Behavourial Insights Applied to Policy

DENMARK
Country Overview

Last updated: 3 June 2016

This country overview complements the "Behavourial Insights Applied to Policy – European Report 2016".

Are you aware of any new or missing information? If so, please provide us here with your contribution!

1. Who

Institutions that apply behavioural insights to policy

Public institutions

Copenhagen Airports
Danish Agency for Labour Market and Recruitment
Danish Business Authority
Danish Competition and Consumer Authority
Danish Energy Agency
Danish Ministry of Children
Danish Ministry of Employment
Danish Ministry of Taxation
Danish Tax Authority
Danish Veterinary and Food Administration
Gender Equality (Denmark)
Integration and Social Affairs (Denmark)
Municipality of Copenhagen
SSI (Institute belonging to the Danish Ministry of Health)
Udbetaling Danmark

Research institutions

Cognition and Behaviour Lab (COBELab, Aarhus University)
Copenhagen Business School
Danish Cancer Society
Internet Laboratory for Experimental Economics (iLEE, University of Copenhagen)
Laboratory for Experimental Economics (LEE, University of Copenhagen)
Roskilde University, Denmark
University of Copenhagen
Other institutions (private and non-profit)

iNudgeyou  Danish Insurance Association
MindLab  Krukow

Level of implementation

National, local

2. How

Level of use of behavioural insights

- **Behaviourally-tested initiatives**: initiatives explicitly tested, or scaled out after an initial ad-hoc experiment.
- **Behaviourally-informed initiatives**: initiatives explicitly based on previously existing behavioural evidence.
- **Behaviourally-aligned initiatives**: initiatives that, at least *a posteriori*, are implicitly aligned with behavioural evidence.

Methodologies used

- Literature review
- Experiments (laboratory, randomised controlled trials)

3. What

Policy areas where behavioural insights are applied

- Consumer protection
- Economics
- Employment
- Finance
- Health
- Transport
- Taxation
Examples of policies using behavioural insights

**Consumer protection**

*Increasing market transparency* (behaviourally-tested initiative). The Danish Consumer and Competition Authority is conducting experiments in order to increase price sensitivity in markets with shrouded attributes and to promote alternative dispute resolution between consumers and businesses, for instance with the use of social rules and default changes. [Survey]

*Preventing overdebtleness* (behaviourally-aligned initiative). The Danish Consumer and Competition Authority advocated in 2016 for a 48-hour cooling-off period for small consumer loans. During this time, consumers can reflect on their needs. It is only after 48 hours that consumers can actually accept the loan. This proposed intervention implicitly relies on behavioural evidence showing that consumers tend to focus on the immediate reward and neglect the long-term costs associated with loans [Desk research]

*Increasing salience of key insurance information* (behaviourally-aligned initiative). After gathering data showing that seeking information on insurance coverage is not a priority for most Danes, the SSI (i.e., the Danish Agency for Labour Market and Recruitment) and Udbetaling Danmark developed a scheme in collaboration with insurance companies, under which the Institute informs citizens about their rights and other relevant circumstances, prompting them to act in their best interests. [Survey]

**Economics**

*Increasing compliance through administrative simplification* (behaviourally-tested initiative). The Danish Business Authority conducted a series of experiments to develop behavioural initiatives to influence the behaviour of Danish businesses. The behavioural changes introduced as a result of these experiments affect different areas, ranging from changes to administrative forms and application processes to green business development, in an effort to provide Danish businesses with a better service. For instance, introducing human-centred design in letters requesting businesses to perform certain mandatory actions resulted in a 10% increase in compliance. The Danish Business Authority also introduced a new decision-making process to promote businesses’ interest in the quality of their registered data, in the form of a pop-up window that nudges businesses into easily checking whether their data was outdated. The Danish Business Authority used the result of the above mentioned experiments to change the timing and framing of information provided to businesses to achieve a change of behaviour among agents submitting annual reports. [Survey and desk research]

**Finance**

*Encouraging retirement savings* (behaviourally-informed initiative). In another recently published article, a group of authors studied the impact of retirement savings policies on wealth accumulation, using a dataset with 41 million observations for the population of Denmark. Subsidies for retirement accounts were compared with opt-out policies. The findings showed that price incentives were only marginally effective (at a rate of 1 to 100), whereas automatic employer contributions to retirement...
accounts increased wealth accumulation substantially. Moreover, the authors identified two main groups of savers, the active savers and the passive ones. While the former (15% of the total population) – who tend to be wealthier and more financially sophisticated – responded to price incentives, the latter (85% of the total) did not. [Desk research]

Health

**Encouraging healthy eating** *(behaviourally-informed initiative).* The Danish Veterinary and Food Administration’s Green Keyhole labelling scheme includes information on the caloric content of fast food in restaurants, shops and coffee machines.\(^4\) The green keyhole label tries to overcome attention deficiency and information overload biases with the use of a simplification technique, providing consumers with nutritional information at a glance, and it has become so popular (with 93% of Danes being aware of it in 2012) that suppliers have created new products or reformulated existing ones in order to label them with the keyhole label.\(^5\) A similar simplification technique overcoming information overload has been followed by the Wholegrain Partnership with the introduction in 2009 of the Wholegrain logo. The Wholegrain Partnership is aimed at improving the availability of healthy foods in retail, workplaces, cafeterias and schools. The introduction of the wholegrain logo generated a significant increase in wholegrain consumption.\(^6\) [Surveys and desk research]

Taxation

**Increasing tax compliance with administrative simplification** *(behaviourally-tested initiative).* The Danish Tax Authority endeavoured to avoid tax evasion among young citizens (often due to the perceived excessive complexity of administrative procedures) by creating a simplified platform for tax payment targeting youth, featuring a human-centred design based on behavioural research. These changes have increased the use of the tax guidelines by 7%; changes to tax forecasts done by the target group have increased by 20% compared to previous years. [Survey]

Transport

**Increasing parking fines payment** *(behaviourally-tested initiative).* The Municipality of Copenhagen run experiments to apply behavioural insights to the layout and contents of reminders of parking fine payments. [Survey]

4. Where

**Institutional structure and capacity**

There is no a specialised unit for the application of behavioural insights within the Danish government. However, some Danish Authorities have started to take behavioural insights into account on a structural basis, with some of them having formed or being in the process of forming their own behavioural insights team. For instance, the Danish Business Authority has created an *ad hoc* unit with the purpose of applying
behavioural insights to the development of different initiatives. At the same time, a training program has been created for officials to spot any policy areas susceptible to benefitting from behavioural insights.

**Knowledge base**

There are a number of engaged actors in Denmark, as the Section on “Institutions that apply behavioural insights to policy” shows. More recently, a Copenhagen Behavioural Economics Network was created to increase knowledge sharing, following the successful example of the London Behavioural Economics Network.

**Networks and collaborations**

We presented evidence of on-going collaborations between the National Administration and researchers, which sometimes generates excellent evidence, as in the case of the study on retirement savings account, based on large public datasets.

Besides this, the MindLab involves citizens and businesses in the creation of new policy solutions. MindLab is a cross-governmental innovation unit part of three ministries and one municipality (the Ministry of Business and Growth, the Ministry of Education, the Ministry of Employment and the Odense Municipality) and also collaborates with the Ministry for Economic Affairs and the Interior. Creativity, innovation and collaboration are used to address a broad range of policy areas such as entrepreneurship, digital self-service, education and employment.

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