

# The design of better consumer-facing disclosures

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August 2017

The screenshot shows the homepage of the Legal Design Lab. At the top right, there are social media icons for Facebook, Twitter, YouTube, LinkedIn, and Instagram. The logo for the Legal Design Lab is on the left, featuring a stylized 'L' with an upward arrow. Below the logo is a navigation menu with links for HOME, OUR PROJECTS, WORKSHOPS & EVENTS, and ABOUT. The main content area has a 'WELCOME' heading followed by a paragraph: 'We are an interdisciplinary team based at Stanford Law School & d.school, working at the intersection of human-centered design, technology & law to build a new generation of legal products & services.' To the right of this text is a Venn diagram with three overlapping circles: a pink circle for 'DESIGN' (to make things people can & want to use), a teal circle for 'TECH' (to increase the effectiveness of people's actions), and a yellow circle for 'LAW' (to promote a fair & just society, and to empower people).

We anecdotally know that  
**notice and disclosures  
about complex information  
are not working**

How might we communicate  
complex terms, that can  
**engage + inform different  
consumers?**

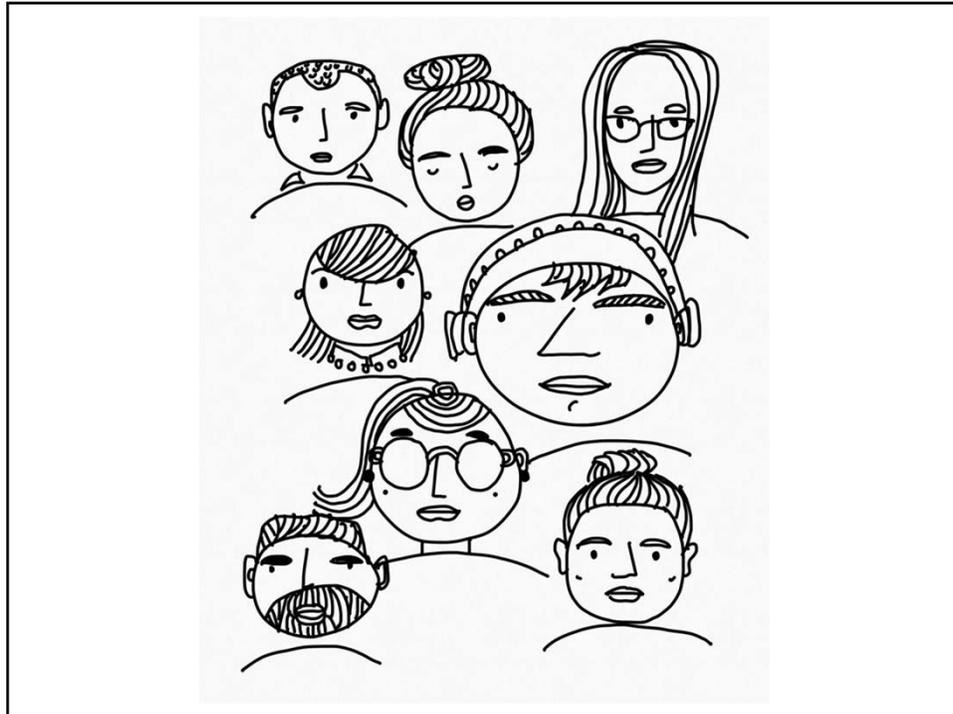
In particular, what types of disclosure designs should FINRA recommend for companies offering financial products to consumers?

Our  
Research and Design  
Plan

## Our Process

1. Understand the expert, industry and regulators' perspectives through interviews
2. User interviews, focus groups, and mapping
3. Synthesize user archetypes, guiding principles, unmet needs, opportunities
4. Generate rough prototypes that would improve the communication
5. Test these with Users and Experts
6. Refine prototypes, and create guiding principles for further design and dev work

1. Our initial findings from focus groups with 25 young people in person, 200 surveyed online



Have you ever  
looked at the terms  
and conditions when  
exploring new  
financial products?

“The terms and conditions are not for me. Even if you make them look nicer, I won’t look at them.”

“I don’t feel smart about finances. This is not my area, it’s out of my comfort zone.”

