Description of previous interventions by the SEA

During 2019-2021, the SEA conducted a series of information interventions aimed at overindebted individuals subject to debt enforcement. The strategy and implementation of the interventions were quite similar.

The strategy was to select overindebted individuals from the debt enforcement register based on predetermined selection criteria that identified these individuals as likely to qualify for debt relief. The inclusion criteria varied across the four interventions.

The implementation of the interventions consisted of a combination of attempts at contacting the debtor both in writing and by phone with the aim to provide information about debt relief and to incentivize the debtor to seek additional advice, and to actually apply for debt relief. The case handlers at the SEA followed a protocol that consisted of three distinct steps: preemptive contact through text message, contact by phone, and follow-up contact by phone. The basic protocol was the same for all interventions. The case handlers manually recorded all contacts with the debtors in a database. In case of no contact, written information about debt relief and how to apply was sent to the debtor by letter and, if possible, text message.

In total, there were four interventions during 2019-2021. The first three were carried out as randomized experiments with a treatment group receiving the information and a control group not receiving the information. For the fourth, and largest, intervention, there was no randomization, but there were instead strict criteria for which individuals received information, something that facilitates a quasi-randomized design.

The first three interventions were administered by the debt relief unit at the SEA. Consequently, the case handlers involved in the interventions were all specialized in debt relief. There is one debt relief unit at the SEA. The fourth intervention was administered by the debt enforcement units at the SEA. These units are geographically organized. Each unit was tasked with administering the intervention to a specific number of debtors based on their share of the total number of debtors subject to debt enforcement. Each unit individually decided how many and which case handlers should be involved in the implementation of the intervention. These case handlers were generally specialized in debt enforcement.

The first three interventions were carried out sequentially from November 2019 to February 2020. Out of the approximately 400,000 individuals subject to debt enforcement, Kronofogden applied selection criteria that identified almost 70,000 debtors as potentially eligible for debt relief. From this list, debtors were randomly assigned to treatment and control groups. In total, 510 individuals were assigned to treatment, and therefore received extra information on how to apply for debt relief, whereas the control group is made up of the remaining included debtors, i.e., around 69,000 individuals. The control group received no extra information. For both groups, debt enforcement was continued by the SEA.

The fourth–and much larger–intervention was carried out by Kronofogden from May to November 2021. The SEA used a set of inclusion criteria to select more than 5,500 individuals who received the information treatment. In this case, there was no randomization and therefore no control group. However, because we know the inclusion criteria, we can use two different quasi-experimental approaches to construct control groups with which comparisons can be made.

The first approach uses the fact that to be eligible to receive the treatment, the individuals' debts had to be between 100,000-500,000 SEK. We can use this in a so-called regression discontinuity (RD) design by comparing individuals with debts just above or below these two cutoffs. Such an approach gives around 600 individuals which can be used as controls to around 600 of the treated individuals.

The second approach instead uses the fact that Kronofogden with regular intervals checks the status of the debtors. These inclusion criteria had to do with the timing of the last check performed by Kronofogden and with the estimated time until the next check, something that the debtors are not aware of and is unlikely to correlate with any of the outcome variables we are interested in. With this approach, the full group of 5,500 individuals can be used as treatment group and we get a control group of almost 10,000 individuals.

<u>Preliminary results from the previous interventions</u>
We have access to preliminary results from the SEA regarding the first three interventions that were all RCTs. Tables 1 and 2 summarize these results.

Table 1: Share of applications as of March 2021

Intervention	Size of treatment group	Size of control group*	Share (percent)		
			Treatment	Control	Difference
I	210	267	15,7	11,6	4,1
II	200	1,096	22,0	10,7	11,3
III	100	741	22,0	10,8	11,2
Pooled	510	2,104	19,4	10,8	8,6

* Reduced randomized subsample.

Table 2: Share of approvals as of March 2021

Intervention	Size of treatment group	Size of control group*	Share (percent)		
			Treatment	Control	Difference
I	33	31	55	42	13
II	44	117	61	56	5
III	22	90	32	43	-11
Pooled	99	228	53	49	4

* Based on the same subsample as in Table 1.

These results indicate that the interventions resulted in a significant increase in the application rate, while the approval rates for the treatment and control groups remained similar. Accordingly, they indicate that the interventions resulted in an increase in the share of debtors that started debt relief in the treatment group compared to the control group.