



Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

Seoul Hope Plus Savings Accounts

Asset-Building Program for Low-Income Households in Seoul
(Second-year Collaborative Research Report)

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Prepared for:
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2011

CSD Research Report
No. 11-20

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Preface

This report is prepared for Seoul Welfare Foundation (SWF) by a research team of scholars from SWF and the Center for Social Development (CSD) at Washington University in St. Louis. Many people, both at SWF and CSD, contributed to this report. Youngmi Kim and Soonsung Lee take the main responsibility of writing the second-year collaborative research report conducted in September 2010 through June 2011, entitled *Evaluation of Asset-building Program for Low-income Households*, at their respective institutions.

We are especially appreciative of qualitative and quantitative study participants. We greatly appreciate the invaluable comments of Dr. Michael Sherraden on the research project and excellent edits of Julia Stevens and Carrie Freeman. We thank Youngsun Joo for translating the qualitative study from Korean into English and helping the entire research process and Yeongsil Kwon for assisting report preparation.

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Seoul Hope Plus Savings Accounts: Asset-Building Program for Low-Income Households in Seoul

INTRODUCTION

Unequal distribution of economic resources has been one of the most serious concerns in Korea, as in other countries. For the last 15 years, in particular, poverty issues have worsened as a result of the massive Asian financial crisis, the credit market collapse, and the decline in the global economy. Recent changes in the economy have resulted in more skewed income distribution, limited job opportunities, unstable employment status, and increases in the number of people in poverty. The traditional belief that an individual's hard work will always be rewarded is no longer reflected by reality.

In addition, the decline in the global economy is likely to hit the working poor individuals and households hardest. Limited education and skills often act as barriers to earning a decent income and having job stability and benefits. Further, the risk of poverty is much higher for poor households with children, especially female-headed single parent households.

To respond to the continuous challenges experienced by the working poor, the Seoul Welfare Foundation, with support from the Seoul Metropolitan Government, launched a pilot asset-development program for the poor in December 2007. Following the completion of this pilot program—the Hope Accounts program—the Seoul Welfare Foundation announced their plan to expand the scope and implementation the program in October 2008. The Seoul Hope Plus Accounts program started in March 2009 as part of the Seoul Hope Dream project, and approximately 13,000 participants had enrolled as of October 2010.

Although there is increasing interest in asset-building programs in Korea, little is known about program implementation and potential impacts on working poor households. To address this knowledge gap, this report presents results of a second year quantitative survey and qualitative in-depth interviews conducted in 2010 with participants in the Hope Plus Accounts program and a comparison group. Quantitative and qualitative findings from the 2010 research are then compared to findings from the 2009 baseline research to measure changes in participants and potential program impacts over time.

BACKGROUND

Asset-building initiatives for low- and moderate- income households

While income maintenance programs historically have been the main focus of anti-poverty strategies in Korea as well as the US, asset-building policies and programs have gained increasing attention and interest from both policymakers and academic scholars within the last decade. Current asset-based policies exclusively benefit middle and upper class through tax subsidies for asset-owners.

Redistributive asset policies shift tax burdens to the wealthy and facilitate social transfers but they are paid less attention to asset-based policies compared to income support programs, especially for lower income households.

Sherraden (1991) emphasizes the importance of assets for individual and household development in the long-term; in these ways, assets are more than a storehouse for future consumption. Asset accumulation is a long-term and dynamic process beyond consumption, and non-consumption does not necessarily mean non-utility. Assets provide more effective economic security and opportunities for children's development than income.

First, assets increase household stability by providing a cushion for unexpected economic risks leading to loss of income, such as illness, unemployment, or family breakup. Second, assets create a future orientation, encouraging individuals to think beyond day-to-day survival. Third, assets increase development of other financial assets and stimulate human capital development. With assets, people can invest in a better education. Asset holding in itself is also an educational process, which encourages people to learn how to invest and maintain their assets. Fourth, assets enable people's capacity building. Fifth, assets provide a foundation for risk taking so that people can better buffer psychological and social problems. Sixth, assets increase personal efficacy with greater prediction about future and a sense of control. Seventh, assets increase social capital through wider networking or information. Eighth, assets increase political participation because people with assets are more likely to protect their property. Ninth, assets ensure continuous security of subsequent generations.

Sherraden (1991, 2001) proposes an asset-building strategy that includes everyone, thus providing opportunities for individuals to build resources for future economic protection and long-term individual/household development. He points out that asset-building strategies complement traditional income maintenance programs by encouraging individuals and households to control and to plan their life in the long-term by means of savings and investment.

In addition, asset limits in means-tested programs often discourages the poor from accumulating savings and holding assets because most low-income households are concerned about the loss of public assistance program benefits if they accumulate assets and the amount exceeds the asset limits set by federal/state government (Nam, 2008; Powers, 1998). Also, income and assets accumulated for the short term often are too modest to offset minimum living costs so that the poor tend to stay in poverty status and have no financial plan for future. Therefore, policy interventions encouraging long-term accumulation of assets by low- and moderate-income households have been actively discussed as a policy alternative.

Asset-building policies and programs for low- and moderate- income individuals and households have been designed and implemented in the form of matched savings account programs: Individual Development Accounts and Child Development Accounts¹. Individual Development Accounts (IDAs) are matched savings accounts for adults and their households, while Child Development Accounts are accounts that benefit children. Both types of savings accounts promote saving for particular purposes among low- and moderate- income s, primarily education, home ownership, and microenterprise. Participants' savings are matched when their income is eligible. Savings matches can be funded by public sources of federal/state government and/or private sources. Generally, in the U.S., nonprofit community-based organizations take the responsibility of administrating the IDA programs with a coalition of local financial institutions (Boshara, 2001) and in partnership with local governments.

IDAs are designed so that participants can save in their accounts and receive incentives without losing public assistance program benefits (CFED, 2004). Mostly TANF funded IDAs and Assets for Independence Act (AFIA) IDAs are exempt from public assistance program asset limits (CFED, 2004); however, some variations in IDA program administration are also found mainly because of variations in TANF rules across states (Edwards, 2005).²

Research on the American Dream Demonstration, a large demonstration testing IDAs with low-income adults, found that about 55% of participants would like to purchase a home with their IDAs, 17% were interested in investing in micro-enterprise, and another 17% in postsecondary education (Sherraden, 2001). Although program participants saved fairly low amounts in their accounts, the poorest participants were more likely to save than other populations with higher incomes. Therefore, the findings suggest that asset-building strategies not only help the poor accumulate assets but also increase work efforts by lessening work disincentives, which is a major concern regarding the public welfare system.

Asset-building policies and programs in Korea

Interest in asset-building policies and programs for low- and moderate-income households has increased in Korea as growing income inequality and asset poverty have revealed the limitations of the current public assistance system. According to the study examining characteristics of the asset-poor in Korea (Suk, 2010), wealth gap has been much wider between low and high income groups, and a proportion of the asset-poor is larger than the income-poor. The working poor who receive public assistance often continue to face unemployment, job instability, and work disincentives in spite of supplementary job training and employment programs (Shin, 2009). In addition, lack of assets can increase the transmission of intergenerational poverty (Lee, Noh, and Hwang, 2004), a growing problem in Korea. Thus, asset-building policies and programs have been adopted and discussed as a social investment policy in Korea to ameliorate this vicious cycle of intergenerational

¹ For more information on Child Development Accounts, please see a special issue of *Children and Youth Services Review*, 32 (11): Child Development Accounts: Theory, Evidence, and Policy Potential Assets and Child Well-Being in Developed Countries, edited by Sherraden, M., Kim, Y., and Loke, V.

² More information on IDA, for example, different types of IDAs by fund, TANF IDAs, Assets for Independence Act IDAs, and other IDAs, can be found in Boshara, 2003, CFED, 2004, and Edwards & Bailey, 2006.

poverty and provide a policy alternative to existing public assistance programs.³ Asset development for lower-income households in was first discussed at the 56th Korean National Meeting in November 2004.

In October, 2008, the Seoul Metropolitan government announced the Seoul Hope Dream Project and launched two main savings account programs for Seoul Metropolitan residents—the *Seoul Hope Plus Accounts* (IDAs) and *Kummarae Accounts* (CDAs)—to be implemented and coordinated by Seoul Welfare Foundation.

In addition, the Korean Ministry of Health and Welfare started CDAs nationwide in 2009. The program, officially named the *Didim Seed Accounts* program, provides CDAs for children aged 0-17 in the child welfare system and disability institutional care. In April 2010, program eligibility was expanded to children aged 12 in families receiving public assistance benefits and living outside Seoul. Also, the Korean Ministry of Health and Welfare launched two IDA programs: Haengbok Kium Accounts in November 2009 and Heemang Kium Accounts in 2010. Haengbok Kium Accounts are a three-year pilot program for the working poor households whose head is an 18-34 year old with dependent children. It is currently implemented in partnership with local governments in four regions: Incheon, Gyeonggi, Jeonbuk, and Pusan. Heemang Kium Accounts target working poor households currently receiving public assistance and provide savings matches and additional work incentive.

³ More information on asset-based policies in Korea is found in Nam, Sherraden, Zou, Lee, and Kim (2010) and will continue to be posted on CSD website.

