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Youth and Financial Services Working Group

Usage and Dormancy

SEEP is a global learning network. We explore strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve the quality of their lives. Founded in 1985, SEEP was a pioneer in the microcredit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades our members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the world's poor. SEEP members work together and with other stakeholders to mobilize knowledge and foster innovation, creating opportunities for meaningful collaboration and, above all, for scaling impact.

About the Youth and Financial Services Working Group

This paper is one in a series of Promising Practices Briefs written and commissioned by the SEEP Network's Youth and Financial Services Working Group. These documents explore innovations and address operational issues in the promotion of effective financial services for youth. Topics were selected during a series of consultations held with Working Group members in January 2015.

Launched in May 2011, the Working Group represents a diverse group of industry leaders. It brings together practitioners to exchange experiences and to create opportunities for collaborative learning and the development of innovative learning products that benefit not only members, but also practitioners working in youth financial services and economic strengthening activities worldwide. The overall goal of the Working Group is ***to improve the ability of practitioner organizations to provide high-quality and effective financial and nonfinancial services to youth worldwide.***

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Usage and Dormancy

OVERVIEW

The United Nations Population Fund reports that there are 1.8 billion young people between the ages of 10 and 24, with 89 percent of them residing in less-developed countries (2014).[1] In Sub-Saharan Africa, minors often account for more than 50 percent of a country's population.

Moreover, by 2050, the world's population will increase by 2 billion, an increase of 28 percent, all of whom will require access to health and education services, and eventually to jobs and self-employment opportunities.

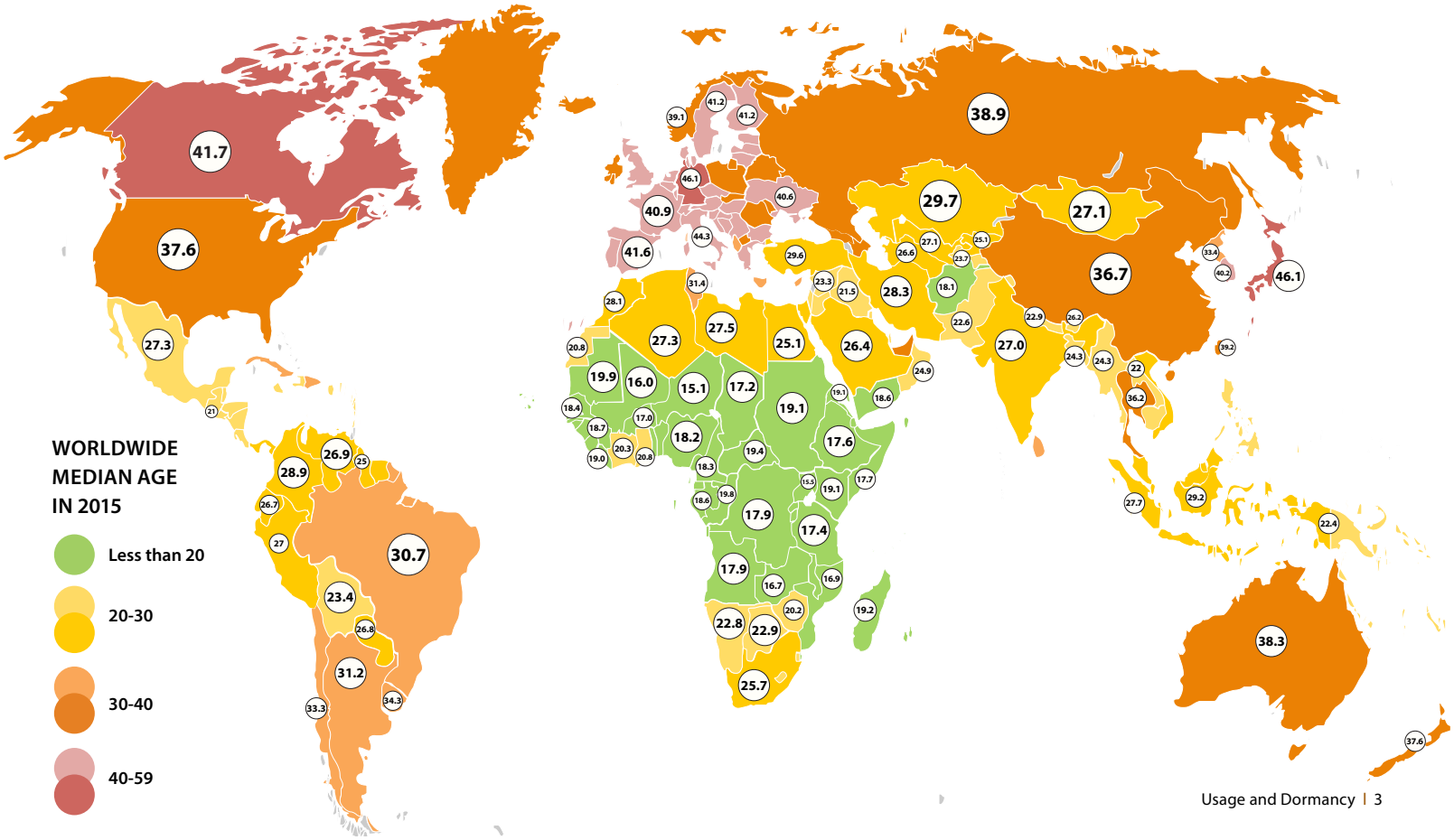
With appropriate knowledge and tools, youth can be financially empowered to access economic opportunities in a sustainable manner. Although they represent a large potential market, the integration of youth into the formal financial system is still a relatively new concept in many countries. Access is limited by a lack of financial education, restrictive government policies, inadequate financial products, and limited awareness among Financial Service Providers (FSPs) of how to include youth in their portfolios.

