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Voices of Youth, Parents, and Stakeholders on Youth Saving[1]

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Half of the world's adults—approximately 2.5 billion people—are unbanked.[2] People younger than 19 years account for a third of the world's population, and it is estimated that approximately 85 percent of these young people live in developing countries, and that 45 percent live on less than two dollars per day.[3] There is thus an urgent need to support this large population of low-income youth with greater economic opportunities, including access to financial services. YouthSave sought to contribute to this effort by offering access to savings accounts for low-income youth (12 to 18 years old) in Colombia, Ghana, Kenya, and Nepal. This chapter highlights first-hand accounts from YouthSave participants. It illustrates how they manage to save despite a host of barriers.

1 This chapter has been adapted from the full-length 2015 report *Voices of Youth, Parents, and Stakeholders: Findings from Case Studies in the YouthSave Project* (Li Zou, Sarah Myers Tlapek, Margaret S. Sherraden, et al) from the Center for Social Development at Washington University in St. Louis. Available at: http://csd.wustl.edu/Publications/Documents/RR15-31.pdf

2 World Bank. 2014. *Global Financial Development Report 2014: Financial Inclusion.* Washington, DC: World Bank. Available at: http://www.worldbank.org/en/programs/globalfindex

3 United Nations. Undated. *United Nations Report on Global Situation of Youth Shows Changing Trends.* Available at: http://www.un.org/events/youth98/backinfo/yreport.htm

Background

As noted throughout *YouthSave 2010-2015: Findings from a Global Financial Inclusion Partnership*, one of the primary goals of the YouthSave project was to contribute a robust body of knowledge about what it takes to deliver formal savings services successfully for youth populations in various geographic and cultural contexts: what product design features young people need in a savings account, how financial institutions can offer such products on a sustainable basis, which regulatory policies promote (or constrain) youth savings outreach, the role of families and community members, and of course, what difference it makes in the lives of young people to have formal savings. One part of YouthSave's ambitious research agenda involved case studies based on in-depth interviews with the participants themselves.

This chapter discusses some of the findings of those interviews. In each country, triads consisting of a youth, his or her parent, and a stakeholder from his or her school or community shared their experiences about saving via the YouthSave project with team members from the in-country research partner organization. To select the youth for the interviews, the researchers had worked with the local YouthSave participating financial institution to examine data on savings balances, length of account operation, deposits, and withdrawals. The length of interviewee youths' account-holding ranged from five months to more than one year prior to the interviews.

The findings reflect the very different political, economic, and institutional contexts of the four countries. But in spite of such different circumstances, the case studies revealed areas of commonality—specifically, motivation to save, the effects of saving, factors that facilitate savings, and challenges—that youth share across each country. Their personal stories, in their own voices, add a human touch to the otherwise sometimes technical work of data-gathering and research, and to the field of youth financial inclusion generally.

Key Findings from Case Studies

Motivation for saving

Every young person specified a target amount to save and articulated goals and plans for how to spend this money. Several discussed prior experiences of saving up for snacks, trips, books, or clothing. Although most of the young people mentioned purchasing personal items as a reason to save, they were focused on longer-term goals as well. The top three savings goals across countries discovered during the in-depth interviews were: (1) for the unexpected (2) to promote financial independence and empowerment, and (3) to support families.

For the unexpected. Every youth referred to the future when discussing savings. When Kofi from Ghana, the youngest respondent, was asked why savings was important to him, he replied, "It is important because maybe in future, you will need something and that money in the bank, you can use it." A number of the respondents were more specific about the possibility of economic shocks. Rakesh from Nepal said:

> *This saved money comes in handy when we need economic support in [the] future. I can save the money by not going to watch a movie or play football, and use this money in the future whenever I come across economic difficulties.*

Gatete from Kenya mentioned the future 12 times during his interview and clearly linked his desire for savings with the perception that it would prepare him for the unexpected:

> *Saving is really something that a person cannot do without, because this money—you can have money today, but you're not certain about the future, so if you save [even] a little money—this money will be able to help you… maybe in the time of need.*

CASE STUDY SUBJECTS

COLOMBIA

Julio, 14, lives with his parents and a sister in a peri-urban neighborhood in Pasto. The family describes themselves as lower middle-class.

Pablo, 16, is a high school student from Bogota. He lives with his parents and one brother in a neighborhood he describes as wholesome and community-oriented despite its struggle with crime and poverty. Pablo's family is in the lowest income stratum according to Colombian standards.

GHANA

Kofi, 12, lives in Kasoa, in Ghana's central region. Kofi attends the sixth level of primary school and his goal is to work as a banker or an engineer.

Abena, 15, lives in Accra, where she attends the first level of junior high school. Her father works in a salaried position to support their large household. When she grows up, Abena would like to be a bank manager.

KENYA

Gatete, 18, lives with his cousins who act as his guardians because his parents are very poor and live far away. His uncle pays his school fees.

Akilah, 16, attends the third level of an all-girls secondary school in Migori, a town in southern Kenya. Akilah would like to open her own business in the future.

NEPAL

Rakesh, 15, is from the Kavrepalanchok district in central Nepal. He just completed secondary school and relies mostly on his parents to finance his saving. He receives occasional income by picking oranges and plowing potato fields for others.

Sajita, 18, is from a family of seven in the Bhaktapur district. She studies business at the Modern College of Management and hopes to be a banker.

This chapter (like the full length report on which it is based) uses pseudonyms for the youth to protect privacy.

Saving to promote financial independence and empowerment. The majority of the YouthSave interview participants viewed saving as a means to help them achieve financial independence and the sense of satisfaction that goes with it. Julio from Colombia said, "I don't like it when other people have to pay for my things, instead I want to be able to pay with my own money."

