



Making Cents

INTERNATIONAL

The State of Youth Financial Inclusion

A Global Perspective

Timothy H. Nourse

What are Youth Inclusive Financial Services?

Range of financial products and services that are intentionally designed and adapted to meet the needs of specific youth market segments.

YFS are typically offered by a variety of financial service providers including formal financial service providers and community-managed or member-owned institutions.

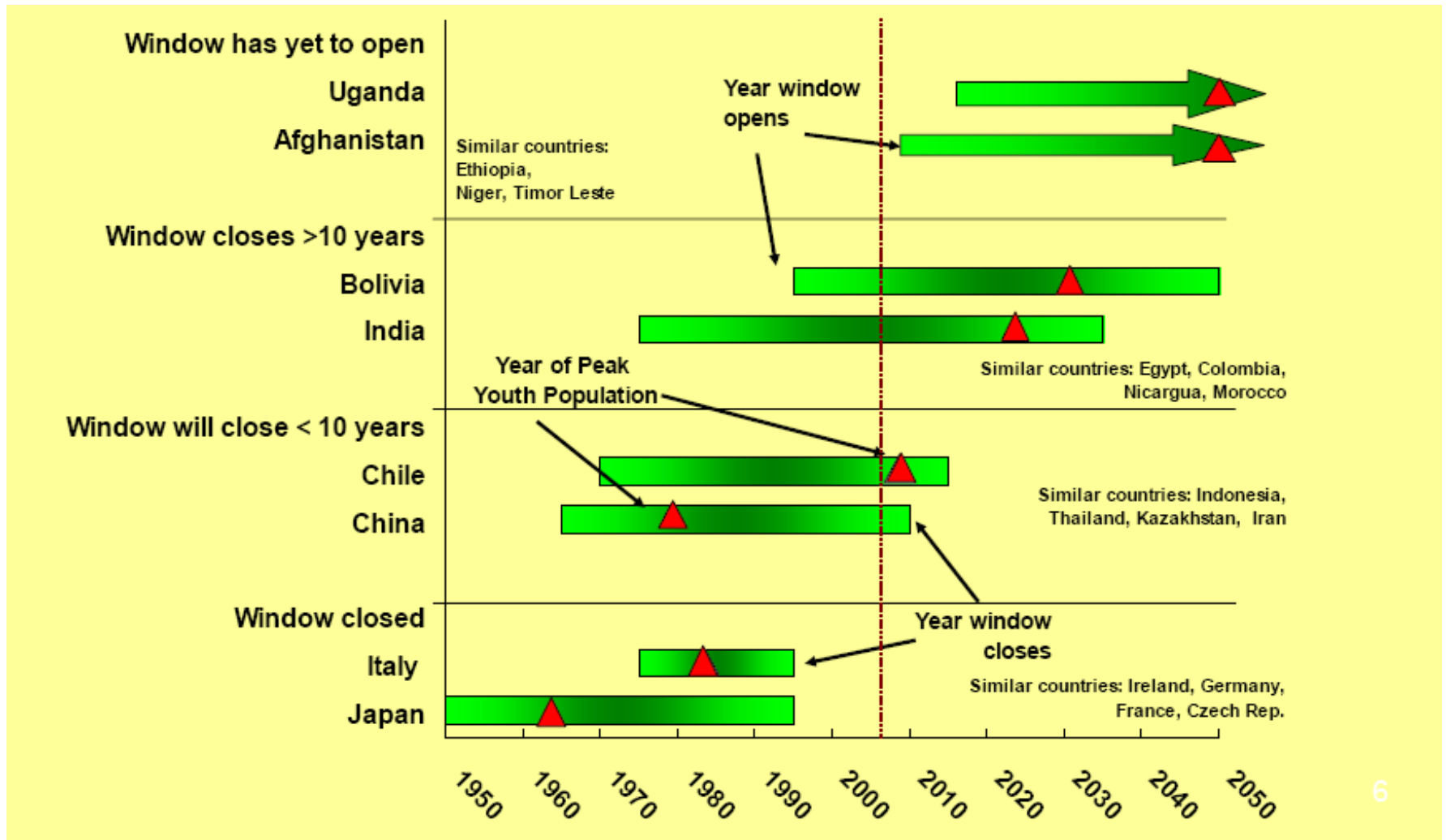
How do youth gain from YFS?

- Build assets
- Develop positive habits
- Contribute to the household
- Facilitates employment





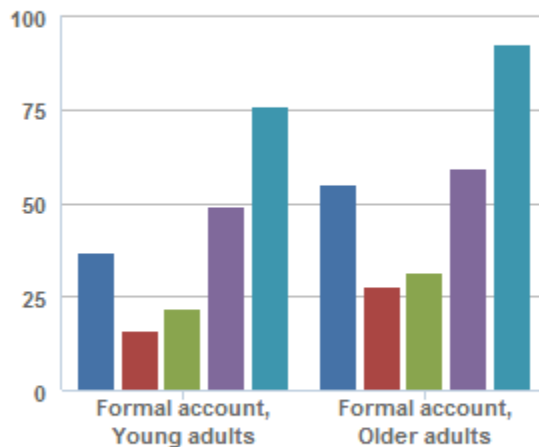
A Window of Opportunity



Current State of Access

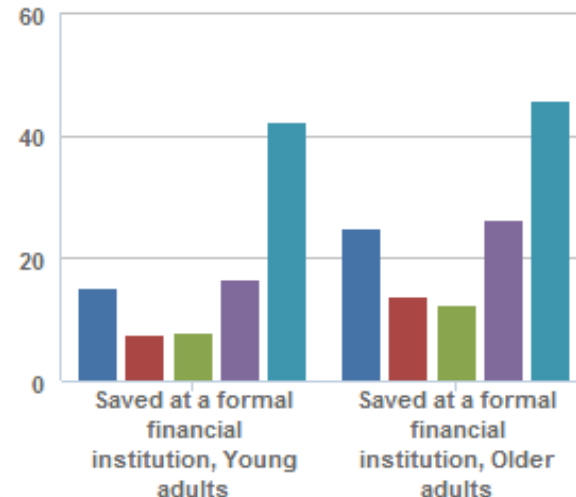
- Youth are 33% less likely to have an account at a formal financial institution
- Youth are 40% less likely to have saved at a formal financial institution

