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Saving for Multiple Financial Needs: Evidence from Malawi*

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Abstract

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

JEL Code: D14, I26, O12, O16

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

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