MICROLINKS SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

PATHWAYS TO DEVELOPMENT: EVIDENCE FROM YOUTHSAVE

AUDIO TRANSCRIPT

OCTOBER 9, 2015

CONTENTS

PRESENTERS

Tricia Williams, The MasterCard Foundation

Rani Deshpande, Save the Children

Ruth Dueck-Mbeba, The MasterCard Foundation

Lissa Johnson, Center for Social Development

Gina Chowa, University of North Carolina - Chapel Hill

Gerhard Coetzee, CGAP

Kelly Hallman, The Population Council

Suezan Lee, USAID

Janet R. Gordon, FDIC

Frank DeGiovanni, The Ford Foundation

OPENING REMARKS

Kristin O'Planick: Welcome. For those of you still getting your food and beverage take your time. Then feel free to come join us. And welcome to everyone that's joining us online today. Good morning, afternoon, evening – whatever time of day it might be where you are. Thank you for joining us. I'm Kristin O'Planick and I work for USAID in the Bureau for Economic Growth, Education, and Environment. And we are so pleased to host this special Microlinks event today in partnership with Save the Children.

We love when members of the Microlinks community have new evidence to share that can impact – improve the impact actually – of all of our programs. Today that evidence comes out of the YouthSave program. And we have two excellent panels planned to dig into the details of what the found to share with you. But first we're going to show a short video that will provide you with an overview of the YouthSave project.

Through the stories for four youth from Columbia, Ghana, Kenya and Nepal the video will provide a background frame for our deeper conversations today. Enjoy.

[video plays 0:01:08 to 0:05:41] [Applause]

Rani Deshpande: Good morning. My name is Rani Deshpande and it has been my privilege to serve as the project director for YouthSave since its founding in 2010. On behalf of the entire YouthSave consortium I'm so pleased that so many of you could join us both here in person and via the web to hear about the last five years of our work.

There are so many people whose contributions have been critical to making this work a success some of whom are here in the room with us today including from the founding organizations: the Center for Social Development and Washington University, CGAP, New America, of course our valuable supported the MasterCard Foundation and my own organization Save the Children.

But many more actually who are in the countries where we actually did our work at our partner organizations including Banco Caja Social and UniAndes in Columbia, at HFC Bank and ISSER in Ghana, at Kenya Post and KIPPRA in Kenya, and at New Era Research Group and Bank of Kathmandu in Nepal. Though they're not physically here with us today we'd be highly remiss if we didn't acknowledge and thank them for their tireless effort in enabling the YouthSave experimentation and the learning that came from it.

Those learnings and their implications are what we'll be focusing on today. Our morning will be divided into two main parts. From 9:30 to 10:45 we'll be hearing about the findings of the seminal research that was such a big part of YouthSave both in terms of the immediate outcomes and the broader impacts for youth wellbeing. Then after a quick break we'll reconvene from 11:00 AM to about 12:15 PM to discuss what these and other operational lessons from the project mean for various stakeholders who are in a position to increase the availability of high quality saving services for low income people, including donors, practitioners, and policy makers.

And finally we'll hear from the Ford Foundation about where YouthSave figures in the long history of work on asset building for children and youth and what else remains to be done. But before that I'd like to introduce you to someone who will be able to give you a bird's eye view of what Youth Save really was, both as an independent project and in the context of a whole field of efforts to increase the financial inclusion of young people.

Ruth Dueck-Mbeba is a microfinance development and business professional with more than 30 years of experience in public accounting, financial reporting, management, training, consulting on three continents. And YouthSave program manager with the MasterCard Foundation for the past three years. She has also been a trusted counselor, a sage strategist, and a thoughtful voice insisting on both the performance the potential of our joint work.

At YouthSave we are privileged to call her a true partner. Please join me in welcoming Ruth Dueck-Mbeba. [Applause]

Ruth Dueck-Mbeba: Good morning. Thank you Rani. And thank you for being here and for this opportunity on this very exciting day and event when we want to celebrate, reflect on YouthSave and what it has accomplished. When the YouthSave consortium embarked on this ambitions project in 2010 many were very skeptical about the relevance, scope, and need for such an endeavor. Why the focus on young people and on savings? Why test hypothesis with commercial banks?

What were we hoping to learn and how would the help be used? As the largest initiative on youth savings in developing countries and one of the first YouthSave set out to answer many fundamental questions and explore federal key assumptions. Working together as a consortium multidisciplinary organizations addressed the commercial potential, undertook rigorous research, promoted youth engagement, and reflected on policy implications. As Rani shared the project worked in four countries: Columbia, Ghana, Kenya, and Nepal.

And each country worked with a large commercial bank. Save the Children worked with local partners and banks to offer financial education and conducted youth risk monitoring activities. In partnership with the Center for Social Development and the University of North Carolina local researchers worked with the banks and gained consent from 70,000 young people and their guardians to provide account and demographic information.

In Ghana the local research partner together with UNC and with CSD conducted a rigorously constructed evaluation and experiment on over 6,000 young people trying to understand and test the results of program participation on financial capability, savings outcomes, psychological health, and educational outcomes. CGAP and New America contributed to business case analysis and policy discussions with partners and local stakeholders.

And today after five years of implementation, research, and learning we believe that the YouthSave initiative has never been more relevant or timely. There are currently an estimated 1.8 billion young people in the world between 15 and 24. They need access to financial services now and in the future. And at the MasterCard Foundation we believe that a savings culture will help young people develop good financial behaviors and will have an impact on the choices they make as they transition to adulthood.

The foundation works with visionary organizations to provide greater access to education, skills training, economic opportunities, and financial services for people living in poverty, primarily in Africa. And as one of the largest independent foundations its work is guided by the mission to advance learning and promote financial inclusion in order to alleviate poverty. So the YouthSave project fits perfectly at the intersection of two of our three areas of work: financial inclusion, and youth livelihood.

And it also touches on a third area of activity: education and learning. From the beginning the foundation has seen the YouthSave project as one of the more exciting ones that we have supported, not only because of its unique design but because of the wealth of knowledge it was intended to create and has now generated. And when we began more than five years ago we all had an image of what this could look like.

Overall we set out to test youth savings products and bank to document and to learn about the attitudes and practices of disadvantaged young people in a handful of countries. We have sought to understand what it takes for commercial banks to consider the segment of young people as customers. In a way it was a leap of faith and with you, YouthSave, we took a bet postulating that if the right savings product and services were offered to disadvantaged youth young people would actually open accounts.

And it would encourage good savings behaviors. We didn't know when we began that we'd see such enthusiasm for the project with the banks. To be fair we didn't know about some of the obstacles that they would face as well. We also set out to understand youth savings in a broader context, possibly as a tool for social protection strategies. Even more could savings accounts contribute positively and sustainably to youth development and to financial inclusion in developmental countries?

We helped financial service providers to design products. And then we watched what happened. What have we learned? Firstly at the time the project was launched many thought that poor young people don't have money. Therefore they don't save. That myth has been busted. We have learned that young people have money. They are financially active. They save. They opened over 130,000 savings accounts accumulating well over $1 million in savings after 3 years of rollouts.

We learned that they want access to banking products that are simple, easy to use, and easy to understand, and have a measure of privacy and independence in operating them. They also want to save for their future such as a large investment for education or to help their family, but also to have easy access to fund emergencies. Secondly we wanted to know what combination of products and services, marketing strategies could help lead to profitability, sustainability, and commercial adoption.

We confirmed that there is no short or medium turn business case for small balance young savers using traditional branch-based bank models. The advance of digital financial services in the past five years has introduced innovations that could change the economic significantly. And although the project did not explore other models we did learn valuable insights about how to build a business case regardless of the model. It is important to understand how a financial provider builds value for its future customers.

How it creates lifetime loyalty. Under what market conditions and with which institutional capabilities, and we'll hear more about that this morning. Thirdly when we launched the project many in the financial sector did not believe that young people need unique products or special outreach from a commercial bank. We were curious about what product and service characteristics would work for young people. What would motivate young people, account holders to open accounts?

What incentives make an impact on account uptake or use? And we learned how broad access for youth is possible across gender, age, groups, and income levels. We learned that many things matter: parental support, bank outreach, physical proximity, product characteristics, and incentives for both customers and banks, savings reminders. All of these factors can influence access and usage.

Fourthly we wanted to know whether financial education mattered and made a difference in youth knowledge, skills, attitudes, and behaviors. Save the Children conducted financial education activities in three of the four countries to teach young people about sound personal financial management and how to use a savings account. In the past the evaluations that they conducted on knowledge, attitude, and behavior they found improvements in participant values related to saving, attitudes toward bank, and knowledge about some of the technical aspects of saving.

After training a greater number of youth reported saving, and saving more. Fifthly we wanted to explore what impact a youth savings account might have on the psychological, social health and educational outcomes with young people. And the Ghana Experiment that we'll hear about tested the effects of in-school banking and general bank marketing on account uptake, balances, and development outcomes.

We learned that in-school banking and marketing initiatives can significantly improve account uptake, deposits, and savings accumulation when compared with control group. Youth in the treatment group also used the banks more than putting money under their mattress or their piggy bank. Results on psychological health and social outcomes, however, were mixed or modest. And we hope to explore more of these findings today.

Lastly we asked questions about the importance and relevance of context. We learned that context does matter for youth and for the banks, and that this may have policy implications. For instance in Columbia and Nepal the legal age of maturity to open accounts is 7 and 16 years respectively, lowering the entry barriers for young people in those countries. Most of the banks also innovated, using alternate identification documents.

They involved trusted adults whether parents, guardians, or school teachers, to help young people open and transact on accounts. And these practices set precedent in the four countries. Providing access to bank accounts in-schools especially helped to increase access for young girls in contexts where they generally enjoy less mobility. We also learned that national strategies and market dynamics can drive account uptake. For example Kenya's national blueprint for growth and development – Vision 2030 – was strong driver behind the savings agenda for the Kenyan bank partner.

It also coincided with their own bank strategy of refreshing their aging customer base. In Nepal the partner bank had a mass market vision that drove its strategy to reach youth on a national basis. In Nepal the National Financial Education strategy also required that all banks offered financial education for their customers starting in 2013. Today financial inclusion is front and center in the global development agenda. This is evidenced by the MIA Declaration G20 Statements, global commitments by development leaders who've made it a pillar of the national development strategy of nearly every country.

In each of the four countries of YouthSave financial inclusion has become a focus of public policy and private sector action, especially financial inclusion for youth and marginalized populations. The youth agenda is also incorporated as a priority area of work in the new sustainable development scope. At the MasterCard foundation we believe that all young people deserve the opportunity to build assets, gain knowledge, and develop sound financial habits.

We believe that families, communities, public, private, and civil society stakeholders all need to play a role in giving young people the opportunity to save and to save early in life. We also believe that they need a broader set of comprehensive support, the appropriate skills, and mentorship, employment, or entrepreneurship options for more successful and sustainable transitions to adulthood.

So what does the future hold? As you can already surmise the success factors for the outcome and influence of a project like this at a practitioner, commercial, or policy level is highly subjective to context and conditions. From our point of view perhaps the biggest learning is that like a lot of things in life when it comes to youth and savings and development outcomes it really depends. There are a number of factors that it depends on. It depends on parents and guardians.

We're seeing that in terms of both opening accounts and accumulating savings parents play a critical role in the ways that they can support young people. It depends on financial institutions, how they package and offer savings accounts. It depends on who they promote those accounts, how they market them. It depends on the outreach and the service delivery model. It also depends on the overall market. How competitive are financial service providers? How hungry are they to acquire new customers, even with upfront costs to do so?

And how much do they see creating youth accounts as a stepping stone to future client retention? Finally it depends on the policies and regulations from country to country. It depends on context. We do know that the results of YouthSave have generated useful learning for a broad range of stakeholders. A message to the commercial bank: heads up. Young people do save. Over 130,000 have opened accounts.

Working with schools and communities has enabled banks to reach young people and could be an effective approach for the future. Embedding financial education in national school curriculum holds promise as a scalable solution as well. Reaching out of school young people as well as those who are very vulnerable will likely required subsidized, holistic interventions from public or donor support.

Building assets to a savings account can also influence and perhaps contribute to the hopes and the aspirations of young people in addition to generating the economic resources they need. In summary it's quite clear that there are multiple and not singular pathways to helping young people and their futures. Today the MasterCard Foundation congratulates the YouthSave consortium for what it has achieved, what it has accomplished, and what we've all been allowed to be part of and learn with you.

Final research and learning publications are completed. And we really encourage you to browse the rich library that this body of work has produced. Today we're also very pleased to launch the publication findings from a global financial inclusion partnership – just out, hot off the press. It summarizes the learnings and lessons from the project of the past five years. We want to say thank you – thank you to each one of you who played a part in this and a hardy, really heartfelt congratulations for this labor of love for the past five years.

It's been journey of – a very, very rich journey of enjoyment and ups and downs and learning. And here we are today. And we can start to reflect on what this all really means. We're very pleased today to introduce YouthSave and sector panelists to present learnings from the project. And we look forward to a rich discussion. Thank you again for coming and participating.

[Applause]

Panel 1

Tricia Williams: Morning and sorry for the confusion there. I think we weren't sure if we were going to go sit in those comfortable chairs yet or if we're going to stay standing for a bit. But I'm Tricia Williams. I'm a monitor in the Research, Evaluation, and Learning Department at the foundation. I would closely with Ruth. I won't echo all of her congratulatory remarks but I will say that also among people in the foundation beyond just Ruth we're very excited about YouthSave and the results coming out of here.

Thank you to everyone who's here today and thank you to everyone joining us on the web as well. One of the things we're particularly excited about at the foundation was we recently published a research and evaluation policy. And one of the key principles of that policy is that research and learning is strategic and applied for impact.

And I think just by virtue of us all being here it's a good demonstration of that. We're excited to hear from Lissa and Gina who I'll introduce, and really that we can think through about how this learning can impact our work and policy and practice. So first let me introduce Lissa. I'll also introduce Gina and then Gina can follow directly after Lissa. But Lissa Johnson is a director of administration at the Center for Social Development at the Washington University in St. Louis.

And as you've heard already from Rani and Ruth this was a key member of the YouthSave consortium. So Lissa led the YouthSave savings demand assessment collecting and analyzing individual level account data from financial institutions across the four countries. So we'll hear more from her about that. And of course Lissa has a very impressive career and involvement in many research projects which I won't echo here. But you can read her bio on the web. We're pleased to have her here with us.

