

Authors

Shilpa Aggarwal
India School of Business

Valentina Brailovskaya
Research Associate

Jonathan Robinson
University of California, Santa Cruz

Saving for Multiple Financial Needs: Evidence from Malawi*

Shilpa Aggarwal¹ Valentina Brailovskaya² Jonathan Robinson³

May 17, 2019

Abstract

We test whether the provision of multiple labeled savings accounts affects savings decisions and downstream outcomes in a field experiment with 481 entrepreneurs in urban Malawi. Treatment respondents received either one or multiple savings boxes, while a control group received nothing. Multiple accounts increased savings in treatment accounts by about 30%. Savings boxes had sizeable effects on a number of outcomes, including farming decisions, household expenditures, land purchases, credit extended to customers, and interpersonal transfers. However, we find no evidence that multiple accounts had larger downstream effects than single accounts.

JEL Code: D14, I26, O12, O16

Keywords: savings, liquidity, labeling, mental accounting, lockboxes, goal-setting

*We are extremely grateful to Calvin Mhango and Gabriela Petuchman for overseeing the project and to Marika Karon and David Park for research assistance. We thank Cindy Farver for her continuous support, and IPA Malawi for implementing the research protocol in Malawi. We thank the Financial Inclusion Program at IPA, ISB, and UCSC for financial support. We are grateful to Srijal Desai for useful discussions. We thank seminar participants at the 4th Annual Researcher Gathering on Financial Inclusion and Social Protection, the 2018 Williams CDE conference, UCSC, and IDInsight for valuable feedback. This research protocol was approved by the the National Commission for Science and Technology in Malawi and the IRBs of UCSC and the ISB. This trial is registered in the American Economic Association's registry for randomized controlled trials (AEARCTR0002407). A pre-analysis plan is available on the AEA registry website. All errors are our own.

¹India School of Business, email: shilpa.aggarwal@isb.edu

²IDInsight, email: valentina.brailovskaya@idinsight.org

³University of California, Santa Cruz and NBER, email: jrobert@ucsc.edu

Saving for Multiple Financial Needs: Evidence from Malawi

We test whether the provision of multiple labeled savings accounts affects savings decisions and downstream outcomes in a field experiment with 481 entrepreneurs in urban Malawi. Treatment respondents received either one or multiple savings boxes, while a control group received nothing. Multiple accounts increased savings in treatment accounts by about 30%. Savings boxes had sizeable effects on a number of outcomes, including farming decisions, household expenditures, land purchases, credit extended to customers, and interpersonal transfers. However, we find no evidence that multiple accounts had larger downstream

effects than single accounts.

May 17, 2019