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Youth Saving Preferences in Sub-Saharan Africa and the Potential for Asset Accumulation

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As youth transition to adulthood, their ability to save and accumulate assets becomes very important as they begin to accept financial responsibilities and plan for the future. This paper uses data from Masindi, a rural area in Uganda, to (a) investigate the savings preferences of youth in Sub-Saharan Africa (SSA), (b) examine the relationship between an asset-building intervention for youth and higher savings, and (c) determine whether gender and marital status interact in their effect on young people's savings in SSA. Univariate statistics, independent sample t-test and factorial analysis of variance (ANOVA) are used to address the study's three goals. Results reveal that most youth in SSA prefer informal saving to formal saving mechanisms. In addition, a culturally tailored asset-building intervention is associated with higher savings in SSA. Finally, the study finds that gender and marital status do not interact to affect young people's total savings. It is suggested that formal financial institutions should be encouraged to provide equal savings incentives and opportunities for both young males and females in rural communities.

Key words: *youth, savings, asset building, Sub-Saharan Africa*

In Sub-Saharan Africa (SSA), saving is crucial for establishing the foundation of wealth for families and communities. Assets include physical assets, such as farmland, livestock, and houses, and financial assets, such as bank accounts and stocks. For youth in SSA, saving helps determine their personal and socio-economic development. Having some form of savings provides young people in SSA the chance to access a high quality education, health care, entrepreneurship, and other financial and investment opportunities.

Currently, there is no universally accepted definition of youth. While the United Nations and the African Union define youth as any person within the range of 15 to 24 years of age (African Union, 2006; Curtain, 2001), other countries have different age ranges for various purposes, including legal and policy reasons. In this paper, youth is defined as anyone in the age range of 15 to 35 years of age. This age range is consistent with what is often used in national policies in SSA (Blum, 2007).

The transition from childhood to adulthood corresponds with an increase in personal aspirations and financial responsibilities, which encourage young people to pay more attention to saving (Pettigrew et al, 2007). However, the 2008/2009 report on Africa Development Indicators reveals that young people in Africa have low savings. This is probably a reflection of the generally low savings rate in many African countries (Serieux, 2008). For instance, as of 2006, the savings rate in Ghana averaged less than 15% of the country's Gross Domestic Product compared with the average savings rate of 30% for most East Asian countries (Ghana News Agency, 2008). Nevertheless, most studies and statistics that report the low savings rate in SSA do not include other informal savings, which probably account for the greatest share of savings in SSA (Aryeetey & Urdry, 2000). Several researchers have noted that most data on savings in SSA are based on statistics from financial

institutions. This method of measuring savings is problematic because most people in SSA, including youth, prefer using informal saving mechanisms, such as group saving, credit associations, and purchase of productive assets, including livestock, farmland, and housing (Aryeetey & Urdry, 2000; Deaton, 1990). Moreover, studies have shown that even most people who use formal saving instruments also maintain some informal savings (Robinson, 2001). Therefore, informal savings must be considered when measuring overall savings in SSA.

This study addresses the formal and informal saving preferences of young people in SSA. Currently, there is no known empirical study that specifically investigates youth saving habits in SSA, even though knowing such habits is crucial for understanding how youth save. Understanding youth savings is important because savings also can boost the economies of most SSA countries. The current savings-investment gap in most SSA countries constrains their economic growth and leads to heavy reliance on foreign aid to fund development programs (Serieux, 2009). Thus, this study has the potential to affect policy decisions and initiatives that seek to improve the social and economic development of youth in SSA.

Secondly, this study assesses the effects of a locally customized asset-building intervention for youth in SSA. This intervention is housed within a formal institution and supported by local community institutions that have provided the political, economic, and social framework for local villages in SSA. In addition to the high cost associated with formal saving mechanisms, other mechanisms, such as passbook savings and certificates of deposit, are also considered cumbersome and unattractive to the poor, making it easier for them to resort to informal saving mechanisms (Owens & Wisniwiski, 1999). However, Robinson (2001) points out that, unlike formal saving instruments, informal saving mechanisms do not offer a combination of security, liquidity, confidentiality, access to loans, and returns. The intervention assessed in this paper is notable in that it combines formal elements, such as security, liquidity and confidentiality, with informal elements, such as social networking, trust, and peer support. Assessing this intervention, therefore, is a valid and timely investigation that could inform policy development in developing countries.

