

Evaluating the Efficacy of School Based Financial Education Programs in Ghana

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INNOVATIONS FOR
POVERTY ACTION



Overview

- Background
- Research Questions
- Interventions
- Data collection
- Results





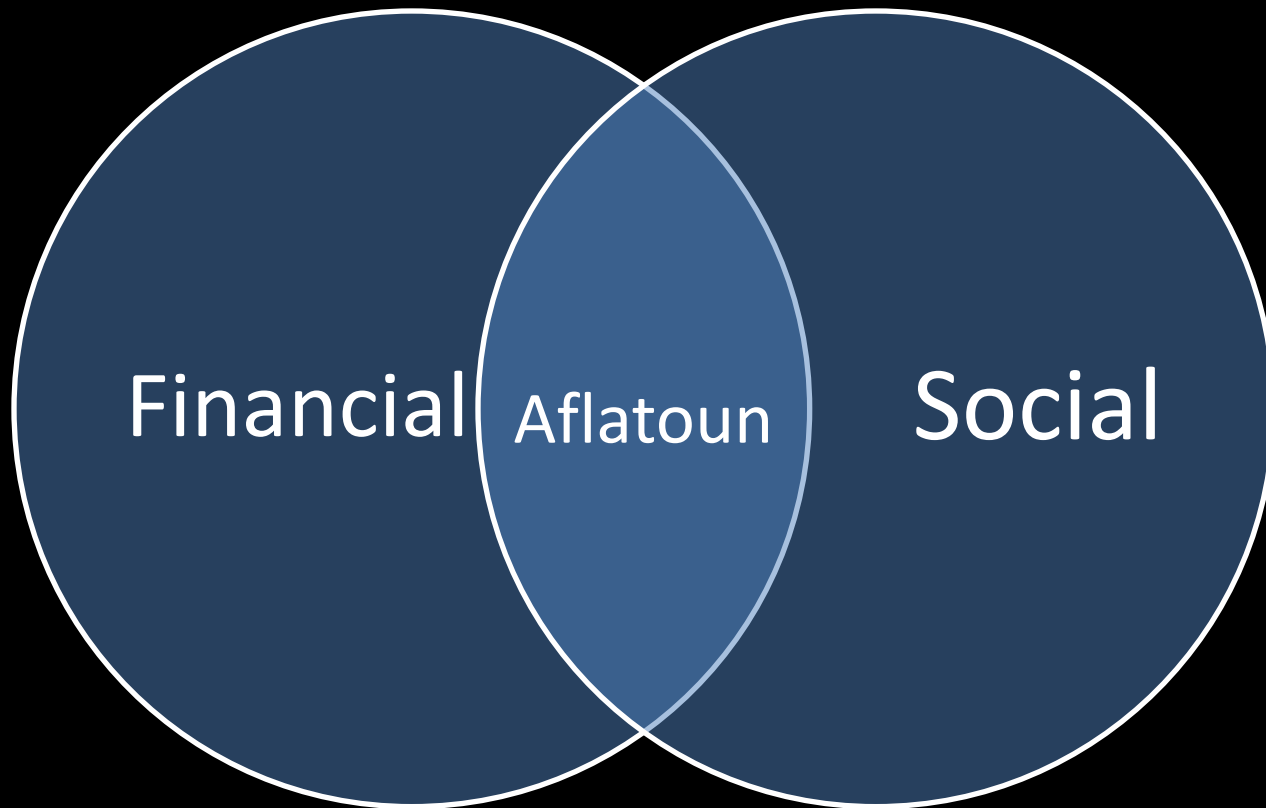
Background

- Savings matters
 - Smooth shocks, build assets, invest in human capital
- Optimal savings requires
 - Financial literacy
 - Ability to plan ahead, and commit
- Both may be more effective if taught at young age
- Ghanaian savings rates are low
 - 8-12% compared to 25% (average in Africa)
- Youth financial literacy is lacking (in general)
 - 68% of US youth failed financial literacy test



Aflatoun program

- A curriculum that provides young children with Social and Financial education





Aflatoun program

- A curriculum that provides young children with Social and Financial education
 - Children learn about themselves, child rights, saving, basic financial concepts, and enterprise. Includes savings clubs
 - Implemented in 84 countries
- In Ghana
 - Delivered in selected primary and secondary schools through NGO financing
 - Evaluation took advantage of expansion of program