HOPE PLUS ACCCOUNTS PROGRAM

In 2007, the Seoul Welfare Foundation started the Hope Accounts asset-building program to complement the existing public assistance system and encourage working poor households to accumulate savings and gain long-term financial capability. The Hope Accounts program began as a small-scale pilot demonstration program with the very first group of 100 low-income participants. In 2008, the Hope Accounts program was renamed the Seoul Hope Plus Accounts program (Hope Plus Accounts hereafter) and in 2009, the program was expanded to recruit more participants.

One hundred participants were recruited in December 2007 for the pilot program, and 98 graduated in December 2010. As of October 2010, the Hope Plus Accounts program had recruited approximately 13,000 participants in five cohorts (Table 1).

Table 1. Hope Plus Accounts participants

	Enrollee	Participant	Income status		Savings Goal		
			Welfare recipients	Working-poor below 150%	Housing	Education	Business start-up
Hope (pilot)	100	98	0	98	58	18	22
Hope Plus 1	956	917	330	587	638	190	89
Hope Plus 2	4972	4780	975	3805	2999	1455	326
Hope Plus 3	4049	3939	588	3351	2591	1075	273
Hope Plus 4	1428	1413	256	1157	939	391	83
Hope Plus 5	1505	1504	275	1229	1003	366	135
Total	13010	12651	2424	10227	8228	2495	928
(%)		(100.0)	(19.2)	(80.8)	(65.0)	(27.6)	(7.3)

Note: This figure is as of October, 2010.

Individuals are eligible for the program if they are Seoul metropolitan residents, 18 years or older, and either welfare recipients or working poor with assets and income below 150% of the official poverty line. Also, they must have been actively participating in the labor market for more than 10 months, have debts less than 50,000,000 KRW (about US \$50,000 when calculated in US\$ 1: KRW 1,000 exchange rate), and have an acceptable credit score (e.g. no bankruptcy).

Table 2. Program characteristics of the Hope Plus Accounts

	Description
Eligibility	Seoul residents; 18 years or older; welfare recipients or the working poor with income below 150% poverty line; actively participating in the labor market; debts less than 50,000,000 KRW; without bad credit score
Deposit Amounts	- Welfare recipients choose either 50,000 KRW or 100,000 KRW. - The working poor below 150% poverty line choose either 150,000 KRW or 200,000 KRW.
Savings Match	1:1 for Hope Plus Account participants (1:1.5 for Hope Account participants)
Participation Length	3 years
Savings Goal	Housing, Education, Business start-up
Supplementary Programs	Financial education (three time a year); Financial consultation; Case management; Support group meetings; Extra cultural events
Funding	Seoul Metropolitan Government and Private sector (Community Chest of Korea)

Program participants commit to a monthly deposit amount and total savings goal at the beginning of the program. Welfare recipients can choose either 50,000 KRW or 100,000 KRW for their monthly deposit amount, while working poor individuals living below 150% of the poverty line and without public assistance cash benefits can choose either 150,000 KRW or 200,000 KRW. Participants also choose among three savings goals: housing, education, or business start-up.

For three years, participants must deposit the monthly amount into their Hope Plus Account. If participants encounter economic difficulties, such as job loss or illness, they can stop making deposits for up to six months with permission. However, if participants fail to make deposits for three consecutive months without permission, they can be dismissed from the program.

Deposits made by participants are matched at a 1 to 1.5 match rate for the pilot Hope Accounts and a 1 to 1 match rate for Hope Plus Accounts. After three years, participants can withdraw accumulated savings including their own deposits and savings match and use the funds toward their savings goal. If participants choose to use the accumulated savings for another purpose, they may withdraw only their own deposits and interest earned and forfeit the savings matches.

Program participants are required to attend financial education three times a year. The financial education program is designed to promote knowledge and capability in asset management and economic consumption. At the same time, the program provides diverse supplementary services, such as individualized financial consultation, case management, and support group meetings both online and offline, and provides opportunities to enjoy cultural events with their own family and other families.

The Hope Plus Accounts program is implemented in close collaboration with the Seoul Metropolitan Government, the Seoul Welfare Foundation, the Community Chest of Korea (an organization resembling the United Way), local welfare offices, community social service agencies, and Woori bank. While Seoul Welfare Foundation is responsible for selecting program participants and coordinating/implementing the program, the Seoul Metropolitan Government supports administrative work and funding. The Community Chest of Korea also provides funding from private donations for savings matches. Local welfare offices work together to identify poverty status and welfare records of participants. Community agencies work with individual participants to monitor their program participation and savings performance. Both local welfare offices and community agencies are also main sources for referring potential program participants to Seoul Welfare Foundation. Financial account monitoring and account management are taken care of by a financial institution, Woori bank.

QUANTITATIVE RESEARCH ON HOPE PLUS ACCOUNTS

This chapter presents findings from the quantitative second-year survey research on Hope Plus Accounts. Following the baseline survey in 2009, extensive data were collected in 2010 from Hope Plus Accounts program participants (treatment group) and comparison group on individual and household characteristics, economic conditions, financial behaviors and attitudes, and participants' program evaluations. The quantitative research aims to better understand characteristics of the Hope Account program participants and their emerging needs by this data with that collected from a comparison group of low-income working poor living in the Seoul metropolitan area.

Quantitative Research Methodology

Data collection

Data were collected through face-to-face interviews in July-August 2010 with the same participants who participated in the 2009 baseline survey (Kim et al., 2010). With the exception of a few questions that were removed or revised, the structured survey questionnaire used in these interviews was virtually identical to that used in the baseline survey. The 2010 questionnaire consisted of two parts: (1) questions asked to both treatment and comparison groups on individual and household characteristics, economic status, financial behaviors and attitudes, family interactions, and life satisfaction etc.; (2) questions asked only to the treatment group on saving strategies, expectations of the Hope Plus Accounts program, and recommendations for program improvement.

The baseline quantitative study used data collected from 802 study participants (Kim et al., 2010): 477 treatment group participants were selected from the third cohort of the Hope Plus Accounts program and 325 comparison group participants were selected from the Panel Study of Welfare. Of the 802 respondents, 598 (427 from treatment group and 171 from comparison group) completed the second-year survey. Those in the treatment group who did not complete the survey included 34 respondents who refused to participate in the survey, 12 who had closed their Hope Plus account, 2 who were found not to have a Hope Plus Account, and 2 whom the survey team was unable to locate. About half of comparison group members refused to participate in the survey, and others could not be located by the survey team because they had moved or because the team had incorrect contact information.⁴ The high refusal rate of the comparison group may be explained by the fact that the survey was conducted close to same time as the Panel Study of Welfare, in which the comparison group also participated.

Analyses strategy

First, individual and households characteristics of treatment and comparison groups were compared: demographic and household characteristics, objective economic status and subjective economic assessment by study participants, and financial behaviors and attitude toward savings. A series of bivariate analyses were employed to show whether there were statistically significant differences in

⁴ In addition, one case was too old to complete the survey and one case was found not the same survey respondent in the baseline survey.

the various characteristics between treatment group status. Chi-square tests were used for categorical variables and t-tests for continuous variables.

Second, savings by treatment participants were analyzed. Savings were measured as average monthly deposit amount into the Hope Plus Account, average monthly deposits in other bank account(s), and a ratio of monthly deposits in Hope Plus Accounts to deposits in other bank account(s). Also, treatment participants were categorized into two saver groups by monthly savings amount. The two saver groups, A and B, were compared on various savings measures using univariate analyses.

Third, the two saver groups in the treatment group were then compared on their demographic and household characteristics, household economic conditions, financial behavior, and attitude toward savings. As done in the comparisons by treatment group status, a series of bivariate analyses were employed to determine any statistical differences by saver group status. Chi-square tests were used for categorical variables and t-tests for continuous variables.

Fourth, the treatment group's evaluation on Hope Plus Accounts were analyzed to better understand program participants' experiences. Univariate analyses were employed on participants' major savings strategies, attitudes and expectations toward the accounts, and suggestions on how the program could be improved.

Last, quantitative results from the 2010 survey were compared to the results of the 2009 baseline survey. Responses were compared by survey year on demographic and household characteristics, objective economic status and subjective economic assessment, and financial behaviors and attitudes toward savings. Descriptive comparison was used to present the results.

Analyses Findings

The first section presents findings on all participants of the second-year quantitative study: both treatment and comparison groups. The second, third, and fourth sections present results from the treatment group only. The last section compares the 2009 baseline survey findings with the 2010 findings.

Comparison by treatment group status

Demographic and household characteristics by treatment group status

Table 3 compares demographic and household characteristics by treatment group status. Both groups have a similar distribution of gender, with female participants constituting about 65% of the treatment group and 71% of the comparison group. Average age in the comparison group (58 years old) is much higher than in the treatment group (44 years old) ($t=11.21$, $p<0.001$). Treatment participants are significantly more educated ($\chi^2=74.63$, $p<0.001$), with higher proportions having a college education (20.61%) and high school education (59.48%). The treatment group is similar to the comparison group in terms of marital status. Married participants constitute 51.76% of the treatment group and 49.71% of the comparison group, while respondents who are divorced, separated, or widowed constitute 44.73% of the treatment group and 42.11% of the comparison group.

The treatment group is significantly different in working status from the comparison group ($\chi^2=183.77$, $p<0.001$). More than nine out of ten treatment participants report they are working in the labor market, whereas less than 50% of comparison group are. Consistent with these results, the treatment group is significantly different from the comparison group in employment status and the total working hours. Almost the half of the treatment participants (51.29%) are full-time workers in comparison to only about 14% of the comparison group. Treatment group also works for a longer time than the counterpart, as shown by the total number of working hours in their main job, 46.57 hours a week ($t=-3.20$, $p=0.003$).