Progress has been made in increasing financial inclusion for youth. The World Bank's Global Findex database reports that, globally, 46 percent of youth aged 15–24 have accounts at formal financial institutions,[2] up from 37.9 percent in 2011.[3]

Increasing youth access to financial services is vital, but it is only a first step; usage of these services is also critically important. Despite almost half of the world's youth owning a savings account, only 18 percent actually saved in this account in 2014.[4] As an example, in Sub-Saharan Africa one in five young people owns a savings account, yet only 11 percent of youth actively used this account in 2014.[5]

Research shows that young people in developing countries do earn money, mainly from stipends, gifts for special occasions, and informal jobs. Most of this money ends up being spent on household expenses and leisure activities, while the remainder is saved through informal mechanisms because of a lack of basic financial management skills and also due to the inaccessibility of financial services.

[1] United Nations Population Fund. "State of World Population: The Power of 1.8 Billion," 2014.
[2] Demirguc-Kunt, Asli, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden. 2015. "The Global Findex Database 2014: Measuring Financial Inclusion around the World." Policy Research Working Paper 7255, World Bank.
[3] Demirguc-Kunt, Asli, and Leora Klapper, 2012. "Measuring Financial Inclusion: The Global Findex Database." World Bank Policy Research Working Paper 6025, World Bank.
[4] Demirguc-Kunt et al., *op. cit.*
[5] *Ibid.*



The continued expansion of youth financial inclusion requires that dormancy be understood and addressed effectively. The review of a great number of case studies and program assessments has led to the identification of two main types of dormancy factors:

1. Intrinsic factors: In some cases, dormancy rates among youth accounts can be explained by youth lack of the financial literacy required to keep their bank accounts active. In other instances, product features and marketing campaigns may be insufficiently tailored to youth needs, resulting in users' declining interest in the product.

2. Extrinsic factors: Restrictive conditions, such as the requirement to have an adult present for transactions, or the absence of accessible service providers are the main reasons why youth involuntarily leave their accounts dormant.

This paper will present innovative and impactful ways in which financial service providers (FSPs) can achieve higher rates of usage from youth by tackling the following questions:

- Why do institutions care about this issue?
- What is specific about youth dormancy?
- What levers can stimulate usage?
- What factors help or hinder youth in fully utilizing financial products?

Key Definitions

Access: The availability of affordable and appropriate financial services to a given person.