The Effects of Savings on Youth

Young people generate savings by either deferring or cutting down on the use of their employment earnings. Some also accumulate savings through inheritance from their families. Personal savings directly benefit youth, enabling them to purchase assets, such as houses, cars, and computers. These critical investments lay the foundation for a young person's economic success (Chowa & Ansong, 2008). Family savings also increases the chances that youth can attend college (Sherraden et al., 2007). In many developing countries where elementary education is free, there is a wide gap in completion rates between elementary and secondary education due to the high cost of college and university tuition. Young people with little or no savings or who come from families without savings are less able to access higher education. In some cases, the situation can be worse for females due to certain cultural barriers. The financial strain on families coupled with cultural barriers results in

differential gender treatment, which influences families' decisions about whether the male or female child goes to college (Tanye, 2008; Owusu-Ansah, 2003).

Studies have found that parents' savings also influence youth outcomes and opportunities. In a study in Kenya, Hargreaves et al. (2002) found an association between safer sexual behavior among females and those whose mothers financially invested in them by purchasing their clothing, paying for school fees, or offering them pocket money. In a separate study, Hallman (2004) found that parents' low-wealth status increases the odds that a young female will experience coerced sex or exchange sex for money. This means that family savings can positively affect young people in the household. However, these studies only examined the savings of family members, and not the savings that young people accumulate. This paper focuses on the savings that youth personally generate. It is critical to understand the savings habits of youth because more young people are leaving their extended families early to fend for themselves due to the gradual erosion of extended family ties in most countries in SSA (Foster, 2000).

Determinants of Savings for Youth

Many factors influence youth savings, including gender, marital status, education, health, and parents' wealth. A growing body of literature also suggests that there are gender differences in saving behavior (Hungerford, 1999; Seguino, & Floro, 2003) and the amount saved (Fawcett, 2007). However, within the same body of literature, there are varied opinions as to which gender has a higher propensity to save or which tends to accumulate the most savings. Findings from developing countries differ from those with industrialized economies. In a study of 20 semi-industrialized countries,[1] Seguino and Floro (2003) found that women are more likely than men to save. However, a study from the UK found that although women have the same propensity as men to save, they tend to accumulate less savings than men for various reasons, including the gender income gap and the fact that women generally put family consumption above personal consumption (Fawcett, 2007). Fawcett's finding may be similar to what transpires in many developing countries where the gender of a young person influences a family's decision regarding which child inherits businesses or receives money for business start-up and investment (Chowa & Ansong, 2008; Doss, Grown, & Deere, 2008). However, even though studies have established an association between gender and opportunities, it is unclear if personal savings vary by gender among young people in SSA.

Marital status also affects asset accumulation (Grinstein-Weiss, Zhan, & Sherraden, 2006; Wilmoth & Koso, 2002). Historically, marriage has been a source of financial security (Waite & Gallagher, 2000) and continues to be a determining factor for economic well-being, particularly for women. In developing countries, most young women, especially in rural areas, marry early and in some cases where large dowries are paid, the woman may be given part of the dowry. In addition, due to the

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[1] Countries in this study included Brazil, Chile, Colombia, Costa Rica, Cyprus, El Salvador, Greece, Hong Kong, Indonesia, Korea, Malaysia, Mexico, Paraguay, Philippines, Portugal, Singapore, Sri Lanka, Taiwan, Thailand, and Turkey.

practice of joint assets and income in marriage, a spouse who marries an asset-rich person may benefit from their spouse's assets (Painter, 2008). However, a wedding can also be a drain on the amount of assets that a young bride has. According to Suran et al. (2004), brides in South Asia sometimes spend as much as three times their savings on dowries and six times their savings on lavish wedding celebrations. Therefore, it appears that marriage interacts with gender to affect young people's savings. However, this relationship has not been empirically tested in the context of SSA. With the aforementioned gaps in the literature especially on SSA, this study addresses the following questions and corresponding hypotheses:

(1) Do youth in SSA prefer informal to formal savings mechanisms?
   H_1: The youth in SSA accumulate more informal savings than formal savings.
(2) Does the introduction of a culturally tailored asset-building intervention improve the total savings of youth in SSA, controlling for employment?
   H_2: There is an association between a culturally tailored asset-building intervention and the savings of young people in SSA.
(3) Will the total savings of a young person in SSA vary according to their marital status and gender?
   H_3: There is an interaction effect of gender and marital status on a young person's total savings in SSA.