Sajita from Nepal expressed much the same sentiment. "If I have savings, I don't have to ask from others to buy the things like clothes I need. I feel happy and secure if I have money and ... I don't have to ask money from others to solve my problems."

Saving to support families. Youth knew that their families often faced financial difficulties, and they wanted to help. Youth from Ghana and Kenya reported saving as a way to help the family buy food. Rakesh of Nepal wanted to have money available to help his parents prepare for emergencies or family illnesses. Sajita from Nepal reported changes in her responsibilities due to changes in her household. Her savings account bolstered her ability to meet some of these responsibilities.

> *[I have] increasing responsibility towards my home as well as towards developing my own career as I am growing older. Earlier, I was a child and I had limited responsibilities. I don't have my elder sister at home [anymore], so I have to be more responsible towards my house and sisters. I have been using my money sometimes to manage financial crises at home and for managing my own expenses. Once I withdrew 10,000 rupees to help my father pay wages for the laborers who are building our new house.*

Facilitators of youth saving

In earlier research, YouthSave stakeholders had identified three facilitators—support from parents, support from schools, and support from the financial institution—important to saving.[4] Case study interview participants did the same, most frequently mentioning support from parents. For example, 16-year-old Akilah from Kenya recalled, "My mom opened the account, so I heard 'saving, saving, saving'. So, I also wanted to save."

Support from the school, including financial education support from administrators, and extracurricular activities, also facilitates saving. Fifteen-year-old Abena from Ghana believed that her education at school reinforced what she was learning at home from family members: "I learned that if you are saving, it helps you to provide for your needs, and also helps your mother to further your education for you."

The head of Kofi's school in Kenya was one of the voices noting the importance of support from the participating financial institution.

> *Twice in a term [the bank staff] pick up monies deposited with the headmaster... how they are doing it is very good...they come promptly. For example, this morning I called them. I said, "Come, we have some money," and they responded by coming the same day.*

Overcoming obstacles to saving

All of the interview subjects (parents, community-based stakeholders, and the young people themselves) identified personal, situational, and institutional obstacles to saving that youth encountered. Given that all of the youth came from low-income families, it was not surprising that a simple lack of money made saving more difficult. Limited employment

4 Zou, Li, Sarah Myers Tlapek, Githinji Njenga, et al. 2015. "Facilitators and obstacles in youth saving: Perspectives from Ghana and Kenya." *Global Social Welfare*, 2(2), 65–74. Available at: http://link.springer.com/article/10.1007/s40609-015-0028-y

opportunities compounded the challenge. For some youth, saving was challenging because they found it difficult to set a budget and stick to it. Interview participants showed creative strategies for generating extra income in order to save. Rakesh, for example, started part-time, home-based work:

> *Obviously, it is difficult to collect money for saving. To collect money, I have to work. These days, I don't have income because I have stopped working now...Recently, I have been doing sewing work...in my spare time I knit caps.*

Effects of saving on youth

All interviewees cited the economic, psychological, and social benefits of participating in YouthSave. Participants reported that they gained the economic benefits of developing financial management skills and techniques and learning the importance of saving. Its psychological benefits included increasing self-discipline and responsibility and engendering a sense of pride and joy. The social benefits involved enabling participants to inspire others to save and to develop a future-oriented outlook.

Developing financial management skills. The young savers described how YouthSave helped them build awareness of saving and develop financial management habits early in life, traits they felt would benefit them as they grew into adulthood. Parents echoed those sentiments. The father of Pablo, from Colombia, said, "[A] bank account that helps people start to learn to manage their affairs well...would be a good idea."

Developing saving techniques. The more familiar the young participants became with saving, the more strategies they learned to actually get money into the bank. By making deposits and making conscious decisions not to spend, youth developed techniques essential to successful saving. To prevent the urge to make unnecessary purchases, young savers mentioned depositing money in the bank. For example, Kofi explained,

> *What has changed is that when I deposit money in the bank I can't use that money to buy things frivolously. [W]hen I kept money at home and I needed something, then I gave the money to my mother to buy the thing for me. But this time because I am saving in the bank I don't give the money to my mother to buy me things.*

Inspiring others to save. According to Gatete's school principal, students in his schools were "competing against themselves" to save more with Postbank. Kofi's teacher noted that one of his students had become a "hero" and a role model for other fellow classmates. Many students in the same class followed suit and opened accounts. Kofi's teacher added that the good-example effect extended beyond the pupils to the adults themselves.

> *I know at least four* teachers *who as a result of [YouthSave] have opened accounts with HFC. . . . HFC created a new vision in me that no matter how little you save, it's good to put something aside. I also felt that I also have to lead them . . . I as their leader have to show that I am also doing something. So it has also made me to go ahead and open accounts for my children.*

The case studies bring to life the daily reality of YouthSave participants and their families. Their stories inform us about unique experiences with saving in four different settings and illustrate the ways in which saving affected the lives of the young savers, their families, and their communities. These findings complement the quantitative findings[5] from the Savings Demand Assessment and provide important knowledge to inform practitioners and policymakers on strategies to encourage savings and asset building among youth. ■

5 Including Zou et al (2015); Sharma et al (2015); and Johnson et al (2015)

References and Background Reading

The YouthSave Consortium is grateful to all the scholars and practitioners whose writings have helped shape our project and the fields of youth financial services and youth wellbeing generally. Where possible, we have provided URLs where interested readers can download the works cited in this report. Please note that URLs were valid at the time of writing. We regret that, with the exception of YouthSave's own work products, we cannot be responsible for any links that may break or decay over time, nor can we ensure that downloads are or will remain free of charge. Works produced under the auspices of the YouthSave Consortium itself are indicated with an asterisk (*).

Publications

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