Usage: The act of employing or utilizing a financial service such as savings, credit, or other financial products.

Dormancy: A period during which a financial product that has been previously accessed remains inactive, for a longer period than average, as a result of an intrinsic or extrinsic factor.

Source: Definitions of access *and* usage *were adapted from the Center for Financial Inclusion's "Financial Inclusion Glossary."*

MAIN FACTORS CONTRIBUTING TO **DORMANCY**	LEVERS TO PROMOTE GREATER **USAGE**
INTRINSIC FACTORS • Lack of understanding • Lack of interest	**Develop customer-focused approaches to better serve young people** (page 5) • Designing programs and services to match youth life-cycle needs • Focusing on transition phases reduces the risk of losing clients **Develop tailored financial education and marketing approaches** (page 5) • Adapting to youth culture, availability and habits facilitates usage of savings services • Making financial concepts clear, transparent and entertaining leads to more sustainable results • Knowledge transmission through social networks reinforces positive financial behavior • Adopting transparent offers and supporting awareness programs increase youth trust in and usage of financial services
EXTRINSIC FACTORS • Restrictive conditions • Absence of providers	**Foster innovative regulation practices** (page 7) • Rethinking limitations to youth-specific financial products can encourage more regular account usage • Flexible legislation helps increase the number of financial service access points **Ensure accessibility and inclusion** (page 8) • Bridge youth access through technology and alternative access points • Working with Savings Groups, especially in rural areas, promotes financial inclusion and empowerment of young customers • Regularly following up with young customers stimulates usage • Ensure compliance with cultural norms to encourage increased usage

LESSONS LEARNED

Develop Customer-focused Programs to Better Serve Young People

Design products and services to match youth life-cycle needs.

The youth market encompasses segments and subsegments related to age (legal age), life-cycle stage (marital and parental status), gender, education, employment status, and vulnerability. These differences, when taken into consideration in product design and delivery, allow for the creation of more targeted and useful products.

In the West Bank/Gaza, **Making Cents International** has partnered with MFI **Vitas Palestine** (formerly Ryada) to develop a youth-inclusive financial product with the goal of reaching both sustainability and scale. Preliminary analysis from market research conducted in Palestine demonstrated that access to savings allows younger clients to save for aspirational endeavors such as training, higher education, social work, and travel, whereas older youth use informal savings as a means to build capital for business start-up ventures. In response to these findings, Vitas Palestine developed a loan product that serves to augment the start-up capital needs of young entrepreneurs; it also included a brief assessment and consultation on the young entrepreneurs' business plans as well as tailored marketing materials especially to youth. The market study also benefited the MFI FATEN. Following this study, FHI 360, Save the Children, and ShoreBank International launched a matched savings initiative. In 2010, they offered young adults in low-income households a 100 percent match on their savings.

Focusing on transition phases reduces the risk of losing clients.

To prevent adolescents from dropping their accounts and losing good savings habits, institutions should have a strategy for a seamless transition between products, especially for those clients transitioning from childhood to adolescence or adolescence to adulthood.

In Colombia, for example, **Bancolombia** offers separate products for children and youth; the first product, Banconautas, converts automatically into the second, Cuenta Joven, when the account holder turns 13. Both products offer financial education programs to the beneficiaries; however, Cuenta Joven provides more features than Banconautas with larger withdrawal limitations.

In Sri Lanka, **Hatton National Bank** has segmented the youth market into different age groups with specific savings products. The first product is designed for newborns and children under the age of 5. The subsequent account, the Singithi Lama, is for children between 5 and 12 years of age. The last account in the series is designed for adolescents. Holders of these accounts are motivated to keep their accounts active with age-appropriate incentives that reward increasing account balances.[6]

At the other end of the youth age spectrum, Ghana's **HFC Bank** offers a product specifically for youth in tertiary education, which the bank sets up for the client free of charge. This account is designed to receive the account holder's student loan funds and comes with an automatic loan facility of up to 80 percent of the loan value prior to disbursal. Like Bancolombia's Banconautas, it is also eligible for automatic conversion to the next product in the life-cycle continuum—in this case, HFC's savings products for young working adults (HFC Students Plus Account; HFC Life Starter Account; or, when the individual qualifies for such products, HFC Educational Loan or HFC Mortgage products, which are products adapted to the needs of newly graduated and young professionals and include housing loans, vehicle loans, etc.).