And after Lissa we'll hear from Gina. Dr. Gina Chowa is the director of global social development, innovation, and an associate professor of social work at the University of North Carolina at Chapel Hill. So also holds faculty positions at Washington University in St. Louis, and the University of Johannesburg. Gina was the co-principle investigator of the YouthSave project. And she'll be speaking specifically about the results from the Ghana Experiments.

We're very excited to have her as well. She's involved in multiple research projects and I'd encourage you to consult her full bio. So after they do their presentations then we'll be glad to have some question and answer sessions. Is all that *[inaudible]*? Okay, thanks.

Lissa Johnson: Thank you very much Trisha. This has been a wonderful project – a lot of learning. And I want to thank MasterCard Foundation for their support of this. I am speaking about the Savings Demand Assessment today. I will be presenting data that has been collected on YouthSave account holders from product rollout which was in 2012 through May of 2014 which was our last major data collection point.

The Savings Demand Assessment answers three primary questions. First is do youth open accounts? And corollary to that is do low income youth open accounts? Do the youth save in the account? And then what are the characteristics that are associated with account opening and savings? And this morning I'm going to focus primarily on this third question and distill some of the key findings from that. In the Savings Demand Assessment we worked with financial institutions, the research partners to develop a few additional questions – some additional questions that went as a questionnaire into the account opening process.

These were used in household characteristics that we wanted to gather. We combined that information with the transactions, the deposits and withdrawals from the individual account holders, pulled all that information together in addition to information we gathered about financial education and financial services that were being offered out in the field. And combined together we have our core country dataset.

The first question is: do youth open accounts? Is that right? Yes. And remember this is data from 2014. At that point in time we had 98,485 accounts open at that time. I make a distinction here between total accounts and research accounts. In research we have to get consent for analyzing – collecting, analyzing, and reporting on data from the account holders. And so we have a subset of that that we are reporting on today which is the 69,247 accounts.

So our first question is: do low income youth open accounts? To determine whether low income youth are participating in this project. We adapted the poverty score card that was developed by Shriner and colleagues, looking at poverty likelihood of individuals. And we find that 48 percent of the account holders are estimated to be living on $2.50 or less per day. The YouthSave project also was focused on ages 12 to 18. And the financial institutions were able to attract youth of that age.

And the different countries – Remember as Ruth said this is different contexts so different countries had different results. But the average range by countries was – 12 years old was the average in Columbia, 14 in Ghana, and 16 in Kenya and Nepal. And in terms of gender young girls did participate as well as boys by a ratio of 56 to 44. I will tell you that in

Colombia the balance was pretty equal. And in Ghana more girls opened accounts than boys.

So now what the first question of what facilitated account uptake? We have two main factors that facilitated. The first one has to do – is based on account ownership and operation of the account. You can see that in Ghana and Kenya the purple line shows a non-relative. And in Ghana and Kenya both over 50 percent of accounts in Ghana and almost 50 percent Kenya were opened by a non-relative. This reflects the trusted adults that were allowed co-sign on the account instead of a parent or guardian.

This was very successful in opening accounts. What's different about Nepal you will see is that the blue line shows you that these are the number of accounts opened by the youth themselves. So in Nepal the age of majority is 16. So children are younger – The children who are 16 are younger and therefore are able to have account ownership. In Columbia it is now shown here but youth as young as age 7 are able to open and own their own account as well. And this may explain why the age of 12 which is the average of account owners in Columbia is younger than in the other countries.

The second factor that is very important and really cuts across all four countries is what we call taking the bank to the youth. The financial institutions use various marketing methods to attract the youth. And in this particular instance the direct services to the schools and youth club really paid off and were particularly effective. What we did with the data is we analyzed in the branches that participated in those field services and find that branches that went out into the field opened more accounts than branches that did not.

In Ghana we looked at schools. And schools that received financial services in the schools opened more accounts than schools that did not have any such services. So there are two key advantages – or three key advantages – I'd like to mention about this. One is that as a basic piece it's really easy for the youth to access and open accounts when the banks are coming to the schools, especially in rural areas where branches may not be readily available.

This also facilitates – It's also a more efficient way and effective way for the financial institutions to reach large numbers of accounts. This you see reflected also in the public health world where vaccinations occur at the schools. It makes a lot of sense to reach the youth where the youth are. And thirdly – as was mentioned before – this facilitated the inclusion of more of the underserved. The financial institutions went out to low income communities and were able to reach lower income and also more of the girls.

Now let's turn to savings. Do the youth save? The total savings as of 2014 was $1.8 million that these young people saved across all four countries. The reason I like to use this graph is because it shows how savings fluctuates over time. However it also shows – It points to the transaction patterns that also exist. So for example if you look at the red line you can see where it steadily increases and the other lines tend to fluctuate. So identifying these kinds of patterns help us better understand the products and services that affect savings.

So when we look at a little more detail of the transaction patterns we see that in the youth in Columbia and Nepal tend to be more active transactors overall, both depositing and withdrawing. But what's particularly common in Nepal and Columbia as I've mentioned is both allow account ownership at a younger age. So age continues to show up as an important factor in all of this. In Nepal you can see it has the most withdrawals. It also has the least withdrawal restrictions.

So there may be some association there. In Ghana they have the least number of withdrawals that were taken out. But it also happens to be the product that has the most restrictive withdrawal rules. So that also may reflect the steady line that we saw for Ghana. Part of the saving is happening because the youth are not taking out withdrawals. One thing that I would like to note is that part of the withdrawals in Columbia – I just want to make a quick note here.

There is a high withdrawal in Columbia but part of the reason is because in Columbia specifically they used a commitment account. And that is the youth were saving to a savings amount goal. And they had monthly deposit goals as well. And what we found is that at least 25 percent of those who closed their account had reached their savings goal. So this may account for part of the reason why they were withdrawing.

One thing I would like to caution and I won't go into it too much detail. We can talk about it in questions. Notice that we do report on inactive accounts. I know that there are going to be some other presentations about issue of dormancy. I think it's important to note that an inactive account means that kids are not depositing. But it also means the kids are not withdrawing. So how we think about an inactive account I think we have to give some consideration to.

In YouthSave I also want to caution because accounts really had only been opened on average between 8 months and 13 months depending on the country. And many banks don't even count dormancy until a year. So I think for youth particularly we need to think about how we assess that. The other way that we measure savings is average monthly net savings.

This is an important way to measure because it accounts for the length of the time that the accounts have been opened.

And so this is an average over the number of months an account has been open. This also happens to be what we call our dependent variable. That is the variable that we used to measure associations with savings and significance levels with that. So I want to go now into the youth characteristics of savings in terms of what are the characteristics associated with savings? For youth the main one that I really want to highlight here is that in all four countries younger youth tend to save more than older youth.

This is I think an interesting finding. What we find is – as I mentioned before – part of it is because the young people tend to withdraw less. And it may also be that we've learned from other qualitative studies that the parents may be providing more financial support when the kids are younger. And as they get older the kids have more expenses and the parents and guardians may be expecting them to take care of themselves. In terms of product characteristics that are associated with savings I'd like to make a –

The first one is quite interesting as you know that account uptake was stronger when a co-signature was by a trusted adult. However the youth are more likely to save if the parent is the co-signer. So again we see this influence and importance of the parental involvement in savings. The other three I'll mention just briefly. As I said before accounts were – The financial institutions use various marketing methods. So the media outreach and other ways.

And youth who talked about how they learned about the account were more like to save if they said it was through a friend or family or media. Because the financial institutions were targeting lower income communities it may be that these other youth just had more money to save. We don't know that answer exactly. The other thing, in electronic access very few people really used this. But I do think it was important to note that in Kenya folks who used M-Pesa transacted more and saved more.

And in Nepal those who used the ATM also transacted and saved more. And finally we had in Nepal the financial institution used financial incentives at a certain period of time. And we did an assessment on that we found that those who took advantage of those financial incentives saved significantly more than those who did not – not even counting the financial incentive itself.

The last thing I want to mention – Gina is going to talk about – Gina Chowa is going to be talking about the Ghana experiment. But I just want to mention, I mentioned earlier that having financial services at the schools makes a big difference on account uptake. Through the experiment we also learned that it also has an impact on deposits and also on savings. Gina is going to talk more about the experiment and give you more context for that.

But it is an important element when we talk about how to facilitate access and savings for young people. I think this is one of the most important findings from our research – how we do this. We want to start early in life. I'm moving quickly because I know my time is running out. My apologies; I’m talking a bit fast. But I think the key is that we need to get accounts open. The first thing is access. Once we get that what we call plumbing in place – which is a phrase that Michael Sherraden used.

Then we can think about the different strategies for the actual savings process whether it's programmatic or other kinds of product features. In terms of starting early age really makes a difference. These kids do save early. We should take advantage of that early time in the United States. We're looking at starting accounts at birth. Children's development accounts are becoming a bigger topic and we maybe can think about that.

We do need to test further on the product characteristics: withdrawals and savings goals and incentives. These are strategies that need to be tested further. And then finally the combination of offering financial education and financial services together; we see that that does work. And I guess what I always like to say is how can you learn to read without the book? If you have the account that simply augments what you're learning in-school, what you're learning in financial education.

It makes it very, very relevant which is a key piece for young people to make it very relevant for their lives in the future. Thank you very much. *[Applause]*

Gina Chowa: Can you hear me? Hopefully. I will be looking at the Ghana Experiments. And the main research question I the Ghana Experiment was world participation YouthSave improved financial capability, psychosocial education, and health outcomes. So what conceptual framework did we use to investigate this question? What we looked at is youth participate in YouthSave – So if the intervention is rolled out to youth will it increase psychosocial outcomes?

Will it increase the aspirations? Will it increase their future outlook? And consequently will it increase their financial capability. And how we are defining financial capability is the knowledge, the saving of youth. And will it create financial well-being? So that is the financial capability pathway. The next on is the educational pathway. If the intervention is rolled out will it increase self-efficacy and expectation? Will it also increase parental involvement?

And then will it improve school-related behaviors? And what we are talking about there is more hours spent on homework, better behavior at school. And will it ultimately improve performance in-school? The intervention again, future outlook – increase future outlook, increase parental connection with their children and monitoring as well. Improve health perception; condom use and the like. And then will it increase health-related behaviors?

So the design of the Ghana Experiment really wanted to follow what the interventions looked like. Remember that the intervention is by age of the bank which is the financial institution that was in the Ghana Experiment. And we had to follow the footprint of the bank. HFC is in 8 regions – over 10 regions – of Ghana. And so we randomly selected 100 schools in the 8 regions where HFC is. And then we randomly assigned 50 schools to the treatment and 50 schools to the control.

Within the treatment we had two intervention arms. The first one was marketing outreach. So the financial institution went to the school and explained what the account was. It was a youth-tailored account. And they invited students to come to the bank and deposit and do their transactions at the bank. They opened accounts at the bank the first visit they had to the school. And after that they didn't go back to the school. They just sent adverts.

The second treatment arm was in-school banking where the bank would go to the school and introduce the account but also school transactions together with the teachers and the students. So they would set up a bank in the school and have a mini-bank within them. We collected data at baseline – so before the treatment and endline – after the treatment. So what were the intervention?

HFC Bank has now already explained – opened a youth-tailored account – savings account – and basic financial education. Basic because the bank staff was brought in and it just explained savings, postponement of consumption and what that meant. And simple transaction issues like filling out a deposit form, withdrawal, and things like that. And the accounts came with an ATM card.

This ATM card was only used to check balances. It was not used to – Deposits could be made any time. No withdrawals for the first three months of account signup. And then withdrawal requires parent's presence. So this was a custodial account. And minors are not supposed to hold an account without an adult. So withdrawals were only done with a parent or a responsible adult present.

What is the plan for the statistical analysis? Everybody is included whether they received the intervention or did not receive the intervention. We looked at the outcomes for the group. We calculated change scores. What that mean is we looked at the means at baseline, looked at the mean at endline, subtracted both to see what the differences were, and then compared them across the group.

At baseline we had 6,267 youth. At endline we had 4,289. The parents analysis includes 4,289 youth. However when we're doing analysis sometimes within variables we are missing cases, so the sample goes down. But just to show you that the base of the analysis is 4,289. Findings: we tested all indicators within the main outcome, within the financial capability, about savings, about deposits, how easy it was to use the bank, et cetera.

And within health we looked at risky sexual behaviors. In education we looked at both school data and self-reported data. Psychological well-being we looked at self-reported behavior. I should mention we had mixed findings. Within the financial capability we had positive effects. Within health, education, and psychosocial we had mixed effects. Now I think I should mention here that there's a caveat. Most of the time when people say for events that is insignificant they throw it out.

That's not correct because when you see a positive thing – even if it's not significant or satisfied significance it still shows that there is an effect. There is an impact although it's not significant. So you see how that goes to this slide that this is the case here. So what I present is either statistically significant or approaching significant. For the first question: did you use banks to make deposits? So when we talk about treatment here we combine marketing and in-school. Baseline we had 3 percent; endline 13.

Other control we had two percent at the baseline, seven percent at endline. And this was statistically significant. There are no differences with statistically significant. And if we separate them into banking, marketing, and treatment still it was statistically significant.

Eighty-five percent of the control had heard of the accounts, 75 of the marketing; 81 of the in-school banking. Did you open an account? Fifteen of the control had opened an account; 29 of the marketing; 32 of in-school banking. Have you deposited into the account? Zero, control; 9 percent marketing; 12 in-school bank. How much money do you have that belongs to you? This is a question that we asked for the baseline and endline. And we see with the control actually all the group had sort of a similar answer at baseline. So the mean of the money – and this is in Ghana - was the same. At endline control had 79, marketing had 166, and in-school banking had 78.87.

Now remember I say that we were doing comparisons across these two groups. If you look at the differences across these three groups it's not significant. However if you do bivariate comparison between control and marketing – marketing and in-school banking statistical. How much have you set aside to use sometime later? Similarly marketing did well. And then it's the same story. Across is not as statistically significant; bivariate comparison is statistical.

With psychosocial outcome the intervention showed small but positive trend on orientation towards the future. The conceptual framework we talk about is future orientation as one of the indicators to show whether the intervention had an impact on psychosocial outcomes or not. All youth reported an increase in the orientation toward success. But it wasn't necessarily significant. If you can see they're all cited at around 52 but they ended up with very similar results. It wasn't really different.

