. 34).

**GRAPH No. 35**

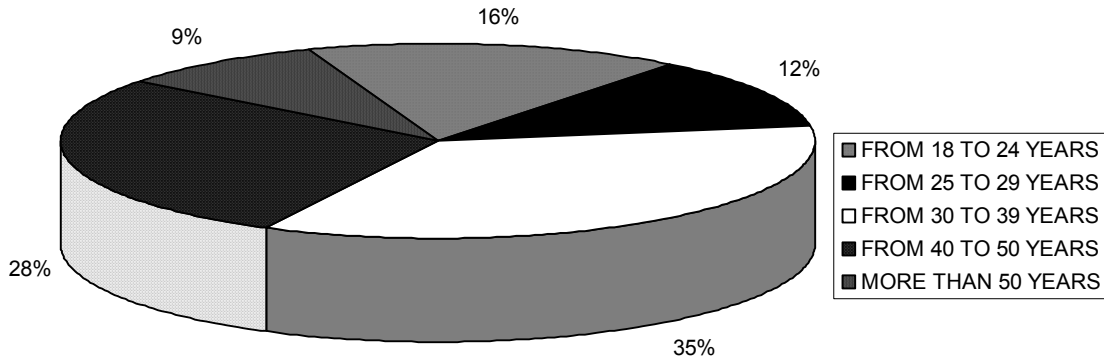
**OCUPATIONAL PROFILE OF THE PARTICIPANTS**



The occupational profile (Graph No. 35) showed more weight in liberal professionals (19%), office clerks (14%) and government employees (12%), this profile adjusts well with the middle class and lower high class that the surveys showed as the ideal market.

**GRAPH No. 36**

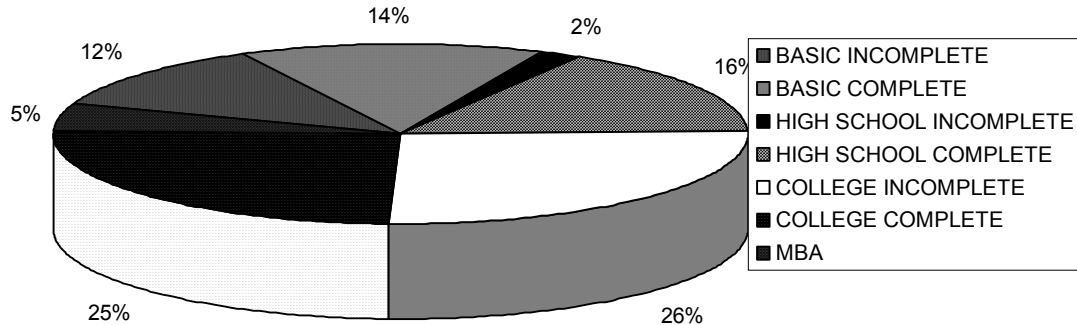
**AGE PROFILE OF THE PARTICIPANTS**



The age profile (Graph No. 36) showed more weight in the 30 to 39 years old range (35%) and in the 40 to 50 years old range (28%) although there was also presence of young adults with ages between 25 and 29 years (12%) and youngsters that would start saving very soon (16%).

**GRAPH No. 37**

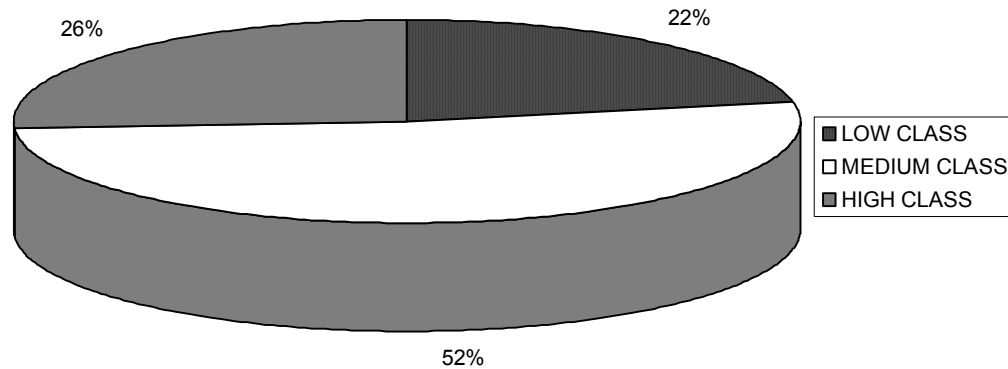
**EDUCATION OF THE PARTICIPANTS**



The profile of education (Graph No. 37) reflected the actual profile of Costa Rica where the people are relatively more educated than the rest of Latin-America, in fact, basic school complete (14%) and high school complete (16%) are very high and I consider that college complete (26%) is extremely high as post graduates (5%), but believe me this figures are right when I worked in the project and after in the Federation of Credit Unions, at least half of my local colleagues had MBA or were studying it.

**GRAPH No. 38**

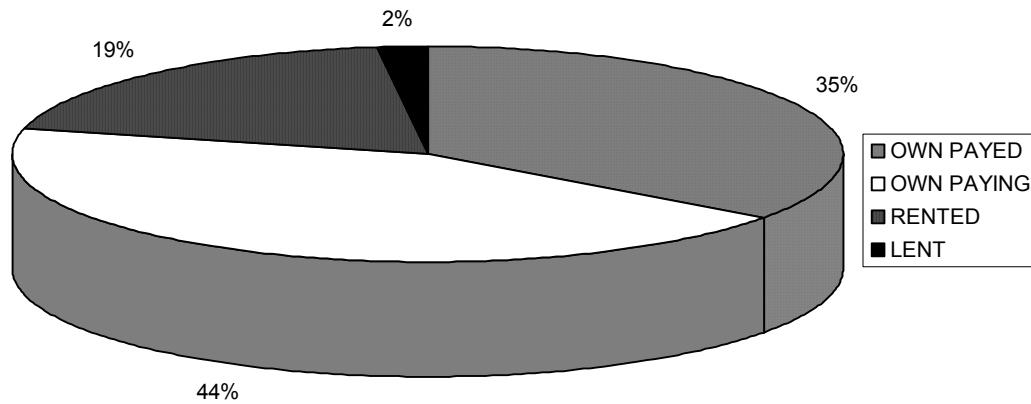
**INCOME LEVEL OF THE PARTICIPANTS**



In the Graph No. 38 on income classes, there was more presence of medium class (52%) because this was the type of saver that the Savings and Loan Association needed to attract.