[6] "Youth Savings Accounts Overview." Women's World Banking. 2014.

LESSONS LEARNED

Develop Tailored Financial Education and Marketing Approaches

Adapting to youth culture, availability, and habits facilitates usage of savings services.

Regular marketing campaigns are not as effective with youth as with other targets, as they spend most of their time at school or work and do not visit the financial institution regularly, given mobile banking, availability constraints, etc. Some projects and institutions have leveraged youth schedules, reaching them outside of school hours or during holiday periods. Other FSPs target celebrations such as birthdays or religious festivals to communicate with the youth community, as young people are likely to receive money or have financial needs at these times. The dramatic rise of social media has presented new channels through which to communicate with current and potential clients, particularly youth. FSPs have been generally cautious about entering the social media space, perhaps recognizing that the potential for outreach must be balanced with the challenges of new and rapidly changing channels of communication. However, with 298 million active Internet users and 900 million mobile subscribers as of January 2015,[7] Africa is increasingly using social networks to gather information (68 percent of Twitter users reported that they used it to monitor news).[8]

> **Freedom from Hunger** used community events to launch its **Advancing Integrated Microfinance for Youth (AIM Youth)** campaigns in Ecuador and Mali, which allowed the campaigns to reach a greater audience. Having such initiatives coincide with national or local celebrations ensures visibility and participation, and it facilitates the repeating of key messages.

> One way for projects and institutions to insert themselves into youth culture is to use young agents to increase outreach. In Niger and Sierra Leone, **Plan International Canada's YMF** project mobilizes youth agents to deliver financial education and to promote asset accumulation through saving groups.[9]

> Organizations such as **Kiva, Babyloan,** and **Wokai** use their websites and social media to connect lenders from around the world to young entrepreneurs in need of microloans. In Pakistan, microfinance institution **Akhuwat** uses its Twitter account to communicate with its clients. The community managers share documents and answer young customers' questions about their financial products online.

Making financial concepts clear, transparent, and entertaining leads to more sustainable results.

Youth attention to marketing and educational programs is greater when these programs are combined with relevant and trendy entertainment programs. Marketing and financial education strategies that are able to adapt their messages to the tastes and habits of young people will be very effective in marketing financial products and delivering financial knowledge to youth. FSPs that make use of effective channels of transmission can reach sizeable audiences while lowering marketing costs.

> In the Dominican Republic, **Banco ADOPEM,** in collaboration with **Women's World Banking**, has launched an entertainment and financial education marketing project to promote the bank's savings products, which had a low usage rate. Using a form of embedded marketing, financial education was delivered through a telenovela, or a serialized television show. The central message, promoting savings at FSPs and investing remittances in families and communities, was written into the telenovela plotline, which featured a Dominican woman living in Nicaragua who sent money to her family and dreamed of constructing her own home on the island. While not specifically developed for youth, the show appealed to a broad range of age groups and featured plot points targeted at young people, particularly teenage girls. The campaign was cost effective and reached an audience of around 150,000 viewers, leading to a 37 percent increase in active savings accounts and to a 29 percent growth in average account balance.[10]

[7] Kamdem, Chedjou. Etat des lieux d'Internet et des réseaux sociaux en Afrique. 2015. http://histoiresdecm.com/2015/01/21/etat-des-lieux-dinternet-et-des-reseaux-sociaux-en-afrique-janvier-2015/

[8] http://www.cp-africa.com/2012/01/26/how-africa-tweets-south-africa-nigeria-kenya-egypt-and-morocco-lead-tweeting-on-the-continent/

[9] https://www.microlinks.org/blog/savings-groups-and-skills-development-pathway-youth-economic-strengthening

[10] Women's World Banking, "Annual Report." 2012.

Transmitting knowledge through social networks reinforces positive financial behavior.