The treatment group is also found to be significantly different in health status ($\chi^2=105.66$, $p<0.001$). Whereas about 46% of the comparison group report that they are unhealthy, more than two-thirds of the treatment group assess themselves as healthy. Consistent with their global health status, the treatment group has a lower proportion of people with disability (4.45%) relative to the comparison group (9.94%).

In addition, the two groups are found to be significantly different in terms of household type ($\chi^2=131.56$, $p<0.001$) and size of household ($t=-6.45$, $p<0.001$). While the majority of both groups are married couples with children, the treatment group has a much higher proportion of mother-headed households (32.79% compared to 11.70% for the comparison group) and the comparison group has a considerable share of single-person (23.39% compared to 3.28 for the treatment group) and other type (12.28% compared to 7.49% for the treatment group) of households. The average number of family members is also slightly higher for the treatment group (3.50) than the comparison group (2.74), which is a statistically significant difference. As to internet use, the average level of use for information-seeking is significantly higher for the treatment group than the comparison group ($t=-9.36$, $p<0.001$).

Table 3. Demographic and household characteristics by treatment group status

	Comparison Group	Treatment Group	Total
<i>Demographic characteristics</i>			
Age (year) ***			
Mean	58.43	43.96	48.10
Gender (%)			
Female	70.76	65.34	66.89
Male	29.24	34.66	33.11
Education (%) ***			
No High School	55.56	19.91	30.10
High School	35.67	59.48	52.68
Some College education or above	8.77	20.61	17.22
Marital Status (%)			
Never-Married	8.19	3.51	4.85
Married	49.71	51.76	51.17
Divorced, Separated, Widowed	42.11	44.73	43.98
Working Status (%) ***			
No	52.05	4.68	18.23
Yes	47.95	95.32	81.77
Employment Status (%) ***			
Not employed or Housewife	52.05	4.68	18.23
Not full-time(temporary or daily employment) or Self Employment	33.92	44.03	41.13
Full-time	14.04	51.29	40.64
Total working hours a week: main job ⁵ (hrs; Mean) **	38.77	46.57	45.26
Health Status (%) ***			
Healthy	37.43	70.49	61.04
So-So	16.96	20.37	19.40
Unhealthy	45.61	9.13	19.57
Disability Status (%) *			
No	90.06	95.55	93.98
Yes	9.94	4.45	6.02
<i>Household Characteristics</i>			
Household Type (%)***			
Mother-headed household	11.70	32.79	26.76
Father-headed household	1.17	4.68	3.68
Grandparent-headed household	5.26	0.00	1.51
Married-couple household with child(ren)	35.09	49.65	45.48
Married-couple household without child(ren)	11.11	2.11	4.68
Single-person household	23.39	3.28	9.03
Other type of household	12.28	7.49	8.86
Number of family members (Mean)***	2.74	3.50	3.28

⁵ About 18% of cases are excluded from analysis because they are not employed or housewife.

Other Characteristics

To what extent do you surf the internet for information? (Mean) ***	3.05	5.47	4.78
N	171	427	598

Note: Percentages may not sum to 100% due to rounding.

* p<0.05; **p<0.01; ***p<0.001

Household economic conditions by treatment group status

Table 4 presents household economic conditions for the past year by treatment group status. There is a significant difference in household income level between the two groups. The average amounts of total household income for the last year⁶ are higher for the treatment group with 14,786,500 KRW than the comparison group with 11,519,800 KRW (t=-4.04, p<0.001). In the other objective economic measures, however, both groups show similar responses. About 78% of participants report that they had experienced lacking money to cover basic living expenses, and the level of economic shortage experiences is fairly similar in the both groups. Although a lower percentage of the comparison group (57.31%) reports they have debt liability compared to treatment group (61.36%), the difference is not significant.

Similar to objective economic condition measures, the treatment group shows statistically significant differences in subjective responses on their household economic condition. While the majority of each group perceive their economic status to be generally low, a higher percentage of comparison participants consider themselves very low (39.18%) in overall economic status; a higher percentage of treatment group perceive that they are lower-middle class (17.80%) or low class (54.80%) ($\chi^2=16.77$, p<0.001). Also, treatment participants generally report more positive evaluations on the other three subjective measures. A significantly higher percentage of treatment participants (15.69% versus 5.26%) reports that their economic condition became better in the past one year ($\chi^2=17.49$, p<0.001). Treatment participants are less likely to report that they are dissatisfied with current economic condition (51.29% versus 64.91%), which is a statistically significant difference ($\chi^2=9.62$, p=0.008). More importantly, treatment participants are much more positive toward their future financial circumstances than the comparison group. Over the half of treatment participants are hopeful about their future economic condition (57.38% versus 27.49%) and those who are not hopeful are less than 15% in the treatment group ($\chi^2=44.60$, p<0.001).

⁶ The total amounts of household income are calculated by summing incomes earned from different sources in the past 1 year: the main job, a secondary job, and any other sources.

Table 4. Household economic condition by treatment group status

	Comparison Group	Treatment Group	Total
<i>Objective Economic Measures</i>			
Total household income in the past 1 year (in ten thousand KRW) ⁷ ***			
Mean	1151.98	1478.65	1386.10
Median	1090.00	1400.00	1300.00
Have you lacked money for covering basic living expenses in the previous year (%)			
No	22.81	21.31	21.74
Yes	77.19	78.69	78.26
Any debts?			
No	42.69	38.64	39.80
Yes	57.31	61.36	60.20
<i>Subjective Economic Assessment (%)</i>			
Perceived economic status ***			
Middle-class or higher	5.26	3.98	4.35
Lower-middle class	12.28	17.80	16.22
Low class	43.27	54.80	51.51
Very-low class	39.18	23.42	27.93
Household's economic condition in the past 1 year? ***			
Got better	5.26	15.69	12.71
Neither better or worse	45.03	49.18	47.99
Got worse	49.71	35.13	39.30
The level of satisfaction to current economic condition**			
Satisfied	4.68	8.43	7.36
So So	30.41	40.28	37.46
Dissatisfied	64.91	51.29	55.18
Expectation for future economic condition***			
Hopeful	27.49	57.38	48.83
So-So	45.03	28.57	33.28
Not Hopeful	27.49	14.05	17.89
N	171	427	598

Note: Percentages may not sum to 100% due to rounding.

* p<0.05; **p<0.01; ***p<0.001

Financial behavior and attitude by treatment group status

Financial behavior and attitude are compared by treatment group status and presented in Table 5. The treatment group differs from the comparison group in educating their children about basic

⁷ One case is excluded from analysis because of missing information.

financial management. Over 80% of treatment group report that they educate their children about how to save and spend money compared to about 68% of the comparison group. The treatment group significantly differs from the comparison group in terms of financial planning ($\chi^2=30.50$, $p<0.001$). Treatment group members are more likely to plan ahead before spending money than comparison group members. Greater proportions of treatment group members “usually” (71.66%) or “always” (14.99%) plan ahead, compared to 58.48% and 10.53%, respectively, of comparison group members. Similarly, the treatment group (6.10 points) is significantly different from the comparison group (5.34 points) in the extent to which they discuss income and spending with their household members ($t=-3.12$, $p<0.002$).

The treatment group shows statistically significant differences in some measures of attitude regarding saving. A higher percentage of treatment participants (91.80% versus 83.63%) think that they should save money into a bank account no matter what their current circumstances ($\chi^2=8.66$, $p=0.003$). The treatment group is more likely to report saving for unexpected economic costs (70.26%) than the comparison group (45.61%) ($\chi^2=31.89$, $p<0.001$). Also, the treatment group is less likely to agree to the statement “I do not have money to save” (61.59%), compared to the comparison group (77.78%) ($\chi^2=14.30$, $p<0.001$).

However, the two groups do not differ to a large degree in other measures of attitude toward saving. In both groups, almost every respondent agrees that “saving is very important” and “savings will change my future.” About one-third of each group disagree that “savings would not make a difference in my economic condition.” Less than 10% of each group have concerns regarding the possibility that family members or friends will ask to borrow their money if they have savings. Also, about 14% of treatment group members and 10% of comparison group members are concerned about the possibility that they may lose government public benefits because of savings.

Table 5. Financial behavior and attitude by treatment group status

	Comparison Group	Treatment Group	Total
Do you educate your child(ren) about how to save and spend money? ⁸ (%) **			
Yes, I often do	30.23	36.48	34.93
Yes, I sometimes do	37.98	45.41	43.57
No, I rarely do	31.78	18.11	21.50
Financial Planning (%) ***			
I always plan ahead to spend money	10.53	14.99	13.71
I usually plan ahead to spend money	58.48	71.66	67.89
I rarely plan ahead to spend money	21.05	11.24	14.05
I never plan ahead to spend money	9.94	2.11	4.35
To what extent do you discuss income and spending with your household members? (Mean) **	5.34	6.10	5.88
<i>Attitude toward Savings</i>			
Saving is very important (%)			
Disagree	0.00	0.47	0.33

⁸ About 13% of cases were excluded from analysis because they did not have a child.

