



In Brief

THE YOUTHSAVE PROGRAM: GHANA

Junior high students pose at a school where HFC Bank provided in-school banking services in Ghana.

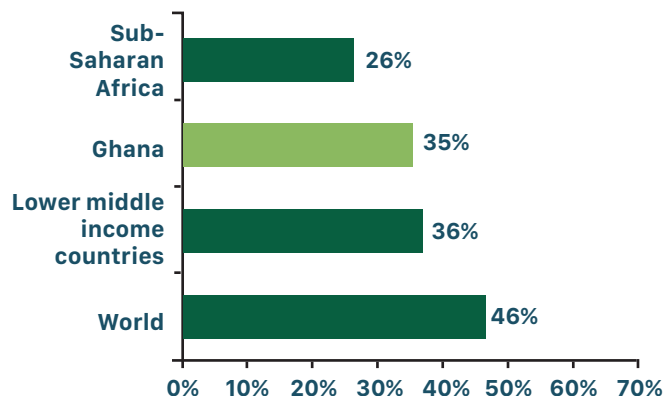
Ghana: country context, partner bank, and YouthSave account

Ghana is among the most peaceful countries in Africa and enjoyed strong economic growth for many years, although more recently macroeconomic conditions have been challenging. With almost 40 percent of the population under age 15, the government of Ghana is promoting a broad youth development policy, including financial education.¹ As seen in Chart 1, only about one third of Ghanaian youth has a bank account.

YouthSave’s bank partner in Ghana was HFC Bank. Founded in 1991 as a joint project between the World Bank and Government of Ghana, HFC bank evolved from a home mortgage finance company to a full commercial bank in 2003.² HFC’s *Enidaso* (“hope” in the Twi language) account, developed in partnership with YouthSave, was the bank’s fourth youth-focused savings product but its first for ages 12-18.³ Table 1 provides account features; Table 2 summarizes overall account activity.

“What has changed is that when I deposit money in the bank I can’t use that money to buy things frivolously.” – Kofi, age 12, Ghana

Chart 1: Percentage of young adults ages 15-24 with financial institution accounts



Source: World Bank Group, *The Little Data Book on Financial Inclusion*, 2015.⁴

THE IMPORTANCE OF YOUTH SAVINGS

The global population of young people between the ages of 10 and 24 has reached 1.8 billion,⁵ 90 percent of whom live in less developed countries. Approximately 238 million youth live in extreme poverty – that is, they live on less than \$US 1 a day. An additional 462 million youth survive on less than \$US 2 a day.⁶

Access to financial services is a key link between economic opportunities and outcomes for young people, enabling them to manage emergencies, invest in their education, or start a business. A safe and effective means of saving can be particularly beneficial, as the habits integral to saving can improve self-control, willpower, and future orientation. Research has associated youth savings with vital youth development outcomes including financial capability, academic performance, and health. Youth savings programs therefore have the potential to be high-leverage interventions with positive impact on multiple development priorities.

THE YOUTHSAVE PROGRAM

YouthSave was a five-year initiative to design and test the impact of youth savings accounts in Colombia, Ghana, Kenya, and Nepal. Between 2012 and 2015, over 130,000 youth aged 12-18 opened tailored savings accounts at YouthSave's four partner banks – accumulating almost \$US 1 million in savings. In addition, over 44,000 youth received direct financial education and 48,000 individuals were reached through community-level events. In Nepal, a radio drama on savings reached an estimated listenership of 660,000. The project was an initiative of the YouthSave Consortium, created in partnership with The MasterCard Foundation, and led by Save the Children together with the Center for Social Development at Washington University in St. Louis, New America, and the Consultative Group to Assist the Poor (CGAP).