Youth financial inclusion and usage promotion strategies should not only focus on young customers. Targeting relatives in a financial network, such as parents or remittance senders and receivers for financial knowledge transmission and marketing purposes has the potential of boosting youth usage of financial products. This strategy is especially important for young people who are still dependent on their parents or family members as sources of funding for their accounts.

> Results from a survey conducted in Ecuador show that most youth who decided to open savings accounts were influenced by their parents. Of these youth, 89 percent stated that their mothers were the main people who had influenced their decision, and 43 percent of them mentioned their fathers, in contrast with 0 percent influence from teachers and 4 percent from credit union staff.[11]

> Similarly, a pilot financial education program targeted to Brazilian youth in secondary school showed that simultaneously providing financial education to both parents and their children increases youth usage of financial products. In fact, the savings rate of students whose parents attended a workshop on financial topics was 2.5 percent higher than the savings rate of students whose parents did not attend a financial literacy workshop.[12] This shows that parents help to reinforce the financial knowledge that their children receive at school.

Adopting transparent offers and supporting awareness programs increase youth interest in financial services and their usage of these services.

Some of the key factors that contribute to building clients' loyalty are responsibility and transparency. When FSPs can clearly explain the terms and conditions of their products and fully disclose prices, clients feel that they can make informed decisions about whether to take up their services. This will also enable clients to compare all existing financial products and choose the ones that best suit their needs. FSPs that are transparent about the conditions of their products will be better able to gain their clients' trust and loyalty. Transparency is an important client protection principle, and UNCDF notes that it is especially important for youth clients because of their relative inexperience with financial services. In addition, FSPs may harbor biases against youth, believing them to be higher risk or unreliable clients.[13]

> In the Philippines, the number of deposit accounts in banks, MFIs, and e-money devices quickly grew in recent years. The country made it compulsory upon all credit providers to compute and publish effective interest rates and to make this information clearly available to all potential clients. Additionally, financial institutions are required to simplify computations of compound interest rates to help borrowers better understand them.

[11] "From One Generation to the Next: The Role of Parents in the Financial Inclusion of Young People." Freedom from Hunger. 2014.
[12] "The Impact of High School Financial Education." The World Bank Group. 2013.
[13] Perdomo, Maria. "Client Protection for Youth Clients: UNCDF—YouthStart Technical Note." UNCDF. 2013.

LESSONS LEARNED

Foster Innovative Regulation Practices

Rethink limitations to youth-specific financial products can encourage more regular account usage.

Youth can be discouraged by direct or indirect restrictions associated with opening and using accounts especially designed for them, including the limited ability to withdraw funds, stringent adult supervision of transactions, minimum deposits or balance requirements, and high transaction fees. Dormancy can be reduced through the use of policies that recognize the needs of youth, while still extending appropriate protections to young clients. Some national regulations allow a degree of flexibility on transactions, such as depositing without supervision or withdrawals for specified purposes, such as medical or educational expenses; other countries give exceptions to age restrictions for certain populations, such as working youth. In addition to providing youth with increased access, this transactional flexibility offers important opportunities for youth to learn money management skills through increased autonomy. Additionally, recognizing that youth's cash flow and activities are more irregular, the time at which an account is considered dormant could be extended for youth.

> In Ethiopia, the minimum working age is 14 for some sectors FSPs have therefore granted full autonomy to young workers to open and manage their accounts when they can present identification or a formal labor contract. Providing young workers with financial solutions can also encourage greater formalization: Close to 40 percent of young Ethiopians are engaged in the informal sector, and 63.3 percent of them struggle in their businesses due to a lack of capital.[14] Working youth, particularly those who have moved or migrated away from their families for work, need a safe place to keep their earnings.

> In Sri Lanka, where the law prohibits unsupervised account withdrawals for minors, **SANASA Primary Society** was able to authorize withdrawals from youth saving accounts for the specific purpose of paying for educational expenses. **Hatton National Bank** in Sri Lanka also permits payment for specified "necessities" and facilitates direct payment to schools or hospitals to ensure proper use of funds.

Flexible legislation helps increase the number of financial service access points.

