

**Call First, Pay Later: Stimulating Debtors to Contact their Creditors Improves Debt
Collection in the Context of Financial Scarcity**

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Debtors were stimulated to contact their creditors to negotiate a repayment plan. Contacting creditors was important because most debtors were unlikely to repay the full debt immediately and upon contacting debtors could seek to agree on a repayment plan thereby paying back the debt in the long run. Using insights from scarcity theory and nudging techniques, a standard debt repayment letter used by a local government in the Netherlands was adapted and both letters were compared. Results from a natural field experiment (N = 3330) provide support for the use of nudging techniques. With these techniques more debtors agreed on a repayment plan and overall response rates increased. In addition, we find that agreeing on a repayment plan served as a mediator for eventual repayment. The results underline the importance of stimulating debtors to contact their creditors so that both can agree on a repayment plan.

Author Contributions:

Malte Dewies designed and conducted the evaluation of the letter reported in this paper.

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