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Agree	100.00	99.53	99.67
I should save money into a bank account at any circumstance (%) **			
Disagree	16.37	8.20	10.54
Agree	83.63	91.80	89.46
Savings will change my future (%)			
Disagree	5.26	2.58	3.34
Agree	94.74	97.42	96.66
I tend to save for unexpected economic costs (%) ***			
Disagree	54.39	29.74	36.79
Agree	45.61	70.26	63.21
Savings would not make a difference in my economic condition (%)			
Disagree	67.84	69.09	68.73
Agree	32.16	30.91	31.27
I do not have money to save (%) ***			
Disagree	22.22	38.41	33.78
Agree	77.78	61.59	66.22
I am concerned that family members or friends will ask me to lend them money if I have savings (%)			
Disagree	92.40	91.33	91.64
Agree	7.60	8.67	8.36
I am concerned that savings might disqualify me from public benefits (%)			
Disagree	90.06	86.42	87.46
Agree	9.94	13.58	12.54
N	171	427	598

Note: Percentages may not sum to 100% due to rounding.

*p<0.05; **p<0.01; ***p<0.001

Savings by treatment participants

The Hope Plus Accounts program is designed to encourage low-income individuals and households to save more and make and realize long-term financial plans. The program requires treatment participants to commit to a fixed monthly deposit amount at the beginning of the program and continue to make this deposit every month for three years. This section analyzes the savings by treatment participants.

Table 6 presents the number and proportion of treatment participants by monthly deposit amount into their Hope Plus Accounts. The majority, 277 treatment participants (64.87%), make a monthly deposit of 200,000 KRW. About 2% (n=10) of treatment participants make a monthly deposit of 50,000 KRW into their accounts, about one-third (n=139) make a monthly deposit of 100,000 KRW, and only one treatment participant makes a monthly deposit of 150,000 KRW.

Table 6. Savers in Hope Account: Treatment participants

Monthly deposit Amount ¹ in Hope Plus Account	n	%
50,000 KRW	10	2.34
100,000 KRW	139	32.55
150,000 KRW	1	0.23
200,000 KRW	277	64.87
Total	427	100.00

To better understand savings and characteristics of different types of savers, treatment participants are categorized into two groups of savers by monthly deposit amount. Treatment participants making monthly deposit of 50,000 or 100,000 KRW into their Hope Plus Account constitute saver group A, and those making a monthly deposit of 150,000 or 200,000 KRW constitute saver group B. Saver group A accounts for about 35% (n=149) of treatment participants and saver group B about 65% (n=278).

Table 7 demonstrates savings by treatment participants in other bank accounts as well as the Hope Plus Account. Monthly savings are presented for all treatment participants, saver group A, and saver group B for each measure.

The average deposit amount in the Hope Plus Account across both saver groups is about 163,800 KRW. Saver group A has an average deposit amount of about 96,600 KRW and Saver B has one of about 199,800 KRW. In addition, treatment participants across both groups report that they make an average monthly deposit of 131,900 KRW in other bank account(s). Consistent with their saving in the Hope Plus Account, saver group A accumulates, on average, a lower amount of deposit in their other account(s) (109,700 KRW) compared to saver group B (143,700 KRW).

To assess how much treatment participants generally save each month in any type of bank account, total savings are calculated by summing the average deposit amounts in the Hope Plus Account and the other bank account(s)⁹ in order. The average amount of total savings is 296,000 KRW for all treatment participants. Reflecting the higher average deposits by saver group B in the previous two measures, saver group A accumulates a lower average amount in all account combined (206,400 KRW) each month than saver group B (343,600 KRW).

In addition, a ratio of monthly deposits in the Hope Plus Account to those other bank account(s) is calculated. On average, monthly deposits to Hope Plus Account comprise 69% of total monthly savings in all treatment group households, with the proportion being a little bit higher in saver group B (70%) relative to saver group A (67%). Despite this small difference, the high proportions in both groups indicate that savings in the Hope Plus Account appear to be a critical saving activity for all treatment participants.

⁹ Bank accounts includes any financial accounts, such as in private insurance.

Table 7. Monthly savings: Treatment participants

	n	Mean	Median	Min	Max
Amount ¹ in Hope account (KRW)					
Total	427	16.38	20.00	5.00	20.00
Saver Groups A	149	9.66	10.00	5.00	10.00
Saver Groups B	278	19.98	20.00	15.00	20.00
Amount ¹ in other bank account(s) (KRW)					
Total	427	13.19	10.00	0.00	110.00
Saver Groups A	149	10.97	5.00	0.00	110.00
Saver Groups B	278	14.37	10.00	0.00	100.00
Amount ¹ in Hope account and other bank account(s) (KRW)					
Total	427	29.60	25.00	5.00	120.00
Saver Groups A	149	20.64	15.00	5.00	120.00
Saver Groups B	278	34.36	30.00	20.00	120.00
Ratio of deposit amounts in Hope Account to other bank account(s)					
Total	427	0.69	0.66	0.08	1.00
Saver Groups A	149	0.67	0.66	0.08	1.00
Saver Groups B	278	0.70	0.66	0.16	1.00

Note: Monthly deposit amount in ten thousand KRW.

Comparison by saver group status: Treatment participants

Demographic and household characteristics by saver group: Treatment participants

Demographic and household characteristics of treatment participants are compared by saver group status, as Table 8 illustrates. Saver groups A and B are similar in household size and gender composition but are significantly different in age, education, marital status, employment status, and household type.

Saver group B is younger (43.20 yrs) and more educated than saver group A (45.37 yrs), and both differences are statistically significant. Those with some college education and high school graduates constitute about 23% and 62% in saver group B, and about 17% and 55% in saver group A. There is a higher percentage of those who are married in the saver group B (58.27%) than saver group A (39.60%), which is also reflected in proportions for household type. Employment status is also significantly different by saver group. Over half of saver group A (58.39%) are employed on a temporary or daily basis, but the majority of saver group B (60.07%) is employed full-time. This result suggests that saver group A is more likely to have unstable working status and experience income fluctuations over time.

In sum, noticeable differences in most demographic and household characteristics suggest that saver group A has more disadvantages in socio-economic status compared to saver group B. These disadvantages may explain saving group A's choice of a lower monthly savings amount, and suggests this group will have a greater challenges to maintain regular savings.

Table 8. Demographic and household characteristics by saver group: Treatment participants

	Saver Group A	Saver Group B	Total
<i>Demographic characteristics</i>			
Age (year) **			
Mean	45.37	43.20	43.96
Gender (%)			
Female	69.80	62.95	65.34
Male	30.20	37.05	34.66
Education (%) **			
No High School	28.19	15.47	19.91
High School	55.03	61.87	59.48
Some College education or above	16.78	22.66	20.61
Marital Status (%) ***			
Unmarried	60.40	41.73	48.24
Married	39.60	58.27	51.76
Employment Status (%) ***			
Not employed or Housewife	6.71	3.60	4.68
Not full-time(temporary or daily employment) or Self Employment	58.39	36.33	44.03
Full-time	34.90	60.07	51.29
<i>Household Characteristics</i>			
Household Type (%)***			
Single parent households (mother or father only)	51.01	30.22	37.47
Married couple households	39.60	58.27	51.76
Single or other types of households	9.40	11.51	10.77
Number of family members (Mean)	3.44	3.53	3.50
N	149	278	427

* p<0.05; **p<0.01; ***p<0.001

Household economic conditions by saver group: Treatment participants

Table 9 presents household economic conditions by saver group. The average amount of total household income in the past year is significantly higher for saver group B (16,233,000 KRW) than saver group A (12,080,000 KRW). Nevertheless, the groups do not differ greatly in material hardship experience and debt holding. Compared to saver group B, a higher percentage of participants in saver group A report that they had experienced lacking enough money to cover basic living expenses in the previous year (83%). However, the difference is not statistically significant. Also, both groups have a similar fraction of debt holders, slightly over 60%.

Similar to objective economic measures in household income, material hardship, and debt holding, saver groups A and B are not significantly different in their subjective economic assessments. Most treatment participants in both groups report that their household's economic state was neither better

nor worse (47% for saver group A and 50% for saver group B) or even got worse (41% for saver group A and 32% for saver group B) in the previous one year.

Possibly related to their past economic condition, both groups are alike in assessing their level of satisfaction with their current economic state. Less than 10% in each group are satisfied with their current economic condition. Much bigger proportions in both groups are dissatisfied: 57.05% in saver group A and 48.20% in saver group B.

Although both groups make rather negative assessment of the past and current conditions, most participants are not skeptical about future economic condition. Over 50% of each group reports that their future economic condition is hopeful, with no statistically significant difference in expectations between the two groups.

Despite their similar responses to the three measures of subjective economic assessment, the two groups have a statistically different perception of their economic status. Most of saver group B perceives themselves to be low-class (57.91%) or lower-middle class (20.50%); most of saver group A considers themselves to be low-class (48.99%) or very-low class (36.24%). The subtle difference in perception of economic status appears to reflect objective economic status, given that saver group A is comprised of welfare recipients with lower household income and saver group B is mostly working poor living below or around 150% of the poverty line.