**GRAPH No. 39**

**CONDITION OF THE HOME OF THE PARTICIPANTS**



As it can be appreciated in the condition of the homes of the people in the sample (Graph No. 39), the majority of participants selected were owners paid (35%) and owners paying (44%) because the objective was to attract savings not credits, therefore we choose people who own their homes because if it attracted them, then they will bring savings and don't demand credit. Remember that in the survey, the Savings and Loan Associations were mainly related to credit and home buying and therefore people only saved in these institutions when they had the intention to buy a home, so if we had to change this limited image to a more ample perception of the associations we had to start being attractive to pure savers, this segment had to be owners of their homes as the first condition.

## **9.- THE FOLLOW UP SURVEYS**

Once the project was launched, a complete follow up strategy was needed with two main objectives:

1. To evaluate and adjust the media strategy and the creative concept if it was needed
2. To measure the response and document the quality of the effort for future purposes

This was done through two surveys; The new account survey that was passed in all the Savings and Loan Associations to every person who opened a new account, to find out what the reasons and motivations make this reaction to happen and a recall of awareness of the advertising campaign to measure how it matched this results with the previous audience profile survey done in August 1990 in order to appreciate the differences. The financial results are detailed in Chapter No. 2, Section No. 4 of this paper so I will just cover here the results as measure by the follow up surveys.

### **9.1.- THE NEW ACCOUNT SURVEY (June 1991)**

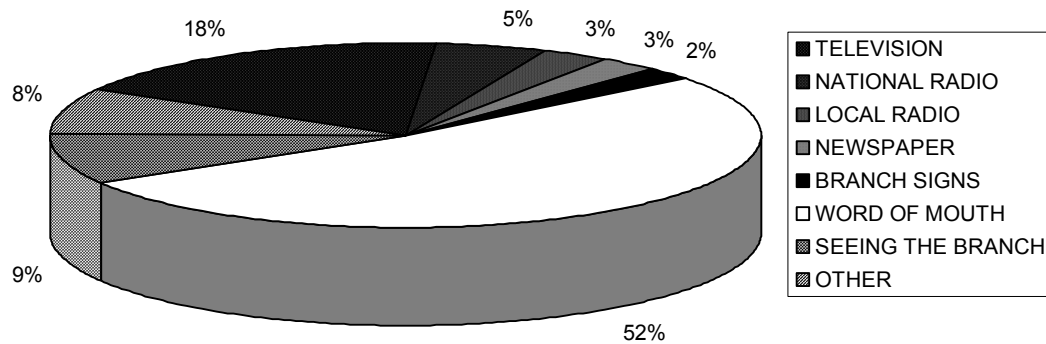
In every Savings and Loan Association a new account survey was established to be passed to the person that opened the account by the employee of the association in charge of this function. The survey started in June 1991 and the information was periodically resumed in by time cuts, in order to evaluate the results. The actual results are for a longer period, from July 1991 till June 1992 so that it can give a better consistency of the data and, of course, a bigger sample.

the complete sample of new savings accounts was of 6.991 (Source: BANHVI, Report August 1992), during the 13 months period (June 1991 till June 1992) that is an average of 538 new accounts per month which five times in number that of the usual openings before June 1991. In any case there may be differences between the actual accounts opened and the sample because there is no guaranty that all the people that opened accounts were interviewed by the employees because some times there is high public presence that limits the possibilities of passing the questionnaire. In any case it give valuable information on the project and a sample more reliable.

The results show the following.

**GRAPH No. 40**

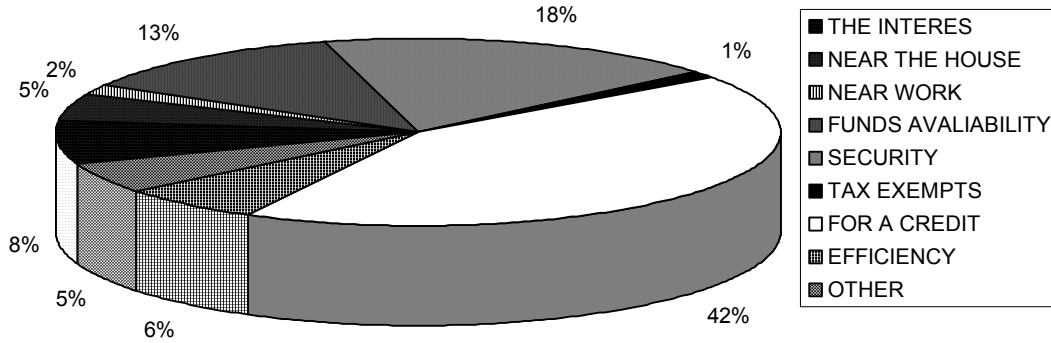
**WAY BY WHICH THE NEW CLIENTES CAME TO KNOW ABOUT THE SAVINGS AND LOAN ASSOCIATIONS WERE THEY OPENED A NEW ACCOUNT**