“The fine print is for lawyers or the government. They put it there because they have to.”

“The charts and graphs look nice, but I don’t understand them. I get more confused.”



What would  
make you look  
at and trust  
disclosures?

**Who would I trust to help me  
understand these decisions?**

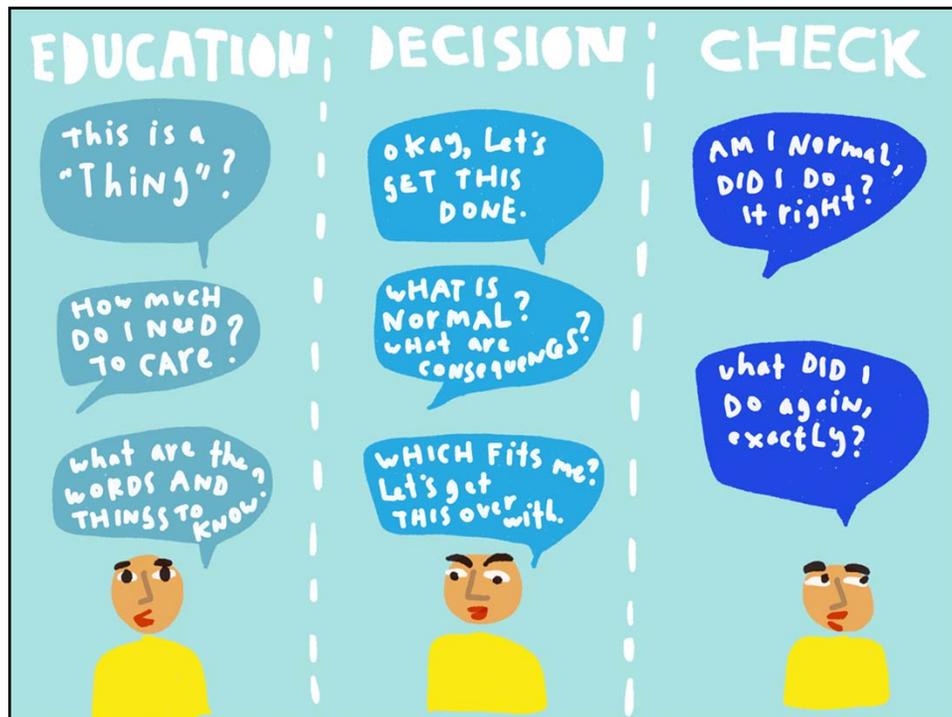
1. Parents
2. Friends
3. Employers/Universities
4. Banks
5. Government
6. (Triangulated) Internet sources

## How do you intake info when evaluating financial products?

1. No fine print
2. Social Media outreach + converse
3. Calls with inner circle (maybe)
4. Google and Sift
5. Message boards for models
6. Graphics + data viz can often throw me off

## How capable do you feel when reading the terms, making decisions?

1. High confidence in ability to get information
2. High confidence in ability to make sense of multiple streams of information
3. Good judge of trustworthiness of information
4. Low confidence in specific domains and down-the-road consequences