Table 9. Household economic condition by saver group: Treatment participants

	Saver Group A	Saver Group B	Total
<i>Objective Economic Measures</i>			
Total household income in the past 1 year (in ten thousand KRW) ¹⁰ ***			
Mean	1208.00	1623.30	1478.65
Have you lacked money for covering basic living expenses in the previous year (%)			
No	17.45	23.38	21.31
Yes	82.55	76.62	78.69
Any debts?			
No	39.60	38.13	38.64
Yes	60.40	61.87	61.36
<i>Subjective Economic Assessment (%)</i>			
Perceived economic status ***			
Middle-class or higher	2.01	5.04	3.98
Lower-middle class	12.75	20.50	17.80
Low class	48.99	57.91	54.80
Very-low class	36.24	16.55	23.42
Household's economic condition in the past 1 year?			
Got better	12.08	17.63	15.69
Neither better or worse	46.98	50.36	49.18

¹⁰ Three cases are excluded from analysis because of missing information.

Got worse	40.94	32.01	35.13
The level of satisfaction to current economic situation			
Satisfied	6.04	9.71	8.43
So So	36.91	42.09	40.28
Dissatisfied	57.05	48.20	51.29
Expectation for future economic conditions			
Hopeful	54.36	58.99	57.38
So-So	29.53	28.06	28.57
Not Hopeful	16.11	12.95	14.05
N	149	278	427

* p<0.05; **p<0.01; ***p<0.001

Financial behavior and attitude by saver group: Treatment participants

Table 10 presents a comparison in financial behavior and attitude toward savings by saver group status. Saver groups A and B are not statistically different in educating their child about how to save and spend money. Most of them report that they either often or sometimes educate their children on saving and spending: 79.29% in saver group A and 83.33% in saver group B. Financial planning is also similar in both groups. Over 85% plans ahead to spend money, either always or usually.

Yet, the two groups are different in the extent to which they discuss income and spending with their household members. Saver group B reports a higher point score with 6.3 than saver group A (5.7). This may indicate that saver group B is more likely to have conversations on household income and expenditures with household members. On the other hand, the difference in scores may be explained by saver group A limited economic resources, which are not enough even to make daily ends meet.

In general, the two groups have similar attitudes toward savings. Almost everyone believes that saving is very important and that it will change their future. Consistent with these findings, they mostly disagree with the statements “savings would not make a difference in my economic condition and “I do not have money to save.” In addition, similar proportions in both groups disagree that family members or friends will ask to borrow money if they have savings and that savings might disqualify them from public benefits.

While both groups are very similar in most measures of attitudes toward savings, there is a statistically significant difference found in one measure. Saver group B reports a significantly higher percentage of agreement in “I should save money into a bank account at any circumstance” (94.24%), compared to saver group A (87.25%). Accordingly, the result indicates that saver group B is more committed to saving on an ongoing basis.

Table 10. Financial behavior and attitude by saver group: Treatment participants

	Saver Group A	Saver Group B	Total
Do you educate your child(ren) about how to save and spend money? ¹¹ (%)			
Yes, I often do	34.29	37.70	36.48
Yes, I sometimes do	45.00	45.63	45.41
No, I rarely do	20.71	16.67	18.11
Financial Planning (%)			
I always plan ahead to spend money	12.75	16.19	14.99
I usually plan ahead to spend money	74.50	70.14	71.66
I rarely plan ahead to spend money	10.07	11.87	11.24
I never plan ahead to spend money	2.68	1.80	2.11
To what extent do you discuss income and spending with your household members? (Mean) *	5.72	6.30	6.10
<i>Attitude toward Savings</i>			
Saving is very important (%)			
Disagree	0.67	0.36	0.47
Agree	99.33	99.64	99.53
I should save money into a bank account at any circumstance (%) *			
Disagree	12.75	5.76	8.20
Agree	87.25	94.24	91.80
Savings will change my future (%)			
Disagree	2.68	2.52	2.58
Agree	97.32	97.48	97.42
I tend to save for unexpected economic costs (%)			
Disagree	33.56	27.70	29.74
Agree	66.44	72.30	70.26
Savings would not make a difference in my economic condition (%)			
Disagree	65.10	71.22	69.09
Agree	34.90	28.78	30.91
I do not have money to save (%) ¹²			
Disagree	32.21	41.73	38.41
Agree	67.79	58.27	61.59
I am concerned that family members or friends will ask me to lend them money if I have savings (%)			
Disagree	92.62	90.65	91.33
Agree	7.38	9.35	8.67

¹¹ About 8% (35/427) of cases were excluded from analysis because they did not have a child.

¹² It is statistically significant at 0.1 level (p=0.0541).

I am concerned that savings might disqualify me from public benefits (%)

Disagree	85.91	86.69	86.42
Agree	14.09	13.31	13.58
N	149	278	427

* p<0.05; **p<0.01; ***p<0.001

Evaluations on Hope Plus Accounts by treatment participants

Saving strategies for Hope Plus Accounts: Treatment participants

Table 11 shows saving strategies used by treatment participants for making monthly deposits into Hope Plus Accounts. This question is asked to the treatment group only, and respondents are allowed to provide one to three primary saving strategies. By using the multiple responses, 16 dummy indicators are created and proportions of those who indicate each strategy are presented in Table 11.

More than half of the treatment participants (59.25%) report that they economize food expenditures. The next main strategy was to reduce various types of essential living expenses (40.28%). Likewise, about 40% chose to reduce housing-related monthly expenditures, for example, monthly rental fee or utility bills (36.53%), and in clothing or household durable goods such as electronics and furniture (37.70%). In addition, some participants cut their spending on transportation or telecommunications (20.37%), education (17.10%), or other personal expenses of family members (14.05%). The results suggest that participants face a lack of economic resources so that a considerable proportion of participants are more likely to make deposits by reducing the size of essential living expenditures in food, housing, and clothing. The findings are not surprising because the Hope Plus Accounts program is designed and implemented for a target group of low-income families.

Table 11. Saving strategies for Hope Plus Accounts: Treatment participants (%)

	%
<i>(up to 3 choices allowed):</i>	
By increasing work (second or part-time job)	4.68
By borrowing money	4.45
By reducing food expenditures	59.25
By reducing educational expenditures	17.10
By reducing transportation or telecommunication expenditures	20.37
By reducing vehicle maintenance expenditures	1.87
By reducing housing expenses (e.g., rent)	36.53
By reducing clothing, electronics, and furniture expenditures	37.70
By reducing other essential living expenses	40.28
By reducing alcohol/cigarette spending	8.20
By reducing donations to charity	1.17

By reducing other personal expenses	14.05
From monthly earnings	9.84
From government assistance	0.47
From assistance of child(ren)	0.23
From assistance of parent(s)	0.23
N	427

Attitudes/Expectations toward Hope Plus Accounts: Treatment participants

Table 12 presents how treatment participants think about the Hope Plus Accounts. In general, most participants evaluate their program participation positively. Almost all participants (98.59%) believe that the Hope Plus Accounts will help participants (and their families) to learn better saving behavior. Participants (97.19%) largely agree that the Hope Accounts will result in positive effects on their life, and a similar proportion (94.38%) also agree that Hope Account will help participants (and their families) become self-sufficient. While participants have overall positive expectations toward Hope Plus Accounts, some participants also express concerns and worries. About one-thirds of participant (30.68%) experiences economic and psychological pressure as a result of program participation. Nearly 30% of participants are not sure whether they can successfully complete the three years of Hope Plus Accounts program participation.

Table 12. Attitudes/Expectations toward Hope Plus Accounts: Treatment participants (%)

	Disagree	Agree
Hope Plus Accounts will help me and my family have better saving behavior.	1.41	98.59
Hope Plus Accounts will have positive effects on my family.	2.81	97.19
Hope Plus Accounts will help my family become self-sufficient	5.62	94.38
I (my family) feel economic and psychological pressure due to the Hope Plus Accounts	69.32	30.68
I am not sure whether I will successfully complete the Hope Plus Accounts (saving for 3 years)	71.43	28.57
N	427	

What can be improved in Hope Plus Accounts: Treatment participants

Treatment participants are also asked to provide one or two suggestions on how Hope Plus Accounts program can be improved. Table 13 shows opinions for program improvement from their experiences. Because respondents are allowed to provide up to two suggestions, 16 indicators are created to reflect how many participants point out each suggestion, by using the multiple responses. The majority of participants (56.21%) indicate that they would like to have more diverse options for monthly savings amounts. It is likely that participants are challenged to meet the program rule that the same amount is required to be deposited every month. Participants would like to have some degree of flexibility in making savings deposit according to their economic condition each month.

Over 40% of participants express that it would have been better if they could have various savings goals, not limited to three major saving goals. About 30% express a desire to extend their program participation beyond the three-year period. A non-trivial proportion of participants points out that they need various educational programs (16.39%), support services (19.20%), and various options for financial education with flexibility in meeting hours and location (9.13%). About 14% indicate that the strict rule on how many monthly deposits could be missed should be relaxed.

Therefore, the responses generally suggest that participants are eager to have a wide range of supplementary services and programs, while most participants would like to have a more flexible program design.

