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**Timeline**

2009-2010

**Sample Size**

2,100 "susu" customers of 5 different bank branches in Eastern Region

**Research Implemented by IPA**

Yes

# Savings Account Labeling for Susu Customers in Ghana

## Abstract

IPA is working with Mumuadu Rural Bank (MRB) to study the response to and impact of a new account labeling savings product. Working with Susu customers and Susu agents, the study compares the success of this new product with the current Susu savings product. The new savings product has only a psychological difference: it allows the labeling of funds within an account so that deposits can be directed to a specific goal, such as health, education or business savings.

[Watch Project Associate Hana Freymiller talk about this project on Youtube.](#)

## Policy Issue

Saving is hard for most people, rich or poor, educated or not. Setting aside even small sums of money on a regular basis requires a conscious trade-off between buying something now in favor of achieving long-term goals, and even the most prosperous struggle to translate this intention into sustained savings. Saving may be especially difficult for poor individuals, as daily needs and family obligations may distract attention from meeting savings goals.

Poor individuals not only have less income, but often face additional barriers to savings. They tend to be the least educated about their financial options, have the least access to secure financial institutions and are the least able to afford financial mistakes. Due to a variety of challenges, savings rates are quite low across the developing world and individuals often go into debt to maintain family well-being.

## Context of the Evaluation

Ghana's Eastern Region has a vibrant microfinance sector populated by a wide range of formal and informal institutions, and uniquely characterized by a prevalence of "Susu" collectors: traditional savings collectors who walk a daily path through town to collect Susu, "small small moneys", from their customers. Typically, Susu collectors return the funds to their customers at the end of the month in exchange for one day's worth of collections.

As banks moved into rural areas, they have formalized Susu collection, paying their agents on commission and not charging their customers a direct fee for the service. Competition between banks is highly visible in the urban marketplaces where Susu agents, clothed in the bright batiks of their respective institutions, fight for the patronage of the same group customers.

## Details of the Intervention

Researchers collaborated with Mumuadu Rural Bank (MRB) in the Eastern Region of Ghana to test the impact of a new type of savings account aiming to help clients save by focusing attention on savings goals. The evaluation seeks to understand if a purely psychological savings product, which encourages customers to earmark account funds for a specific financial goal, increases savings rates.

Study participants were active savings customers of Susu agents at Mumuadu Rural Bank in five urban and rural communities across Eastern Region in Ghana. Among them, half were randomly selected to receive an offer of the labeled savings account, while the remaining customers continued to access existing savings services from the bank. The new labeled account shared all the characteristics of the regular Susu account with the addition that customers could "label" funds for particular expenditures, such as buying a house or paying children's school fees. After labeling the account, customers stated how much they planned to save over the next six-month period. The bank provided each customer with a free passbook that had the personal savings goal written on the front as a reminder.

Mumuadu Rural Bank staff were responsible for maintaining the accounts once they had been opened and Susu agents continued their normal rounds, collecting funds for the labeled account alongside the regular Susu savings accounts. Researchers tracked the take-up of the new product and savings activity over six-months among all participating customers.

## **Results and Policy Lessons**

Results forthcoming  
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