However like I said it's a positive thing. It's going up but it's for all of them. Intervention showed small but positive trends on perceived barriers to condom use. So this is one of the indicators we used. If you look at the report we have more date but I'm just giving you a bit of what we found. Again marketing did the best. In-school banking was okay. Control was okay. Now this going down is good because it's barriers. It's not going up. Rather it's going down.

Of course we want them to have less barriers to condom use at endline. So this is good – the decline good that we see. But then we asked questions that would really tap into did the YouthSave intervention increase risky sexual behaviors? Because the concern with practitioners is if you roll out a financial inclusion intervention then youth will start engaging in sexual behaviors to find money to deposit. We did this just to make sure that – to find out if this was the case.

We measured unwilling sex, safe sex, and condom use at the last sexual intercourse. At endline – This is the baseline. This is the endline. The light blue is yes. The dark blue is no. With the control 19 said yes they engaged in unwilling sex; at endline 81. Marketing 20 said yes; Then 80 percent said no. Fifteen percent said yes, 85 said no. Engagement in paid sex 8 percent across marketing and control said yes. Ninety-two percent said no. In-school banking 6 said no, 94 said no.

Condom use at last sexual intercourse: yes in-school banking 42, 31, 32. This is control and then no 68, 69, and 68. So in-school banking performed the best. What are the limitations of this study? After exposure to treatment is important, but it was different across schools because there was variation of engagement of bank staff. So some banks went more times to some schools and less time to other schools. It wasn't the same across schools. And then like you saw on the slide that showed that some control did open the account.

So there was treatment diffusion. And then for this particular presentation we only used change scores across three treatment groups. What we're doing right now is really investigating how did the treatment group perform? Were there some other partners that we had a better performance or the less performance success and less success? So the implication for the research shows that early savings have promise for multi-dimensional impact on youth well-being.

So in that positive sense on education, on health, and psychosocial well-being. However we think that a longitudinal study to establish long term effects of early saving will be better because then we can look at this short-term impact will they be sustained over the long haul. Quality – evidence that early savings have multidimensional impact or give us alternatives for youth development policies. This is a local high impact intervention and policies would rather have across the sector interventions to impact youth development well-being.

So this is a good study that shows evidence for that. Practice in terms of financial institutions and youth development organizations: in-school banking by field agency for financial inclusion for youth development in different domains. However this study shows that marketing outreach might be an alternative – a robust alternative – for in-school banking for low touch financial inclusion. So financial institutions really want to see profit.

But they are not in-bank most of the time. They can just go and introduce an account and let the students come to their banking house and see the same outcome that would be a cross-effective way of doing it.

Questions and Answers, Panel 1

Tricia Williams: Thanks so much Gina. I'll invite Lissa and Gina to come join me up here and I encourage all of you too to start thinking of your questions, including those online. We'll be taking questions from our audience online as well. But I wanted to get us started with a few questions that I had about this. And certainly you've raised a lot of important issues and already started some of the thinking about what does it mean.

But before we get into the implications – and we're going to have another panel of course where we can talk through more of what we've learned from this project – the implications for our policy and practice. But I thought I'd start with a couple of questions. The first question is actually for Lissa. I'll let you – Oh no, listen up. It's going to be a good one. Take notes. No, I was intrigued by what you were saying about inactive accounts.

And we saw in that graph that there were quite a few countries with inactive or closed accounts. And as you mention inactivity is defined as not making deposits. Can you tell us any more about what youth were likely to be actively depositing? Does this vary by gender or age or other characteristics? What do we know about that?

Lissa Johnson: I think it's important because an inactive account – And let me clarify from that slide. We looked at inactive accounts for the past six months. So it wasn't for the past year. It was for the past six months. It could be those percentages would be lower if we were looking at a whole year. The reason we did it at six months is because like I said the average account had really not been open that long. And so I think it's a real caution in terms of thinking about that.

I think it's a real caution because we're finding that sometimes savings occurs because they're not withdrawing. So they're putting money in. It may not be a whole lot at a time. But if they're not withdrawing it then it's increasing. And as I mentioned before the younger children are actually depositing more and they're saving more. So there could be a correlation there. In terms of withdrawers, those that are more active are old, tend to be male, and this – It's logical that the older youth particularly tend to have more expenses as they age over time.

I think this has implications too in thinking about what kind of an account we would want for our young people. There may be an account that was one way for the younger and maybe you transition or have two accounts – one a transaction account – later. I think these are all very important questions and strategies to consider.

Tricia Williams: So again do you have anything from the data to really give us more information about why younger people are saving more?

Lissa Johnson: Well like I said the data also show that they tend to withdraw less. So I think there is not just saving more. I think that probably young people tend to get more support from their parents when they're younger. I do know that in the supplemental research that we did for Ghana we carried on and looked a little bit longer with the accounts. And I think the longer we can look at these accounts the more information we're going to have that really begins to clarify more of these trends.

It appears that when they save younger – at younger age – and then they hit a point and then really much older they begin to save a little more but there is this gap between 13 and 16 where they're not quite ready to earn income but they're still in their younger stages. Again this, as we've talked about in other meetings, segmentation by age begins to think about okay where are they in their age? What do they need at that time? Stage of development really might be an important consideration.

Tricia Williams: Thank you. Well let's turn to Ghana then. And Gina I have a question for you. You were talking about all of the multiple different outcomes and different domains, including academic behavior, health behavior, and psychosocial in terms of optimism for the future. Can you comment any more on the implications of seeing multiple positive benefits associated with youth savings, and that you're seeing positive trends across these various dimensions?

Gina Chowa: So like I said it has policy implication. It has practice implication. So if the earlier savings has this multidimensional impact on the youth well-being areas then we could start thinking about how do we ensure that kids have early savings? And if it can impact different areas of youth well-being then viola we have something that is very simple but it's impacting different areas of these programs?

Tricia Williams: And what do we know specifically about the gender difference in Ghana? You talked a lot about the differences between the various group sets. But do we know anything about how it was different for girls versus boys?

Gina Chowa: The boys in Ghana saved more than girls which is not consistent with what we know in research because mostly if you look at population sample results you look at most of the savings results that come out of Sub-Saharan Africa it's girls who save more than boys. But Ghana is still reversed. And now I'm speculating. We haven't really dug into this but we think it's because of the specialization of boys in Ghana. From a very early age they are taught business acumen, they are taught how to save for capital toward small retail businesses.

They do that. So there is this culture of saving in Ghana which is really targeted to boys because they're expected to take care of their families as they grow older. Speculation and this is what we think could be an explanation.

Tricia Williams: Well that's very interesting thank you. So I just want to ask one more question before we turn it over to the webinar. So just a reminder to get those questions in as well as people in the room here. But one might say then when we look at some of these results that perhaps they're not terribly convincing. Some accounts are inactive or people aren't actively depositing. Some countries or population groups show limited savings. And we're not really certain yet what the impact is on youth trajectory.

So what would you say in response to this?

Lissa Johnson I would say it's too early to say. I would keep iterating at least from the data that we currently have from May of 2014 if we continue to look we might see some changes over time. I think it's a little unfair to expect youth to have accumulated so much savings. And I think the question is: what is our expectation of the level of savings that children should have at a certain period of time? When you look at the transaction patterns we see that most of the kids are not making deposits every single month.

And is that okay or is that not okay? And if we do want them to deposit every single month what kinds of strategies do we need to put in place to make that possible for them? It's very difficult for them to go to the bank, make a deposit. Now they may be saving at home. I know that in Ghana for example the kids actually – The girls and boys actually saved pretty equally. But that was the data that we have from the financial institution, not just savings overall.

So I think these are really, really important questions and I think we need to be careful about what expectations we're setting for our children.

Tricia Williams: Gina what would you say about that specifically for Ghana where we saw some similarity in some of the outcomes for the treatment groups versus the control?

Gina Chowa: So I think we should remember that this is an experiment. It's not anecdotal. It's not just sitting with youth and interrogating whether they're saving or not. It's an experiment and in an experiment if there's a positive trend that shows that there's a difference between the intervention group and those that did not receive intervention. Then you start thinking that the reason exists. And if it's positive there are some that are statistically significant that is huge.

And if you look at 6,267 and look at the statistical significance then the treatment works. It did work. It's just that if you look at education in the area of education treatment takes long. They don't take two months, three months, or four months. Education if you talk to any person who's from the school of education or just working in education and does research in education it takes longer to pick educational outcomes.

With the psychosocial and the health if you look at the health outcomes – For example they indicated that we used an endline. All of them are positive. And so that indicates that there's something that is happening psychologically with the kids that is impacting their well-being. So I do not think that someone can stand up and say it's not convincing because not everything will be statistically significant with –

We looked at several indictors. And teasing back out – That's what we're doing right now: segmenting, going really into details about what does a successful group look like? What is impacting that? Is it rural or is it urban? Is it age? Is it gender? All that – So we will be producing more results on that. But I think that whichever is not convincing would be misleading because we've got positive change.

Lissa Johnson: I'm sorry I also just want to add that a focus of this initiative was inclusion. And I think we were quite successful in inclusion. I think the next step is how do we –? Once the accounts are open how then do we help to encourage savings over time? But the very first step is just get these accounts open for these young people. And I think YouthSave has shown how that can happen in terms of policy, in terms of how you do co-signing on accounts. Maybe the age comes down. In India they drop the age to 16 for account ownership and how you provide access so that these young people can actually open the account.

And I want to stress really emphatically that low income youth, girls, a lot of these underserved, were able to participate in this. And a lot of it is because the banks went to them and they were able to open those accounts. That is the very first step that we need to overcome. Then we can talk about the saving strategies.

Tricia Williams: Great. Thanks so much. We're going to go first to Usman in the webinar and see if there are questions online.

Usman Iqtidar: Yes thank you. Good morning everyone. Yes we've been having some interesting comments in the webinar chat. I'll share a couple of questions. One is by Ekanath from Nepal regarding the market and situational analysis conducted for these researches and how they helped. And then there were several comments about marketing. Indra, Vivian and Carla wanted to know a little more about what type of marketing was used and how that came about and how useful it was. Carla had a specific comments inquiring if in-school banking was only in Ghana.

Tricia Williams: Great question. Do you want to –?

Usman Iqtidar: The first one was –

Tricia Williams: The first one was about doing local demand *[inaudible]* market research and what you specifically need in different markets.

Lissa Johnson: There was some market research that was conducted early before as part of assessing what the youth want and need. And this was conducted by Save the Children and other partners to assess that. That information was then provided to the financial institutions in collaboration with them to determine what kinds of product features would be used and what kinds of marketing strategies would be employed. So that was done at the local level.

Second to that in terms of your question: what kinds of marketing was done? There were different things in different countries. Across the board there was certainly the mass media: radio, TV. But there were also things that were done at the local level in the communities. So there were some street dramas that occurred. It really was very dependent on where the country was and what was most appropriate in that particular country.

Tricia Williams: In following on that Lissa maybe I can ask you: in your demand assessment when you're looking at the transaction data did it support that approach for saying there are specific demand differences in these various countries? Or did you more find commonalities across different communities? I think the comment from Nepal was you know we need to look at the specific features of the local context and local market and maybe what youth specifically want are slightly different.

Lissa Johnson: Sure and I think that the financial institutions – there are different branches in different locations. And those branches may have tweaked a bit the kind of outreach that they conducted in a particular local area. Across the board they did some common things but I think some of that can be tweaked depending on the particular community that they're doing outreach with.

Tricia Williams: Do you want to comment on the in-school banking question?

Gina Chowa: So I wasn't very clear what the question is. Are they asking if in-school banking was only done in Ghana? Which is not true; it was done in other countries. But what's the question about Ghana.

Usman Iqtidar: Well if in-school banking was only in Ghana. So I think *that answers it*.

Gina Chowa: It wasn't just in Ghana.

Tricia Williams: Just to clarify, the in-school banking was in the multiple countries but we did the experiment where we were closely-tracking the differences between in-school banking and the control group and the marketing outreach. That would be tracked very closely in Ghana. That's a great question. So we'll take some questions from the audience as well. Joy is there with a microphone. I'll just ask you to identify yourself. Just introduce yourself where you're from before you pose the question. Thank you.

Audience: Hi I work at Save the Children in our D.C. office. I work with the Hunger and Livelihoods department. And Rani Deshpande is my supervisor. So my question is about the clause that the children cannot take away their money for the first three months they have saved. But do you think it has scared some of the children from opening their accounts? Because I mean these are poor people and not having access to their money for three whole months is a huge factor for them? And so I mean our basic purpose as to create as much impact as we can.

And then do you think reducing this time or maybe finishing this clause altogether would encourage more children to open these accounts? Also is there an annual fee for opening these accounts?

Gina Chowa: Maybe Rani can speak more to this because she was more involved with the financial institution. But from the research point of view if you look at what has – the evidence that is there up to this point in time restrictions are one way of increasing savings. So if you restrict withdrawals the first three months you are able to tease out whether restriction can help savings or not. I know that from a practical point of view it's like okay why are you restricting withdrawals?

That's why we want kids to have access to banking mechanisms because we want them to be able to transact. So I think from a research point of view that was helpful to just look. If you look at the FDA data in Ghana there was a positive trajectory and is consistently sustainable trajectory in terms of savings. But with the other countries it was going up and down because there was no –

We didn't have that restriction. So from a research point of view it's helpful to see whether if you put in these features will it help to save? But from a practical point of view it's counter-productive – maybe.

Tricia Williams: Great, we'll take another question from the audience. I see lots of hands.

Audience: Hello I'm an independent consultant. I'd like to follow up on Lissa's presentation showing the targets in both countries, how they were reached. I'd like to know what was the difference in your experience within Columbia and for example Kenya where Columbia – the targets were under-reached it seems like.

Lissa Johnson: Sure, thank you. I was debating in the presentation whether I had time to talk about that and I decided I didn't. So I'm glad you asked that question. You will see in the – As you say each financial institution had a target set or what they wanted to reach in terms of number of accounts opened. And you saw that in there were two extreme cases in Kenya. They opened way more accounts than what the target was. And in Columbia they opened way less. And my speculation on that is that this has to do with access.

And that is that in Kenya this was a new product. And the young people were very excited about it. In Columbia there was actually another product that had been around for about 20 years. It was a transaction account but it was not a savings account. And some of that transaction account was – that account – was much more flexible and didn't have a lot of those withdrawal restrictions which we were talking about.

In addition to that some of the other variable here is that the financial institutions represented actually knew more about that other account. So there are several variable that could've been involved in that as to why that was the case. I will tell you that subsequent to that also the financial institution was not going into the schools at the time. And I can show a graph that shows actually when they started going into the school – account uptake went up. Uptake went up.