## User Journey

### Education Phase

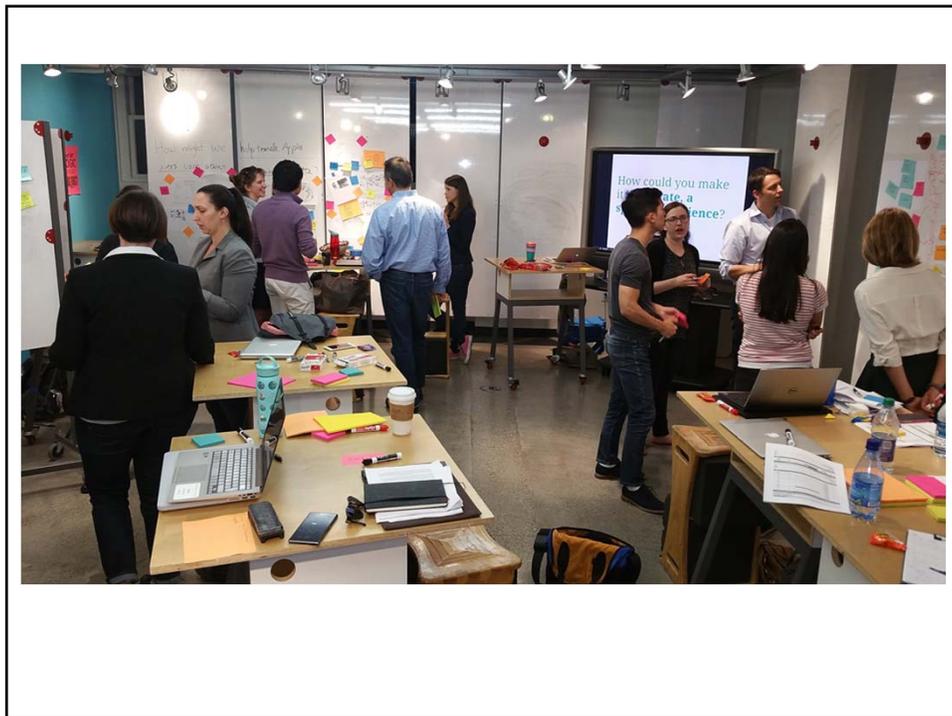
- Initial Learning: "Oh, this is a 'thing'" I need to pay attention to.
- Decide to Engage: "Let's deal with it" -- I guess I better do this well.
- Making sense "These are the key phrases and words to know" -- I want to self-educate just enough.

# User Journey

## Decision-making Phase

- Shop for the Right Path: “Which fits me?”, tell me the menu of options
- Decide to Go with One: “Pull the trigger, even if I’m not totally sure”, let’s get this going
- Check, Coast, Check: “Is this normal? This is normal. Is this normal?”, even after I’ve made the decision, tell me if I did it well

2. What are possible **New Models** to present terms, options, and disclosures to consumers?



### Investment Overview

 Fund Strategy	 Fees	 Historical Performance	 Risk	 Tax
<ul style="list-style-type: none"> <li>• Mutual Fund</li> <li>• Investing at least 80% of assets in Blue Chip companies</li> </ul> <p style="font-size: small; text-align: center;">Show me investments with different strategy</p>	<ul style="list-style-type: none"> <li>• No transaction fee to trade</li> <li>• Gross expense ratio: 0.83%</li> <li>• Maintenance fee of \$12.00 if under \$2K balance</li> </ul> <p style="font-size: small; text-align: center;">Show me investments with lower fees</p>	<ul style="list-style-type: none"> <li>• Past performance is no guarantee of future results</li> <li>• Average Annual Total return for 1 year: -3.74%</li> <li>• Average annual total return for 5 years: 8.06%</li> </ul> <p style="font-size: small; text-align: center;">Show me investments with better past performance</p>	<ul style="list-style-type: none"> <li>• Foreign markets are especially sensitive to adverse developments</li> <li>• "Value" stocks can perform differently from the market as a whole</li> </ul> <p style="font-size: small; text-align: center;">Show me investments with lower risk</p>	<ul style="list-style-type: none"> <li>• Subject to federal income tax and will be taxed as ordinary income or capital gains</li> </ul> <p style="font-size: small; text-align: center;">Show me investments with lower taxes</p>