To understand how young people saved over time and what influenced their savings behavior, YouthSave assembled the largest known database of demographic and transactional data on youth savers. The project also implemented the largest longitudinal, experimental study of its kind, examining the impact of the opportunity to open an account on the financial capability, cognitive functioning, health, and educational outcomes of young people. Additionally, YouthSave analyzed the results of its financial education work in terms of changes in participants' knowledge, attitudes, and behaviors related to saving, and used qualitative methodologies to explore young account holders' subjective experiences of saving in order to identify what facilitated savings or presented obstacles. Aside from the multiple benefits related to youth financial inclusion and development goals, YouthSave also examined the business case for youth savings accounts from the perspective of financial institutions.

Box 1: Institute of Statistical, Social and Economic Research (ISSER), University of Ghana⁷

The Institute of Statistical, Social and Economic Research (ISSER) is one of Ghana's leading research institutions in social and economic development. Located within the University of Ghana, it has conducted nationwide studies for the government of Ghana, the United Nations, and the World Bank on a wide range of financial and economic topics and has published savings and banking-related issues in leading journals.

YouthSave improved financial capability and developmental outcomes

Findings are based on two main YouthSave initiatives conducted in collaboration with HFC Bank and YouthSave's research partner, ISSER (Box 1). The Savings Demand Assessment (SDA) sought to understand how young people saved over time and what influenced their savings behavior, by assembling the largest known database of demographic and transactional data on youth savers.⁸ Secondly, through the Ghana Experiment, YouthSave implemented the largest randomized, controlled study of its kind, examining the impact of the opportunity to open an savings account on the financial capability and other developmental outcomes of young people. One hundred junior high schools were randomly selected in eight regions, divided as follows: 1) 25 schools received "in-school banking services" from HFC Bank (consisting of school-based deposit collection and financial education); 2) 25 schools received "marketing outreach" (marketing of the savings product from HFC Bank but no actual in-school banking services); and 3) 50 schools were a control group with neither any intervention nor in-school banking.⁹

Account holder characteristics¹⁰

- Females comprised 54.3 percent of accounts, yet males saved more than females by a factor of 1.8.¹¹
- Sixty-three percent of account holders were aged 15 and below; 34 percent were aged 16-18.

Table 1: HFC Bank YouthSave *Enidaso* account features¹²

Account features		
Eligible youth	12-18 years old	
Account owner	Custodian is primary signatory and can be any trusted adult. Youth must also sign account opening forms.	
Deposit/withdrawal requirements	Youth can deposit independently. An adult must be present for youth to make a withdrawal.	
Interest rate	1.25% subject to Bank's Asset & Liability Management Committee. Account must have minimum of GHS 20 to earn interest.	
Fees	Withdrawal: GHS 3.50 Withdrawal booklet: GHS 3.50	ATM card: GHS 2.50 Paper statements: GHS 2
Miniumums	Withdrawal: GHS 3.50 Withdrawal booklet: GHS 3.50	ATM card: GHS 2.50 Paper statements: GHS 2
Withdrawal restrictions	No withdrawal for first three months. Monthly withdrawals allowed thereafter.	
Incentives	Account holders offered a free piggy bank, t-shirt, or pen.	
Other features	Youth receive ATM card to check balances (fee free). Statements provided every six months.	
Delivery channels	Branches and Boafo ¹³ agents In-school delivery in certain locations	
Marketing strategies	Prizes offered during promotional campaigns. Direct marketing during school visits and via print & electronic media.	
Conversion upon majority	No automatic conversion. Offers adult savings products into which youth can be migrated. Know-your-customer (KYC) will be upgraded to reflect new status.	

