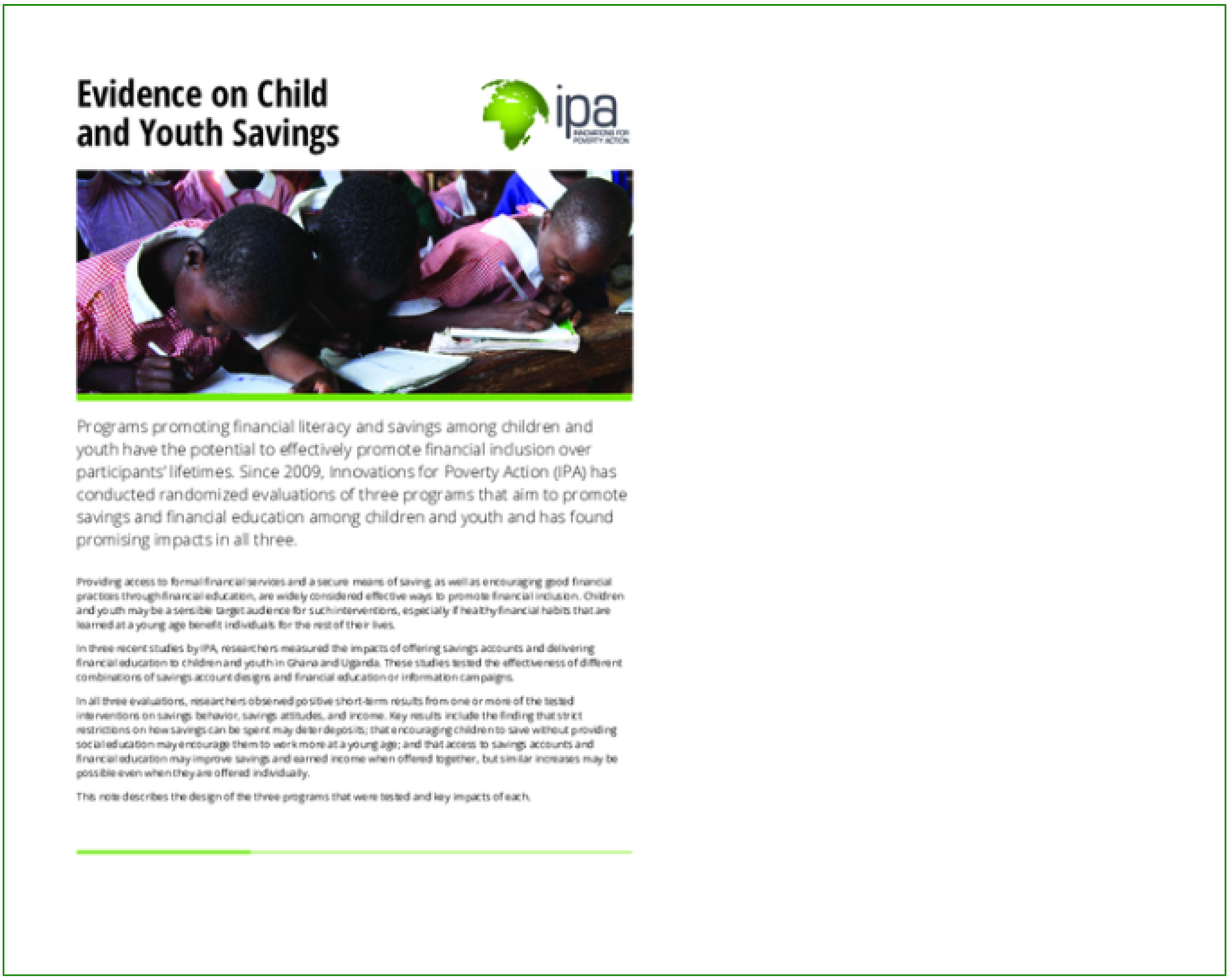
Innovations for Poverty Action



Evidence on Child and Youth Savings

ipa INNOVATIONS FOR POVERTY ACTION

Programs promoting financial literacy and savings among children and youth have the potential to effectively promote financial inclusion over participants' lifetimes. Since 2009, Innovations for Poverty Action (IPA) has conducted randomized evaluations of three programs that aim to promote savings and financial education among children and youth and has found promising impacts in all three.

Providing access to formal financial services and a secure means of saving, as well as encouraging good financial practices through financial education, are widely considered effective ways to promote financial inclusion. Children and youth may be a sensible target audience for such interventions, especially if healthy financial habits that are learned at a young age benefit individuals for the rest of their lives.

In three recent studies by IPA, researchers measured the impacts of offering savings accounts and delivering financial education to children and youth in Ghana and Uganda. These studies tested the effectiveness of different combinations of savings account designs and financial education or information campaigns.

In all three evaluations, researchers observed positive short-term results from one or more of the tested interventions on savings behavior, savings attitudes, and income. Key results include the finding that strict restrictions on how savings can be spent may deter deposits; that encouraging children to save without providing social education may encourage them to work more at a young age; and that access to savings accounts and financial education may improve savings and earned income when offered together, but similar increases may be possible even when they are offered individually.

This note describes the design of the three programs that were tested and key impacts of each.

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