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YouthSave Overall Research Lessons

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The Center for Social Development (CSD) at Washington University in St. Louis and our many partners designed and implemented the comprehensive learning agenda for YouthSave. Applied research “in the field” always has its

challenges. YouthSave, by virtue of its large numeric scale, international footprint, and ambitious learning agenda, was more complex than many, requiring large teams and extensive logistical coordination. Thanks in large part to the warm and productive working relationships among the many partners, the research work was successful (and joyful), yielding valuable insights for the emerging field of youth financial services. In this chapter, we focus on three overarching lessons from the extensive YouthSave research agenda.

Lesson 1. Youth Saving in Developing Countries Makes a Positive Difference

For the previously unbanked, saving accounts represent *financial inclusion*. The YouthSave program saw 10 percent to 20 percent of youth in the treatment groups open accounts,

compared to less than 1 percent for youth in the control groups. These numbers indicate the potential for a large increase in financial inclusion starting early in life if savings accounts were offered across a full population. Among savers, the rate of net savings over several years could amount to a significant contribution to expenses for secondary schooling.

they want back in, and they see savings as a means to that end. Thus, while this data is not conclusive, saving may be a desirable strategy for facilitating education, even among out-of-school youth.

The research team has conducted the preliminary analyses for the experimental research results from Ghana, which show some but not many positive effects. It is possible that



Out-of-school youth make up 1 percent to 5.7 percent of the YouthSave participants in each country. Though these percentages are small, it is important to pay special attention to out-of-school youths' participation and performance. Among this group, as might be expected, a higher proportion has earned income. Also among this group, perhaps less expected, saving for education is a prominent goal. In other words, these youth are out of school,

these effects do not occur, but it is also possible that the treatment was not in place long enough. More clarity on experimental results is forthcoming from CSD.

During in-depth interviews, YouthSave participants described social and psychological benefits, such as improved discipline, a sense of pride and excitement, and an orientation towards the future. For example, one young

participant said, “[With] the money that I am saving . . . I am aspiring to go to the university.” Ultimately, changes in attitudes and outlooks may be more important than the sums in the accounts.

Overall, YouthSave research shows that a meaningful proportion of youth—including low-income youth—in developing countries can save, which has the potential to make a positive difference in their lives. This finding is YouthSave’s most important contribution. In a larger context, YouthSave research adds to the understanding of asset building’s role in youth development.

Lesson 2. Saving Should Engage Financial Institutions and Families—and Sustain Across Youth Years

Policymakers who develop and implement savings strategies should understand the effects both financial institutions and families have on youth saving. Development strategies should focus not just on account opening but should aim for fostering sustained saving behavior throughout the childhood and youth years.

Taking the bank to the youth was the major reason for YouthSave’s success. Discussion of saving accounts in schools, and especially providing in-school banking (i.e., processing deposits at schools) greatly increased participation. Internet-based or mobile technology will make future access to savings accounts still easier and more efficient.

Families matter. Across the four YouthSave countries, average monthly savings was higher among younger youth—an unexpected finding, considering that younger children are less likely to work. The reason, in part, is that parents are more likely to help younger children save. Also, we found higher saving when a parent co-signs the account, suggesting again that parental involvement may contribute to saving

success. Conversely, we found that when young people’s savings activity waned over time, one frequently cited reason was a tapering off of parental enthusiasm. Savings innovations going forward should include strategies to engage families during the start-up phase and then keep them excited and committed. Their drive matters. As one youth clearly reported, “My mom opened the account, so I heard ‘saving, saving, saving’. So, I also wanted to save.”

It’s important to remember, as well, that there may be cases where parental involvement is not possible and may even be undesirable. As noted elsewhere in this report, in Ghana and Kenya, where regulations permit minors to open accounts with a “trusted adult” other than a parent as cosignatory, significant numbers of youth took advantage of that alternative. But where parents are available and supportive, their ongoing motivation is a powerful force.

Starting early matters. On the individual level, the earlier a young person begins the savings habit, the more time those savings have to accumulate into a useful lump sum. Those larger sums in turn translate into greater likelihood for positive outcomes (e.g., to pursue education). At the community level, the more youth savings becomes a normal and accepted practice, the more likely families



will be to understand the value and to engage in constructive ways, and the more effective financial institutions will become in reaching out to youth savers with the products and service those young customers need at each stage of their journey towards adulthood.

Lesson 3. Large-Scale Applied Research Has Continuing Pay-Offs

The YouthSave research agenda was large-scale and ambitious. Below we note some continuing pay-offs, beyond the formal boundaries of the project, which we believe will have great value going forward.

Creation of the largest data set on youth saving. YouthSave researchers have created the largest detailed data set on youth saving transactions and performance in developing countries. The value of this data set is evident in the very accurate measures of account holding, depositing, and net savings; the ability to assess savings in a robust experimental context; and the ability to identify factors (such as age and gender) associated with savings performance. Future researchers will use this data set for additional informative analyses and insights.

The long-term value of The Ghana Experiment. The YouthSave Experiment in Ghana is the largest known experimental study of youth saving in a developing country. Ideally, it would have carried on for a longer period of time, but preliminary results suggest some positive impacts on youth wellbeing. Fortunately, once set up, a good experiment can continue to generate valuable knowledge—with other experiments, CSD has been able to follow participants for as long as ten years to better understand impacts. In Ghana, the established partnership with the Institute for Statistical, Social and Economic Research can facilitate ongoing follow-ups to see how much YouthSave affects future education, employment, and earnings.

Productive partnerships with research partners. The MasterCard Foundation recognized from the outset that the YouthSave research agenda would have to rely on local research capacity in each country. The scope of the project was simply too vast for any single institution, and the distinct cultural and operational contexts demanded local researchers to ensure

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relevance. The effective relationships built over the past five years between CSD and all the in-country research partners were essential to the successful execution of YouthSave’s research. But the foundation has now also been built for future collaborations which we believe will continue to generate many positive returns in the years ahead.

Directions for Future Inquiry

Given the research capacity described above, it will be possible to undertake additional research that builds on the infrastructure and relationships created by YouthSave. One clear goal should be a follow-up survey wave for participants in The Ghana Experiment. The effects may take a longer period of time to become statistically significant; or, on the other hand, they may wear off over time. The value of a well-designed experiment is its ability to continually generate knowledge for many years to come. ■