Table 13. What can be improved in Hope Plus Accounts: Treatment participants

	%
<i>(up to 2 choices allowed):</i>	
Nothing	1.41
Need diverse options of savings amounts	56.21
Need various educational programs	16.39
Need more professional information of educational programs	7.49
Need to relax a strict rule on the minimum number of monthly deposits	13.82
Need to extend the entire period of savings	29.27
Need more diverse support services	19.20
Need various options of savings goals	41.22
Need various options for financial education (hours and location)	9.13
Need savings program for child	0.23
Need more information on program eligibility	0.23
Need to make the program participation not interfere with work activity	0.23
Need to reduce the hours of educational programs	0.94
Need more options for bank institutions	0.23
Need not to penalize when moving out to another place	0.23
Need to make educational program more flexible in schedule	0.23
N	427

Treatment group comparison by survey year

The baseline survey was conducted with 477 treatment participants in 2009 and the second year quantitative survey with 427 treatment participants in 2010. Treatment participants are compared in various characteristics by employing results from the two years of survey data. In this section, Wave

1 (W1) refers to the baseline survey data from 2009 and Wave 2 (W2) to the second year survey data from 2010.¹³

Demographic and household characteristics of treatment participants: By survey year

Table 14 compares demographic and household characteristics of W1 and W2 treatment groups. The results suggest that demographic and household characteristics of treatment participants generally remain across both waves. Average age is around 43 years old, and female participants are more prevalent than males in both years. Married participants comprise a little over 50% of both groups and those divorced, separated, or widowed comprise a little over 44%. The majority in both waves reports they are healthy, and treatment participants with disability comprise less than 5%. Also, treatment participants, on average, report that they use internet for information to a similar degree: 5.78 in W1 and 5.47 in W2.

Slight changes are found in education level. Consistent with W1, the largest proportion of respondents are high school graduates and the smallest proportion have no high school education. However, the proportion of high school graduates is larger in W2 (59.48%) than in W1 (49.69%), while the proportions of those with no high school education and those with some college education are slightly smaller in W2 (19.91 and 20.61) than in W1 (25.58 and 24.74). Thus, the lowest and highest education groups were less likely to participate in the second year study.

While every treatment participant reports that they are working in the labor market in W1, about 95% report they are currently unemployed in W2. Average total working hours decline between W1 and W2, and full-time workers increase, but the changes are very minor.

Table 14. Demographic and household characteristics of treatment participants: By survey year

	Treatment Group (W1)	Treatment Group (W2)
<i>Demographic characteristics</i>		
Age (year)		
Mean	42.45	43.96
Gender (%)		
Female	64.36	65.34
Male	35.64	34.66
Education (%)		
No High School	25.58	19.91
High School	49.69	59.48
Some College education or above	24.74	20.61
Marital Status (%)		
Never-Married	4.61	3.51

¹³ Note that the total number of treatment participants in each survey is different. In 2009, 477 treatment participants completed the baseline survey. In 2010, out of the 477 participants, 427 treatment participants participated in the second year survey. Thus, treatment group is compared by survey year, not exactly the same treatment participants. Also, comparisons are reported by using descriptive distribution, not statistical tests.

Married	50.94	51.76
Divorced, Separated, Widowed	44.44	44.73
Working Status (%)		
No	0.00	4.68
Yes	100.00	95.32
Employment Status (%)		
Not employed or Housewife	0.00	4.68
Not full-time(temporary or daily employment) or Self Employment	50.31	44.03
Full-time	49.69	51.29
Total working hours a week: main job ¹⁴ (hrs; Mean)	48.63	46.57
Health Status (%)		
Healthy	72.96	70.49
So-So	18.87	20.37
Unhealthy	8.18	9.13
Disability Status (%)		
No	96.02	95.55
Yes	3.98	4.45
<i>Household Characteristics</i>		
Household Type (%)		
Mother-headed household	36.69	32.79
Father-headed household	4.61	4.68
Grandparent-headed household	0.42	0.00
Married-couple household with child(ren)	49.06	49.65
Married-couple household without child(ren)	2.31	2.11
Single-person household	3.35	3.28
Other type of household	3.56	7.49
Number of family members (Mean)	3.44	3.50
<i>Other Characteristics</i>		
To what extent do you surf the internet for information? (Mean)	5.78	5.47
N	477	427

* p<0.05; **p<0.01; ***p<0.001

Household economic conditions of treatment participants: By survey year

Household-level economic conditions of the treatment group are compared between W1 and W2, as shown in Table 15. Responses indicate that treatment participants' objective economic status generally worsened. Total household annual income decreases in W2 compared to W1. In addition, more percentages of treatment participants report material hardship in W2. The proportion who have lacked money to cover basic living expenses in the previous year increase by about 4% in W2. Likewise, debt-holders also slightly increase in W2 compared to W1. The results may suggest that treatment participants are more likely to be influenced by the economic market, which recently became worse.

¹⁴ In W2, about 18% of cases are excluded from analysis because they are not employed or housewife.

Table 15. Household economic condition of treatment participants: By survey year

	Treatment Group (W1)	Treatment Group (W2)
<i>Objective Economic Measures</i>		
Total household income in the past 1 year (in KRW) ¹⁵		
Mean	1479.51	1478.65
Median	1420.00	1400.00
Have you lacked money for covering basic living expenses in the previous year (%)		
No	25.79	21.31
Yes	74.21	78.69
Any debts?		
No	40.25	38.64
Yes	59.75	61.36
<i>Subjective Economic Assessment (%)</i>		
Perceived economic status		
Middle-class or higher	2.10	3.98
Lower-middle class	16.98	17.80
Low class	51.78	54.80
Very-low class	29.14	23.42
Household's economic condition in the past 1 year?		
Got better	27.04	15.69
Neither better or worse	44.23	49.18
Got worse	28.72	35.13
The level of satisfaction to current economic situation		
Satisfied	7.76	8.43
So So	36.69	40.28
Dissatisfied	55.56	51.29
Expectation for future economic conditions		
Hopeful	68.97	57.38
So-So	19.50	28.57
Not Hopeful	11.53	14.05
N	477	427

* p<0.05; **p<0.01; ***p<0.001

Financial behavior and attitude of treatment participants: By survey year

Treatment participants are compared in financial behavior and attitude toward savings between W1 and W2, as presented in Table 16. In the second year, more treatment participants report that they educate their children about how to save and spend money. In W2, about 36% report they often

¹⁵ For W2, one case is excluded from analysis because of missing information.

educate their children on saving and money use, compared to about 31% in W1. Those who rarely do are approximately 18% and 24% respectively.

Yet, over the two years, treatment groups are generally the same in financial planning. In both W1 and W2, around 86% either always or usually plan ahead to spend money; less than 14% rarely or never plans ahead to spend money. Also, the extent to which treatment participants discuss income and spending with their household members stays quite similar at 6.14 point in W1 and 6.10 point in W2.

General attitudes toward savings remain similar in W1 and W2. Similar proportions of treatment participants agree to most measures: saving is very important (around 99.5%); savings will change my future (around 97%); I tend to save for unexpected economic costs (about 71%); I do not have money to save (around 60%); I am concerned that savings might disqualify me from public benefits (around 13%).

It is interesting, however, that three savings attitude measures show a little bit of difference over time. Percentage for those who agree to the statement “I should save money into a bank account under any circumstances” decreases from 94.54% in W1 to 91.80% in W2. Participants who agree that” savings would not make a difference in my economic condition” increase from 24.1% in W1 to 30.91% in W2. Those who are concerned that family members or friends will ask them to borrow money if they have savings increase from 5.67% in W1 to 8.67% in W2.

Accordingly, treatment participants seem to hold general belief that savings are important to prepare for future expenditures and weather unexpected costs. At the same time, the results signal that some treatment participants become skeptical of savings and uncertain of how to keep and use them.

Table 16. Financial behavior and attitude of treatment participants: By survey year

	Treatment Group (W1)	Treatment Group (W2)
Do you educate your child(ren) about how to save and spend money? ¹⁶ (%)		
Yes, I often do	30.75	36.48
Yes, I sometimes do	45.33	45.41
No, I rarely do	23.92	18.11
Financial Planning (%)		
I always plan ahead to spend money	17.19	14.99
I usually plan ahead to spend money	68.97	71.66
I rarely plan ahead to spend money	12.58	11.24
I never plan ahead to spend money	1.26	2.11
To what extent do you discuss income and spending with your household members? (Mean)	6.14	6.10

¹⁶ About 20% for W1 and about 13% for W2 of cases were excluded from analysis because they did not have a child.

<i>Attitude toward Savings</i>		
Saving is very important (%)		
Disagree	0.42	0.47
Agree	99.58	99.53
I should save money into a bank account at any circumstance (%)		
Disagree	5.46	8.20
Agree	94.54	91.80
Savings will change my future (%)		
Disagree	2.10	2.58
Agree	97.90	97.42
I tend to save for unexpected economic costs (%)		
Disagree	28.72	29.74
Agree	71.28	70.26
Savings would not make a difference in my economic condition (%)		
Disagree	75.30	69.09
Agree	24.10	30.91
Missing (Don't Know)	0.6	-
I do not have money to save (%)		
Disagree	40.84	38.41
Agree	59.16	61.59
I am concerned that family members or friends will ask me to lend them money if I have savings (%)		
Disagree	94.33	91.33
Agree	5.67	8.67
I am concerned that savings might disqualify me from public benefits (%)		
Disagree	87.34	86.42
Agree	12.66	13.58
N	477	427

* p<0.05; **p<0.01; ***p<0.001

Discussion

Individual, household, and economic characteristics are compared by treatment group status, by saver group status in the treatment group, and by survey year. While some findings remain similar to those reported at the baseline survey, some changes are also observed. Since sample attrition, particularly in the comparison group, is fairly high and the two groups are quite different in many characteristics even at baseline, future quantitative analyses will need to take these factors into account. Differences by saver group status also require more exploration. Qualitative analyses with a small focus group from the quantitative study sample are highly recommended to understand program participants and better estimate program impacts. Better understanding of savers' characteristics would contribute to better program design and implementation, resulting in positive program outcomes.