There is some relationship there. Going forward I don't know where they stand today but at the time they were talking about having both a commitment – what they call a commitment account – a savings account, and then also a transaction account so that those could be shared by the young person and used one for the one and another way for the other. And I think the big question here is what's the purpose of the savings account? Is it to save or is it transact?

We have transaction accounts and then we have savings accounts. And it is hard as a young person say, "Well I'm going to put my money here, but wait I want to be able to get to it actually." I feel the same way. I want to be able to get to my money. But I think we have to think about that from a business case as well as in supporting the young person.

Tricia Williams: Great, thanks Lissa. I'm going to suggest that we take a few questions and then we can respond to them as group. So let's take some from the back of the room there. Oh and we have Usman over here on the webinar. Do you have some questions there Usman?

Usman Iqtidar: Yes. I'll quickly ask a couple of questions before we move back to the audience. Wilhelmina wants to know what were the reasons for the large number of youth that dropped out of the study. And Larissa wants to know why was the reach in the SADA Zone in Ghana – northern region – so limited? Was it access to banking institutions?

Tricia Williams: Great question. And we'll take one from the back here as well and then we'll let the panel answer some.

Audience: Hi I work for the Creative Associates. I'm glad the question was asked about what had to do with the drop out. And did the researchers really try to take a look at any significant differences between those that did drop out and stayed with the study? That can introduce tremendous bias. My other question – similar in terms of Gina. How did you do assignment to the two different treatment arms? Obviously our best kind of design is random assignments.

But that probably couldn't be done here. How did you assure that the individuals both in the treatment arms as well as control had a degree of being equivalent? My other question was to me there were some obvious factors that maybe could've been controlled more here regarding the savings piece. And that is the household income of the family of the children and the extent that the family itself had savings accounts – those being the obvious ones.

A fourth question is for you Gina regarding the HIV piece. There's been tremendous literature done on factors that affect condom use on last sexual intercourse. And while I think the structural pieces of youth having more money could make a difference the literature says there's some solidly other explanatory valuables that really – in my opinion – you need to control for before we would you know try to say that the savings piece was really a significant factor. It's probably a little late now but in the future in terms of studying that I would recommend that.

Tricia Williams: Great thank you. Those are – There are multiple very good questions in there. Maybe we'll let Gina respond. There are several questions on the Ghana experiment.

Gina Chowa: I hope I can remember all of them.

Tricia Williams: I can help you too.

Gina Chowa: Okay thank you. The first one was about attrition. There were about 2,000 who we're calling dropped out of the sample. Think about this. The baseline was conducted a year before treatment. And then the endline was conducted about three years after the treatment. So that was years right? What I didn't talk about is we did work with junior high school. So they are transitioning to senior high school. It was difficult to check all 6,000. But I think our partner in Ghana from the University of Ghana did a good job trying to follow the kids.

What we we're trying to do moving forward is to find all the 6,000. But yeah that's why there were the drop outs. But going to the last question this is the report from the Ghana Experiment. If you look at this we actually looked at the differences between those who dropped out and those who are in the sample at the end. And there's no difference. So if you look at the report we're going into all of the technical issues and really look at if there's a difference or not.

And then the second –

Tricia Williams: I was going to say one of the questions from the online group was about the limited outreach in Northern Ghana. Was there a reason for that?

Gina Chowa: Yes that's the second question: why not the north region? So remember I said that we had to follow the footprint of the financial institution. And the financial institution is only eight regions of the ten regions of Ghana. And so that's why we were not in the two upper regions of Ghana because the bank is not there. There is no present from the bank. And there was random assignment? Yes we did random assignment.

If you look at the second slide in my presentation we actually randomly assigned from the schools to – within the schools to the two different arms so everything was done with random assignment. And then you talk about control – controlling for household income, savings within the household. If you remember again I said this is bivariate. It's just looking at change forward from all these things. What we're doing in the next phase is really going in and looking at all the things that you're talking about.

So what we'll do is if we segment the sample according to location for example and we might present it, where we make sure that they're on the same level. And then we'll produce all those controlled results to see the outcomes and look at effect. We are doing multiple analyses in the next phase. This is just for the bivariate.

Tricia Williams: I hope I'm not the only one in the room that got a thrill of excitement at the thought of more statistics. Yeah and there was also a question on the HIV AIDS.

Gina Chowa: So yes, again, this was just to look at condom use. We have experts in HIV AIDS as well. This was not to look at effect. We're looking at what happened to the kid. So if we are looking at the sex of the treatment group HIV AIDS would actually have a different conceptual framework. This was not for that. It was just to look at are the kids engaging more in risky sexual behavior. What was the question?

Tricia Williams: Asked you to use the microphone please because we've got people on online who won't hear.

Audience: Sure. In terms of condom use on last sexual intercourse you did take a look at the effect of the savings piece correct?

Gina Chowa: No it wasn't effect. That's what I'm saying. It was endline. It was just to look at what happened years ago. It's not effect.

Audience: Okay so there are not policy implications here then?

Gina Chowa: No.

Audience: Got it.

Tricia Williams: Great clarification. I think we had a question up here as well.

Audience: I'm in USAID in the Office of Education. I had a question regarding your indicators – your education indicators. And just from hearing your answer for the last question that it was across a three-year period, so that you did the impact evaluation. I'm kind of curious to know 1) what education indicators you were looking for the education outcome, and it's a little surprising for me after three years – Maybe it's the dollar threshold from which like retention – It didn't impact in some way – retention or absences and things of that sort.

Tricia Williams: Let's just take another question first. Thanks Gina. We had one up here.

Audience: Monique. I'm very interested – Everybody talked about the relationship between financial education and that it was an important variable. But nobody really answered the question what was the financial education? What was important? And how did the changes happen? I wonder if you can elaborate. And I'm particularly interested in how much of the education was classroom-based. Classroom-based financial education is not quite as controversial and it's not seen as very influential in changing behavior.

Tricia Williams: Thank you. Usman do we have any more questions from online before we –? Okay. Oh we have one more here in the room and then we'll give it back to the panel?

Audience: Good morning. My question is for a financial institution, especially for active accounts are financial institutions providing any incentive? And the second question for Kenya and Ghana experiment in the future do you target the informal savings to group? Thank you.

Tricia Williams: Yeah so there were a couple of questions about education educators and also about the financial education and what that looked like. Was it classroom-based?

Gina Chowa: So with the education indicators 15 minutes is very short to really go into what happened. But if you look at the report, again we absolutely had detailed discussion on how treatment was rolled out. So as I said three years after treatment was rolled out it was different in different places. Some received one. Some received zero. Others received just before we got endline. So it's very differential. So the impact really not pre- as after.

Sorry, that's why we are not talking about three years as the period of intervention for educational prupose. If you look at the report, again, it will give you some detail. The second question was about financial education, financial capability, and the classroom space as a mechanisms of delivery of financial education, right? Okay.

So in the Ghana Experiment – If we go by the Ghana Experiment I think we can talk about the other two countries. It was very basic by bank staff just talking about how to fill out the deposit slip and all of that. I think that should be Rani and then we have to talk about effect.

Rani Deshpande: Sure so I'm actually going to take advantage of the opportunity to plug another paper that just came out, where we did basic pre- and post-comparisons of changes in knowledge, skills, attitudes, and behaviors among the kids that did take the Save the Children sponsored financial education, some of which was classroom-based and some of it was by street theater and SMS and what have you. And we don't have a counterfactual so it does not rise to a level of evidence of some of these studies that we're looking at today.

But it does show clear effect on indicators of the knowledge and skills and attitudes and behaviors as well. More kids saved, more kids saved more, and they especially seemed to imbibe – really internalize information 'cause we did a pre-test at the beginning of the education and a post-test right at the end of the education. And then a post-post test anywhere from 1 to 18 months after. And the knowledge that stuff really seemed to be the more technical knowledge.

So not that savings is good. Kids knew that savings was good to begin with. But how do you open a bank account? How old do you have to be? How do you calculate an interest rate? The things that are not common sense were the indicators that moved the most and stuck the longest.

Gina Chowa: So with the Ghana experiment we did not get into the financial education.

Lissa Johsnon I'd like to also add about that that when we think about financial education oftentimes it is classroom-based. But remember that even the marketing strategies that were employed included street dramas. Those are educational as well. There are lots of different ways financial educations were presented. Parents also were given some seminars. So this was a lot of different activities that were happening. What didn't happen is we didn't test causally for each one of those types of interventions to see if there was one particular way that worked better than another.

Where we did do a test was in Columbia. It wasn't with the YouthSave savings account but it was with their secondary account – their other account, their transaction account – and in that we looked at text messaging to the youth account holders. We used financial education text messages and also deposit reminders. And in that experiment we find that deposit reminders actually are more effective than financial education text messages specifically.

And corollary to that is that the deposit reminders also encouraged not withdrawing as part of the savings process rather than just continuing to deposit. There are some interesting pieces to that. I think that the text messaging offers a really interesting way forward as a very cost-effective way to reach youth. I know that in previous studies that we have done reminders in other way have been very, very useful – even getting the account statement on a monthly basis to see. In match savings programs you get to see how your money is accruing.

That is its own form of encouragement. So there are lots of ways that we can think about how to encourage that because that also is really a form of financial education. I think looking at ways to streamline how we do financial education is certainly a worthwhile endeavor.

Tricia Williams: Great. Thanks so much to both of you. I think there was one last question which we'll just answer quickly because we're running out of time. But it was about the incentives from the financial institutions. I think also a follow up on it was were there savings groups involved? And I think I know the answer to this one but I think my job is to turn it over to you to answer it.

Ruth Dueck-Mbeba I think I mentioned in one of the slides where we did see savings associated with particular credit characteristic. In Nepal they did have financial incentives that were offered for about a seven month period – cash financial incentives. And where we see that happening we did see statistical significance for the young people who did get those incentives. Now we need to tease out more about – Can you say that the young people were more likely to participate and therefore?

Or did those cash incentives – were they an encouragement to save? I think there's much more research that needs to be done on that. But it is as you would say a positive trend. And I think it's something that we definitely need to explore. The one financial institution did do that. We did talk about match savings at one point in time. We did not employ that. There are certainly lots of different strategies. There are some – not financial institutions only – but lots of programs who do top ups for if you get a good grade.

There are lots of ways that you can employ that which is its own form of intent.

Tricia Williams: Okay. So I think I'll just wrap up by just echoing that YouthSave did not use a savings group approach. But stay tuned. The MasterCard Foundation is doing a lot of work on savings groups including savings groups for youth. Keep an eye on our website and we'd be glad to share some of our learning in that area. I'm going to wrap up now and thank the panelists. Lissa and Gina thank you so much. I think it was really interesting and great to have it translated into a format that we can think about as practitioners and policy makers.

I think it's a great example of really working on research that is applicable to our programming areas and our approaches. Thank you very much. *[Applause]*

Rani Deshpande: I'm going to invite everyone to a 15 minute stretch break and we'll get started back here at 11:00 AM. All right? There is still food from breakfast in the back. And I know for webinar participants feel free to continue the conversation.

[End of Audio]

PANEL 2

Rani Deshpande: All right. Welcome back, everyone. I'm so glad to see the live conversation in the break, and I know we'll have much more of a chance to continue it, most immediately with the great lineup of speakers that we have on stage here.

You know, when Youth Save started, our vision of success was to, quote/unquote, understand the conditions for the sustainable delivery of saving services that can substantially improve the life chances of low income youth in the developing world, and to transfer this knowledge to those in a position to support their accessibility and equality. That is what we officially set out to do.

And this morning, you've heard what we've learned about how youth savings accounts offered through a commercial bank can affect the life chances of those youth. So now we're going to talk to some of those people in a position to continue supporting their availability, accessibility, and quality, and find out how Youth Save's learnings fit with their efforts to promote financial inclusion, well-being, and economic development.

And so the extent that their work could benefit from asset building for young people, the speakers seated here each represent the potential pathway to scale for youth savings accounts. So this discussion is going to focus also on exploring each of those.

There impressive bios have all been listed on the events webpage, but let me just take a moment to introduce each of them briefly right now. To my immediate left, we have Gerhard Coetzee – yes? Okay.

[Laughter]

Rani Deshpande: He's a senior specialist at CGAP, where he leads the customer centricity initiative, which guides financial service providers to customer-centric business models that will advance financial inclusion. Gerhard is a renaissance man whose background includes commercial banking, consulting, academia, and government service, so he'll be able to provide us with a multi-faceted perspective, indeed.

And then seated to his left we have Kelly Hallman, who is a senior associate at the Population Council, where she conducts research on how to increase the education, livelihood, and sexual and reproductive health choices of marginalized groups, especially girls. She's authored numerous publications which you can find on the Population Council website – I go there often, and which I highly recommend, including several on adolescent girls in South Africa, and the SSRC/UNESCO volume on *The Fourth Wave: An Assault on Women: Gender, Culture, and HIV in the 21st Century*.

Next we have Janet Gordon, who is an associate director for community affairs at the Federal Deposit Insurance Corporation of the United States in the division of depositor and consumer protection, where she oversees the regional community affairs program, which, among other things, encourages partnerships for economic inclusion among banks, government, and other organizations. Her team is also responsible for the FDIC's Money Smart financial education curriculum for youth and others demographic groups.

And finally, we have Suezan Lee from USAID's Office of Education. Suezan has worked on youth workforce development, education finance, and policy issues in developing countries for the past ten plus years at USAID. In her current role, she focuses on soft skills, employability measurements, public/private partnerships, scale and sustainability of USAID's education program, innovative financing, and cost effectiveness as related to the agency's education strategy goals.

Please join me in welcoming our panelists.

[Applause]

Rani Deshpande: So Gerhard, let me start with you. CGAP's role in Youth Save was to explore the so-called business case, so tell us what you found out. Is there a business case?

Gerhard Coetzee: No.

[Laughter]

Rani Deshpande: Are you done? Okay.

Gerhard Coetzee: I – firstly, thanks for inviting me, Rani. I really appreciate an opportunity to sort of elaborate a bit more than what we published and learned here. And secondly, I think it's important to state up front that I'm a latecomer to Youth Save. I'm a newbie. I joined about 18 months ago. And I learned a lot in the process that I'm impressed with the discussion we had today.

But let me get to your question. Like a good economist always answers, there's always two sides to the story, or several sides. And in the publication, we identified those sides, whether there's a business case, what are the assumptions underlying it, and then we also elaborated on how you actually go about thinking about this business case.