Graph No. 40 shows that the main reason to know about the Savings and Loan Association was by “word of mouth” or reference of third parties (52%), the trouble is that this is a tricky response because I will never know how much the other media influence the third parties to talk about the associations, but, in any case, a great movement of awareness was created and it worked and based on the August 1990 surveys results his movement didn’t existed at that time and the only new stimuli present was the national advertising campaign, so I can say that it did create this awareness. If we analyze this figures besides the reference answer we can see that Television (18%) was very important which matches with the 1990 surveys findings, having seen the branch (9%)(If we add the answer “the sign on the branch” the figure goes to 11% which is substantial) was also important which reinforces the idea of the posters on the glass windows and the sign, apparently people saw the posters or the sign and move inside the association. Radio (8%) both national and local was important and newspapers were less mentioned (3%), maybe because you have to pay for this last mass media which is not the case of TV and radio, so people buy occasionally the paper and that could be the reason for the low response, on the other hand newspaper ads carry the detail information which means that could have played an important roll although more unconsciously.

**GRAPH No. 41**

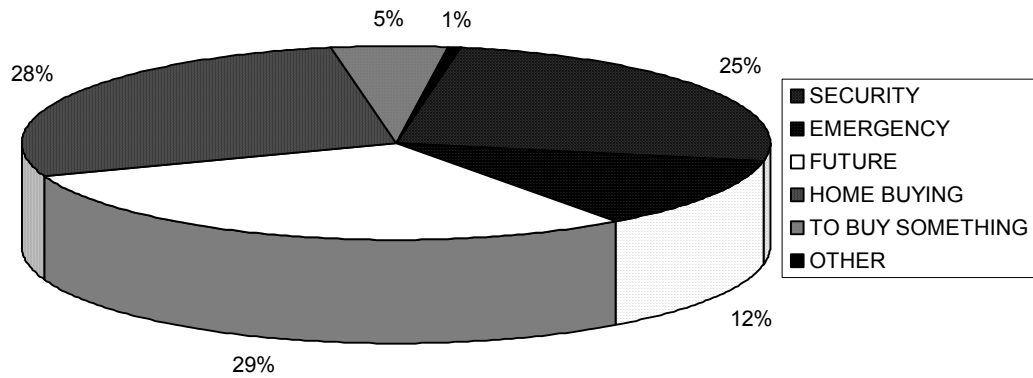
**REASONS TO OPEN THE NEW ACCOUNT**



As it was expected 43% of the answers were to get a credit (Graph No. 41), there is still the home lending the most remembered aspect of the Savings and Loan Associations. The other main reasons to open the account in the Savings and Loan Associations were for security (18%) and availability of the savings (13%) the August 1990 survey show us that there was a lot of distrust of the private financial systems due to the chaos in some of some institutions, that was reflected by loss of the savings, this is why people appreciate and mention the availability of the funds as an strong argument. The rate of interest (8%) was important, because once overcome the risk limitation people are sensible to gains. Although the August 1990 survey showed little motivation of people to interest rates, again I mentioned that this is a logical and expected reply due to the teaching in the advertising that interest is important so it must be mentioned. The nearness to home (5%) and to work (2%) was also significant which means that new awareness had been developed towards the Savings and Loan Association's branches, in fact, by that time no new branches were opened so simply people started to perceived the existing branches maybe having pass in front of them for many year without actually seeing them.

**GRAPH No. 42**

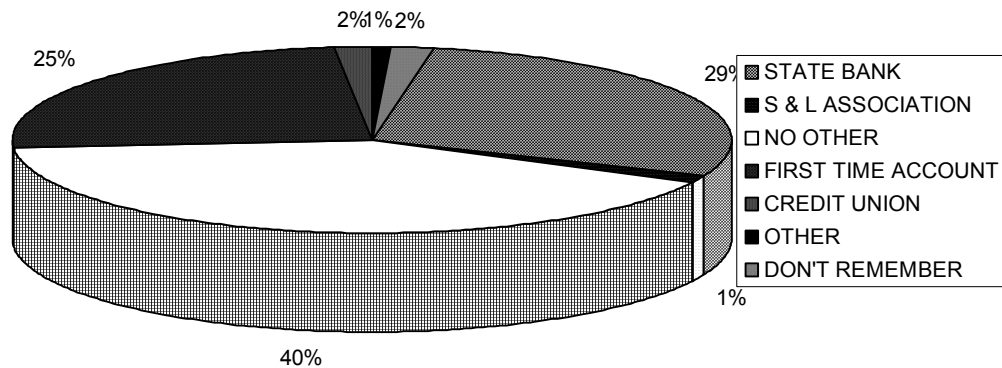
**GENERAL MOTIVATIONS FOR SAVING**



The main general motivation (Graph No. 42) to save was to insure the future (29%), followed very close with home buying (28%), the third motivation was the security of the funds (25%) and finally to handle emergencies (12%). This profile seems to match that of the August 1990 surveys.