## Model 1: Key Details Summary Table

	<i>Investment "XYZ" from Fidelity</i>	<i>Investment "ABC" from Charles Schwab</i>	<i>Investment #3</i>
	<ul style="list-style-type: none"> <li>• Mutual Fund</li> <li>• Investing at least 80% of assets in Blue Chip companies</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual Fund</li> <li>• Investing at least 65% of its assets in stocks, primarily common stock</li> </ul>	
	<ul style="list-style-type: none"> <li>• Average Annual Total return for 1 year: -3.74%</li> <li>• Average annual total return for 5 years: 8.06%</li> <li>• Past performance is no guarantee of future results</li> </ul>	<ul style="list-style-type: none"> <li>• Average Annual Total return for 1 year: -0.49%</li> <li>• Average annual total return for 5 years: 11.39%</li> <li>• Past performance is no guarantee of future results</li> </ul>	
	<ul style="list-style-type: none"> <li>• Foreign markets are especially sensitive to adverse developments</li> <li>• "Value" stocks can perform differently from the market as a whole</li> </ul>	<ul style="list-style-type: none"> <li>• Technology securities may experience significant price movements caused by disproportionate investor optimism or pessimism.</li> </ul>	
	<ul style="list-style-type: none"> <li>• No transaction fee to trade</li> <li>• Gross expense ratio: 0.83%</li> <li>• Maintenance fee of \$12.00 if under \$2K balance</li> </ul>	<ul style="list-style-type: none"> <li>• No transaction fee to trade through Schwab.com; trades placed through a broker will be charged \$25</li> <li>• Gross expense ratio: 0.71%</li> </ul>	
	<ul style="list-style-type: none"> <li>• Subject to federal income tax and will be taxed as ordinary income or capital gains</li> <li>• "Value" stocks can perform differently from the market as a whole</li> </ul>	<ul style="list-style-type: none"> <li>• Tax cost ratio for year 1: 3.80%</li> <li>• Tax cost ratio for year 5: 1.63%</li> <li>• Tax cost ratio figures based on highest Federal income tax bracket. State and local taxes are not included.</li> </ul>	

## Model 2: Comparison Table

The "Mutual Funds" area at the top of each page allows access to mutual fund holdings with Individual and joint Fidelity non-retirement accounts. Individual stock positions, ETFs and 529 funds are not available through this view. For the full list of your holdings visit [Portfolio Summary](#).

Mutual Funds are priced as of the previous business day's market close when the market is open. Mutual fund positions are priced as of the official market close (typically 4p.m.) and prices are generally available between 5 p.m. and 6p.m.

1. No Transaction Fee Fidelity funds are available without paying a trading fee to Fidelity or a sales load to the fund. However, the fund may charge a short-term trading or redemption fee to protect the interests of long-term shareholders of the fund. Shares are subject to the fund's management and operating expenses. See Expenses & Fees for more information.

2. The funds on the Fund Picks From Fidelity® list are selected based on certain selection criteria. Fund Picks From Fidelity is not a personalized recommendation or endorsement of any fund for an investor's individual circumstances.

3. Fidelity may deduct a small balance maintenance fee of \$12.00 from a fund balance with a value less than \$2,000. Fund positions opened after September 30 will not be subject to the fee for that calendar year. This fee will not be deducted from fund positions opened after January 1 of that calendar year if those positions use regular investment plans. Refer to the fund prospectus for details.

4. Initial minimum investments into group retirement accounts such as Fidelity Simplified Employee Pension-IRA, Keogh, Self-Employed 401(k), and Non-Fidelity Prototype Retirement accounts are \$500 or higher. There is no minimum for additional investments in any type of Fidelity fund you already own.

Generally, data on Fidelity mutual funds is provided by FMR, LLC. Morningstar ratings and data on non-Fidelity mutual funds is provided by Morningstar, Inc. and data on non-mutual fund products is provided by the product's investment manager, trustee or issuer or the plan sponsor whose plan is offering the product to participants. Although Fidelity believes the data gathered from these third-party sources is reliable, it does not review such information and cannot warrant it to be accurate, complete or timely. Fidelity is not responsible for any damages or losses arising from any use of this third-party information.

Before investing, consider the investment objectives, risks, charges and expenses of the fund or annuity and its investment options. Contact Fidelity for a free prospectus and, if available, summary prospectus containing this information. Read it carefully.

76% of investors read this section before purchasing

The last 10 purchasers of this investment read this section of the disclosure

## Model 3: Crowd-Highlighting of most important terms + other users' behavior

PREFERENCE MATCH

FIND THE INVESTMENT THAT MATCHES YOU:

TELL US YOUR PREFERENCES OR TAKE A QUIZ

Fees (choose ONE)

RISK

WHAT TYPE OF INVESTMENT PRODUCT SHOULD YOU CHOOSE?