But what I want to do today is I want to elaborate a little bit about four things, on four things. One is whether you follow a product-centric versus a customer-centric approach, and how that would affect the business case. Secondly, what are the main drivers? When everything else sort of falls to the dust, what are the main drivers that we're looking at?

Thirdly, I want to think about technology and partnerships. We've mentioned partnerships and technology this morning already. And fourthly, I want to just finish a few – my few remarks with a remark on value. And when I refer to value, I'm referring to value differently, but I'll come to that.

So firstly, a product-centric versus a customer-centric focus. If you follow a product-centric focus, your business case starts to work when you actually focus on a segment of the youth which we call the working youth. So then you have higher account activity. You have – you work with larger amounts. Quite often, you see higher repaid balances. And you'll see – you will have seen snippets of this in some of the slides that were shown. So as soon as you do that, and you want to make a product work, a Youth Save product, then you have to look at those requirements.

But if you take the customer-centric route, or route, we have a different approach. There, what we are looking at is whether you see this youth as a lifetime customer, because I'm speaking now as the financial service provider. This is the point of entry here in this discussion.

So if you see the customer as a lifetime customer, you look at lifetime value, then it's not only one product or one customer. You can look at banking in the family. You can look at a range of products over a lifetime. And those – we've seen if you take that approach, that is the real business case.

And the third thing I want to say about the customer lifetime value is that there is a major proviso, major, major qualification. You have to retain the customer. And unless you do that, that will also not work. So customer retention is important. And I've mentioned two things of importance, retention, and also segmentation, as I mentioned earlier, so you exactly know who you are working with.

Now retention is also a function of how well you design, and you will have heard this morning a range of insights on what should be included in the design of this product offering, and that is also an important consideration. If I go to drivers – and give me an indication when I'm going on for too long, but if we could go to drivers, when everything else sort of goes down the drain, there are three drivers that we have to think about: scale, cost, and the activity that we see on the account, and how do you drive that.

And I think what is important from the scale is not just how many people you have, but how do you reach the people? And you heard this sort of reaching them through schools, through partners, and I think that is the major portion of what makes the business case work, because if this was a brick and mortar branch-based approach, I can tell you up front you are wasting your time, up front. We've seen it in the evidence. We see it all over. And we don't have a path to get to that conclusion.

Now on the cost side, it's an interesting one. To reach new customers is a costly exercise. Even if you go through schools and you work through schools or you work through partners, you will have lots of transport costs, you'll have starting cost, you'll have marketing costs, etcetera. So therefore, it's important to see how you can actually cut those costs in terms of the methodologies that we use.

I just want to mention to you one set of figures briefly. To open an account in most parts of the world, including in the countries that we have looked at, but I do not know about Nepal, is normally around about $20.00 total activity based cost per account, $20.00.

So to actually open the same account by using remote devices, it can go down as low as $10.00, if it's your own staff. But if you work with partner staff, it can go down as low as $2.00 an account, just as a sort of indication.

So that brings me to my third point, which is now going to be my last point, and that is technology and partnerships. So technology was not a major portion of the work during the Youth Save program period, except in Colombia, where technology was used to reach clients with messages. But I think there is a great sort of value in terms of applying technology, applying mobile device technology, also with the qualification not all children have access to this kind of means, and – but parents do.

So technology and partnerships, those are two drivers that can really sort of make business cases work. And I'm going to stop here, and I'll come back in the questions on the value.

Rani Deshpande: Perfect. Thank you, Gerhard. Our next speaker, Kelly, comes at the question of reaching marginalized young people with financial services from a somewhat different perspective. Kelly, can you tell us a little bit more about what you have learned, what Population Council has learned, about improving the situation of marginalized young girls with both financial and reproductive health services, and what the role of savings might be in that, according to your experience?

Kelly Hallman: Sure. I'm going to go up to the podium, because I have some papers to shuffle, and I think holding the mic and shuffling papers at the same time will not work out well.

Hello? Yeah. Okay. Great. So Rani, thanks for the invitation, and thank you for those of you who are still here in the room. I know there was a drop-off at the break.

So I wanted to really focus on the results of the Youth Save experiment, which was impressive and vast and a long-term one, which many projects are not, so it's really just so admirable in that respect to begin with. What things I saw from reading the report, and how they resonate with our work with adolescent girls, particularly vulnerable adolescent girls in low and middle income countries.

So I'd like to focus my remarks on two specific age segments. So we found in most of our programming, research around programming as well, that a narrow age range for whatever the particular program or product is is usually the most effective, because people have very different needs at different stages in their lives. And so first, I would like to talk about 10 to

14 year olds.

And so on this slide that is up now, this is from a forthcoming population that colleagues and I are doing on very young adolescents, which are defined as 10 to 14 year olds. And so I just happened to have these numbers at hand. But I think they're relevant for what we're talking about today.

So the Youth Save experiment, if I understand correctly, was 12 to 18 year olds, mostly in school. And so I just wanted to show you, this is demographic and health survey data, the most recent data available from each particular country where the survey was done, and these are regional averages that I'm showing you here. And if you look at the first column here, a vast number, in fact majorities of young people live in rural areas, so that has implications for access.

The next column talks about young people who have – and this is a very young age. At 10 to 14, they have at least one parent deceased, and you can see it's relatively high across the board, but particularly in Eastern and Southern Africa. Almost 20 percent of young people have one parent who's completely missing from their lives because of disease, violence, etcetera, dangerous work.

If you look at the next set of columns here, the percent living with neither parent, upwards of a quarter to almost a third in some of these Eastern and Southern African countries are not living with either parent. Many are not attending school, particularly in West and Central Africa. So you can really see here that in terms of access to savings, some of the barriers that were brought out in the Youth Save experiment – for instance, the age requirements in different countries depend – I mean, 16 was good –was what, 6 or 8 years old? Seven, thank you.

So lowering that age requirement is I think really important to increase access, and also finding a workaround for the parental co-signatory requirement is a really important one, too. And I know you experimented with alternative adults, teachers, other trusted people in the community, so I think that's really super important, particularly because so many people simply don't have one or both of their parents in their lives, or they're not living with them, etcetera.

And again, I would encourage in the next round of this, if there is a next round, to go a little bit younger, because as you can see from some of the stats in the next column is a lot of young people are not in school to begin with, even when they're 10 to 14 years old, and a lot of them are behind grade for age, and at very, very high risk for dropout. So those people, after 14, many of them are not going to make it to lower secondary school, so I think the primary school, maybe grades 5, 6, would be a great target, the 10 to 14 year olds.

And also, to the extent possible, doing this outside of school, too. I know that's much harder because the platforms through which you deliver it are less obvious, but there are platforms in many developing countries.

So if – I don't need that slide anymore. Done with that. So if I could just move on to a few more points. The lack of ID documents was another really big one that I understood from the research. And we've found this as well in our research, that particularly for girls, lack of identification documents really limits access to savings, financial services in general, also different livelihood opportunities, different social safety net programs, education opportunities, etcetera.

So getting this ID document to girls is really, really, really key. And so I think that's one that could really be worked on in the next round of whatever this might be.

Another thing that I noticed, and it really resonates with the work that we're doing, is the limited physical access of girls to some of the banking branches, to different places you have to go to get the services. And we found in our research that for young people, when they're before the age of puberty, basically, when they're between 10 and 14 years old, girls and boys have about equal spatial access around their neighborhoods and the community, but at puberty, when girls start to become perceived as sexual beings, they are at higher risk for sexual assault, they have men – you know, whatever, and places are unsafe for them. Places they used to be able to go as a girl child are now unsafe for them because they're seen as a woman. They're seen as a sexual object.

And so in research that I've done personally in South Africa in both rural areas and in urban areas, we mapped spaces that young people can go. We had them each tell us in groups, girl groups, boy groups, older, younger.

When girls get to puberty, their accessible space in the community is a quarter to a third that of boys. So at grade eight, nine, boys have this space, girls have this space, whereas when they're younger, they all have equal space.

And so that I think is another piece of really looking at gender and age, and how those really have impacts for what services can be accessed.

I know I'm running out of time, so let me just make another couple of points here. So another piece of research that I did recently in Tanzania, and this is asking girls about what services and institutions in the community they have access to. And across the board, they did not have access to any savings whatsoever, none. There were a couple that said, I have, you know, there's this place where we can get like a little loan for our petty trading, for our small business, but there was no savings whatsoever. When there was, it was, oh, they cater to women, but they don't allow girls, or they cater to people who are in school, but girls who are out of school, who've dropped out, who have all these responsibilities, they can't access the service.

And so that – out of school girls who are between 15 and 19 are another really vulnerable group, and getting more access on behalf of them is really, really important. And these same girls, when we ask them about their livelihood strategies, it was basically petty trading, selling peanuts, etcetera, to primary kids at recess, to their neighbors in the neighborhood, and basically sexual liaison with different types of men. We asked them, and they reported 12 different types of sexual partners that they go to for different reasons: to pay the rent, to get food for their children, etcetera.

And so really expanding the financial access and other types of access to these girls is really super important. And I know a lot of the lessons from your experiment are so incredibly relevant. So I hope when either of us go forward with another project we can really talk to each other and have some mutual learning. So thank you very much.

[Applause]

Rani Deshpande: Thank you so much, Kelly. Janet, I know that you've also seen the way access barriers play out for youth and youth saving, but in the US. Can you tell us about how FDIC is learning about these issues, and any parallels you may have seen with the international experience?

Janet Gordon: Yes. Thank you. It's a pleasure to be here, and it's more evidence to me that this is a small world. So I'm glad to be here.

The FDIC has a longstanding commitment to financial education, as the US insurer of consumer deposits in the banking system, and financial capability as one element of our focus on economic inclusion in that mainstream financial system. So in the past two years, we've had a particular focus on youth, both as a committee of financial and government enterprises in Washington meets regularly and starts to talk about strategies targeted to youth, and because of the data that we find in our survey about youth being banked or unbanked.

And banked youth have a savings or a checking account. Unbanked youth have neither, either a savings nor any kind of transaction account offered by a mainstream financial institution.

So we conduct a survey every two years, a household survey in conjunction with the Census Bureau, and that data provides the foundation for what we do at the FDIC in terms of understanding who has a bank account, how they use it, what other financial services they use, and how we might improve access. Usually, we aggregate it at the household level. We took some extra steps to look at how youth are served by the system right now.

So this might be a surprise to people thinking about the US as a very advanced country, right? So what do we see here? We see that a large proportion of very young people just don't have a savings or a checking account. And we see that as people get older, they do seem to get savings accounts, but we have no insurance that the people who are young now are later going to look like the people who are older now, right? Because right now, as we know, there are many options, good, bad, and indifferent, for young people to conduct financial activity. So we don't know the answer to what's going to happen. But we would like to help influence it.

And this is further elaboration by income. So you can obviously see that even of people of age 18 to 24, there is a significant unbanked population, which is significantly related to income. So our strategies really focused on our findings.

One of the things we've done is to recognize that many banks have activities both in financial education and in school programs, and we wanted to understand what works and what doesn't work. It's not a randomized sample. It's not highly structured. But basically, it's a pilot initiative for us to understand the current status of what's happening in schools.

And the pilot is about a year and a half old, and will end at the end of this school year. So we are really tracing the work of 21 banks who link financial education and youth savings accounts in a variety of ways, generally through work with the schools. And we're looking at different topics and trying to pay attention to some of the very same topics that you're looking at in other countries, which is how do you get into schools? How do you find the influencers in schools? In other words, just going into the school doesn't mean the people are giving you credibility. It's earning credibility.

How do you influence people during the school day, or after school, who are your partners? And just like you, we are looking at the dormancy and the use of the account. What are the characteristics of the savings accounts that really make a difference, including the incentives that are often offered to make deposits, and the timeliness. If it's once a week, does it make a difference? If it's once a month that you have banking in school?

And we really haven't prescribed any particular approach. So we have 21 banks with different approaches. One bank has a very elaborate system for branches in a few schools. That includes training young people. It's really a developmental activity for young people, and they become bankers, which is a whole different way of looking at this, providing income, providing a future.

Others just have banking in school, so once a week, once a month, in different ways, in different locations. Others really require people to go outside the school to make the deposits. The education is in school, but you still have to go to the bank. And others have various arrangements with nonprofits. So we are looking at different models. So we'll have a qualitative discussion with these banks about how these models may or may not work.

And it's interesting that the issues we're finding are some of the same issues everyone has been talking about today. So getting into this school and establishing a good relationship, that initial hurdle. I know it took months in some of the countries you're talking about. It took a lot of time individually for many of these banks. Sometimes they get in by being on the board of the school – you know, the school board, or by knowing the principal, who's a next door neighbor. It is not a very routine thing.

Another thing we've been looking at are some of the particular context issues that you might find. We find them in the US, too. So there, there are 50 states, and all of the states have different rules about how to – the relative legal status of minors, and that can be a barrier or an opportunity, depending on how banks look at those barriers, look at those requirements.

We also have similar issues with – we have identity requirements in the US, pretty strong ones in terms of understanding who you're doing business with. But obviously, working in schools with young people have a different risk profile than your average consumer or business customer.

So we're recognizing that, and in fact, all of the agencies worked together in the past year, just in February, if you want to see a agency response, to put out interagency questions and answers to clarify how we view many of the regulatory – the federal regulatory framework that impacts youth accounts.

So we actually did this as an interagency question and answer initiative. It doesn't address all the state rules, but it addresses the federal rules. And there is no federal age of minor – age of ability to open account. There is none.

So the other thing we've noticed is that banks and schools struggle with the mechanics of opening accounts, maintaining accounts, how to do it cost effectively. What's the business case? But it's more really how do we do this as efficiently as possible? And we are trying to work with the banks on that, and hopefully gather data on it.

And finally, the engagement of two important groups that are not the school are the bank, are parents and caregivers and peers. How many of you have teenagers who just won't listen to you? You know, you don't think they're listening to you, but actually, parents turn out to be, our research tells us, a huge influence on the financial behavior of their kids.

So we have a special focus as part of our new financial education curriculum to engage the parents. So we have a side by side parent/caregiver guide, for example, to all four grade levels. We have all four grade levels with different lessons and different parent guides. But also in this youth savings pilot with the banks, we are experimenting with how to engage with the parent.

Similarly, how to engage with peers. How do you use the school's communication, informal communication network, to talk about savings? The bank that implements in school branches actually uses peers to educate and market, and that is a very interesting approach, sort of like your theater idea, but at the youth level.

