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**Improving Shock-Coping with Precautionary Savings:
Effects of Mobile Banking on Transactional Sex in Kenya***

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Abstract

For the most vulnerable, even small negative shocks can have significant short- and long-term impacts. Few interventions that improve shock-coping are widely available in sub-Saharan Africa. We test whether individual precautionary savings can mitigate a shock-coping behavior with potentially negative spillovers: transactional sex. Sex for money is a common shock-coping behavior in sub-Saharan Africa and is believed to be a leading driver of the HIV/AIDS epidemic. In a field experiment in Kenya, we randomly assigned half of 600+ participating, vulnerable women to a savings intervention that consists of opening a mobile banking savings account labeled for emergency expenses and individual goals. We find that the intervention led to an increase in total mobile savings, reductions in transactional sex as a risk-coping response to shocks, and a decrease in symptoms of sexually transmitted infections.

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Improving Shock-Coping with Precautionary Savings: Effects of Mobile Banking on Transactional Sex in Kenya

For the most vulnerable, even small negative shocks can have significant short- and long-term impacts. Few interventions that improve shock-coping are widely available in sub-Saharan Africa. Researchers test whether individual precautionary savings can mitigate a shock-coping behavior with potentially negative spillovers: transactional sex. Sex for money is a common shock-coping behavior in sub-Saharan Africa and is believed to be a leading driver of the HIV/AIDS epidemic. In a field experiment in Kenya, researchers randomly assigned half of 600+ participating, vulnerable women to a savings intervention that consists

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