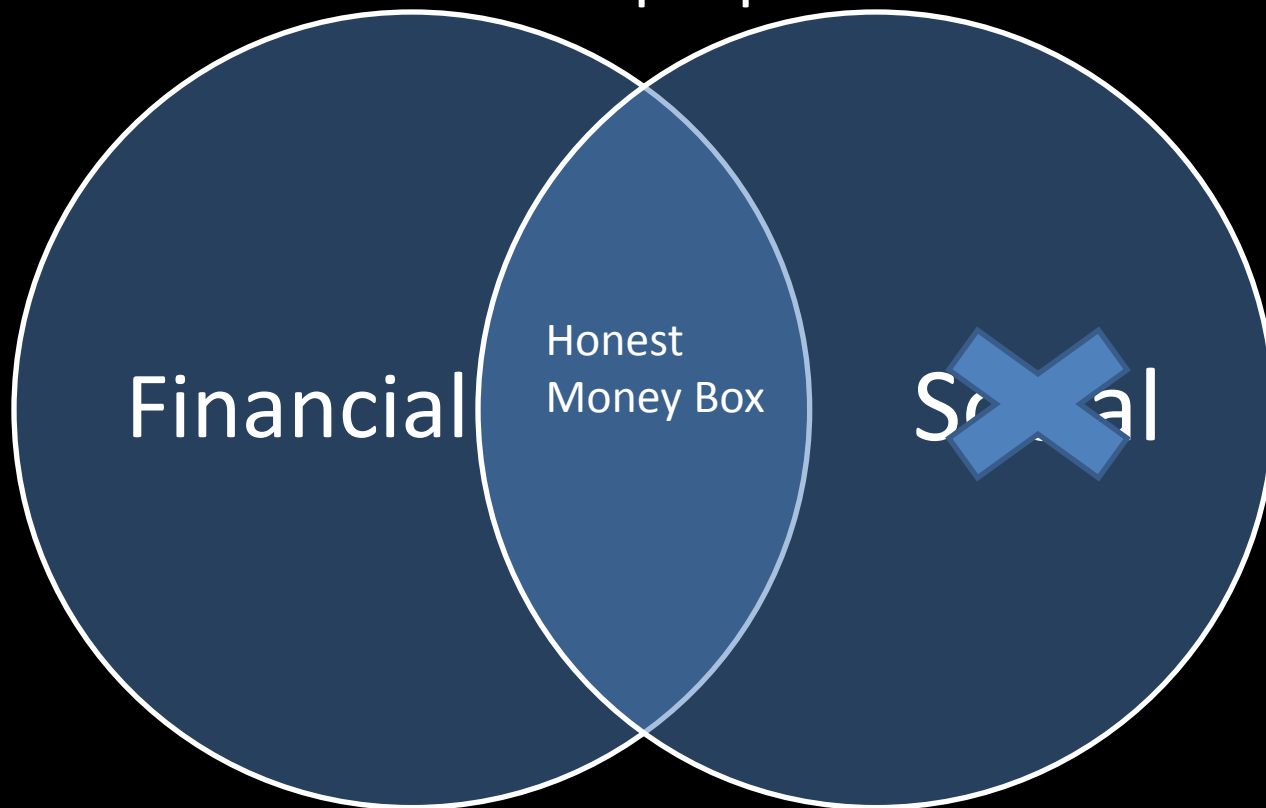
Research Questions

- What is the impact of the Aflatoun program on the social and financial knowledge, attitudes and behaviors of children?
- What is the impact of a basic financial education and access to a savings product on the social and financial knowledge, attitudes and behaviors of children?
- What additional affect does the social component of the Aflatoun program have on children?
- Also of interest: cost effectiveness and improving the Aflatoun program



Honest Money Box

- A curriculum that provides young children with Financial education
 - Introduced for the purpose of this evaluation

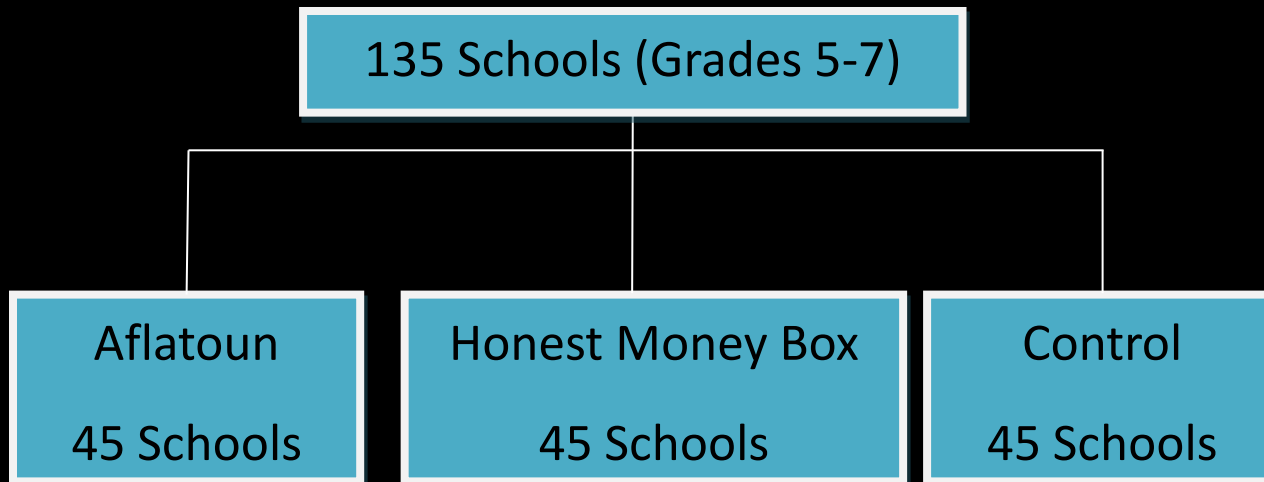




Experimental Design

Randomized Controlled Trial

School-level randomization to avoid spillover



Treatment Groups:

1. Aflatoun (savings club with social and financial education)
2. Honest Money Box (savings club with financial education only)

Theory of Change



Needs

Lack of savings culture amongst Ghanaian youth

Input

Aflatoun (Social/Financial)
School savings program

Honest Money Box (Financial)
School savings program

Output

Individual students trained on
financial education and values

Individual students trained on
financial education.