So in the next year, we will be completing our qualitative data collection, and we are collecting information on the number of accounts, but not on the detailed characteristics of account holders. And we'll be talking to institutions and their partners, so we will be publishing a report probably the end of 2015. And I think we will be dealing with some of these same issues, and also having the great opportunity to move forward with additional research, and perhaps with some guidance and support to financial institutions who want to do this better, and we hope that's the case.

So I really appreciate being invited. I learned a lot that we can feed into our future research. Thank you.

[Applause]

Rani Deshpande: Thank you, Janet. So we know from our work that savings can be important in helping kids reach higher levels of schooling, but our next speaker is going to tell us a little bit about the role that savings might play in helping kids reach higher levels of schooling and employment. Suezan, can you talk a little bit about – I know USAID is keenly interested in that connection, about how to help young people access education and really market relevant learning opportunities. Can you tell us a little bit about what you see as the potential connection between youth savings and that area of work?

Suezan Lee: Yeah. So if I could just give a context coming out of the education sector, because many of you all here are from – I believe on the financial side, on the economic growth piece of things. And so at USAID, we have education – outside – in addition to our youth policy, which is kind of a big push for cross-sectoral work, knowing that with youth development, you have to a holistic intervention. With that in mind, we have then an education strategy that's nested under that youth policy.

And under that education strategy, we have three goals, and in that three goals, in fact, two out of the three goals specifically talk about youth, and it's particularly youth in conflict and crisis-affected areas, and secondly, on youth in terms of increasing earnings and having job placement, greater workforce development.

So in that area, I just – it was really interesting. I enjoyed it so much, reading all the findings that Youth Save did, and to see like the cross – multi-dimensional impact that this can have, right? And specifically in the education side, we have huge issues of something that my colleague on the Population Council already noted, but issues of retention, especially the transition from the elementary to the middle school, and especially for girls. There's a huge drop-off, and it doesn't surprise me, with the low – in some places where you don't have as much female participation in the savings, because if you're doing it in school, because at the middle school, there's a huge drop-off there, where they're – because of early marriages, as we all know, and other reasons.

And so you have this – so I was thinking, oh, the savings could potentially – I was really curious to see – increase what the thresholds are, how much dollar amount you need to save, so increase retention.

So one of the top issues in the education side, we know the reason why kids don't have access or they have problems with retention, the number one reason is economic, is the opportunity cost, is that they need to help out – for the girls, they need to help out at the household level, and so it's not as worthwhile then for – to send a guy to school. And then – and then just paying – it's not – although we see free education, free primary education in Africa and other places, it actually is not free, and the household bears a large burden of it, whether it be school uniforms to food, etcetera.

And so given that I was just thinking, oh, it'd be interesting to look more closely at this – how the savings could potentially help in retention, in completion, those type of things. Another area that we've been working at USAID is looking specifically at soft skills, especially in the youth area, and soft skills could mean transferrable skills, non-cognitive skills. And as we all know in the employment area, that all employers say there's a skills gap, right? And they're saying the skills gap in large part is like, listen, we have a lot of jobs out there, but we don't have the right fit, right?

And a lot of it is, look, we don't have employees that have critical thinking, that have problem solving, that come on time, etcetera, etcetera, right? So one of the things that we've been doing at USAID, we have been doing all these commissioning of research in the soft skills area, and we've identified what soft skills links directly to employment and earnings. And we've identified five of them that we've found that – and that potentially link to this whole Youth Save work, and that is the five skills are social skills, communication skills, higher order thinking skills, which is like problem solving, decision making, critical thinking.

And after the last two of the five soft skills are more directly with the youth literature, youth development literature, and that is self-control and positive self-development, which is self-efficacy, self-esteem.

And so I was thinking, oh, the savings – it'd be interesting to look at doing further research, how the savings potentially either help increase those soft skills, especially in self-control and problem solving, as well as kind of self-efficacy, that I was kind of hearing in some of the presentations earlier on.

So when I see this, I see there's a lot of potential integration, especially when you're working with youth, whether with education as well as with employment.

QUESTIONS AND ANSWERS, PANEL 2

Rani Deshpande: And we are doing exactly that kind of research now, so we hope to have results on it in a few – say 18 months. Great. Well, thank you so much. I am going to exercise the moderator's privilege and ask one question before we open it up to those on the webinar and also those in the room, so do be thinking of your questions, please.

But one cross-cutting theme I heard across these very diverse – otherwise diverse perspectives is a whole question of maybe accessing or reaching really the most vulnerable and the most marginalized young people, those who are out of school, those who are not connected so the kind of mass aggregation platforms that actually make it easiest to reach them in a commercial way. Obviously, the schools are the number one platform that comes to mind.

And so I would love to hear sort of from each of you where you think that balance lies, and what is the role of organizations like yours in helping to kind of bridge what other would be a chasm? So for example, Gerhard, you talked about lowering costs and addressing key drivers to get the scale. Is that a strategy that's valid for really marginalized kids? Or are we talking that that's a strategy that's sort of more valid for the main actionable segment, but not necessarily for the kids that fall outside of those tech-enabled platforms?

Gerhard Coetzee: I've been singled out, so I have to respond. No, Rani, I don't have an answer specific for marginalized kids, for kids that sort of we don't have a reach through parents or school or workplace, etcetera. But I'm just thinking of some of the work CGAP is doing in terms of reaching other marginalized communities. Think about women farmers in real remote areas, and in that instance, we're also looking at the use of technology, the use of partnerships, and I think once you understand the reality of people on the ground, and where they do aggregate, where they do meet points of contact, where they're sort of – where you can contact them, we start seeing solutions.

So I would go and look in that area for answers to these questions, but I don't have a valid example that I can share with you. And I just want to add one thing. We all look at the sort of point of view of the financial service provider, but if you turn it around and you look at the point of view of the customer or the consumer, well, the, you also have to ask sort of what cost do they have to incur to be served as well? And when you are in a very marginalized situation, you have to actually – you're actually in the worst position, but you have to incur more cost to be served.

And we have to start understanding that and see how we react to that, rather than look at people from a service provider and a cost to serve kind of approach. That's all I can say at this stage about that.

Rani Deshpande: Thank you. Other thoughts? All right.

Suezan Lee: All right. A thought on education when I think about the most marginalized, it has to be cross-cutting, working with a variety of actors, like especially the NGOs, who have direct with the community, liaison community, direct contact. And I think maybe it's not – it's not a commercial venture, right? It's a development venture, to see it from that perspective. So using maybe savings and loans, a different kind of platform altogether, instead of a – you know, connection with a bank, that it would make sense, piggybank something, if you were looking at a lower age group, right, a younger age group to work with.

But I think with the most marginalized, I can't imagine without working in more of a holistic fashion with other – whether it be – I think about our alternative learning programs that we have. When we work with the most marginalized, we have systems where we work with youth who have dropped out, and they want to get something like a GED equivalent to have an accelerated – what we call accelerated learning program.

So it's through those where you could reach out to the most marginalized, with these maybe savings type of program. So I see more of a integration of finding other places where – like the social sectors, whether it be in the health or in the education, where we do work with both, and how do you – and what are those platforms in targeting those most marginalized.

Janet Gordon: The idea of integrated of services is really integral to financial inclusion in the US as well. A big initiative under the Workforce Opportunity Act and Innovation Act to integrate savings and financial education particularly into summer youth employment, which does have a targeted foundational role, but also into all kinds of social services, everything – including multigenerational efforts. I mean, it is getting to the parents from the youth and the youth from the parents.

So all of those kinds of social services that provide income and education and training support can integrate financial capability elements.

Kelly Hallman: Hello? Okay. There we go. In our work with adolescent girls in low and middle income countries, what we've found is particularly for those out of school and very vulnerable, who are basically just trying to scrape together a living, is they do go to the health center, so that's a place to access them. They go to the market, because many of them are petty traders. They go to the market almost every day to get whatever it is they're selling on the street. They also go to water access points. And they also go to transport hubs. So those are the four places where we find very vulnerable adolescent girls. So those – and those are starting points for us in a lot of our programming.

Rani Deshpande: That's holds a lot of promise in terms of thinking out of the box on how to reach very vulnerable populations. Why don't I turn it over to Usman? I think that there are a couple of questions coming in from the web.

Usman Iqtidar: Yep, Rani. Just, again, we had some interesting discussion on the webinar as well. On the same topic, Indra had a question with regards to limited access of girls. Can someone elaborate on partnerships with other organizations? And a sort of related question by Ata saying, I'm curious to know as to what type of outreach is being done, has been done, in raising awareness amongst men, religious groups and community organizations. And another one was on a slightly different tangent. Are there any thoughts on how financial literacy education can or will impact job readiness of youth?

Rani Deshpande: Okay. Thank you. Suezan, can I toss you the one on financial education and job readiness?

Suezan Lee: Yeah. The specific question was if it was – the last question?

[Background voices]

Suezan Lee: So it was interesting, just looking at the Youth Save report. So financial literacy and education of course can help, right? But it's what type of financial literacy and education, what type of information. I think a question came up, what is it?

And so just from reading the Youth Save, it seems like the more specific guidance on budgets, how you do budgets, expense – I mean, I found that to be true even when I was working with the affordable private school sector. Financial literacy was a huge piece in terms of finding out how do you set up an account, how do you do a budget, from what comes in and what comes out, and taking into account – something very simple and low key, and then looking and saying, oh, my goodness, I spent so much money on this petty cash, I should really take into account these things.

So it does help. Another question is whether it works, and I think one of – another colleague here was sharing that it doesn't – hasn't been shown as effective in the school. It's one – because one of the questions I had – because I know in the US education, like in elementary school, they incorporate that in the curriculum. So the question – I'm curious to hear from on the US side if there's any impact from that to be – but it seems like from the bankable chart there of like – of actual savings, it doesn't seem like that has a great impact there.

Janet Gordon: Sure. And it's hard to follow behaviors. It's not as hard to demonstrate knowledge and wealth improvement, which we do see. But the actual tracking of behaviors to education, just like you're finding, is very difficult to track and analyze. And quite frankly, we have sort of mixed results. It's not – we have done some longitudinal studies, very rigorous ones. Knowledge, skills clearly improved. Behavior is much harder to demonstrate. So that's just a difficult area of research, one we would like to see more research in.

Rani Deshpande: Well, first, on the web, the New America Foundation – New America did a interesting paper a few years ago on this question, actually, so thinking about how can financial capability – and we like to use that framework, because it includes both education that targets knowledge and skills and attitudes, and access, which really directly targets behavior, how both of those components can change mental habits.

So I think – and we can throw this up on the web later, but I think that there are several pathways traced in that paper that are very relevant to job readiness skills in terms of developing critical thinking, and especially in terms of developing self-regulation and tolerance for delayed gratification, which are so important in the workplace, as we can all attest, I think.

Kelly, can I get you to talk a little bit about the partnerships for girls and awareness for men?

Kelly Hallman: Yes. And the safety aspect as well. I think that was part of the question, too. Safety for girls? Yeah. So what we normally do is we work with usually a local NGO that has been on the ground for a long time, and usually with a governmental partner, too, often a Department of Health, Department of Education, to plan a program or evaluate and then improve an existing program.

To speak specifically on the safety aspect for girls, what we've done is we have used the results that we have collected in our research about where, when, and how different places in the community are unsafe for girls. We've shared them with inter-sectoral committees at the local level, community planning boards, the people who are responsible for infrastructure, police, etcetera, and really try to get a sort of multi-sectoral, holistic approach to guarding – securing different places, making them safer.

We also work specifically with girls on safety practices. So walking to school not by yourself, but with another girl, with two other girls, things that you can do to be safer, and also a safety plan. In particular, if X happens to you, if this thing happens to you, this is what I'm going to do. This is who I'm going to call. If things are dangerous at home, this is where I can go sleep. This is a safe place I can go. So a very specific plan. If these things happen to me, which happen to girls a lot, this is what I'm going to do. So it's not a panic when a bad thing happens, it's a okay, this is my plan. So those are the things that we've done, and we – they're showing some effect for girls.

Rani Deshpande: There was a project that you have in Kenya and other places really aim to create that safe physical environment for at least a few hours a week where girls can go, feel safe, build social capital, and also build financial capital through associated savings activities. And I think that's an approach we would all endorse.

Kelly Hallman: That's a really big one for girls, especially girls who are vulnerable and don't go often to a place where they can learn and share and discuss and feel safe. So we try to find some physical space, as Rani said, and have the girls come every week on a specific day at a specific time. It's not a drop in thing. It's we expect you here on this day and this time, and if you're not here, we know there's something going wrong. There's something happening in your life, and we're going to go check on you. And so that's the approach that we've used, and found it quite effective.

Rani Deshpande: There's much more to say on this, but I want to open it up for a question to the audience.

Audience: Hi. My name's Rachel from PLAN, and working on the Banking on Change program, which is a youth savings program. Everything you've said has resonated. It's been fascinating that young people can save if you take the route to them, if you engage their parents, if you segment by age, if you deliver engaging training and so on.

But one element that we've noticed in particular is the motivation that young people get from saving together, so the social capital from being in a group, from seeing their peers saving, and savings together. And I'm wondering, first of all, if you have experience with that, too, in your program. And then secondly, a follow-up question, I think particularly for Kelly, we've been hopeful that by including girls in our savings group, that their risky behavior might reduce, because they have other sources of income, other sources of capital, but is there a risk that the peer pressure to save might increase their risky behavior?

Kelly Hallman: So on the second part of your question, there really – there have been some early experiments where – with girls, and particularly out of school girls, it wasn't savings per se that made their behavior more risky. It was when they were offered micro credit. And so they had money in their hands to go do this business or whatever it was, but it didn't have the sufficient sort of financial training, financial education training, the mentorship, sort of social network, that's required to go forward with a chunk of money and know what to do with it. So a lot of those girls were sexually harassed.

Whereas we had a different arm of the program where they met every week in a group. They received mentorship. They improved their skills. They had a network with each other. And those girls did not experience riskier behaviors or more harassment, whereas the girls who didn't have the group part and only the financial part did.

And so, again, that wasn't savings, but it was micro credit. And so yeah, I mean, you can do things in different ways and have the results be positive or negative in terms of risk behaviors. And what was your first question?