**GRAPH No. 43**

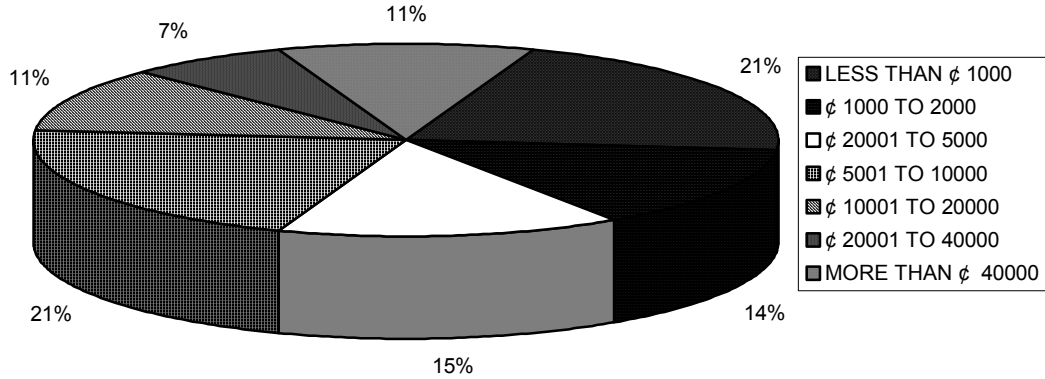
**HAVING ACCOUNTS IN ANY OTHER FINANCIAL INSTITUTION**



This question in Graph No. 43 is of the most importance, in my opinion, first: Because a great number of the state banks savers (29%) also considered the Savings and Loan Associations and came to them and open an account; Second, because a very great number of people who had accounts and close them were motivated to open a new account in the Savings and Loan Associations (41%) this was a way to react a very important segment of the people who unsatisfied with other financial institutions and closed their accounts there and; Third, a great number of first time savers (25%) were motivated to open an account in the Savings and Loan Associations as their first option.

### GRAPH No. 44

#### OPENING BALANCE IN THE NEW ACCOUNT



This answers of Graph No. 44 are very interesting but to understand their relative magnitude (It has no sense in US\$) I will relate them with the average income in each of the three personal monthly income levels (As collected in the surveys, not necessarily minimum wages): The low income was, at that time, about 12.000 colons; The medium income was about 40.000 and; The high level income was about 80.000 colons, the highest presence of balances (21%) were less than 1.000 colons that is about one twelve of the minimum monthly income and between 5.000 and 10.000 colons (21%), if we take the medium point, that is 7.500 colons it becomes about half of the low level income and one sixth of the medium class income. Next there was a significant presence of new accounts with 10.000 to 20.000 colons (11%), taking the midpoint of the interval 15.000 colons, it is more than the low class income, about two thirds of the medium class income and about one third of the high class income and the range more than 40.000 colons was also significant (11%) if we take this initial figure of the range, it more than doubles that of the low income range, it is equal to the medium income range and one half of the high income range. This means without doubt that much of the money that opened these accounts came from previous savings, that is from other financial institutions or from “under the mattress”, in the case of persons opening the first account or having this only account. The original objectives to move money to finance home building and therefore reduce the gap of housing demand was fulfilled, balancing the excess of savings in the state banks, which were used to finance other sectors.

## **SOCIAL AND ECONOMICAL PROFILE OF THE NEW SAVERS IN THE SAVINGS AND LOAN ASSOCIATIONS**

The profile of the 6.991 newcomers to the Savings and Loan Associations was as follows:

There were a little more males (53%) than females (47%) although the difference was small.

The sample had a very high presence of house wives (29%), that means that the family concept in the commercials reached well to this persons, don't forget that we are talking about new accounts opening so that means that many of these housewives motivated her family to save. Also this very high percentage of housewives introduces an strong bias on the occupations because I don't know, in their cases, what is the occupation of the family head. Blue collar workers (26%) and education related occupations had also a very significant presence (17%).

More than half of the people that opened new accounts in the Savings and Loan Associations were married (56%), a significant number were bachelors (34%) and the rest were insignificant.

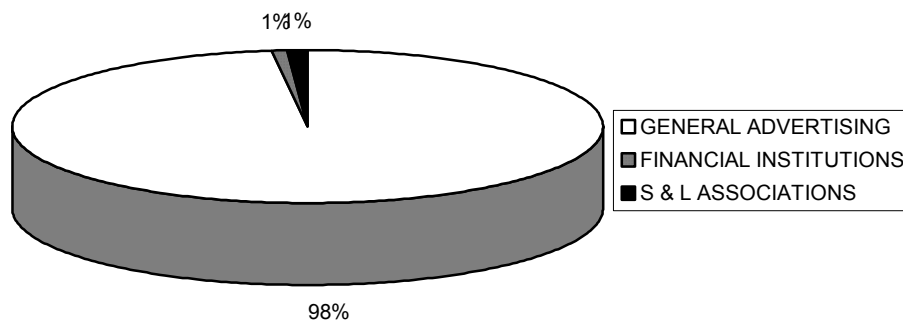
## 9.2.- THE ADVERTISING RECALL (August 1991)

In August 1991, that is three months after the national campaign started, a telephone survey was carried on with a sample of 401 homes. The idea of this survey was to evaluate the campaign effectiveness by way of remembrance and credibility. We knew that the ads were well done, but we were not sure to be doing everything else well, so we assemble this advertising recall survey with ten questions to asset the situation.

The results are as follows:

**GRAPH No. 45**

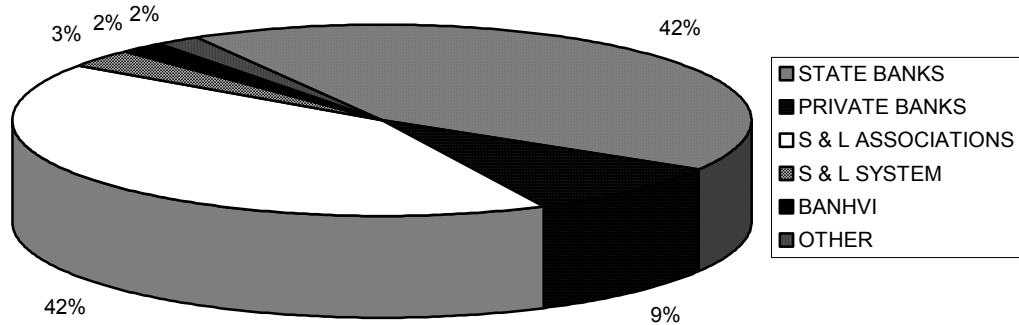
### FIRST RECALL ON GENERAL ADVERTISING



This is a very strong test because practically the advertising recall is matched against all the other advertising (Graph No. 45), but at least the Savings and Loan Associations were mentioned (0,9%), but the interesting point is that mention was the same as that of the rest of the financial institutions advertising (1,3%) that had stronger campaigns with more presence.