Table 2: *Enidaso* account and transaction activity

Final project results, May 2015 (all accounts) ¹⁴	
Total number of accounts	15,714
Total net savings balance per account (nominal)	\$US 138K
Average savings balance per account (nominal)	\$US 9
Final project results, May 2014 (all accounts) ¹⁵	
Average savings balance per account (nominal)	\$US 9
Figures from Savings Demand Assessment (May 2014, research accounts only) ¹⁶	
Average savings balance per account (PPP-adjusted)	\$US 33
Average length of account holding in months	8.2
Median length of account holding in months	6
Percent active accounts	64%
Average number of deposits per account	2.3

- Almost all account holders (92.2 percent) had no experience with formal banking before opening an *Enidaso* account.
- Approximately 41 percent - contrasted with 58 percent of the general population - lived on less than \$US 2.50 per day (2005 PPP).
- Over 90 percent of account holders reported that funds for saving came from parents, while only five percent reported using earned income.
- Only 8.7 percent of account holders earned income in the six months previous to account opening.
- Youths' own education accounted for nearly 80 percent of savings goals, as seen in Chart 2. Notably, among out-of-school youth, 75 percent cited their own education as a savings goal, while an additional two percent desired to save for a relative's education.

Key findings: account uptake

- In-school banking led to greatest account uptake, followed by marketing outreach. Both in-school banking and marketing outreach youth (together called "treatment youth") had better average monthly net savings outcomes than control youth (\$US 0.43, \$US 0.21, and \$US 0.01 respectively, in 2011 PPP). Average savings among youth who chose to open accounts was greater; at in-school banking schools, they could potentially save an average of \$US 100 over four years - an amount that could alter a youth's educational trajectory (Box 2).^{17 18}
- Account restrictions shaped account uptake and savings performance. Most account holders were not allowed withdrawals in the first three months after account opening. All youth were restricted to only one withdrawal per month thereafter. These stringent withdrawal restrictions may have encouraged more consistent saving in Ghana as compared to other YouthSave countries.¹⁹
- Youth opened more accounts in the second year when HFC Bank intensified its outreach to schools through utilization of bank sales representatives, introduction of staff cash incentives, and conducting savings fairs in senior high schools.²⁰
- Winning the support of and building strong relationships with the heads of schools was a significant contributor to HFC's ability to market and provide banking services at schools. YouthSave experience revealed that schools have high expectations from banks; in view of this,

Box 2: Savings via in-school banking can alter educational trajectory²¹

Among **youth receiving in-school banking services**, 21.1 percent opened accounts, while among **youth who received only marketing**, 11.4 percent did so.



Students who attended in-school banking programs and opened accounts had average monthly net savings of \$US 2.06. On an annual basis, this would be about \$US 25, or \$US 100 over four years - a meaningful start in financing secondary schooling.

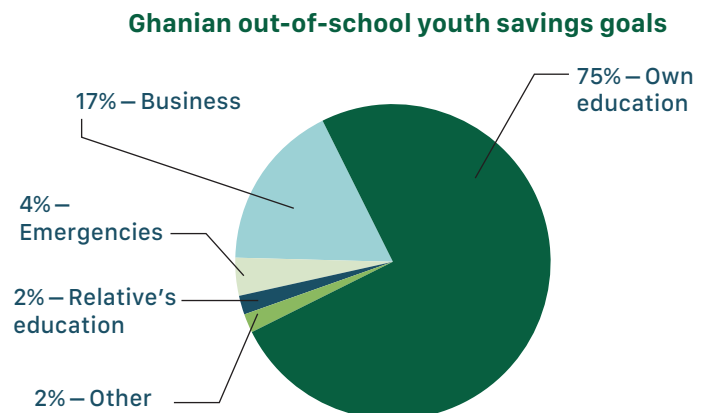
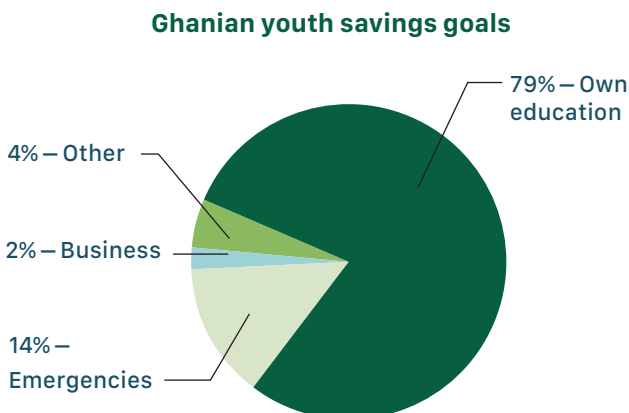