Rules and administrative requirements may increase costs by requiring FSPs to open fully operational branches, rather than leveraging existing infrastructure such as a corporate partner's facilities or opening temporary or smaller service points. In particular, the establishment of new bricks-and-mortar branches in rural areas may not appear financially viable if the same laws that govern populated centers also apply to remote rural areas. Governments that are dedicated to financial inclusion have begun to lower these barriers to entry into underserved markets, allowing more flexible conditions that can accelerate the penetration of financial services into new areas. In such legislative environments, many MFIs have been able to utilize mobile and agent banking and to boost the usage of financial products, especially for youth, given their fast adoption of mobile and digital services.

> The **Central Bank of the Philippines** has adopted an integrated regulatory framework that fosters youth financial inclusion. Banks and MFIs have been able to open simplified microbank counters in underserved areas. For FSPs, this measure reduced administrative costs and barriers to enter these markets, lowering the break-even point. Youth, on the other hand, benefited from greater access to finance, a wider range of services, and affordable prices due to reinforced competition.

> In Sri Lanka, **Hatton National Bank** opened deposit centers in the schools. The bank approached the Ministry of Education, vouching for the benefits of allowing students to have banking units in schools while committing to support some of the schools' programs and infrastructure development. In 1990, the Ministry of Education accepted and launched HNB's Student Managers program.

> Mexican regulations permit a range of providers to offer complete banking services. **Banco Azteca**, which belongs to Elektra, a retail chain offering electrical goods and furniture, can provide comprehensive banking services through Elektra stores to a largely low-income clientele.

> **Orange** has successfully connected remittances with mobile banking in Mali. Recipients of remittances can now receive money directly on their m-banking system in a country where physical bank counters are scarce and the penetration rate of mobile phones reaches 70 percent of the population.[15] Beyond ensuring greater use of the account, as youth praise cell phone use for banking transactions, the system can then be used to cross-sell other products and assess creditworthiness.

[14] The African Development Bank. 2014.
[15] http://www.agenceecofin.com/regulation/1812-25232-au-cameroun-en-moins-de-10-ans-le-taux-de-penetration-du-mobile-est-passe-de-10-a-70

LESSONS LEARNED

Ensure Accessibility and Inclusion

Financial institutions have to invest in new delivery channels in order to reach a wider range of young customers and offer them flexible financial products suited to their financial needs and usage.

Bridge youth access through technology and alternative access points.

Usage is closely connected to accessibility. In Burundi, it has been estimated that about 50 percent of the population lives more than eight kilometers from the closest financial institution.[16] In this context, regular usage of financial services requires time, effort, and money. An effective way to bridge this geographic gap is to make financial services available in places where youth gather or which they can access easily, such as schools, agents, intermediaries, and new technologies, assuming that regulations are flexible enough. It will not only promote usage, but also overall youth financial inclusion. In fact, FINCA Uganda led a market study that showed that youth are reluctant to walk more than 500 meters[17] to go to the bank and are intimidated by the formality of regular bank counters. On the other hand, youth praised credit cards, ATMs, supermarket bank kiosks, and mobile technology to access their account and make transactions.

Hatton National Bank (HNB) in Sri Lanka has opened deposit centers in schools, providing savings services to more than 512, 000 youth.[18] Not only did this solution generate significant numbers of new accounts, but the combination of convenience and a mutually trusting relationship also led to regular usage of these accounts. Costs drove HNB to further innovation: The Student Banking Units, or school-based bank branches, are overseen by HNB staff but run by older students who receive training and support. HNB is able to save on costs and simultaneously promote peer financial education and leadership, while also encouraging the next generation of bankers.