**GRAPH No. 46**

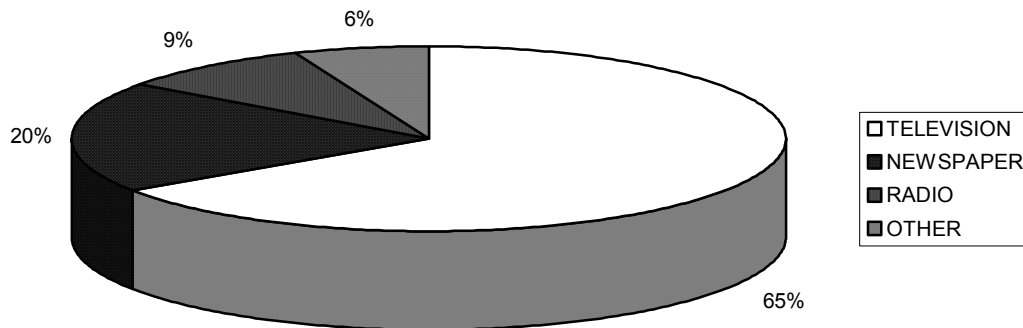
**FINANCIAL INSTITUTION RELATED TO THE ADVERTISING RECALL**



Both the state banks (42%) and the Savings and Loan Associations (42%) showed the same level of identification (Graph No. 46) with the advertising, private banks (9%) were also significant. Apparently, the campaign worked well to present the Savings and Loan Associations because in some way or another, these were more related particularly to the campaign that the savings and loan system, that was expected because the Savings and Loan Associations joined in the overall campaign through their particular messages on one hand, and the savings and loan system being an abstract concept was also a new concept to the people, on the other. Really our concern was to use de “system” concept to reinforce de particular characteristics of the Savings and Loan Association under a common image. So this results were highly acceptable because the recall was present in the same intensity as that of the state banks.

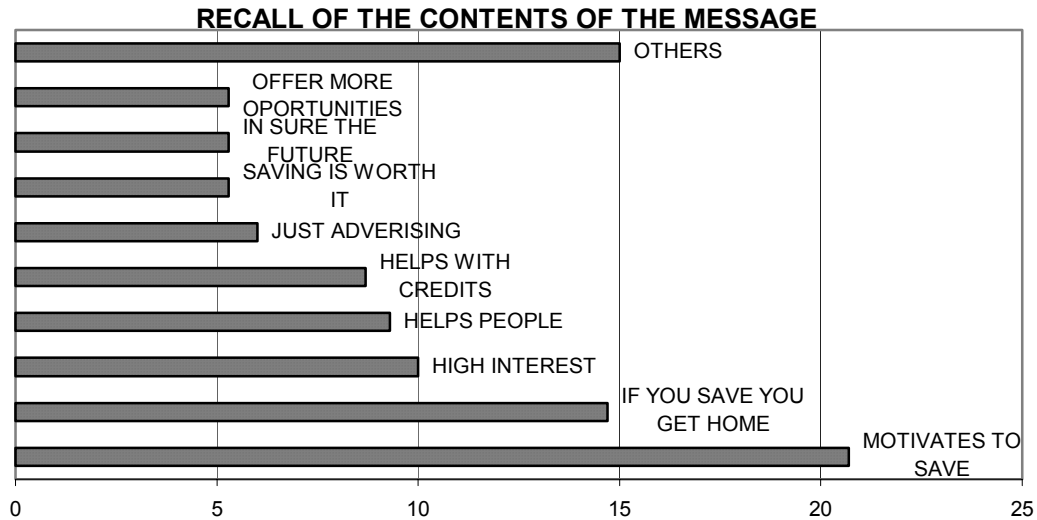
**GRAPH No. 47**

**MASS MEDIA IN WHICH THE ADVERTISING WAS HEARD, READ OR SEEN**



The television (65,%) prove to be the best media to advertise the campaign (Graph No. 47), as suggested by the August 1990 audience profile, newspapers (20%) ranked in second place as most seen media followed by radio (9%) with a much lower recall.