This program assessment suggests that the matched savings account program encourages more savings and financial planning of participants. Program participants are more likely to make positive evaluations of the Hope Plus Accounts program. Most participants expect the savings program to help their families live better in many ways, although some experience pressure from program participation and the requirement to save monthly. The program participants provided helpful feedback on how the program can be improved: namely, more flexibility in determining savings amounts and savings goal, and additional educational programs.

Overall, it appears that Hope Plus Account participants had succeeded in saving a set amount monthly, although it was sometimes a struggle. Therefore, the quantitative findings from the second-year survey data indicate that asset-building accounts with particular features help low- and moderate- income households make desirable progress in improving their economic condition as well as formulating a long-term development plan.

**QUALITATIVE EVALUATION OF HOPE ACCOUNTS:
IN-DEPTH INTERVIEWS WITH PROGRAM PARTICIPANTS**

This chapter reports on qualitative research conducted as part of the evaluation of the Hope Accounts¹⁷. Major findings from the qualitative assessment are summarized¹⁸ on the extent to which program participants experienced changes in psychological well-being, family relationships, attitude, and behavior.

While the first qualitative study conducted in 2009 aimed to examine intermediate program outcomes in the very beginning stage, the second year qualitative research had the main purpose of investigating longitudinal changes resulted from program participation. In particular, the study participants were asked to describe changes they had experienced since the interview in 2009 and how they think about and evaluate the Hope Account.

Qualitative Research Methodology

The sample for the qualitative study consists of 20 participants randomly selected from the first-year qualitative research in 2009 (N=30). They are participants of the pilot program which started in December 2007. Demographic characteristics of qualitative study participants are presented in Table 17.

In-depth face-to-face interviews were conducted between the mid-June and mid-August, after receiving a signed research consent form from each participant. Whereas the first year qualitative research had three in-depth interviews with each participant, the second year study had only one in-depth interview for each participant. It took between 52 and 131 minutes to complete the in-depth interviews.

Table 17: Characteristics of the qualitative study participants

Participant	Gender	Age	Education	Occupation	Household Structure
A	Male	50	High School	Sales	Married couple, with children
B	Female	51	High School	Sales	Female-headed
C	Female	50	High School	Workfare	Female-headed
D	Female	41	High School	Skilled-technical work	Female-headed
E	Female	45	High School	Office work	Single-person household
F	Female	51	High School	Workfare	Married couple, with children

¹⁷ The name of asset-development program led by Seoul Welfare Foundation was changed from Hope Accounts (pilot program) to Hope Plus Account in 2009. Since then, even for the first pilot program participants who started in December 2007, their account was re-named to Hope Plus Accounts. However, considering the sample for qualitative study was drawn from the pilot program participants, this section uses Hope Accounts instead of Hope Plus Accounts.

¹⁸ This chapter is a short translated version of the original second-year qualitative study. Please find the original study in the chapter 4 of the report by Seoul Welfare Foundation (2010).

G	Female	46	Middle School	Workfare	Married couple, with children
H	Female	49	Middle School	Sales	Female-headed
I	Female	53	High School	Workfare	Female-headed
J	Female	52	High School	Workfare	Married couple, with children
K	Female	61	Middle School	Workfare	Married couple, with children
L	Male	36	Drop-out of Middle School	Daily Labor	Male-headed
M	Female	38	High School	Workfare	Female-headed
N	Female	36	High School	Workfare	Married couple, with children
O	Female	49	High School	Workfare	Married couple, with children, support elderly
P	Female	60	High School	Skilled-technical work	Single-person household
Q	Female	44	College	Office work	Female-headed
R	Female	47	College	Daily Labor	Female-headed
S	Female	38	High School	Service	Female-headed
T	Male	46	High School	Service	Married couple, with children

Data collected from the in-depth interviews were analyzed using line-by-line analyses and interview contents categorization. First, the recorded interviews were transcribed word for word by three data analysts; second, initial line-by-line analyses were conducted with the transcribed n interviews; third, a second analysis was performed by categorizing interview content into four main topics: changes in (1) psychological well-being, (2) family relationships, (3) attitude, and (4) behavior.

Summary of Major Findings

To measure longitudinal change experienced by the participants, findings from the 2010 interviews are compared with those from the 2009 interviews. Although both the 2009 and 2010 interviews covered similar content, the focus was different in each year. The focus of the first-year research in 2009 was on effects on the participants’ life of their one and half years of program participation, personal meanings held by participants about the Hope Accounts, and Hope Accounts’ evaluation of the program. The second-year qualitative research in 2010 emphasized changes and experiences of participants since the first interview, and participants’ final program evaluation. Longitudinal changes are compared in terms of four aspects: psychological well-being, family and social interactions, attitude, and behaviors. The consecutive in-depth interviews enable us to examine potential program effects over time on participants from program initiation to program end. Table 18 summarizes longitudinal changes reported by participants in the 2009 and 2010 interviews.

Changes in psychological well-being

Participants reported positive psychological well-being after participating in the program. Regardless of the participation length, participants reported that they felt comfortable, happy, energetic, and optimistic. In addition, maintaining regular savings increased participants' sense of accomplishment and life satisfaction, and, as a result, participants became hopeful and confident about their future. Participants in 2009 associated their selection into the program with feelings of security, and those in 2010 reported that program participation contributed to increasing life satisfaction and stability, although some participants expressed anxiety, concern, and pressure as the end of program approaches.

Some differences are found in psychological well-being between 2009 and 2010. While participants had some negative feelings in the 2009 study, such as decline in self-esteem, emptiness, and regret for needing the help of others, participants 2010 reported that they experienced positive emotional changes by accepting their current circumstances.

Changes in family and social interactions

In general, regardless of the length of program participation, many participants reported that their relationships with their children and spouses and their social interactions in general improved after participating in Hope Accounts. Positive changes in family and social relationship are particularly noteworthy, when 2009 and 2010 interviews are compared.

In 2009, many participants reported that they came to learn more about the importance of family and that negative feelings, such as being annoyed or confronting, disappeared. Also, they explained that social meetings and various supportive programs coordinated by the Hope Accounts program helped them to improve their confidence in relationships.

In 2010, there were more specific changes clearly reported in family relationships. Participants reported that they had more conversations with family members and made more of an effort to show understanding, consideration, trust, and offer praise to their children and spouses. In addition, participants began to join social meetings and try to maintain relationships with friends, relatives, and neighbors, which they had rarely done in the past.

However, participants in both waves reported that they were disconnected with others. Some participants in 2009 reported that they had a disconnected relationship because they did not want to tell others about their Hope Accounts program participation or because they had a hard time making ends meet and thus no time to spend with people. Similarly, in 2010, several participants said that they had disconnected relationships in order to reduce the cost of social meetings.

Changes in attitudes

In general, regardless of the length of program participation, many participants reported that they started to have more specific life goals as a result of Hope Plus Savings Accounts participation; they reported that their perspectives on money shifted to a view that money is necessary for living but is not everything. In addition, participants reported that the program helped to shape their attitudes

toward savings and consumption and also encouraged them to think about social participation, e.g. volunteering, to give back what they had gotten from society.

In the 2009 research, most participants placed a high priority on the Hope Accounts and expressed a strong willingness to maintain their plan, while some participants were not certain about their savings goal and frequently changed their goal.

Compared to the 2009 results, participants in 2010 expressed a stronger desire to continue saving even in other bank accounts and to keep working in the labor market for economic independence. It was clear that participants would like to share their positive experiences with other family members. Also, they felt that policy interventions and relevant support are essential for their economic self-sufficiency. At the same time, some participants expressed their concern that the total savings in their Hope Accounts would not be enough to achieve their savings goals, which is quite different from the 2009 report.

Changes in behaviors

Examining behavioral changes, we found that participants tried to reduce living expenses, eating out, credit card use, and other individual expenditures. They were less likely to make unplanned expenditures compared to the past and tried to manage their assets and work harder than they did before participating in the program.

Participants report changes in their behaviors over time. In the first year interviews, participants reported that they started to foster a better saving habit and find extra work and volunteering opportunities. In the second interviews in 2010, participants attempted to make and complete more specific plans in getting a better job, increasing their savings, and repaying their debts. In addition, they paid attention to their children’s education and health care, and participated in the community in other ways, such as donating money.