In recent years, use of mobile banking has significantly increased financial inclusion, with 12 percent of adults in Sub-Saharan Africa using mobile accounts, compared to 2 percent of adults worldwide.[19] Moreover, all middle-income countries (from Nigeria to Tunisia, the Philippines, and Chile) indicate that the percentage of youth having Internet access or owning a smartphone is far higher than the percentage of adults having the same.[20]

"OF THE 2.5 BILLION UNBANKED AROUND THE WORLD, 80% OWN OR USE A MOBILE PHONE."
—WBSI (2012)

The rapid spread of **Kenya's M-Pesa** is well documented, with CGAP reporting over 12 million active customers in 2014 who saved and transferred money with the service. Central Bank of Africa's **M-Shwari** mobile platform goes one step further, allowing users (72 percent of whom are under 35)[21] to save and also access credit instantly with their mobile phones. The savings feature allows customers to accumulate assets and also build a rapid credit history, which provides access to short-term loans. As a credit history is built, the customer can access larger loans, all through the online platform.

[16] "The Use of Financial Inclusion Data." AFI. January 2014.
[17] UN Capital Development Fund. Interview of Leslie Enright, CEO New Business Development, FINCA International. January 2012.
[18] World Savings Bank Institute. "Savings Banks' Socially Responsible Activities, a Wealth of Experience: Insights from WBSI Members in Africa, Asia and the Americas." September 2007.
[19] World Bank. "The Global Findex Database 2014: Measuring Financial Inclusion around the World." 2014.
[20] Pew Research Center. "Global Attitudes Project, Spring 2013." http://www.pewglobal.org/2014/02/13/selected-age-break-tables/
[21] http://www.cgap.org/sites/default/files/Forum-How-M-Shwari-Works-Apr-2015.pdf

Working with Savings Groups, especially in rural areas, promotes financial inclusion and empowerment of young customers.

Financial inclusion in rural areas is significantly impacted by the absence of nearby financial institutions. As stated earlier, cost considerations often limit establishment of branch locations in rural areas. However, some financial institutions employ representatives who tour multiple regions on fixed dates with portable devices to access and update account information, allowing greater accessibility of financial products and, subsequently, increased usage of accounts. Savings groups can also be established and supported to generate activity between visits.

> **The Cooperativa San Jose** in Ecuador hired staff to collect deposits in the field from youth and children; the staff also use these visits to sell other products that are more profitable to other people in the community. In Peru, the NGO also created the system of alcancias comunales ("community piggy bank"), which offers microcredit to groups of women or young people, especially in rural areas. These groups benefit from a compulsory group savings account. A loan officer is in charge of a specific rural area and visits each village every month. The number of groups has increased significantly, and savings have increased every year in these groups.

> In El Salvador, the MFI **Enlace** has created a youth-specific program. Young people aged 12–24are invited to join a savings group where they will be supported in their entrepreneurial projects with training and meetings every week. For Enlace, which cannot currently mobilize savings, the groups are part of its sustainability strategy: It hopes to become a deposit-taking institution in the future and is creating a reputation for itself as a savings institution, in addition to developing a regular savings habit among potential future clients.

Regularly following up with young customers stimulates usage.

The practice of providing "nudges," or regular cues, to promote positive savings behavior has demonstrated positive results. Regular tips, reminders, and follow-up from FSPs are effective in maintaining financial activity among youth. These nudges can influence behavior by turning individual decisions and processes (such as deciding when and how much to save) into habits, which require less conscious decision making. Furthermore, introducing savings plans when an account is opened can lead to more sustainable usage. Customer service officials can help new clients design these plans. From then on, youth customers only have to follow their plan, with support from bank staff at the time of deposits and withdrawals at the branch. For youth who do not have an adult at home equipped with the knowledge required to teach them good financial behavior, interactions with bank staff and other financial mentors can be very beneficial. Decisions require time and energy, and when they involve money, they are frequently stressful. For the poor, even a single bad financial decision can have serious consequences. Creating habits that reduce vulnerability, such as regular savings, not only increases resilience but also reduces the hard work involved in having to make conscious decisions to save.[22]

> As part of the **YouthSave** project, a four-arm randomized control trial was designed in Colombia in order to understand if and how savings habits of youths could be influenced through SMS. The RCT randomly assigned 10,000 youth account holders of one of Colombia's main commercial banks to one of four experimental conditions: (1) 12 monthly messages with financial education content; (2) 12 monthly savings reminders; (3) 24 semi-monthly savings reminders; and (4) control. Analyzing detailed transactional information, Rodríguez and Saavedra (forthcoming) found that direct simple reminders that make savings goals salient and call youth to take concrete actions have a positive and significant effect.[23] These messages reduce the amount of money that youth withdraw from their account and hence increase their savings balance. In contrast, messages that deliver financial education information have no effect on youth savings attitudes. Interestingly, though, the effect of the SMS reminders is concentrated in youths who are intrinsically motivated to use the account. None of the interventions in the RCT have a significant effect on the dormancy or closure rates of youth accounts.

