Youth Financial Inclusion in Developing Countries: The Potential for School Banking

Center for Social Development
Washington University in St. Louis
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csd.wustl.edu
YouthSave Initiative

• Implementation
  o Savings accounts with financial institutions (Ghana HFC Bank, Kenya Post Office Savings Bank, Nepal Bank of Kathmandu Ltd, Colombia Banco Caja Social)
  o Ages 12 to 18
  o Targeted low-income youth
  o Marketing outreach to schools
  o School id, and trusted adult cosignatory
  o Lower fees and minimum balance
  o Financial education and services at schools and youth clubs
• Multi-method research agenda with Ghana experiment
• Funding from Mastercard Foundation
Total accounts: 98,485
Total research accounts: 69,247

Total savings = USD 1.8 million (PPP-adjusted)

(Johnson, Lee, Ansong, Chowa, Osei-Akoto, & Sherraden, 2015)
Lesson 1: Facilitates Financial Access

Across all four countries, account uptake is significantly higher in branches that “take the bank to the youth.”

In-school banking in Ghana; Photo courtesy of Save the Children
School Banking Experiment in Ghana: Accounts Opened

100 schools: 25 with in-school banking; 25 with marketing outreach, 50 control

<table>
<thead>
<tr>
<th>Account Opening</th>
<th>In-school Banking</th>
<th>Marketing Outreach</th>
<th>Control</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1,160</td>
<td>825</td>
<td>25</td>
<td>2,010</td>
</tr>
<tr>
<td>No</td>
<td>4,341</td>
<td>6,382</td>
<td>9,735</td>
<td>20,458</td>
</tr>
<tr>
<td>Total</td>
<td>5,501</td>
<td>7,207</td>
<td>9,760</td>
<td>22,468</td>
</tr>
</tbody>
</table>

In-school banking vs. Control \( p < 0.01 \) \((p < 0.01)\)
Marketing outreach vs. Control \( p < 0.01 \) \((p < 0.01)\)
In-school banking vs. Marketing outreach \( p < 0.01 \) \((p = 0.13)\)
School Banking Experiment in Ghana: Net Savings

Average Monthly Net Savings by Treatment Condition (PPP-adjusted USD)

<table>
<thead>
<tr>
<th>Treatment Condition</th>
<th>Mean (SD)</th>
<th>Mean (SD)</th>
<th>Mean (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-school Banking</td>
<td>0.43 (7.14)</td>
<td>0.21 (2.34)</td>
<td>0.01 (0.54)</td>
</tr>
<tr>
<td>(n = 5,501)</td>
<td></td>
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<td></td>
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<tr>
<td>Marketing Outreach</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(n = 7,207)</td>
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</tr>
</tbody>
</table>

- In-school banking vs. Control \( p < 0.01 \) \( p < 0.01 \)
- Marketing outreach vs. Control \( p < 0.01 \) \( p < 0.01 \)
- In-school banking vs. Marketing outreach \( p < 0.01 \) \( p = 0.06 \)
Lesson 2: Reaches Marginalized Populations

• Percent of YouthSave account holders estimated to live on USD 2.50 or less per day* = 48%
• Gender ratio: 56% male to 44% female

Lesson 3: Supported by a Flexible Regulatory Environment

Cosigners on accounts

- Ghana
- Kenya
- Nepal

Legend:
- Father
- Mother
- Other relative
- Nonrelative
- Self
Lesson 4: Natural Fit with School’s Educational Mission

Savings goal: What are youth saving for?

- Ghana
- Kenya
- Nepal

- Business
- Education (self or relative)
- Daily expenses or emergencies
- Other
From a school principal:

I remember several parents calling me. They thought it was an initiative of the school. They told me, “Aaah, this is very good, this is very good that you have started thinking about the future of our children.” In fact there is a parent who told me. . . that if we had people thinking about us when we were these children’s age, I think we’d not be where we are now financially.

(Zou et al, 2015)
Opportunities to Augment School Banking

- Involve parents
- Use deposit incentives to increase savings
- Leverage technology
Program and Policy Implications

- Government-sanctioned accounts (e.g. CDAs: automatic account for every newborn)
- School as point-of-sale location
- ATMs at school for deposits only
- Government-authorized financial education in schools

Girls at bank-sponsored financial education session in Nepal; photo courtesy of Save the Children