Project Setting

This study uses data from a pilot project in Uganda called AssetsAfrica, a quasi-experimental study testing an asset-building program modeled after the Individual Development Account (IDA) program in the United States. The Center for Social Development (CSD) at Washington University's Brown School initiated the Uganda project. International Care and Relief-Uganda (ICR) was CSD's project partner. The project was completed in the Masindi District of Uganda with two research groups: a treatment (intervention) group and a comparison group. Two waves of data were collected for the research project but, for the purposes of this paper, only the second wave of data was used. The first wave was collected long after the program started and could not serve as baseline data.

Treatment group

The treatment group was made up of 200 people from six sub-counties in Masindi. ICR consulted with the local parish councils of community leaders, during the selection process. The criteria for selection were based on economic need. Families or individuals who had struggled in the past to feed their families or send their children to school and had solicited help from both the local parish council and ICR, qualified for the study. From a list of qualified participants, 200 people were selected by the local committees to receive the intervention.

Comparison group

The comparison group also consisted of 200 people from six other sub-counties located approximately 20 miles from the intervention project site. Selection for the comparison group was based on economic need, and ICR consulted with the local parish councils during the selection process. This was done systematically so that the participants in the comparison group were as similar to those in the treatment group as possible based on demographics and income level. Enrollment in both groups was done at the same time.

Research intervention

Treatment group participants received mandatory financial education on making bank deposits and withdrawals, reading bank statements, and understanding interest rates and bank fees. In addition, the training taught participants how to manage their individual assets using business planning and management, bookkeeping, goat herding, poultry farming, and modern farming techniques.

After completing the financial and asset-building training, participants opened bank accounts, into which they were required to make deposits for a minimum of six months before being eligible for a 1:1 match. Restrictions were made for lump sum deposits to encourage more regular savings over the participation period. The match cap[2] was 500,000 Ugandan Shillings (UGS), or about $285 in US dollars.

Before enrolling in the program, participants were expected to set a goal for how much money they desired to save. Participants graduated from the program after they had saved their goal amount. To encourage sustainability and viability of the assets, participants were only allowed to purchase assets that would generate income, including livestock such as chickens, goats, cows, and oxen. Other acceptable assets included transportation, such as bicycles or motorcycles, used to transport others for a fee; land to grow crops or build a home; materials to build commercial or personal houses; and items, such as sewing machines or grinding mills, to use to start a small business.

Methodology

Data collection

Locally-trained interviewers collected data through face-to-face surveys. The questionnaire was administered twice to the two groups over a 13-month interval, but only the second wave of data has been analyzed in this paper. The first wave of data was omitted because it was collected after the intervention had begun and therefore, does not serve as good baseline data. Also, a sub-sample of 225 youth, from the ages of 15 to 35 years, was drawn from the original sample of 400 because the original sample included people older than age 35.

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[2] The match cap is the maximum bank deposits a participant could make after which they could not receive any more matched rate.

Measurements

The original savings data were reported in Ugandan Shillings (UGS), but for the purposes of this paper, all savings have been converted into U.S. dollars.

Formal savings: This is a continuous variable and a measure of all the investments and savings made within the boundaries of the regulated banking sector and other formally recognized financial institutions. This includes bank deposits, stocks, and mutual funds.

Informal savings: Informal savings consists of investments and savings made outside of the boundaries of the regulated banking and financial sector. In this study, informal savings measures all money saved at home and with friends, relatives, and credit associations. Informal savings also include money invested in productive assets that accrue interest or appreciate over time, such as land, a house, transportation, and livestock. The number of assets a person owned was multiplied by the current value of the assets to calculate the total value of the productive assets. This variable was measured as a continuous variable. A respondent who had no form of informal savings was considered to have zero savings ($0).

Total savings: Total savings was calculated as an aggregate of formal and informal savings and considered a continuous variable measured on a ratio scale. A respondent's total savings could range from $0 to infinity.

Marital status: Marital status of respondents was measured as a dichotomous variable, 1=*married*, and 2=*not married*. The *not married* category included all those who were single, widowed, separated or divorced.

Gender: Gender was a dichotomous variable coded as *1=Male* and *0=Female*.

Analysis

Version 9.1 of SAS was used for all analyses in this paper. The statistical analysis used to address the three research questions and hypotheses are explained below.

