

# Introducing Financial Services to Newly Monetized Native Amazonians



Many isolated indigenous communities in Latin America are getting increasing exposure and access to money. Villagers, such as those in the Amazonian basin where this study is being conducted, may be better able to save money by using a simple product like a savings lockbox. Partnering with a Bolivian non-profit, researchers are evaluating the impact of such products on the savings habits of the Tsimane', an Amazonian society that, research shows, has very high rates of impulsivity. What happens when recipients are given a lock box with a key compared to those who, to access their savings, have to travel to the nearest town to get the key? How do the savings habits of these groups compare to those not given a lock box at all?

## Policy Issue

In many indigenous communities throughout Latin America, traditional economies based on barter and reciprocity are rapidly becoming monetized. This is especially true in the Amazon basin, where the construction of new roads and encroachment by cattle ranchers and colonist farmers give native Amazonians increasing exposure and access to money. Many governments have also introduced wage-earning teachers, child support subsidies, and social security to the elderly in these remote areas. As a result, in indigenous Amazonian communities where most people still depend on hunting, fishing, plant gathering, and subsistence farming for food and shelter, money is becoming an increasingly important part of the village economy. However, savings culture and financial tools to promote the accumulation of money for larger purchases and emergencies do not exist in many of the communities.

## Evaluation Context

With little financial literacy, villagers may be aided by simple products like savings lockboxes to save money for large purchases and emergencies. The proposed intervention is based on the idea that individuals lack a safe place to save money temporarily and that they require a means to curb impulsivity. Prior research with the Tsimane' has shown them to have very high rates of impulsivity. As a result, lockboxes that do not allow for easy access to these savings may improve the ability of clients to stall unnecessary consumption in the present, and consequently change savings behavior.

The Tsimane', a native Amazonian society living in communities near San Borja in the Department of Beni will be offered such a product. IPA is collaborating with CBIDSI (Centro Boliviano de Investigación y Desarrollo Socio Integral), a Bolivian nonprofit explicitly working with research and development among the Tsimane'.



### RESEARCHERS

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### COUNTRY

Bolivia

### PARTNER

CBIDSI (Centro Boliviano de Investigación y Desarrollo Socio Integral)

### PROGRAM AREAS

Financial Inclusion, Financial Services for the Poor

### TOPICS

Behavioral Design, Commitments, Financial Capability, Savings

### TIMELINE

2011-2012

## Details of the Intervention

The study includes 1,100 households in 70 villages randomly assigned to one of two treatment groups or a comparison group. Households in the first treatment group will receive a savings lockbox along with its key. Those in the second treatment group will receive the same lockboxes but will be required to go the nearest town (San Borja - from a few hours to two days from participating communities) to access the lockbox key from the office of CBIDSI. The comparison group will not be offered any locked box product.

To assess whether savings boxes in the possession of female household heads produces greater household saving and expenditures on children than saving boxes in the hands of male household heads, locked boxes will be randomly given to either female or male heads of households. The variation of key placement will allow us to evaluate whether possession of the key encourages impulsivity and altered expenditure patterns. Outcomes will be measured one year after the introduction of the lock boxes in a follow-up survey. The outcomes of interest include income (e.g. sales at markets, wage labor etc.), consumption (e.g. "large" purchases), savings activity (e.g. contributions to lockbox, traditional forms of savings, perceptions etc.), household well-being measures (e.g. anthropometric indicators of short-run nutritional status and household emergencies).

## Results and Policy Lessons

Results forthcoming.