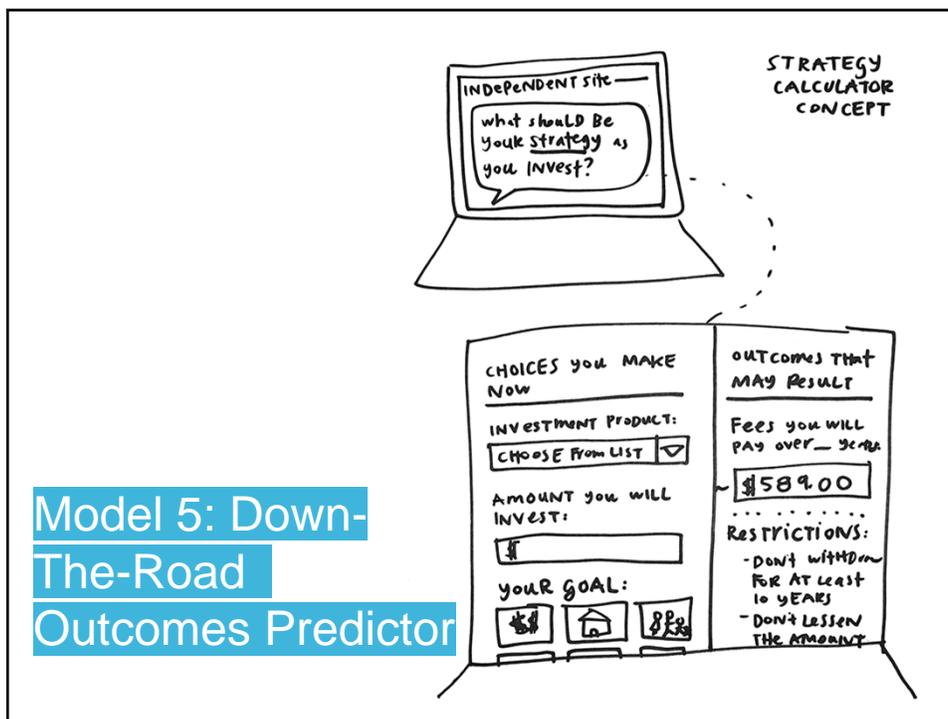
4 KEY THINGS:

- 1 LOW FEES
- 2 STABLE RATE OF RETURN
- 3 NO PENALTY FOR EARLY WITHDRAWALS
- 4

WANT A SHORTLIST OF INVESTMENT OPTIONS THAT FIT YOU?

COMPANY 1	COMPANY 2	COMPANY 3
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## Model 4: Preference Survey and Matching



3. After testing these prototypes, what **Guiding Design Principles and Strategies** emerged?

## Core Principles

1. More human, less abstract communication
2. Use of modern, bold, spacious visual design to signal 'this is for you'
3. Give models and scenarios to make the information easily applied
4. Allow interactivity for strategy-making
5. Provide easy comparisons of options + consequences

## **Tell me more about me**

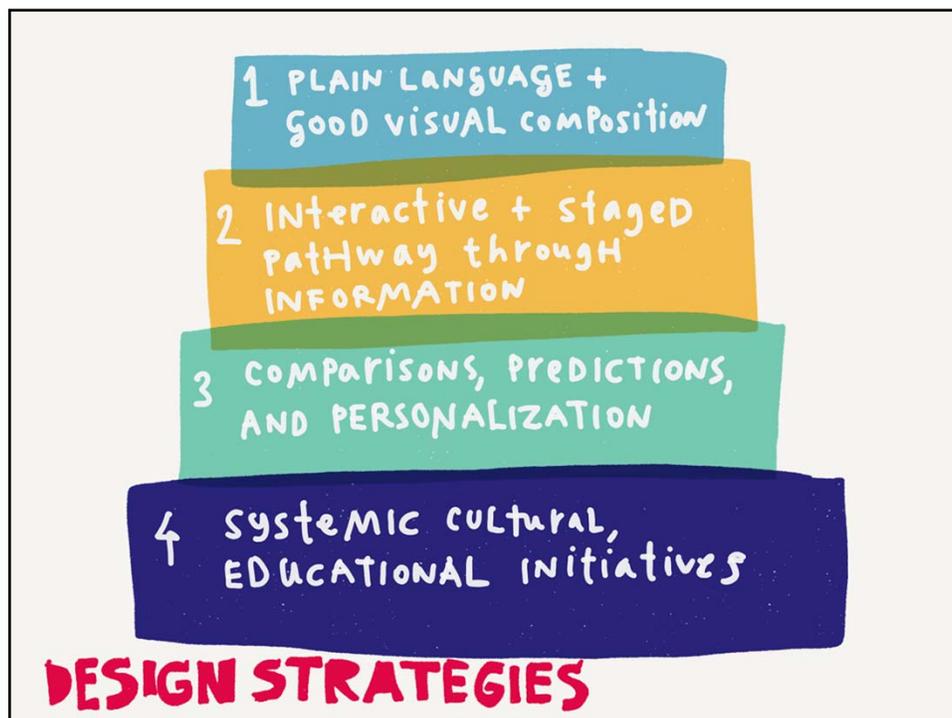
The more the information is about the person, the more they will engage. Phrase disclosures around “you” and what it means for “you”.