HFC Bank allocated some budgetary support for schools with which it established relationships.²²

Key findings: developmental impact

- The Ghana Experiment demonstrated that the opportunity to open a savings account had a positive impact on savings account uptake, average savings, cumulative savings, and postponing consumption among youth who received in-school banking or marketing outreach as compared to control youth. There was also a significant difference between treatment and control youth in how much was saved for either college or to start a business.²³

Chart 2: What Ghanaian youth are saving for²⁴



- Treatment youth experienced a greater improvement than control youth in knowledge, attitudes, and expectations concerning the use of banks to save.²⁵
- The opportunity to open a savings account had modest positive effects on the youths' education. The treatment group more consistently retained its commitment to education than the control group. At the beginning of the Experiment, more control-group youth were oriented toward future success, whereas by the end, more treatment-group youth had this orientation. However, this difference was not statistically significant.²⁶
- YouthSave had modest positive effects on health outcomes. Treatment youth reported slightly higher end of Experiment scores on a range of health outcomes compared to the control group. Although not statistically significant, on average, treatment youth scored higher than control youth on their awareness of susceptibility to HIV and perceived fewer barriers to using condoms. Among sexually active youth, the treatment group was more likely than control youth to report condom use at last sexual intercourse.²⁷
- Treatment youth were segmented by the amount of money they reported having at the beginning of the Experiment. This factor was found to be the best predictor of financial capability outcomes such as how much and how frequently they saved, whether they set savings goals, and how much money they possessed by the end of the study. Students with the most money also gained the most on their scores on youth development indicators including orientation to success, academic self-efficacy, parental connection, and parental monitoring. Because this analysis had no counterfactual or control group, it cannot claim causality. However, it suggests that, in addition to the opportunity to open accounts, financial support to the most vulnerable may be needed in order to ensure that formal youth savings achieve truly pro-poor impact.²⁸
- Further segmentation was conducted to distinguish treatment youth who did or did not open savings accounts, as well as youth who did and did not subsequently make deposits.



Senior high school students open accounts during an HFC Bank event at their school.

Analysis found that youth without accounts fared better in the financial capability outcomes mentioned above than those with accounts. However, youth who deposited into their accounts did better on financial capability than those who did not deposit. With the same caveats as above, this analysis suggests the significance of the actual use of accounts (depositing) in producing financial capability outcomes, as opposed to the mere ownership of an account.²⁹

- Gender also influenced youth development outcomes. Among treatment youth, girls with accounts often improved their scores on the types of development indicators mentioned above, compared to girls without accounts. Boys with savings accounts sometimes decreased their youth development scores as compared to those without accounts. Similar trends occurred when youth development outcomes were broken out by gender among youth who did or did not deposit into their accounts.³⁰

Central Bank demonstrated visionary flexibility, but regulations could further encourage youth financial inclusion³¹

When YouthSave began, only one category of youth account existed under Ghanaian regulations: a trust account, which required an adult as the trustee and primary signatory, and allowed no withdrawals

until the youth turned 18. However, the project's market research revealed that an account without emergency access to saved funds would not be attractive to low-income youth. In response to this finding, the Bank of Ghana (Central Bank) approved the creation of custodial accounts that allowed withdrawals before age 18. HFC Bank also required that the youth account holders be present for any withdrawals, which youth greatly appreciated as it signaled their ownership over, and increased their ability to monitor, the funds.

While these policy changes greatly increased the attractiveness of formal savings for youth, the requirement for an adult co-signer can still limit access for youth who do not live with or have an adequately trusting relationship with an adult – which many youth in the market research, especially among the most vulnerable, indicated they did not. For this reason, it is recommended to consider lowering the age at which a youth can independently own and operate a savings account. Allowances

should be made for youth to transact with banks within reasonable parameters that will protect the youth, but at the same time maximize youth empowerment.