Table 18: Longitudinal changes experienced by participants

		Interview in 2009	Interview in 2010
Psychological well-being	Similarities	<ul style="list-style-type: none"> ○ Had positive emotions such as comfort, happiness, vitality, and calmness ○ Became more confident in themselves ○ Became hopeful and felt confident for their future 	
	Differences	<ul style="list-style-type: none"> ○ Had negative feeling toward current situation (hurt one’s pride, emptiness, regret about the past, etc.) ○ Feeling comfort even though there were no visible change in their lives 	<ul style="list-style-type: none"> ○ Acknowledged and accepted the current situation although there was no big change in present condition ○ Experienced positive emotional changes (appreciation, happiness, satisfaction, etc.) ○ Became more stable and increased life-satisfaction

			<ul style="list-style-type: none"> ○ Had concerns and anxiety toward the end of the program
Family and Social Interactions	Similarities	<ul style="list-style-type: none"> ○ Improved relationship with spouse and children ○ Recovered social relationships 	
	Differences	<ul style="list-style-type: none"> ○ Valued family ○ Negative feelings (irritation, arguments) toward children and spouse disappeared ○ Had a disconnected relationship with others because of not telling others about their participation in the program ○ Had a disconnected relationship with others due to the difficulties in making a living 	<ul style="list-style-type: none"> ○ Had more intimate relationship with family, had more conversations with family, increased family unity, and had positive atmosphere ○ Had positive changes (sympathy, consideration, trust, appreciation) in their relationship with children and spouse ○ Began to participate in events and meetings which they had not participated in for a long time ○ Started to have supportive relationships with relatives, friends, and neighbors ○ Had a disconnected relationship in order to reduce spending
Attitudes	Similarities	<ul style="list-style-type: none"> ○ Had specific life goals, based on the goals in the Hope Plus Savings Accounts ○ Changed their perceptions about money ○ Fostered a saving habit and knowledge of consumption ○ Encouraged to volunteer due to their desire to give back what they had gotten from the society 	
	Differences	<ul style="list-style-type: none"> ○ Make the Hope Accounts their life priority ○ Kept maintaining their accounts ○ Thought that they should be more active ○ Had concern about the saving goals 	<ul style="list-style-type: none"> ○ Desire to work increased ○ Had a will to have personal savings ○ Would like to convey their positive changes to other family members ○ Felt more governmental support is needed to be self-sufficient ○ Felt that the money they will receive is insufficient

Behaviors	Similarities	<ul style="list-style-type: none"> ○ Reduced living expenses, eating-out expenses, use of credit cards, and individual expenditure by spending less ○ Made planned purchases and managed their assets ○ Worked harder 	
	Differences	<ul style="list-style-type: none"> ○ Worked additional job ○ Fostered saving habit ○ Started to volunteer 	<ul style="list-style-type: none"> ○ Planned ahead for the future and set goals ○ Got a better job ○ Expanded savings and repaid debts ○ Started to have hobbies ○ Expanded expenditure due to buying goods at a fixed-price ○ Paid attention to children’s education ○ Managed health condition ○ Increased interests in donation

Highlights of Findings

This section highlights several key results, with direct quotes from interviews with participants.

From feeling secure to I’m not done yet (with the program)

When participants first started to participate in the program, they had high expectations and confidence about their future due to the fact that they would receive a large amount of money, \$20,000, at the end of the program. It made them feel more secure, although there was no immediate change in their life. However, over time, the majority of participants realized that \$20,000 was not large enough to achieve their savings goal. At the same time, they became concerned about their life after the program ended. Consequently, participants were reluctant to accept the fact they are graduating from the program, felt uncertain about the future, and expressed a desire to stay in the program beyond the three-year period to receive program benefits.

<2009> I am planning to open a flower shop...even when I graduate from the program, I will continue to save money...I feel more confident that I will do better...(Participant C).

<2009> This is the largest amount of money than I have never had. I think... this (money) helps me to plan/do what I want to do. It makes me more confident. My wife said that it is like winning the lottery (Participant T).

<2009> I feel I am positively changed. I became more relaxed and less stressed than before. I came to have a positive perspective (Participant T).

<2009> I feel uncertain and concerned about where to go next after program completion... (Participant O).

<2010> I thought that I could start my business if I have \$20,000. However, it is very challenging in reality. This amount of money is too small to be economically self-sufficient (Participant P).

<2010> I am not happy to graduate... This opportunity will never come again... (Participant O).

<2010> This is not enough (to help people like us)... I think that the poor need more help to do something...it is difficult to do for themselves (Participant H).

Support from self-help groups

Self-help group meetings were intended to help the 98 participants graduating from the pilot program with similar challenges and problems to build psychological and emotional comfort one another. A small number of participants attended meetings, but participants were generally very positive about the meetings and reported that they provided a good chance to interact with program staff. Participants described co-participants as a significant gift from the program, and they expect to continue to rely on one another even after they graduate from the program.

<2009> I really appreciate that we know and support each other very well. I even feel more comfortable with friends in the support group than with my in-laws (Participant R).

<2009> I rarely participated in the support group meetings because I was busy, but I would like to join more often because we share many things in common (Participant Q).

<2010> It is like a family. We meet personally sometimes. I feel comfortable... (Participant E).

We need something to lean on

The savings match offered by the Hope Accounts motivated participants to make regular deposits and earn more money than they put in. As a result, participants made the Hope Account a top priority in their life and participated actively in the program. The match motivated participants to make every effort to build a saving habit and manage their assets without unplanned expenditures. In the meantime, however, participants learned that they need more government policy support and social assistance to become economically self-sufficient.

<2009> Even though it (program participation) is difficult sometimes, I think I have to do it because it is my dream and hope to reduce my burden. I really should do it (Participant S).

<2009> I want to give up sometimes because it is hard to save only with my earnings. But whenever I get any income, I always save first. This is the priority (Participant J).

<2010> [I am] not only saving in my Hope Account, but I also started to save more (in other accounts). It was possible since I worked harder and spent money only when I had planned to (Participant N).

<2010> I think people need something to lean on to be self-sufficient (Participant M).

From money-saving to changes in life

Participants tried to have additional jobs to earn more for their savings and develop a saving habit. As participants put in more effort, they were motivated to begin to make a life plan for the future, look for better jobs, and repay their debts. Also, participants started to pay attention to their children's education and their own health condition, and plan social activities.

<2009> I thought again about savings and insurance... I had a chance to make a life plan for the future (Participant L).

<2009> I was afraid of changes. But now, I need to have two jobs. I am doing my best. I will challenge myself to get a new job (Participant D).

<2009> The [financial] educational program motivated me to work. So, I started to work as a teacher in a city day-care center (Participant N).

<2010> I am trying to maintain a good health condition because if I cannot work, I cannot save money in the Hope Account (Participant O).

<2010> I am repaying my debts and they are getting smaller. I almost paid back all of my debts (Participant H).

<2010> I feel I need to educate my children about savings. I think I should pay back by living better since people helped me live better. But I should not be greedy (Participant O).

Discussion

This chapter explores changes reported by participants in the 2010 qualitative interviews. We measure longitudinal change by comparing qualitative findings from 2009 with those from 2010.

Overall, , although some participants reported experiencing negative feelings in 2009 (hurting one's pride due to receiving help from others, emptiness, regret about the past) when they started the

program, some participants in the 2010 interviews reported that they had started to accept their life as it is and tried to have more intimate connection with family members. They also attended meetings and events that they had not gone to for a while and developed supportive relationships with relatives, friends, and neighbors.

Some participants were still concerned about the future since they frequently changed their saving goals or did not know if they could continue saving after graduating from the program.

The key findings from the qualitative interviews suggest several points to consider in future research and policy contexts. First, a follow-up study is important to continue because many participants expressed their feelings of insecurity and concern after the end of the program and program effects needs to be investigated in the long-term trajectory. Second, the significant role of the self-help group identified by treatment group members raises questions about how group meetings can be designed and managed. Finally, the positive experiences of self-help groups suggest that other supportive programs should be provided to program participants and their family members even after program exit.

CONCLUSION

Increasing economic inequality worldwide has demonstrated the limitations of traditional income support. To complement current anti-poverty strategies and encourage long-term development of individuals and families, asset-building programs and policies are being designed and implemented worldwide in the form of matched savings accounts (Sherraden & Stevens, 2010), such as Individual Development Accounts (IDAs) and Child Development Accounts (CDAs).

The Seoul Hope Plus Savings Accounts (Hope Plus Accounts) is an international demonstration of IDAs to promote asset development and long-term financial security of working poor families in the Seoul metropolitan area. The Hope Plus Accounts program launched by Seoul Metropolitan Government, primarily targets working poor families with low income, and offers savings match incentives to deposits made by program participants as well as diverse supportive services, such as financial literacy program and counseling.

In spite of internationally growing interest in asset-building programs, there is little empirical evidence about program impacts on participants and their families. This report makes a significant contribution to learning more about the Hope Plus Accounts program. In addition, it provides an opportunity to discuss the emerging needs of low-income households and feasibility of successful asset-building programs implemented outside the U.S.

The results provide empirical support that asset-building programs and policies are a promising strategy in international contexts in motivating low- and moderate-income families to save for long-term family well-being. The majority of treatment program participants made positive evaluations of the Hope Plus Accounts program. Most treatment participants expected that the savings program would help their families live better. In addition, many participants appreciated that the Hope Plus Accounts program encourages program participants to make increasing efforts toward savings and financial planning.

Further quantitative and qualitative research on the Hope Plus Accounts are expected to present social work practitioners and policymakers with rich evidence that can inform asset-building policies in Korea and in other parts of the world. Future research should attend to potential impact and feasibility of asset-building programs in Korea: what program outcomes are expected and prioritized, what kind of institutional factors lead which outcomes, what types of asset-development program design and features are appropriate to promote savings by low- and moderate- income individuals and households, how financial capability and planning can be improved by institutional factors, and how to coordinate partnerships among central and local governments, community agencies, and the private sector. In addition, it will be important to consider how to integrate asset-building policies and programs with existing anti-poverty strategies, such as the public assistance system in Korea. The Seoul Hope Plus Accounts can provide a practical foundation on which to build these research endeavors.

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