

Subsidized Matched Children Savings Accounts in Low Resource Communities: Who Saves?

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Aim:

Examine variation in saving behavior of poor families enrolled in a children savings accounts program for orphaned and vulnerable school-going children in Uganda

Background:

- Institutional Theory of Savings (Sherraden, 1991)
- Subsidized matched Child Savings Accounts (Ssewamala and colleagues, several years (2004-2013))
- “Suubi-Maka” study (Ssewamala and colleagues, 2012)

Research questions:

- 1) If poor children and their families are given the opportunity of being connected to financial institution, who among them saves and who does not?
- 2) How do the children and their families that save (the savers) differ from those who do not save (the non-savers)?

Analyses:

- Longitudinal data (n=179)
- Multilevel data (school, families, individuals)
- Generalized estimating equation model (GEE)

Measures:

Outcome measures:

- having active Child Savings Account (CSA)
- average amount saved in CSA
- frequency of depositing in CSA

Predictors:

- child's individual characteristics
- family relations
- family financial socialization
- household demographics

Description of the sample:

| | Wave 1 (n=179) | Wave 2 (n=171) | Wave 3 (n=166) |
|---|--|-------------------|-------------------|
| Child's Individual Characteristics | <i>Percent or Mean [95% Confidence Interval]</i> | | |
| Child's age (Mean; range: 10-17) | 13 [13; 14] | 14 [14; 15] | 15 [15; 16] |
| Female child (%) | 65.4 [49.1; 78.7] | 65.5 [48.7; 79.2] | 63.9 [46.6; 78.2] |
| <u>Orphanhood status (%)</u> | | | |
| <i>Double orphan</i> | 23 [17.6; 29.5] | 24.3 [18.5; 31.2] | 21.5 [14.1; 31.3] |
| <i>Single paternal orphan</i> | 57.9 [48.7; 66.5] | 57.4 [50; 64.5] | 58.9 [48.2; 68.8] |
| <i>Single maternal orphan</i> | 19.1 [13.1; 27] | 18.3 [13.4; 24.7] | 19.6 [16.4; 23.3] |

| | Wave 1 (n=179) | Wave 2 (n=171) | Wave 3 (n=166) |
|---|--|--------------------|--------------------|
| Family Characteristics | <i>Percent or Mean [95% Confidence Interval]</i> | | |
| Family cohesion reported by child (Mean; range 1-5) | 3.8 [3.7; 3.9] | 3.9 [3.8; 3.9] | 3.9 [3.8; 4] |
| Family cohesion reported by guardian (Mean; range 1-5) | 3.8 [3.8; 3.9] | 3.8 [3.8; 3.9] | 3.9 [3.8; 3.9] |
| <u>Child's knowledge about guardian saving for her/him (%)</u> | | | |
| <i>Child doesn't know</i> | 16.8 [8.4; 30.7] | 15.8 [5.2; 39.1] | 14.5 [11; 19] |
| <i>Child knows that guardian does not save</i> | 62 [50; 73] | 24 [12.5; 41.1] | 38.2 [20.5; 60] |
| <i>Child knows that guardian saves</i> | 23.2 [17.1; 26] | 60.2 [31.9; 83.1] | 47.3 [27.3; 68.2] |
| <u>Guardian's reported willingness to save (%)</u> | | | |
| <i>Spend all of it</i> | 9 [5.2; 15.1] | 14.9 [3.7; 44.3] | 8 [4; 15.7] |
| <i>Spend most of it</i> | 5 [1.3; 17.8] | 6.9 [2.9; 15.3] | 11.5 [7.1; 18.1] |
| <i>Spend half, save half</i> | 29.6 [23.4; 36.7] | 40.8 [21.2; 63.8] | 36.2 [25.5; 48.5] |
| <i>Save most of it</i> | 5.6 [2.1; 13.85] | 5.2 [1.9; 13] | 5.2 [1.2; 19.9] |
| <i>Save all of it</i> | 6.7 [4.9; 9.1] | 2.3 [0.6; 8.1] | 1.7 [0.2; 11.2] |
| <i>Buy a cow, goat, or other animal that would eventually bring money</i> | 44.1 [36.7; 51.8] | 29.9 [14.7; 51.3] | 37.4 [26.65; 49.5] |
| Single-earner family (%) | 64.25 [56.7; 71.1] | 61.3 [47.6; 73.4] | 63.7 [50.7; 75] |
| Number of children in the household (Mean; range: 0-9) | 3 [3; 4] | 3 [3; 4] | 3 [3; 4] |
| Guardian's age (Mean; range: 18-87) | 44 [37; 51] | 45 [38; 52] | 46 [38; 53] |
| Female guardian (%) | 77.6 [60; 89] | 77.6 [62.4; 87.8] | 77.6 [63.5; 87.3] |
| <u>Type of guardian (%)</u> | | | |
| <i>Parents</i> | 40.2 [28; 53.8] | 40.2 [30; 51.8] | 43.1 [32.6; 54.3] |
| <i>Grandparent</i> | 21.2 [9.6; 40.6] | 21.8 [10.45; 40.1] | 20.7 [9.7; 38.7] |
| <i>Other relatives</i> | 38.6 [28.9; 49.2] | 37.9 [30.7; 45.8] | 36.2 [28.5; 44.7] |