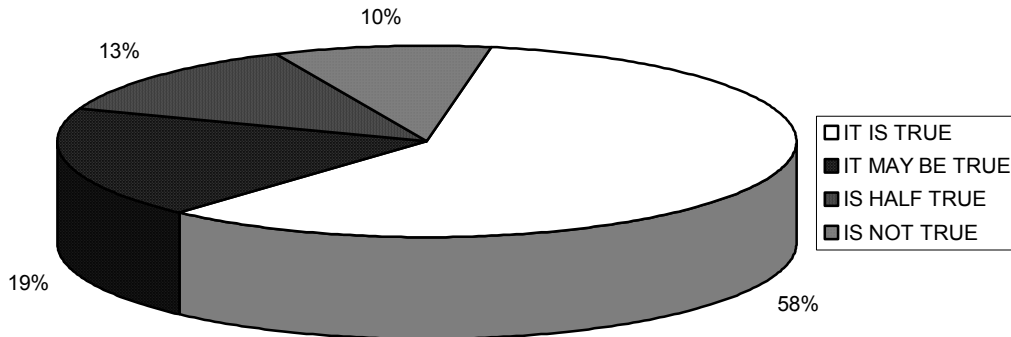
**GRAPH No. 48**



The concepts more related to the campaign messages (Graph No. 48) were: That “it motivates to save in a S & L association” (21%), followed by “if you save you can get a home” (14%), the “high interests” (10%) was also significant, the general idea that “it helps the people”(9%), the idea that “it will help to get credit” (8%), some said that it was “just advertising” (6%) and three other opinions of the same intensity that give us more a qualitative insight “savings is worth it”, “to insure the future” and “saving offer more possibilities”. Some of these answers were related to the campaign messages other more to the traditional insight of the Savings and Loan Associations. The main issue is that more than half of the answers were related to saving more than to home loans and that was essentially the main objective of the campaign to change the “only for home loan” to a more general “savings and home loan” concept, this was ratify in the answer “if you save you can get your home” which gave a very significant answer (14%).

**GRAPH No. 49**

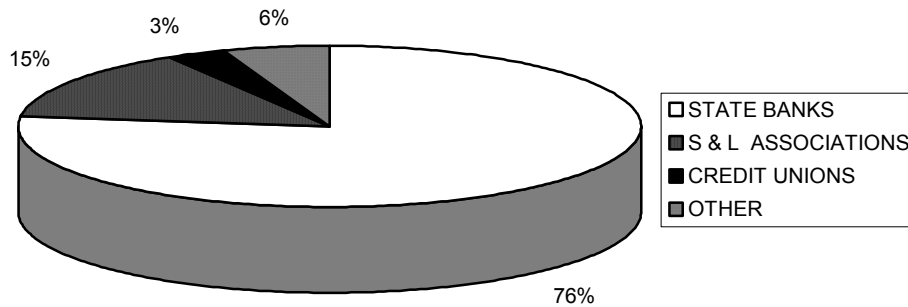
**CREDIBILITY OF THE MESSAGE RECALLED**



In the Graph No. 49, the credibility of the messages of the Savings and Loan Associations were explored, as it can be seen, more than half of the sample (58%) said that the message in the mass media were true. This was very important because assure that there would not be resistance due to distrust of the contents of the campaign.

**GRAPH No. 50**

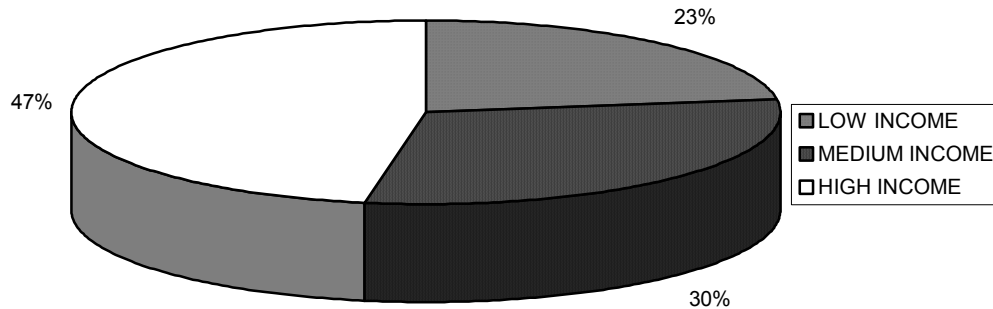
**FINANCIAL INSTITUTIONS WERE THEY HAVE ACCOUNTS**



The interested aspect of these answers (Graph No. 50) was that the majority of the sample were clients in the state banks (76%) and perceived the savings and loan messages well, that explains the high presence of clients of the state banks as newcomers to the Savings and Loan Associations, simply the new image and the reborn of this institutions give the a new alternative to their savings.

**GRAPH No. 51**

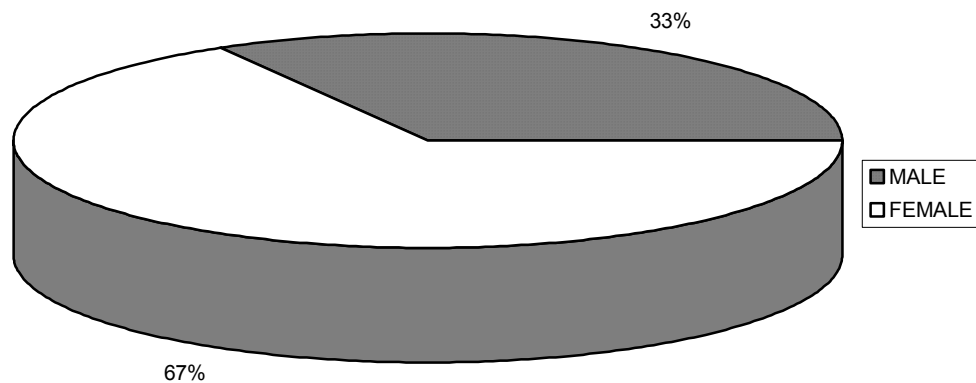
**PERSONAL MONTHLY INCOME OF THE SAMPLE**



The sample was selected with a bias in income (Graph No. 51) because we were trying to measure how the messages were received by the ideal savers, for that reason a higher presence, than the population profile, of high income and medium income was solicited in order to have a better weight on the advertising opinions.

**GRAPH No. 52**

**SEX OF THE SAMPLE**



Females (Graph No. 52) accounted for a higher presence (67%) due to the type of telephone survey used, because this ladies are more at home than their husbands. In any case, we were sure that their influence in the savings decision was significant because this was a qualitative sub-product of the focus groups, so we didn't mind. Although I recognize that this last aspect must be measure to validate if it is actually so.