## **Less is More, but still give me option of More**

People want a glance-able, high-level summary. But they also want to know there's more substance there, so they have an option to 'read more' -- for reassurance and verification.

## Interactive and Visual is nice, but it's still homework

Investing in more data visualizations, web apps, and graphics may not have desired outcomes. People can be turned off by too much data. They want easy interactions, with clear pay-offs.



## Redesign Strategies

1. **Prioritize the Messages** based on what the user cares about, rather than a structured narrative from the expert -- the first page should have most important messages from user's point of view
2. Put **large-font** headings to each section, that clearly spell out the value proposition, e.g., "What will this mean for your money?", "What are the key choices you need to make?"
3. Use **tables** to show comparisons and key summaries
4. Use **timelines** to show how this affects you at different points in the process, or your life
5. Consider adding a **character that models behavior**, as stand-in for user -- asking questions, making decisions

## Refined Models

1. The One-Page Key Points Summary
2. The Character-Narrative Walkthrough
3. The Shopping Comparison Table
4. The Scenario-Spinner of What Outcomes will result

## The One-Page Key Points Summary

Big topic at issue

Descriptions of this topic, of what it's all about, who should read this, what it will help you do

Key item one

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

Key item two

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

Key item three

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

Key item four

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

Details column 1

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

Details column 2

- Explanation of what's going on
- What it means for you
- Outcomes it might result in
- How you should think about it.

## The Character-Narrative Walkthrough

Big topic at issue

Descriptions of this topic, of what it's all about, who should read this, what it will help you do



**Step 1:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.



**Step 2:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.



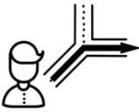
**Step 3:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.



**Step 4:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.



**Step 5:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.



**Step 6:** \_\_\_\_\_  
Describing the character and what is going on, how they are dealing with the terms.

Details column 1

More information here, with links out, next steps, most common use cases, etc.

## The Shopping Comparison Table

**Big topic at issue**

Descriptions of this topic, of what it's all about, who should read this, what it will help you do

Customize to you

	Option 1	Option 2	Option 3
Category Title	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>
Category Title	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>	<p><b>Heading of this factor</b> Describing how this option stacks up on this factor, what the most salient things to know are</p>
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Details column 1    More information here, with links out, next steps, most common use cases, etc.

## The Scenario-Spinner of What Outcomes will result

**Big topic at issue**

Descriptions of this topic, of what it's all about, who should read this, what it will help you do

See what will happen down the road, based on the terms covered here

**Tell Us Your Situation and Preferences**

Which best describes your [factor 1]?

Description A ▼

Which best describes your [factor 2]?

Description B ▼

Which best describes your [factor 3]?

Description C ▼

**GO**

**Here's What These Disclosed Terms Might Mean for You**

In 2 years, you might be [dealing with this] and [concerned with this]

Read more about [this here](#).

In 5 years, [this issue might arise], and this [thing might have happened]

Read more about [this here](#).

In 10 years, [this issue might arise], and this [thing might have happened]

Read more about [this here](#).

**Want to know more?**    More information here, with links out, next steps, most common use cases, etc.

# Thank you!

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