> *Question 1*: Do youth in SSA prefer informal saving to formal saving mechanism?
> H_1: The youth in SSA accumulate more informal savings than formal savings.

Descriptive analyses were conducted to address research question 1 and Hypothesis 1. The average informal savings was compared to the average formal savings.

> *Question 2*: Does the introduction of a culturally tailored asset-building intervention improve the total savings of youth in SSA controlling for employment?
> H_2: There is an association between a locally tailored asset-building intervention and the savings of a young person in SSA.

An independent sample t-test was used to address Question 2. The variables used in this analysis were total savings (a continuous dependent variable) and group type (a dichotomous independent variable). For the group type, one had to be in either the treatment group or the comparison group. To run the t-test analysis, a univariate analysis was used to test for departures from normality. The data was first sorted by group type. The distribution of total savings for the treatment group (M=588.6, SD=811.6, *skewness*=4, *kurtosis*=8.3) and the comparison group (M=244.5, SD=531.8, *skewness*=3, *kurtosis*=38.4) showed a serious departure from normality. There were no missing values. To fix the normality problem, the dependent variable (total savings) was transformed. The logarithm transformation fixed the normality problem, and the skewness was reduced to -1.1 for the treatment group and 0.1 for the comparison group. The slight skewness in the distributions was allowed because the sample sizes in the treatment group (n=135) and comparison group (n=90) were above 30 and could therefore bear with some slight deviation from normality (Drake & Jonson-Reid, 2008). Both the parametric and nonparametric versions of the independent sample t-test were run, and both were statistically significant. Hence, the decision was made to use the parametric alternative because it has more power.

> *Question 3*: Will the total savings of a young person in SSA vary according to their marital status and gender?
> H_3: There is an interaction effect of gender and marital status on a young person's total savings in SSA.

A factorial ANOVA was used to address Question 3. The variables used to run the analysis were total savings (a continuous dependent variable), and gender and marital status (both dichotomous independent variables). To test for the assumptions for a factorial ANOVA, the data was first sorted by marital status. Again, total savings was skewed (see Table 1). There was no homogeneity of variance since the largest cell variance was more than 1.5 times the smallest cell variance. A logarithm transformation of the dependent variable (total savings) resolved the normality problem. There was still moderate skewness but because the smallest cell size was more than 30 (i.e. n=31), the test was robust (Drake & Jonson-Reid, 2008).

Table 1. Descriptive statistics of cells for factorial ANOVA analysis

	Males	Females
Not married	*N*=18 *M*=209 *SD*=279 *S*=78041 *Skewness*=1.1	*N*=31 *M*=281 *SD*=438 *S*=192206 *Skewness*=1.7
Married	*N*=116 *M*=461 *SD*=598 *S*=358040 *Skewness*=1.7	*N*=60 *M*=591 *SD*=1077 *S*=1159469 *Skewness*=4.7

Results

Descriptive characteristics of the sample

There were some differences between the treatment and comparison groups (see Table 2). There were 90 youth in the comparison group and 135 in the treatment group. The average age of participants within both the comparison and treatment groups was 28 years old. The ages of the respondents were almost evenly spread from 18 to 35 years of age. More than half (54%) of all males and most females (69%) were in the treatment group: $x^2(1, N =225) = 5.4, p<.05$. Most respondents (78%) were married, 64% of whom were in the treatment group and 36% in the comparison group. Also, of the 22% of respondents who were not married, 55% were in the treatment group, and the remaining 45% were in the comparison group: $x^2(1, N =225) = .64, p=.43$. Overwhelmingly, most respondents (80%) did not have any form of college education; 56% were in the comparison group, and 44% were in the treatment group. Out of the 20% of respondents who had some college education, only 23% were in the comparison group, with most (77%) in the treatment group: $x^2(1, N =225) = 4.6, p<.05$.