[Background voices]

Kelly Hallman: Oh, yeah, absolutely, the social capital piece. We have shown that social capital for girls really does increase with the group dynamic, and what I've seen also in my research is that girls get more socially connected, not only amongst themselves, but also in the community, and people start to look at girls very differently. Like in one example, the girl, because she was financially literate, she was asked to be the treasurer in the church. It's like this girl knows how to handle money. And so people start going to these girls for advice. So they're seen very differently when they do become more financially literate and connected to each other.

Rani Deshpande: And we've seen the same thing, where we have financial education a lot of times – well, not a lot of times, all the time, was delivered in group. And that did provide a lot of motivation around the savings. And in some cases, in one country our partner bank actually set up a group option, so you could open a master account for a group. But in all the other cases, it was individual savings.

But we found that getting the motivation of the group could be as well through financial education as the actual savings mechanism. And we're involved in a project right now actually in South Africa where we have both options, both savings groups, and it links to individual accounts. And there we find it really varies, and it's not either/or. Depending upon the level of trust among the group members, they might be saving in the group and want to open individual accounts when they are of age. That's what we're seeing. Since the younger kids can't – the legal age of ownership is 15 in South Africa – but when they can, they open those up as well.

Another question? Yes?

[Background voices]

Rani Deshpande: Oh, sorry, okay, one more from the web and then back to the room.

Usman Iqtidar: Yes. There is one for Gerhard, saying developing – you talked about developing the business through customer centricity if you could elaborate a little bit more on that. And then there's another question about other venues to reach children other than schools, like places of worship or some other location, if that could help in this research.

Gerhard Coetzee: Well, the customer-centricity focus is an interesting one in that we have to ask ourselves why is it important to focus on the customer versus focusing on the product. And we've used the savings example for youth here, and basically, if you think about it, that we have in most financial services that we provide to poor people, we have high levels of inactivity and non-use. So there's a massive problem. And not inactivity that you describe but where it becomes real dormant, where people walk away from their account.

And we have to ask ourselves why is that, and it seems to me, and based on sort of comprehensive research that we've done, that there are two sort of basic reasons. One is that we tend to not – to really not focus on the client when we actually design these accounts. So it's as if we take something from somewhere else and say this is a product that we can roll out here, and the micro-finance world is notorious for that, where you have a product and you just sort of dish it up to the client and say, we have the product, they will come, and they don't come.

So let's actually focus on the client, understanding the client, understanding what they want, and not asking them what financial service do you want, but asking, what are the pain points in your life that we need to address? Okay? And then from there, get to some sort of solution.

The thesis is that that will be far better to get people to increase – to up their uptake and to up the usage. And once again, if you up your uptake and up your usage, then you get sort of revenue for the service providers, and then they will stay in the game.

So the whole thesis, to the person on the webinar question, the whole thesis is to start your thinking with the client, rather than start your thinking with the product.

Suezan Lee: So I'll answer the second question on the community service organizations and religious institutions, and that's absolutely correct. So that goes back to the whole integrated services. And I just think about our education sector. So when we are trying to reach out to the most marginalized, we have – in our program design, it's already assumed building PTAs, building school management committees, we also build out community organizations to reach out, so that they would be responsible for reaching out to these marginalized, and finding where they are, and those who drop out of school, why they drop out of school, and to bring them back into the fold.

And we also – and especially in Africa, like that – we have a divide, right? In some parts, where you have the Muslim population, where a lot of times our education stats are very low, especially for girls, in those populations, especially in Africa, and so – particularly in Africa.

And so when you see that, we go out and reach out to the madrassahs, to the imams, within our education program design. So immediately I think, oh, my goodness, we need to do more integration, integrative type of designs in our services in doing that, because education naturally – in our sector, we naturally think about the most marginalized, because we have these problems with dropout and retention. We're looking how we can reach them and doing – so that's I think my take on it.

Rani Deshpande: Any other thoughts? Okay. More questions?

Audience: Hi. I'm Jaya. I work with UNICEF in Nepal, and I was with the Youth Save project earlier. My question is to Kelly, and this is around if you've had any experience of possible backlash when the girls become financially empowered in their community, if there's been any kind of resistance from the men in the society who don't like the girls standing up for themselves, taking decisions, and have you been doing any kind of work with the boys and men, and has that helped?

Audience: Hi, Patricia Langus from Save the Children, and I was intrigued by the connection people are trying to make between financial capability and employment outcomes. And I want to direct my question to Rani, because I know you're moderator, but I was wondering if you could just give us a hint about what Save is going to do looking forward to make that connection.

Rani Deshpande: Kelly?

Kelly Hallman: So I did have one experience with a program in South Africa, and it was working with both boys and girls, but the girls really did sort of take this financial education and empowerment and savings, and they were going for it. And a lot of the community was like whoa, like what's going on here?

And we had to tone down the project, because the community was just like, what are you doing to our girls? You know, they're not our girls anymore. And so yeah, I mean, I think it really does take a kind of step-wise approach, maybe. And, I mean, that's a little bit discouraging, but you don't want to I guess upset the local context too much. So that was one experience that spoke to your question.

But a lot of the Population Council programs work only with girls, but I have worked quite a bit with both boys and girls, and what I've found is that because, as in your results, boys are more likely to have ID, boys are more spatially mobile, so boys are much better able to open savings accounts. Girls often try, but because they don't often have the spatial access and/or the ID documents, they are not always successful in opening the account.

We also found that boys get really bored with financial education more than girls do, and so you need to engage boys and girls differently to really keep them in a program.

Rani Deshpande: So I'm going to answer Patricia's question, actually touching on what you just said as well. So we are – at Save the Children, our next steps – building off this conversation about integrated services, this is really how we see the youth savings agenda going forward, be it through formal banking or other financial institutions, be it through groups – I think there's a very strong argument for both, depending on the context.

But we really, as a child focused organization, and one that really tries to address multiple needs of children and young people, we see this as part of our toolkit. It is – as a good in itself, but also as a potential tool to meet these multiple development needs of young people.

So in Vietnam, for example, we're doing the research to see how financial capabilities can improve employment outcomes in a preexisting program that we've had running there. And one thing that's interesting about that piece of work is that we're actually not even focusing on the savings mechanism, because we learned from our Youth Save experience and actually did do better research this time, more human-centered research, that looked not only at what kinds of products the kids might need, but also what are the pain points in their lives? What are they concerned about? How do they spend their time?

And what we found is most of them have accounts already. They're just not using them, because they are badly designed. But we – what we may be able to do is activate the youth by going where they are already. And what that has meant in this program is going to Facebook and hitting kids – repeating a – something that happened yesterday – touching kids at multiple points in their day through Facebook, through training, through their peers, and really activating those channels to reiterate those messages, and for the use of channels that they have already.

And we didn't do that so much in Youth Save. Our market research was very interactive, very participatory, but really focused a lot on what kinds of savings accounts might these young people need, and in retrospect, focused less on where are they and what might be the access barriers.

And I think the results really bear that out, because as you saw, we had 56 percent boys, 44 percent girls, across the four countries, but really varying by country, more or less equal or slightly more feminine in Ghana and Colombia, but two-thirds boys and one-third girls in Kenya and Nepal.

And so I think taking into account those spatial mobility constraints that, Kelly, bringing it back to what you were saying, is going to be really critical in future implementations that we might have. And we actually have qualitative research going on right now in Kenya to find out why. And this is the really interesting thing. Once the girls are in those savings accounts, they perform the same as boys. Yes, in some countries, boys have more savings, but at a general fiscal level, the performance is pretty much the same. In some countries, actually in Nepal, I think, the girls even saved more.

So once they're in those accounts, they do just as well. But then why aren't we getting as many girls into those accounts in some countries? So that's – those are the kinds of barriers that we'll be accessing and sort of addressing in the next generation.

Okay. How much more time do we have?

[Background voices]

Rani Deshpande: All right. Let's do one more question in the back, and then how many – are there questions on the webinar? Two more. Okay. I think we – let's take all three, and then we'll address them at once.

Audience: Well, it's a comment. Building on what Rani was saying, we have an experiment in South Africa, we are looking at soft skills, hard skills, internships, and savings towards employment outcomes. And it's a randomized experiment, and we'll be teasing out - it's been funded by Ford Foundation, and we'll be teasing out which one has more impact.

Usman Iqtidar: Thank you.

[Background voices]

Usman Iqtidar: So I have – sort of similar to what Rani was earlier just talking about, based on current research data, how are you rethinking or tweaking programs with regards to partnerships and delivery vehicles moving forward? And there's another one about discrimination of girls and women seem to be – seem to have been generalized as if it is a cultural or universal, but we know that girls are treated equally or even have higher power in certain cultures. Has anyone seen the difference in other cultures? So one about the culture and one about the program going forward?

Kelly Hallman: Well, we've talked a little bit about how we've tweaked our program. Janet, I'd be interested in hearing whether you have any sort of interim learnings from the 20 banks, 21 bank pilots that are going on right now, and what sort of intermediate redesigns or tweaks might have come out of those observations.

Janet Gordon: It's complicated, because we had 9 originally, and then we just added another 12, so we just started working with the 12. So it's sort of a phase one and phase two.

I would say that the four models that we talked about, the branch and the in school banking, are sort of more dominant. The in school banking, there's a lot of discussion about how credibility – how do you – even are you in the cafeteria? Are you in the – you know, it's almost access, and also a lot of discussion about engaging with parents. And whether you take deposits in the school and then bring them back to the branch, or whether you send the parent to the branch with the child, there's a lot of discussion about that multigenerational communication and engagement of the school in that process.

I mean, do you put a flyer in the backpack, or do you make a website that everybody can go to? There's a lot of experimentation going on. So what we've learned is that people are trying different things, but that getting the attention of overtaxed parents is not easy.

Rani Deshpande: Okay. So I'm going to go ahead and wrap it up, then. Please join me in thanking our panelists for what's been a fascinating discussion.

[Applause]

Concluding Remarks

Rani Deshpande: And before we let you all go, I am so pleased to introduce our last speaker of the day. He's a gentleman who's been really one of the leading lights of the work in the asset building field, both domestically and internationally, for much of the last two decades. Frank DeGiovanni is currently a senior advisor to the President at the Ford Foundation.

Previously, he served as their director of financial assets, leading Ford's worldwide efforts to build financial assets for disadvantaged people with support through grants and program-related investments. In this capacity, he supported some seminal work, proving that low income people were as or more likely to save as wealthier people when faced with the same incentives and institutional arrangements. And his grants have helped document these myth-shattering findings, both in the US and around the world.

Before joining Ford, Frank was associate professor and senior research associate at the New School for Social Research in New York, and served as the chairman of the Pratt Institute's Department of City and Regional Planning for Brooklyn, where he also taught and consulted on projects and housing and community development. Frank has a PhD and a Masters degree in regional planning, both from UNC at Chapel Hill. Please extend a warm welcome to Frank DeGiovanni.

[Applause]

Frank DeGiovanni: Thank you very much. I'm really incredibly pleased to – my voice is not doing great today – to have the opportunity to share closing remarks with you today, because I believe that providing savings accounts to children and youth is very important for both developmental and normative reasons.

And before I – I should just say at the outset that I'm going to talk about providing savings accounts to children and youth for children starting at birth and for youth through ages – through age 18. And I'm going to talk about providing accounts to children, partly for two reasons. One, because I think most of the knowledge that we have is for children, and also because I think it really is important to start with really – to start at an early age.

And also before I start, I think it is – I really feel obliged to provide an incredible round of applause to both the MasterCard Foundation for starting this incredibly important research, but also to the team of people who've been involved for five years, to Save the Children, to CGAP, the New America Foundation, to the Center for Social Development at Washington University, with whom I've worked for I don't know how many years now, to Michael Sherraden and his team there, and also to Gina and her team at the University of North Carolina, and then to the researchers in all of the countries. This has been a monumental undertaking. As a former researcher who conducted a number of demonstrations, and now someone who has funded demonstrations in over ten countries, I know how incredibly difficult it is to do demonstrations in a number of places to keep them on track and then to do the research. This has been a really monumental undertaking. I give you a lot of credit for it, so congratulations.

[Applause]

Frank DeGiovanni: So I'm going to focus on two major topics in my remarks. First, I will briefly describe the involvement of my organization, the Ford Foundation, in conducting research on children's savings accounts in both the US and in South Africa. And then I'm going to try to briefly answer four questions. First, can children's savings accounts have powerful impacts on children, youth, and their families? Second, I'm going to try to answer the question that Tricia asked. That is, are the savings behaviors meaningful? Third, what factors seem to encourage savings? And fourth, what are some of the key unanswered questions that we have?

So let me start with what the Ford Foundation has done, because I think this is an important context. It'll help you understand my answers to some of these questions. The Foundation began working on children's savings accounts more than 13 years ago. Our goal was to develop a national system of universal progressive savings accounts for children in the US. This is not a minor goal. And so far, we haven't managed to succeed, but we're making headway.

The centerpiece of this work was what we call the Savings for Education, Entrepreneurship, and Down Payment Policy and Practice, or the SEED Initiative, for short. SEED had three major components. The first were 11 small community pilots in preschool, elementary, middle school, and high school in urban and rural settings, and each of these pilots provided about

70 accounts each.

The second component was one large pilot of 495 accounts for four and five year olds evaluated through a rigorous quasi-experimental design for four and five year olds in Head Start centers in Pontiac, Michigan. We called this SEED Michigan.

And the centerpiece was a randomized controlled trial of more than 1,300 children's savings accounts provided to children at birth in Oklahoma. We called this SEED OK. In this demonstration, impacts were measured for the children after four years, and this is the only test of a universal, progressive, opt-out model of kids' savings accounts to date. So again, universal, provided to every child at birth. Opt-out, the accounts were provided to kids at birth. They were provided – they weren't chosen. They didn't have to select. Everybody got one. So this is, again, a test of what would happen if a country gave every child at birth a savings account.

What were we trying to learn from this? Is it possible to implement a universal progressive system of children's savings accounts? This was the test in Oklahoma. What are the impacts of savings accounts given to children and their families? And then what design features work best? That's what we did in the US.

Now what are we doing in South Africa? We currently have underway a four year randomized controlled trial of 1,500 families who received a child grant – the Children's Cash Grant program in two provinces in South Africa. For those of you who don't know South Africa, the Child Cash Grant program is the largest cash grant program in the country, given to more than 11 million families, the caregivers of very poor children, between the ages of 0 and 18 years old. These are, again, very poor families. And these grants are given to caregivers, and many of the caregivers are grandparents, children whose parents either don't live with them or who are deceased. And if you remember the slide that Kelly gave in Southern Africa, more than often 26 percent of the children do not live with their families.

