
2nd Annual Conference: Global Perspectives on Economic Strengthening and Adolescent Health and Education in Sub-Saharan Africa

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Kenya’s Financial Landscape

- Kenya = commercial and financial hub for the Eastern Africa.
- Population = 43M+, 53% are below 19 years.
- 43 commercial banks, 37.7M Mobile subscriptions.
- Over 28M Bank accounts, 26.7M mobile money accounts.
- 75% of adults have a bank/mobile money account. 15% are excluded.
Postbank at a glance

• Savings Bank established in 1910 with mandate of encouraging thrift and mobilizing savings.

• Own legal framework through an Act of Parliament, ONLY savings bank, no lending.

• 1.3 Million customers, 800 staff, 104 branches + Agency Banking.

• Market positioning - Low and middle income segments.
Youthsave Project — Banker’s Perspective

- Youthsave project aimed at developing a low balance savings product for the youth from 12 to 18 years of age. Postbank developed the SMATA account.

- Bankers’ success parameters from a savings product are principally three: No. of accounts, Deposits (for investments/lending) and Transactions (fee income).

- Youth accounts have grown from 2,316 with US$ 400,000 (US$ 172 per account) in 2010 to over 160,000 youth accounts, with US$ 2 Million in savings (US$12.50 per account).

- From Bank’s perspective, Product has been successful on “No of Accounts” criteria. The Bank has also developed a new market and skill with schools.

- As anticipated deposits are low (Bank’s average savings is US$ 110 per account).

- Account has subsidized fee to attract the low income youth and the debit card is offered for free.

- Deposits/fees are therefore earmarked for future earnings.

- Project/product success is attributable to the support in the areas of research, product development and marketing all of which are very expensive for this long haul product. Banks are ordinarily short haul profit making organisations.
The Kenya Youthsave Impact Assessment Study

- A collaboration with ICHAD, CSD etc. to measure the long-term impact of youth savings accounts on developmental outcomes of young girls and boys – beyond product uptake and usage.

- Baseline survey of 3965 youth in 90 schools completed: 30 control and 60 treatment schools. Post-intervention study at 30-36 months.

- Relevant findings from Baseline survey:
  - A little over 60% of respondents reported being “near” or “very near” a bank however banks had the largest “don’t know” response (11.3%).
  - Almost all respondents indicated a plan to attend secondary school with 54.2% believing they will go to university and 37.4% believing they will go beyond university to graduate school.
  - Just under 45% of respondents currently have some sort of savings.
  - The majority of respondents kept their savings outside of established formal financial institutions.
  - Just over half (55.2%) of respondents discussed the importance of savings with parent/guardian(s).
The Kenya Youthsave Impact Assessment Study

- The least talked about financial topic among respondents and parent/guardian was using credit.
- When asked what they would do if given US$ 2, responses varied from spend half, save half (37.6%) to save all of it (24.1%) and save most of it (22.2%).
- The most common sources for information on saving and investing were family (69.4%), multimedia (46.0%), school (37.3%) and friends (29.8%).
- The majority of respondents indicated they did not know enough about savings (57.3%).
- 45% of respondents indicated that the person financially supporting the family was currently employed and earning a salary or wage.

These findings demonstrate potential and opportunities as well as providing hints on the ways in which Banks can reach and leverage them now and in the future.

The impact of seeding some of the treatment accounts will also inform the Bank’s direction in the future development of its account features.
More Information

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