Table 2. Descriptive statistics of the sample

Variable	Treatment Group N (%)	Comparison Group N (%)	Total N (%)	x^2
Age Category				
26 and below	51(68)	24(32)	75(33)	
27 to 30	44(63)	26(37)	70(31)	
31 to 35	40(50)	40(50)	80(36)	
Marital Status				
Married	108(64)	62(36)	170(78)	.63
Not married	27(55)	22(45)	49(22)	
Gender				
Male	72(54)	62(46)	134(60)	5.4*
Female	63(69)	28(31)	91(40)	
Educational Level				
Some college	34(77)	10(23)	44(20)	4.6*
No college	101(56)	80(44)	181(80)	

*$p<.05$

Saving preference of youth

Descriptive statistics were run to assess the savings preference of youth in SSA. The average amount of formal savings was $39.01, while the average amount of informal savings was $434.88 (see Table 3). That is, the average informal savings was more than 10 times more than the average formal savings. This supports the hypothesis that youth in SSA make use of informal savings more than

formal savings. Although the mode for both formal and informal savings was zero, most of those respondents (72%) did not have any form of formal savings, while 27.6% also did not have any form of informal savings. Also, although 27% of the sample did not have any form of savings, most (73%) had at least one form of savings, but not many respondents (28%) had both formal and informal savings. A two-tailed correlation analysis (r (255) =.19, p<.01) shows a weak relationship between formal and informal savings.

Table 3. Extreme values (total savings) for formal and informal savings

Formal savings (M=39.01, SD=163)		Informal savings (M=434.88, SD=722)	
Lowest	Highest	Lowest	Highest
0	227	0	2114
3	284	2	2220
6	369	7	2330
9	381	9	2433
11	455	11	2501
13	2216	18	7489

Impact of on asset-building intervention

The independent sample t-test showed a statistically significant difference between the treatment and comparison groups in total savings: t (223) = -3.84, p=.0002. This result supports the hypothesis that there is an association between a culturally tailored asset-building intervention and the savings of young people in SSA. The treatment group saved an average of $588, while the comparison group saved an average of $244. Those who participated in the intervention, therefore, saved more than twice as much as those who did not participate.

Impact of gender and marital status on total savings

A 2 X2 factorial ANOVA design was used to assess the interaction effect of gender and marital status on the youths' total savings. The analysis revealed that the overall model was not statistically significant: F (3, n=224) = 2.03, p=.11 (see Table 4). This is not surprising because an independent sample t-test revealed that gender was not significantly associated with total savings [t (223) =-0.77, p=.44], although the association of marital status with total savings [t (223) =-2.47, p=.01] was statistically significant. Because gender was not associated with savings, even though marital status was, we decided to test whether marital status was still significant when controlling for group type (treatment or comparison group). An initial t-test showed that group type was significantly associated with savings [t (223) =-5.29, p<.01].

Table 4. Difference in the total savings by gender and marital status

Source	DF	SS	MS	F	R^2
Between Groups	3	47.7	15.9	*2.03**	*.02*
Within Groups	221	1731.86	7.8		
Total	224	1779.56			

N= 225. p=.11

Another factorial ANOVA was run with total savings as the dependent variable, and group type and marital status as the independent variables. The analysis revealed that the overall model was statistically significant: F (2, n=224) = 16.97, $p<.0001$, with 13% of the variance in total savings explained by marital status and group type (see Table 5). This means that marital status is still associated with total savings after controlling for whether one is in the treatment group or not. In other words, there is a significant gap between the average total savings for those who are married ($505) and those who are not ($254). In the study region, the difference of $251 between the two groups has the potential to determine whether a child in the household can pursue a higher education or not.

Table 5. Difference in total savings by marital status and group type

Source	DF	SS	MS	F	R^2
Between Groups	2	236	118	16.97*	.13
Within Groups	222	1543.5	7		
Total	224	1779.6			

N=225, p<.0001

Discussion

This study arrives at three important findings related to the three research questions: (a) Do youth in SSA prefer informal saving to formal saving mechanisms? (b) Does the introduction of a culturally tailored asset-building intervention improve the total savings of youth in SSA controlling for employment? (c) Will the total savings of a young person in SSA vary according to their marital status and gender?

Analysis of the first research question reveals that youth in SSA use informal mechanisms more often, resulting in 10 times greater savings than when formal mechanisms are used. Informal saving mechanisms include credit associations, group savings, and keeping money at home, with relatives, and/or friends. To earn additional interest, some youth also purchased productive assets.

In this study, as many as 72% of respondents did not have any form of formal savings, a finding consistent with Robinson's (2001) assertion that most people in developing countries resort to informal savings. The finding also supports Aryeetey and Udry's (2000) argument that a true measure of savings in SSA should not be limited to formal savings because most people tend to use informal savings mechanisms. It may be that the formal financial sector is still not attractive for

most youth in SSA because of high bank charges and poor infrastructure in most communities. This study was conducted in a rural area and most rural communities do not have any form of regulated financial institution. Perhaps, if banks and formal financial institutions were established in the communities of SSA, more young people would use formal saving mechanisms.