HFC Bank also noted that many youth were impeded in opening accounts by a lack of government-issued identification. HFC Bank therefore, after consultation with Ghana's Central Bank, relaxed its policies for youth account holders, allowing substitute identification documents such as a student ID, letter from school authority, or for out-of-school-youth, an introductory letter from a recognized community leader or organization. Adults, however, were still required to provide official IDs. In an encouraging step, the Bank of Ghana adopted a three-tiered know-your-customer (KYC) structure in 2015, requiring minimal documentation for accounts with small balances (~\$US 265) and low transaction limits (~\$US 80) as a first step towards financial inclusion for the unbanked.³² This new ruling could be particularly beneficial for youth.

In their own words

Watch the story of 16-year-old Regina, a YouthSave participant from Ashiaman, Ghana, who was able to re-enroll in secondary school after saving via her *Enidaso* account: <https://vimeo.com/109502653>.

Endnotes

1. YouthSave Consortium (2015). *YouthSave 2010–2015: Findings from a Global Financial Inclusion Partnership*. Washington, DC: YouthSave Initiative, Ch. 2. https://static.newamerica.org/attachments/10169-youthsave-2010-2015-findings-from-a-global-financial-inclusion-partnership/YouthSave_Chapter2.346c5108661e46e-3aad8e106fe630040.pdf.
2. YouthSave Consortium (2015), Ch. 2.
3. Johnson, L., Lee, Y., Sherraden, M., Ansong, D., Chowa, G., Ssewamala, F., Saavedra, J. (2015). *Youth Savings Patterns and Performance in Colombia, Ghana, Kenya, and Nepal*. Washington University, Center for Social Development. <http://csd.wustl.edu/publications/documents/rr15-01.pdf>.
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7. YouthSave Consortium (2010). *Ghana*. <https://www.newamerica.org/youthsave/ghana/>.
8. Johnson et al (2015).
9. YouthSave Consortium (2015), Ch. 4.
10. Unless otherwise noted, all content in this section is from Johnson et al (2015).
11. Chowa, G., Masa, R., Ansong, D., Despard, M., Wu, S., Hughes, D., Sherraden, M. (2015). *Impacts of Financial Inclusion on Youth Development: Findings from the Ghana YouthSave Experiment*. St. Louis, MO: Washington University, Center for Social Development. <http://csd.wustl.edu/Publications/Documents/RR15-35.pdf>.
12. YouthSave Consortium (2015), Appendix 2.
13. HFC Bofo Microfinance Services is a subsidiary of the bank that supplies non-mortgage housing microfinance loans to urban poor who have limited access to credit.
14. Save the Children Federation (2015). Internal data.
15. Ibid.
16. Only accounts with explicit permission to be included in the research were analyzed as part of the Savings Demand Assessment. Of the 12,162 accounts open as of May 2014, 10,866 were included in this research. Source: Johnson et al (2015).
17. Lee, Y., Johnson, L., Sherraden, M., Ansong, D., Chowa, G. & Osei-Akoto, I. (2015). *Taking the Bank to the Youth: Impact on Savings and Asset Building from the Ghana YouthSave Experiment*. St. Louis, MO: Washington University, Center for Social Development. <http://csd.wustl.edu/Publications/Documents/WP15-43.pdf>.
18. Average savings amounts cited are calculated across the entire Experiment population (youth who did and did not open accounts), resulting in lower averages than if only those who opened accounts are included in calculations.
19. Johnson et al (2015).
20. Ibid.
21. Lee et al (2015).
22. Johnson et al (2015).
23. YouthSave Consortium (2015), Ch. 4.
24. Johnson et al (2015).
25. YouthSave Consortium (2015), Ch. 4.
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32. Economist Intelligence Unit (2015). *Global Microscope 2015: The enabling environment for financial inclusion*. New York, NY: EIU. <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=40022472>.

All photos courtesy Save the Children.