> **CARD Bank** in the Philippines, through a pilot program, helped clients set up a savings plan and used other strategies based on behavioral economics such as goal setting to boost usage of bank accounts. The results were impressive: Only 24 percent of clients in the control group had a change in their balance after opening their accounts,[24] whereas 50 percent of the treatment group had a change in account balance. In contrast to the typical control client who grew her or his account by 75 to 150 PHP, the typical treatment client grew her or his account by 250 PHP.

[22] Pathak, Payal. "Creating Creatures of Habit: Nudging Saving in Youth." New America Foundation. 2012.
[23] Rodríguez, Catherine, and Juan E. Saavedra. "Nudging Youth to Develop Savings Habits: Experimental Evidence Using SMS." CSD Working Papers. Forthcoming.
[24] Ideas42. "Applying Behavioural Economics to Improve Microsavings Outcomes." Microfinance Gateway. 2014.

Ensure compliance with cultural norms to encourage increased usage.

Some youth may intentionally avoid using financial instruments that they feel are not consistent with cultural and religious traditions. Islamic finance and sharia-compliant products are gaining popularity in many Muslim countries, despite the specific product restrictions and potential cost increases. Greater inclusion and usage can be promoted by providing a range of products for clients, including those that align with specific belief systems and cultural norms.

> An estimated 72 percent of people living in Muslim-majority countries do not use formal financial services. In Tunisia and Morocco, where the population is 93 percent Muslim, a quarter of the citizens over 15 years old stated that they did not have a bank account due to religious reasons. Though new legislation has been passed in Morocco to allow the creation of fully sharia-compliant institutions, no Islamic financial institution has been recorded to date there, and only three exist in Tunisia.

> In Yemen, 40 percent of the population demanded Islamic microfinance products, irrespective of the products' costs. To respond to this market demand, the **Al-Hudaidah Microfinance Program (HMFP)** and **Al-Amal Bank** have stepped in. As of 2006, HMFP had 3,551 active borrowers and had disbursed 22,710 loans. In 2012, Al-Amal Bank had captured 25 percent of the microfinance market and had 14,164 active borrowers.

> Christian finance observatories (like OFCCFO) also identify and monitor ethical funds and institutions, which can then use their label. The Robin Cosgrove Prize from Observatoire de la Finance rewards innovative ideas from young professionals to promote ethics and integrity in emerging markets, resulting in a large database of ideas matching youth ethics expectations.

CONCLUSION

To resolve the issue of dormancy, which can hamper financial inclusion of youth and cost FSPs in terms of administering large numbers of accounts that lie unused, FSPs need to pinpoint the specific factors behind dormancy in their regions and tackle them one at a time. Whether these factors are intrinsic, by lack of understanding or declining interest from youth, or extrinsic, simply because services are not available or too restrictive, a wealth of solutions can be gathered and combined to promote greater usage. These solutions include tailored education and marketing campaigns, youth-focused products with relevant segmentation, transparency, accessibility through innovation, social network leverage, and flexibility. Fine-tuning the approach to respect local cultural norms, habits, and needs can also help to reduce dormancy.

Finally, dormant bank accounts are not always an issue. They can be part of a broader solution by being used to fund new youth programs. Forgotten funds that have been left untouched in bank and other financial institution accounts for more than 15 years can be allocated to youth projects, through an institution.

> Almost two years ago, the Scottish government ordered the **Big Lottery Fund** to distribute the cash from these accounts to the voluntary and community sector. Among the projects to benefit will be media production, digital photography, and music and sporting activities. The organization has awarded more than £400 000 to various projects throughout the country.

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