Another important finding of this study is that there is a significant relationship between the asset-building intervention and higher total savings. In this study, those who received the asset-building intervention saved more than twice the amount of money saved by those who did not receive any intervention. One of the objectives of the asset-building intervention was for people to save more than they otherwise would; thus, the fact that those who received the intervention saved more is significant.

One could argue that the maximum match cap of $285 for each participant could have accounted for the treatment group's higher total savings. Nevertheless, the average savings for the treatment group was $588, or more than twice the match cap. Moreover, most people (56%) who received the treatment saved more than the match cap of $285; however, of those not receiving the intervention, the overwhelming majority (83%) could not save up to the match cap. Thus, the intervention encouraged youth to save more, a finding consistent with other study results from asset-building innovations in developed countries (Sherraden & Johnson, 2000).

In this study, the asset-building intervention was specifically tailored to suit the socio-cultural characteristics of rural communities. A bank official regularly visited the communities to collect and deposit accumulated savings. This convenient service likely encouraged local residents to save more. Owens and Wisniwiski (1999) have argued that informal savings are preferred, partly because formal savings structures do not exist. But our study found that when formal savings mechanisms are provided, people do save because they have more opportunities to do so. It is also possible that participants saved more because the intervention was culturally sensitive, enabling them to set their own savings goals with guidance from ICR and CSD.

Lastly, the study found that gender and marital status do not interact to affect total savings. However, marital status was found to be associated with savings even when controlling for whether one received the asset-building intervention or not. This is supported by the literature that shows that depending on the society, either the bride or the groom could end up spending more on marriage ceremonies or other related expenses (Suran et al., 2004). Thus, the person who pays the dowry, irrespective of their gender, ends up spending most of their savings on the marriage ceremony. The fact that marital status alone was siginificant is supported by studies that show that by marrying an asset-rich person, one can benefit from their spouse's assets and vice versa (Painter, 2008; Wilmoth & Koso, 2002). In this study, those who were married had higher savings.

In this study, although there were more males (60%) than females (40%), average total savings for females ($485) equaled more than that of the males ($427): r (225)=.04, p=.56, suggesting, as the literature does, that income gaps and cultural constraints may affect savings among females

(Fawcett, 2007). Unlike what happens in many households where young males are more often given the opportunity to save (Tanye, 2008; Owusu-Ansah, 2003), AssetsAfrica ensured that both genders had equal opportunities to save and equal access to financial institutions and finanical instruments. It may be that, if given the same opportunity, females will accumulate as much savings as males.

Limitations of the Study

One limitation is that the study did not have baseline data to verify whether the preexisting characteristics of the sample influenced the effects of the asset-building intervention. Moreover, the intervention included a matched savings incentive and financial education, but this study assesses the effects of the entire intervention without investigating whether it was the financial education or the matched savings incentive that had the most effect. Another limitation is that the study sample came from one district in Uganda, limiting the extent to which results can be generalized to the entire SSA.

Implications of Findings

Savings is important and can affect a young person's ability to pursue a higher education or start a small business. In this study, we found that an asset-building intervention is associated with higher savings. Therefore, it would seem that policymakers in SSA should focus on initiatives that encourage formal financial institutions to operate in rural communities, which, in turn, would provide incentives for young people to save. With increased savings, the well-being of young people will improve because they can afford to enroll in a college or university, pay for healthcare, or even start their own business. Such opportunities could have a long-term effect on the entire sub-region because the well-being of young people can enhance the quality of general human resources in SSA. This study also shows that, given equal opportunity, both young males and females in SSA will save more; thus programs and projects should be tailored to attract both genders.

Conclusion

There is a huge need for saving among youth in developing countries because such savings could protect young people against future economic shocks as well as pay for relevant services like healthcare and higher education. Currently, only about one-quarter of households in developing countries have any form of financial savings with formal banking institutions. The personal savings rate in SSA is among the lowest in the world (World Bank, 2006). However, asset accumulation instruments, such as group savings and credit associations that target youth in the SSA and encourage them to save, could lead to greater economic growth in the subcontinent. Because reaching low-income populations in rural areas can be costly, adopting an affordable system such as branchless banking or mobile banking, which are already being tried in some parts of the SSA, may assist in achieving universal access.

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