**9.3.- COMPARISON BETWEEN THE RESULTS OF THE AUDIENCE SURVEY (AUGUST 1990), NEW ACCOUNT SURVEY (JUNE 1991) AND THE ADVERTISING RECALL SURVEY (AUGUST 1991)**

I considered convenient to compare, as possible, the results in the audience survey (1990), the new account survey (1991) and the advertising recall (1991), this three studies have some elements in common that can be compared, unfortunately not all the elements at the same time, but as two of them are from 1990 (That space of time than can be considered before the project) and the other from 1991 (That can be considered after the project) the is comparison at least between before an after in one survey or another.

The following tables show the comparisons.

**TABLE No. 26**

**GENERAL ADVERTISING REMEMBERED**

<b>ANSWERS</b>	<b>AUDIENCE SURVEY 1990</b>	<b>NEW ACCOUNT SURVEY 1991</b>	<b>ADVERTISING RECALL 1991</b>
GENERAL ADVERTISING	100	N/A	97,8
STATE BANKS	0	N/A	1,3
S & L ASSOCIATIONS	0	N/A	0,9
<b>TOTALS</b>	<b>100</b>	<b>N/A</b>	<b>100</b>

The presence of state banks and Savings and Loan Associations as compared with the general advertising (table No. 26), showed before the project a null presence, after the project both the state banks and savings an loan associations showed spontaneous mention, although more for the state banks than to the associations. The possible answer to this difference is that state banks had some kind of advertising all the time, so when asked to mention any advertising that they remember, at first sight if they recalled spontaneously the savings and loan system campaign and did not related with a particular institution, the reaction was to relate it to the most known institutions, that is the state banks.

**TABLE No. 27****FINANCIAL INSTITUTIONS REMEMBERED ASSOCIATED TO THE ADVERTISING**

<b>ANSWERS</b>	<b>AUDIENCE SURVEY 1990</b>	<b>NEW ACCOUNT SURVEY 1991</b>	<b>ADVERTISING RECALL 1991</b>
STATE BANKS	46	N/A	25
PRIVATE BANKS	5	N/A	5
S & L ASSOCIATIONS	0	N/A	25
BANHVI	3	N/A	1
CREDIT UNIONS	1	N/A	0
S & L SYSTEM	N/A	N/A	1
OTHER	0	N/A	1
DON'T REMEMBER	45	N/A	42
<b>TOTALS</b>	<b>100</b>	<b>N/A</b>	<b>100</b>

When questioning was closed to only financial institutions, it is a way of doing aided recall (Table No. 27), then the profile changed significantly, from a very high presence of state banks recall before (46%) and no mention of the Savings and Loan Associations, both were high and equaled in the after results (25%), which reinforces the previous explanation about a higher weight for state banks spontaneous recall.

**TABLE No. 28****MASS MEDIA IN WHICH THE PEOPLE REMEMBER THE ADVERTISING OF THE SAVINGS AND LOAN ASSOCIATIONS**

<b>ANSWERS</b>	<b>AUDIENCE SURVEY 1990</b>	<b>NEW ACCOUNT SURVEY 1991</b>	<b>ADVERTISING RECALL 1991</b>
TELEVISION	10	46	31
RADIO	13	19	4
NEWSPAPERS	9	7	9
OTHER	2	16	3
DON'T REMEMBER	66	12	53
<b>TOTALS</b>	<b>100</b>	<b>100</b>	<b>100</b>

This is one of the only variable that could be compared between the three surveys (Table No. 28). The before profile showed that television and radio were somehow related to Savings and Loan Associations, although this institutions never advertised in television (Halo effect), newspapers were significant and both states banks and Savings and Loan Associations use them as the main media. In the after position, television jumps to three and four times the before results, radio was more significant among new account openers and newspapers maintain their weight about the same. The difference was in fact the impact of television and from then on all the financial institutions advertise in this mass media.

**TABLE No. 29**

**RECALL OF THE CONTAINS OF THE MESSAGES OF THE SAVINGS AND LOAN ASSOCIATIONS**

<b>ANSWERS</b>	<b>AUDIENCE SURVEY 1990</b>	<b>NEW ACCOUNT SURVEY 1991</b>	<b>ADVERTISING RECALL 1991</b>
HOME LOANS	14	N/A	9
SAVINGS	1	N/A	15
OTHER	8	N/A	3
DON'T REMEMBER	77	N/A	53
<b>TOTALS</b>	<b>100</b>	<b>N/A</b>	<b>100</b>

In relation to the orientation of the contains of the messages of the Savings and Loan Associations (Table No. 29), before, it were related heavily to home lending (14%) and had a very high lack of remembrance. After, not only home lending loosed recall (9%) but savings gain significance as message motivation and perception (15%), even the lack of remembrance was reduced to 53% that means a 24% reduction that is very significant. This means that the campaign created a higher awareness towards Savings and Loan Association among the people and that this awareness was oriented more to savings than to home lending, which was the main objective.

**TABLE No. 30**

**CREDIBILITY OF THE MESSAGES OF THE SAVINGS AND LOAN ASSOCIATIONS**

<b>ANSWERS</b>	<b>AUDIENCE SURVEY 1990</b>	<b>NEW ACCOUNT SURVEY 1991</b>	<b>ADVERTISING RECALL 1991</b>
TRUE	6	N/A	22
MAYBE TRUE	18	N/A	7
HALF TRUE	4	N/A	5
UNTRUE	3	N/A	3
UNSURE	69	N/A	63
<b>TOTALS</b>	<b>100</b>	<b>N/A</b>	<b>100</b>

The credibility of the messages of the savings an loan associations (Table No. 30) better very much from the before position (6%) to the after position (22%), that assure the acceptance of the message as positive to the family and thus the results in account opening.

