

Youth snapshot:

What is the Savings Evidence Map and what does it tell us about the outcomes on youth?

Snapshot #02



What is the Savings Evidence Map?

The Savings Evidence map is an excel based tool that provides consolidated access to **380 studies** related to savings-focused financial inclusion. The evidence map systematically scopes out available evidence through the application of search protocols and rigorous selection and quality assurance criteria. The map primarily organizes evidence – by **type of results** grouped into client, institutions and ecosystem level results and by the **type of savings intervention** documented in the evidence – interventions focused on product type, product design, product distribution channels and target markets.

The Evidence Map was updated annually, with the final update in 2022. It is accompanied by a Synthesis Report that provides users with a brief analysis of where the evidence is clustered and where we still have gaps as well as a summary of the approach and inclusion criteria. In 2019, based on a sub-group of 44 studies, Itad conducted a **review of evidence** that examines the effects of a range of youth savings initiatives. This snapshot adds to the review by looking at a few highlights from more recently added studies that have a focus on youth and their savings behavior.

While this is by no means a complete update of the review, this note aims to walk you through the steps needed to identify relevant evidence by using the map and by highlighting a few results from the additional evidence.

1. How to identify the relevant evidence

As a first step, by using the map's built-in filters, the users can quickly identify all the studies that had a focus on youth as the target population.

Users can navigate to the areas of the map they are most interested in and they can also use the filters to further segment the evidence. For example, if you are only interested in reviewing evidence of youth savings initiatives from **Sub-Saharan Africa** that included **primary survey data**, they can apply the Region and Data Source filters and quickly see how many of the studies meet these criteria.

2. What is the evidence saying?

In addition to the 44 studies that were identified in the 2019 Youth Synthesis, we have identified 7 additional studies that we included in the map. Some of the key take-aways from this new evidence highlight that:

VSLAs created by Youth Associations and Cooperatives are a good way for youth to overcome some of the barriers that prevent them from accessing and using financial services.

As we highlighted in our Synthesis, these barriers include, among others, that financial products do not fit youth's low and irregular income and that there are regulatory restrictions, such as ID requirements that prevents youth access to formal accounts. At the same time FSPs face barriers in serving youth with more appropriate accounts; for instance, financial service provision for youth, compared to other low-income customers in the same market is even costlier and riskier for FSPs. This is due to their yet smaller and less frequent transactions, and the greater need for financial education and awareness building.

New research highlights how the Youth Empowerment Through Agriculture (YETA) programme in Northern Uganda addressed some of the barriers¹. The programme encouraged young people to form or join VSLAs which are more accessible for youth due to more flexible savings approaches. Among the participants, the share that held savings rose by 31% and those who applied for loans increased from 4% to 8%. This resulted in increased business capital and investments in lands and agricultural inputs. At the same time the youth associations allowed their members to join forces in their entrepreneurial activities as well as negotiations with their communities' elders. Besides, participants changed their spending behavior, spending less on drinking and betting but using the money for longer-term plans or support their families. While these groups still present challenges, they allow to address some of the exclusion youth experience in their daily life and support them in their aspirations.

For FSPs it is important to have a good understanding of young people, as they are a heterogenous group with many individual needs.

Research on young people's financial behavior in Senegal, Nigeria and Morocco by Scale2Save (2019)² shows that young people save to support their families and to manage financial shocks. However, youth is not a homogenous group and their savings behavior differs largely, for instance amount and frequency of savings increase with age, in line with income opportunities and social obligations of the young people. They also depend largely on gender, and marital status. While this is changing slowly, women are expected to cease their employment once they get married and as a result become financially dependent on their husbands. Therefore, FSPs have to acquire a deep understanding of their young customers and offer products that can evolve with their needs, while building up loyalty to avoid dormancy of accounts.

SMS reminders can help youth to increase account usage long-term, although this does not necessarily increase savings amounts.

We highlighted in our Synthesis that interventions tailored to the youth market are more likely to increase account usage. In Rodriguez and Saavedra's (2019)³ experiment, 10,000 Colombian students received monthly or semi-monthly SMS reminders that emphasize how savings can support them to achieve their goals. A third group received monthly SMS with action-oriented financial education messages. The first two groups that receive monthly and semi-monthly SMS increase their balances by \$19 and \$28, respectively. This is due to reduced withdrawals and substitution of saving at home to bank accounts. Even after the bank stops SMS reminders, the effect remains persistent. The experiment also showed that financial education in itself is not sufficient to increase savings; the group that received financial education messages reduced withdrawals in the short-term, however, this did not lead to a significant increase in savings.

A new study by Masa, et al. (2020)⁴ shows that a School-Based Savings Program can have a positive impact on Sexual Behaviors and Victimization.

In our Youth synthesis, we highlighted findings from one study that found that girls are less likely to engage in transactional sex if they participate in SILCs⁵. This new study by Masa, Chowa, and Sherraden (2020) finds additional evidence that a school-based savings programme can lead to less risky sexual behaviors. Students that were offered bank accounts, monthly opportunities to do transactions at the school and financial education were less likely to engage in transactional sex, more likely to use condoms and less likely to experience sexual victimization. These results compare to the control group and a group that only received a one-off visit by bank staff to explain their product. While the study did not test the mechanisms for this effect, it offers some potential explanations. Savings may allow students to get a better perspective of their future, and therefore they avoid become more risk-averse in their decisions that may jeopardize that future. Another theory assumes that savings allow students to gain personal and material resources, such as self-efficacy to negotiate sexual practices or money to purchase condoms.

What more

These are just a few highlights and we encourage you to explore the Savings Evidence Map and our Youth Synthesis to discover more research.

References

- 1 Löwe, A., Njambi-Szlapka, S., & Phiona, S. (2019). Youth associations and cooperatives: Getting young people into work (p. 52). Overseas Development Institute
- 2 Scale2Save. (2019). Young people in Africa—Research showing opportunities for financial service providers in Morocco, Nigeria and Senegal. World Savings and Retail Banking Institute (WSBI). [wsbi-esbg.org/press/latest-news/Pages/New-Scale2Save-research-outlines-ways-to-drive-financial-inclusion-by-reaching-more-African-youth.aspx](https://www.wsbi-esbg.org/press/latest-news/Pages/New-Scale2Save-research-outlines-ways-to-drive-financial-inclusion-by-reaching-more-African-youth.aspx)
- 3 Rodríguez, C., & Saavedra, J. E. (2019). The persistent effects of youth savings reminders: Experimental evidence from text-message campaigns in Colombia. *Journal of Development Economics*, 22
- 4 Masa, R., Chowa, G., & Sherraden, M. (2020). An Evaluation of a School-Based Savings Program and Its Effect on Sexual Risk Behaviors and Victimization Among Young Ghanaians. *Youth & Society*, 52(7), 1083–1106. doi.org/10.1177/0044118X18824730
- 5 Miller, C., et al. (2011). "My Skills, My Money, My Brighter Future in Zimbabwe: An Assessment of Economic Strengthening Interventions for Adolescent Girls." Catholic Relief Services (CRS), Baltimore, MD