Outcome

Individuals are socially empowered
(understand rights as children) and
economically empowered (understand
their financial situation)

Individuals understand financial
situation and make personal
financial decisions and trust in
formal financial services

Impact

Improved attitude and behavior
toward saving, spending, self-efficacy,
and interpersonal interactions

Locations in Ghana



East – Volta District

South – Greater Accra

West – Western District





Intervention – Partners

1. Aflatoun
2. Women and Development Project (WADEP)
3. Netherlands Development Organization (SNV)
 1. Berea Social Foundation (BSF)
 2. Support for Community Mobilization Projects and Programs (SCMPP)
 3. Ask Mama Development Organization AMDO
4. Ghana Education Services (GES)

Timeline



Sept – Oct 2010

Baseline Survey

5,363 respondents

Oct 2010 – July 2011

Aflatoun/HMB

Savings Clubs

Aug 2011

Endline Survey

Found 98.6% of baseline sample

What we measured

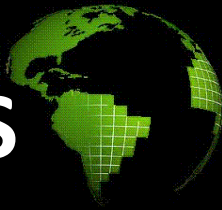


Student Survey Modules	School Survey Modules
<ul style="list-style-type: none">•Child demographics•Household characteristics•Savings attitudes•Savings behaviors•Psychosocial Measures<ul style="list-style-type: none">•Interpersonal•Risk preference•Time preference	<ul style="list-style-type: none">•School physical characteristics•Enrollment/Teacher Tracking•School income/expense•Teacher planning, motivation•After school programming•Community involvement



RESULTS

STUDENT DATA ECONOMIC INDICES



Index	Aflatoun	Honest Money Box
Saving Behavior	7.03***	9.53***
Saving Attitude	2.21	4.96**
Financial Literacy	-0.9	-0.59
Time Preference	0.917	-2.53
Risk Preference	-4.54*	-5.27**
Work	1.79	7.18*
Expenditure	3.66	-16.2

percentages

STUDENT DATA SOCIAL INDICES



Index	Aflatoun	Honest Money Box
Temptation Goods	-0.578	0.0224
Personal Investment	3.99*	0.736
Savings Risk Perception	-0.598	-0.156
Saving Environment	-2.97	1.89
Confidence	-0.144	1.82
Social Skills	1.04	1.78

percentages

Savings behavior (+++ ,+++)



- **Index includes**
 - Frequency and amount saved
 - Whether the students saves at school
- Both programs have small positive effect on savings
 - In control group 51 percent of students report to save
 - Programs increase this by about 4 percent
 - No difference between Aflatoun and HMB
- No effect on the amount of money saved or regularity of savings for both programs
- Strong increase in the percentage of children that save at school
 - In control group 2 percent of children report to save at school
 - Aflatoun increases this by about 5 percent and HMB by about 9 percent.
 - The amount of money saved at school increases the same for both programs



Savings attitude (0, ++)

- Index captures
 - Whether student recognizes the importance of savings
- Small increase in index for HMB (0.05 std dev)
 - No stat difference between HMB and Aflatoun
 - HBM show less reliance on parents

Work



- Index measures labor market participation and earnings
- HBM increases labor market participation
 - In control group 23 percent of children earn money
 - This increases with HMB by 4 percent

Risk



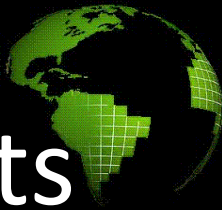
- Game to allocate money between sure and risky option
- Children become more risk averse with both programs



Self confidence

- No significant effect on index and most variables
- Both Aflatoun and HMB show positive effect on
 - “When something bad happens to someone it is usually his or her own fault”

Where we found no overall effects



- Financial literacy
 - whether child could think through an spending allocation (shop game)
- Temptation goods
 - tendency to spend on temptation goods such as snacks and fun
 - Reduces for those who were already saving at baseline
- Personal investment
 - tendency to plan ahead and spend wisely (health, education)
- Savings risk perception
 - how safe children regard out of school saving.
- Saving environment
 - Is saving supported from home
- Expenditure
 - Do children control and spend money
- Social skills
 - No teasing , influence other kids
- Time preference
 - Game to allocate money between now and the future
- Test scores

Concluding remarks



- Study measured very short term effects
- Both programs successful in increasing savings rate
 - Small change
 - Children move savings to school, no increase in amount saved
- Increased risk averseness
- Greater drive to become financially independent with HBM
 - Savings attitude and work participation increase
- Further research
 - No clear gender effects