This study had a three-pronged design, two treatment arms. One treatment arm is just financial literacy training. The other treatment arm gives financial literacy training plus youth development workshops. The second arm – the second component are facilitated access to bank accounts. And then the third components are matched savings incentives.

The goal of this study is really to combat the incredibly high youth unemployment rate of 63 percent. The goal is to see whether providing a bank account, incentives to save, training in financial literacy, and youth development services will encourage families whose children in the family are 16 years of age will increase the likelihood that they will transition to either college or university, getting a job, or starting a business. This study is now in the analysis phase, and we hope the results will be ready by March.

So let's now turn to the first question, can children's savings accounts have powerful impacts? My answer to this is an unequivocal yes. In the SEED Oklahoma study, the US randomized controlled trial, families in the treatment group opened accounts and saved significantly more than the control group. The preliminary results from South Africa indicate that the percentage of families saving regularly in a bank account increased faster than the – for the treatment families than for the control families. And as we just saw in Ghana, the results indicate that the treatment youth both took up accounts, opened accounts, and saved more than the youth in the control group.

Now let's look at psychosocial and educational effects. And again, for me, the answer is unequivocal yes. In the US, the children's savings accounts had statistically significant positive effects on social/emotional development for children at the age of four, and the effect was greater for low income children and for children with less educated mothers.

Secondly, savings accounts improved the mother's expectations for their children's education, significantly greater for treatment than for control families, and very interestingly – this is something I never would have thought – they also reduced maternal depressive symptoms, especially for low income and less educated women.

Now very surprisingly, all of these effects resulted from the automatic opening of the accounts, and partly from the subsidized deposit, and were unrelated to the actual savings behavior of the parents. So again, it came from the opening of the account, not from the actual savings behavior.

And in the pilot studies, the case studies, where we – where the accounts were provided to teenaged participants, qualitative research indicated that the accounts helped the teenagers imagine a future with new educational or occupational options.

Now in South Africa, the preliminary findings indicate that treatment households, again, caregivers with children between the ages of 16 and 18, the study began when the kids were 16 years of age, and in secondary education.

The treatment households reported increases in education as the primary reason for saving, while the control families did not, and in fact, over the three years where the study is tracking the families, expectations of education, future education, declined for the control group.

Treatment youth identified more ambitious future life goals, with 96 percent of treatment 12th graders aiming to attend college or university, significantly greater than the percentage of the control group youth who aspire to this goal.

And finally, for treatment students who have already completed secondary school, youth in the financial services treatment group are more than two times likely to be successfully involved in college or university or currently working than the control group. This, again, is – given the aims of the study, is a very powerful finding.

Now when I looked the Ghana study, and again, I only had time to read it quickly before coming here, the impacts on psychosocial or educational outcomes in Ghana, again, as Gina said, were mixed. The treatment youth experienced increases in future orientation and aspirations for the future, but the differences were not statistically significant.

Now again, they were tracked only for I think a year or two. My hypothesis, and I'd love to talk to Gina more about this, I think the different between South Africa and Ghana may very well lie in the nature of the intervention, and I'll get back to this, and maybe also the time they were tracked. But I think it may have something to do with the nature of the intervention, and I'll come back to this at the end.

Let's now turn to the second question, is the savings behavior meaningful? And part of me hates to even ask this question, because frankly, I've been doing this work for 13 years, and this is the question we get asked all the time. Everyone thinks the purpose of kids' savings accounts is about how much do you save. And while this is really important, because material gains are important, because people want to have savings to invest in college education, or in the case of developing countries, it's often you need savings to go on to secondary school.

But I honestly don't think that savings is necessarily the most outcome. I think the psychosocial gains are as important. But everybody asks this question. Policy makers focus on this as the most important outcome, so we have to address it. But frankly, it's the most difficult question to answer, precisely because there are no widely accepted norms about what is meaningful or what is successful. They just don't exist. And I have spent a lot of time trying to answer this question.

So in the US, the percent of families with young kids that actually saved for college ranged from 8.3 percent in the Oklahoma experiment to 33 percent in the Michigan. Now I should point out that in Oklahoma and Michigan, the demonstration was savings accounts that were provided to the children, were in 529 college savings accounts, which meant that the children had to use the savings to go to college. 529 plans, the savings are restricted to use in college. So 8.3 percent in Oklahoma, 33 percent in Michigan.

Now to me, these rates seem meaningful when compared to possible benchmarks, and I'm going to offer you three. Sixteen percent of all US households contributed to an IRA, an individual retirement account, in the year 2011, the last year for which we have data. Fourteen percent of Americans with incomes below $25,000.00 owned an IRA in 2012. Only three percent of all families in the US have put money into a 529 college savings plan or an ESA or a Coverdale Educational Savings Account. So think about that. In Michigan and Oklahoma, 8.3 percent saved, 33 percent of Head Start families saved in Michigan, compared to 16 percent, 14 percent, and 3 percent. I think the savings we achieved in Oklahoma and Michigan are very comparable and I think savings in the US, very successful.

Let's look in South Africa. In the South Africa pilot, 53 percent of the treatment group families opened an account, and more than 60 percent – these are, again, very, very poor South African families – 53 percent of the treatment group families opened an account, and more than 60 percent saved regularly in a bank account each month. To me, this is incredibly impressive, because these are very poor families.

Ghana, the take-up rate as I understand it for the two treatment arms ranged between 11 and 21 percent for the accounts. This seems very meaningful, especially if we compare this to the take-up rate for many micro-financed products.

Now if we look at the amount saved, the amount saved in the US, there was a mean average of $100.00 per year for very low income people in the US. In Ghana, the mean, looking at the report, was $38.00 after – per year. It was per year or for two years? Two years. Okay. So $38.00 for two years. Again, for – where 48 percent of the youth were below $2.50 – yeah, $2.50 a year. That to me is very meaningful.

In South Africa, the average savings was $68.00 after two years, again, for very poor families. These seem to me very meaningful results, and especially when you think that these amounts will compound and grow.

But here, I think it's very important to bring in a discussion about expectations. There's a growing belief supported by a number of people, supported by the findings about the impact of children's savings accounts on future orientation. It's a belief – a lot of it resulted from the research of Willie Elliott, that holding a savings account, especially if it is dedicated for specific use, and having some assets, may be more important to youth and their families than the actual amount of the savings.

And let me elaborate on this. Using secondary data from longitudinal data sets on youth in the US, Willie Elliott, who's a researcher at the University of Kansas, has found that even a small amount of savings, as low as $500.00, increases the likelihood of attending and graduating from college. He has hypothesized that mental accounting and designating savings for college helps children develop a conception of themselves as college bound, and creating a college saver identity.

According to the theory of identity-based motivation, designating savings for college, regardless of the amount, indicates that college is the goal, and that the child sees savings as the vehicle to make this happen. It is possible that expected savings, not current savings, might be the major motivating factor.

So this really raises the whole issue, that it may not be the actual amount of savings you have, but how much you may have over time, and the identity this creates for yourself, that really is the driving factor. Now, again, this is theory. This came from longitudinal data. It hasn't been tested through a randomized controlled trial, but it really gives us an inkling of a link between future orientation, actual savings, and outcomes. And we need to test this more rigorously.

Okay. Now I'm coming to my third question. What factors seem to encourage savings? And many of these have already been talked about by Lissa, by Gina, so three sets of factors are critical. And because we are so interested in the US in the role of public policy in creating savings accounts for children, I'm going to start with public policy. And I believe that we haven't looked at this enough in our country work. Certainly our South Africa work, our demonstration is a partnership with the government of South Africa, and so there we are looking at it.

So first, I think we have to look at opt-out structures. Frankly, there's been so much work among behavioral economists in looking at nudges, we really have to look at this whole issue of opt in versus opt out. So I think opt out structures are incredibly important.

We've already heard discussion about ID requirements. Minimal or no ID requirements are incredibly important. I know in the US this is going to be heresy with the know your customer rules. But I think we have to look at ID requirements. We've had major issues in the US with trying to provide immigrants with savings accounts, because they can't come up with IDs. Supportive regulatory policies are very important.

And then savings incentives. We've seen in Nepal that savings incentives made a difference. We know in the US, in all the work we've done on individual development accounts and children's savings accounts, savings incentives do make a big difference.

Characteristics of financial products. Again, no or minimal deposit – initial deposits make a huge different. Minimal deposit requirements are barriers to people opening savings accounts. I know there's a debate, but I believe that withdrawal restrictions are important, because it does, first of all, keeps money in the savings account, and some people are very motivated. We've done research, people have told us, I love withdrawal restrictions because it means my family can't get their hands on the money. We've been told time and time again that if I start to save, my brother, my sister-in-law, my cousin, they believe it's their money. They believe they can just come to me and ask for the money. Having a withdrawal restriction protects the money.

There are trade-offs, obviously, and we've seen that in the Youth Save demonstration. And I think it's important – I think, Elisa, you made the important point, we need to think about different kinds of accounts. Transaction accounts are important, because people do need money for immediate uses. But many of us believe that savings accounts for development purposes, starting a business, buying a home, saving for secondary education or tertiary education, are really important.

And finally, what I call digitizing accounts, electronic transfers. We are creating – using mobile technology is really important, and I understand that many youth don't have access, but the use of cell phones is now so prevalent in developing countries, that I believe looking at electronic transfer of mobile money is really important.

And finally, facilitating savings is really important. Promoting financial capability is really important. Encouraging parental involvement, maximizing outreach to youth, what I call high touch programs – now again, this has an impact on how do you scale it, but I'll get to that in a moment. Encouraging youth and families to set goals. A lot of the work we've done, we're working with very poor families. In another demonstration we call the graduation program, getting people to visualize the future is a huge motivating factor, because they can see another – an alternative vision to their current reality.

And frankly, beginning with as young a population as possible –we've already heard this talked about today – for very practical reasons: money compounds.

Okay, finally – I may be running over my time, and I apologize for that. Once I get going on this, you can see how I get excited about it. I've worked on it for 13 years. This is really a very exciting area.

Okay. We know a lot, but we don't know a lot. And frankly, I think we know less than we – there are more gaps in our knowledge than we actually know.

Okay, so what don't we know about savings behavior? I think you can – you can see from today's conversation, we need to better understand why people open accounts but don't save. Is it due to income constraints? Is it due to lack of motivation? Is it due to future orientation? Is it due to lack of access to financial institutions? Is it due to poor product design? CGAP's client-centricity is a huge important topic.

Is it due to poor financial capability? Is it due to lack of trust in financial institutions? Is it due to the behavior of bank staff? We have horror story after horror story in our South Africa demonstration about the insensitivity of bank staff in working with youth. All of these are possible explanations, and frankly, I think all of them are partly responsible.

We also need to understand the relationship between opening an account and the other outcomes. Is savings necessary to produce these other outcomes? We learned in the SEED Oklahoma that in fact saving may not be necessary for producing some of the psychosocial outcomes.

Secondly, the children's savings accounts, if these savings accounts are provided at significant scale in specific geographies, such as schools, do interaction effects occur that promote increased savings, the social capital argument? I think this is really important, and we need to do much more research on the dynamics in these kinds of places.

Third, do various impacts manifest themselves at different ages or different time periods? How long does it take for different effects to show up? Is measuring effects after two years fair? Do effects – are effects linear? Are they geometric? We don't have any idea. We really need a theory of life cycle effects to understand this. We need to know the future expectations for the psychosocial impacts for the level of savings. Frankly, we just don't have enough demonstrations to be able to answer this.

Turning to the role of expectations, what's the relationship between future orientation, the amount of savings, and the outcomes, such as getting a job or entering and completing tertiary education? I think we really have to give a very – a much more rigorous test to the hypotheses that Willie

Elliott has identified.

And then the role of product design. Which product features are most critical? How do we convince financial institutions to scale kids' savings accounts? The work with CGAP is very important. I'd hate to believe that there is no business case to be made, but there may very well be.

And then are there innovative structures behind – beyond the traditional individual account structure? For example, we've been doing a lot of work around retirement plans. There's now some innovative designs for retirement plan that try to get around the same kind of issue, which is the business case. For example, in California, there's now a very innovative business model around offering pooled retirement vehicles, which gets around having a retirement account for the individual, where the plan – it's a pooled structure, so – which makes it much more attractive to the fund managers.

And then finally, using technology to build financial capability. How do we use mobile technology to reduce the cost of facilitating outreach? For example, we've been doing a lot of work in Latin America to work with governments to integrate savings components into their conditional cash transfer programs, and in doing that work, we realize that it's not just enough to provide the conditional cash transfer payments for families through bank accounts. We needed to build financial capability, and it was very costly to do this one on one.

So our grantee invented – developed a program to teach financial capability. They loaded the program on iPads with indestructible cases, and they provided the iPad to lead mothers in villages. They left the iPads with the mothers with these programs with very attractive cartoons, and the mothers taught themselves. You know, you could imagine leaving these iPads in schools and having the kids teach themselves.

So there are creative ways to begin thinking about how to do this at scale that is much more cost effective.

So where does this leave us? In the US now there's a lot of experimentation. San Francisco now is offering children's savings accounts to every child in kindergarten, providing a $50.00 deposit. So every child in kindergarten in San Francisco now gets a child savings account. Cuyahoga County is doing the same thing. States like Nevada, Rhode Island, Maine, are providing children's savings accounts to every – in Maine, it's every newborn.

So there's a lot of experimentation going on. I'd love to see this begin to happen in developing countries.

I think we need to think about how to integrate children's savings accounts into the national financial inclusion strategies that many countries are developing. I think we need to think about how to integrate these into the social protection plans that many – how do we move this into conditional cash transfer schemes?

So I think we need to be more creative in thinking about how to do this. How do we link this into workforce development schemes that Suezan's talked about? So there's a lot – a lot of ways for us to think about this.

So I think this is only the start. I hope MasterCard will continue thinking about this. And I love it that Save the Children is doing this as well. So again, thanks for the opportunity to make closing remarks. I love this work. Continue it, please.

[Applause]

Rani Deshpande: Thank you so much, Frank, and thank you to all the panelists. I think today's discussion was rich and insightful. If you look on your seats, there is an agenda. On the other side is a survey. We do care about your feedback and sort of who we did and what you learned and takeaways. So please do take a moment to fill that out. And then I also want to make a plug for all the publications on the back table over there. Do grab it when you go out, all right? Thank you so much, everyone.

[End of Audio]