Results: Saving performance in Child Savings Accounts

| Variable | N | Percent or Mean | 95% Confidence Interval |
|--|-----|-----------------------|-------------------------------|
| <u>Opening Child Savings Accounts (%)</u> | | | |
| <i>Opened, activated, and deposited</i> | 118 | 66 | [41.5; 84.1] |
| <i>Opened, activated, but never deposited</i> | 14 | 7.8 | [5.1; 11.9] |
| <i>Opened, but never activated</i> | 14 | 7.8 | [1; 43.6] |
| <i>Did not open</i> | 33 | 18.4 | [5.6; 46.1] |
| Average number of month account was open (Mean, range: 9 | 146 | 17.8 | [16; 19.6] |
| Frequency of depositing (% of time account was open) | 118 | 29 | [18; 40] |
| <u>Average amount saved (Mean, range: 100-38,160)</u> | 118 | 5,477 | [2,437; 8,516] |
| <i>Lower quartile (25% percentile)</i> | | 1,053 | [883; 1655] |
| <i>Upper quartile (75% percentile)</i> | | 7,383 | [5,263; 11,510] |
| <u>Financial institution where CSA was opened (%)</u> | 146 | | |
| <i>Kakuuto Microfinance</i> | | 8.2 | [0.3; 72] |
| <i>Centenary Bank</i> | | 35 | [4.2; 87] |
| <i>DFCU</i> | | 57 | [8.8; 95] |

Results: child's age

Older children were

- more likely to have active Child Savings Account (odds ratio=3.07; 95% CI=2.2, 4.2),
- saved greater amounts (B=1.88; 95% CI=1.3, 2.4), and
- deposited more frequently (B=0.05; 95% CI=0.01, 0.1)

compared to younger children

Results: family financial socialization

Children who knew their guardian saved for them were

- more likely to have active Child Savings Account (odds ratio=5.36; 95% CI=2.1, 13.6),
- saved greater amounts (B=2.6; 95% CI=1.45, 3.7), and
- deposited more frequently (B=0.17; 95% CI=0.1, 0.2),

compared to children who did not know whether their guardian saved for them

Results: household demographics

- Children who lived in single-earner households saved less ($B=-0.7$; 95% CI= $-1.4, -0.01$) than children who lived in households with more than one earner;
- Children cared for by other relatives were less likely to have active Child Savings Account (odds ratio= 0.4 ; 95% CI= $0.2, 0.9$) and saved less ($B=-1.11$; 95% CI= $-2.01, -0.22$) than children who were cared for by a living parent;
- Children who were cared for by grandparents deposited less frequently ($B=-0.07$; 95% CI= $-0.14, -0.01$) than children cared for by a living parent

Implications:

- Poor families do save when offered institutional mechanisms
- Family characteristics have significant effects on saving performance in Child Savings Accounts

Further research:

- Causal inferences
- Savings as a ratio of family income
- Testing different matching ratio
- Significant school effects

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