STUDY SUMMARY

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 lockbox at all? Researchers found that financial assets increased by 78 Bolivianos (USD ~$26.00), suggesting that the lockbox increased net saving and wealth.

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, were offered such a product. IPA collaborated 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 Investigacion y Desarrollo Socio Integral)

PROGRAM AREAS
Financial Inclusion, Financial Services for the Poor

TOPICS
Behavioral Design, Commitments, Financial Capability, Savings

TIMELINE
2011-2013
Details of the Intervention

The study included 918 households in 61 villages randomly assigned to one of two intervention groups or a comparison group. Households in the first intervention group received a savings lockbox along with its key. Those in the second intervention group group received the same lockboxes but were 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 were not 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, lockboxes were randomly given to either female or male heads of households. The variation of key placement allowed us to evaluate whether possession of the key encourages impulsivity and altered expenditure patterns. Outcomes were measured one year after the introduction of the lockboxes in a follow-up survey. The outcomes of interest included 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

Researchers found that household financial assets increased by 78 Bolivianos (USD ~$26.00), suggesting the lockbox increased net saving and wealth. The increase in financial assets was driven by a large increase in cash held at home and a smaller increase in money lent.

The lockbox is valued by the Tsimane’ as a savings technology and as a good in itself, often being placed in the ceiling next to spirit-warding animal bones. The CBIDSI received requests for new or replacement lockboxes for years after the study concluded.

The lockbox led to increased drinking, primarily among men, by facilitating saving for commercial alcohol. The increased drinking subsequently contributed to the observed increase in mens’ blood pressure.

Drinking was self-reported in surveys when it wasn’t linked to saving, as it is considered a social, prestige-enhancing good in the community. However, it was not self-reported as a motivation for saving out of fear that indicating saving for alcohol would lead to confiscation of the lockbox by CBIDSI.

Sources