## **10.- THE FINAL CONCLUSIONS**

### **10.1.- THE PRESENT**

This work proves that at present financial behavior modification can be done in a national scale, in this case, in getting people to make savings (In fact, an important share of the new accounts were also new savers) and that this pattern of behavior seems to be lasting.

In this particular case, the marketing effort is not intended to create consuming needs but to reinforce a healthy pattern of economical behavior that will help to reduce the housing deficit in Costa Rica. From this point of view people can be persuaded to act economically different if the objectives and the final results are perceived as good for them or their families.

Unfortunately this was the first occasion to prove, beyond doubt, that this process is possible and effective, although it has been done before with similar results.

But this process will only be successful if it is done following careful research and adjustment to the exact attitudes, expectation and idiosyncrasy of each country, my experience shows (I hope some day I can prove it definitely) that simple translation of models don't work and generally a new model completely different to any other will be reached in each country, for that reason the process must be carried on with responsible empirical research to find the specific model that works for the specific people.

### **10.2.- THE FUTURE**

For the future, I will try to bring forward what I considered a fundamental need in the psychological and economical fields. Today the world's worst general situation is the economies of many countries that by the way they have handled it, caused serious macro-economical unbalances. This is particularly true in the developing nations in Latin-America, Asia and Africa and now is happening in Eastern Europe and the ex-soviet countries. All this nations to correct their economies have to get involved in a very strong and traumatic process of macro-economical adjustment programs which are causing very negative social effects.

The problem is that the magnitude of this world process is pulling down also the developed countries and that sooner or later this negatives effects will be observed in those countries.

I completely agree that every country in the world must order its economy and adjusted to its reality, that is; they must order the house, but I have serious reserves to whether it is done the best way.

The hypothesis that I am handling is as follows: **Unless a parallel process of economical behavior modification takes place together with important macro-economical adjustments, the later would not only be traumatic and socially convulsive, but will also have a very short effect on the economy and the country were the adjustments are taking place, making the people to be involved in the process and understand it.**

There is ample evidence of the serious social effects of the macro-economic adjustment programs in many countries were they have taken place, even, there is also clear evidence of the short effect of this programs, the elements that support my hypothesis, I still have to prove it, are the following:

1. I don't deny nor rest importance to the macro-economical unbalances observed in many countries in the world, nor I am opposed to the macro-economical adjustment programs, but aggregate economy is a sum of individual behaviors or at least is affected by collective economical behavior and governments, although powerful, cannot handle by themselves, without full participation of the people, this adjustments.
2. Adjustments in macro-economical programs require of certain patterns of economical behavior of the people of the country to impel this process, but there are also other patterns of behavior that brakes the process. No matter what the governments do, if the patterns braking the process are stronger that the ones that impelling it, then the adjustments will never take place or will last less. The macro-economist and economical psychologists must define which patterns impel the adjustment and which patterns brake it and I have the feeling that each country will need a particular and unique recipe, although I have no evidence yet to support this affirmation. It is a personal appreciation.
3. If there is an historical pattern of behavior, attitudes and habits that have regulated the economical behavior of the people under a determinate ideology and it causes macro-economical unbalances, it is very difficult not to say impossible, just to ask the people to change their traditional pattern of behavior in a relative short time and with out any process of behavior modification. Then, there is a marked tendency, and I am sure that no one can deny it, to return to the previous habits and patterns of behavior. I think that, this can explain why the effects of many of the macro-economical adjustments programs have such a relative short effect, when it looks as if the economy was corrected here comes a reverse effect due to the return to the old patterns of behavior.
4. Confusion in government handling of the information and the creation of expectations that are never reached cause social trauma and unrest. This happens because government or the world economical authorities have not taken seriously or consider, the complex effect of attitude and expectation creation processes. Maybe, they don't have the answers so they act the best of their possibilities. Unless better understanding of the economical matters communication process and the use of this knowledge occurs in a parallel process with the macro-economical adjustment programs the situation will become worst.
5. Finally, unless the world economical authorities and the governments view the whole macro-economical adjustment process as an economical and psychological integrated global action, the adjustments will not work in the long run and create great social uneasiness growing world wide.
6. Modification of patterns of economical behavior means communication and involvement of the people affected, today this people are completely confused about the whole process of macro-economic adjustments.

The hypothesis that I am proposing is not to govern the economy by polls or by evaluating the needs of the people (Which would be the traditional marketing focus), what I am suggesting is to define the impelling and braking patterns of economical behavior in each country and in each phase of the macro-economical adjustment programs and generate national marketing national actions to induce a change of economical behavior in the sense of the impelling patterns or against the braking patterns. I know that a total change will never occurred, but I also know that the process is accumulative, when a pattern is reinforced and a noticeable change of behavior is reached, other favorable patterns are reinforce and by the same token braking patterns opposed. I noticed that when savings were impelled in the savings and loan sector and the families were able to buy a home because there was enough money in the institutions to give the mortgage loan, with the savings left and installment credit, the family started to buy durable goods to furnish their home and therefore impulse consuming expenditure, which brought more sales to business. So in the process of macro-economical adjustments impelling patterns of economical behaviors will add up and establish in the mind of the people a psychological reinforcement brought by better living conditions and henceforth they will maintain the new pattern going, assuring long lasting results.

Then it should not be considered impossible to join all the experiences that exists in various parts of the world to develop a general model that can be applied to complement the macro-economical adjustment programs, adapting it to each country were this type of process is needed.

It only rests that initiatives be taken somewhere to access and persuade the world economical authorities to consider the project; then , if we take in account the huge amounts of money this macro-economical adjustment programs are causing to developed countries, there will be enough funds to work out a combined model (Macro-economical and psychological) and experiment with it to prove its value.

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