Adults with an account at a formal financial institution, by age (in %)



Created from: World Bank, Global Findex (Global Financial Inclusion Database)

Adults who saved at a formal financial institution in the past 12 months, by age (in %)



Created from: World Bank, Global Findex (Global Financial Inclusion Database)

Your Turn: What's holding us back?

- Discuss with the person next to you 1-2 key issues at the client, institution and enabling environment level that:
 - we need to take into account,
 - present an opportunity or which
 - are an obstacle to the provision of youth financial services
- You have 3 minutes

Key Issues - Youth

Youth Demands

- opportunities to manage risks, plan for the future, and transition through life phases
- friendly, convenient, and low-cost services.
- to be informed and feel secure

Youth Concerns

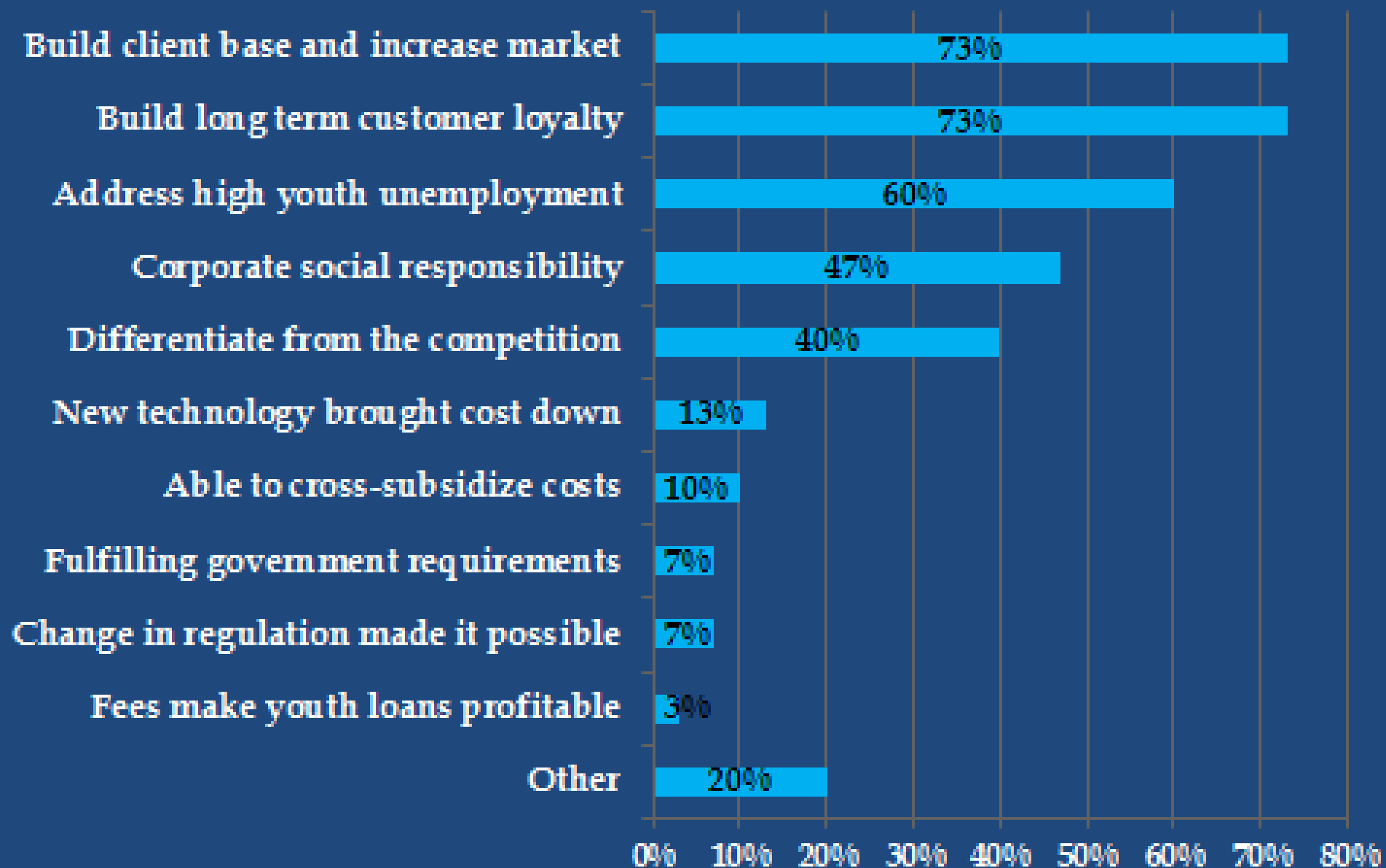
- Banks and MFIs are not for me
- Access is a big challenge for me
- What product and when?



Key Issues – Financial Institutions



What motivates financial services providers to deliver YFS?



Perceived Challenges of YFS

Prejudice of staff against youth

Youth are a high risk market

Legal and regulatory barriers

Lack of market information

Lack human resources

Cost of managing small balances

Do not know how to attract or retain

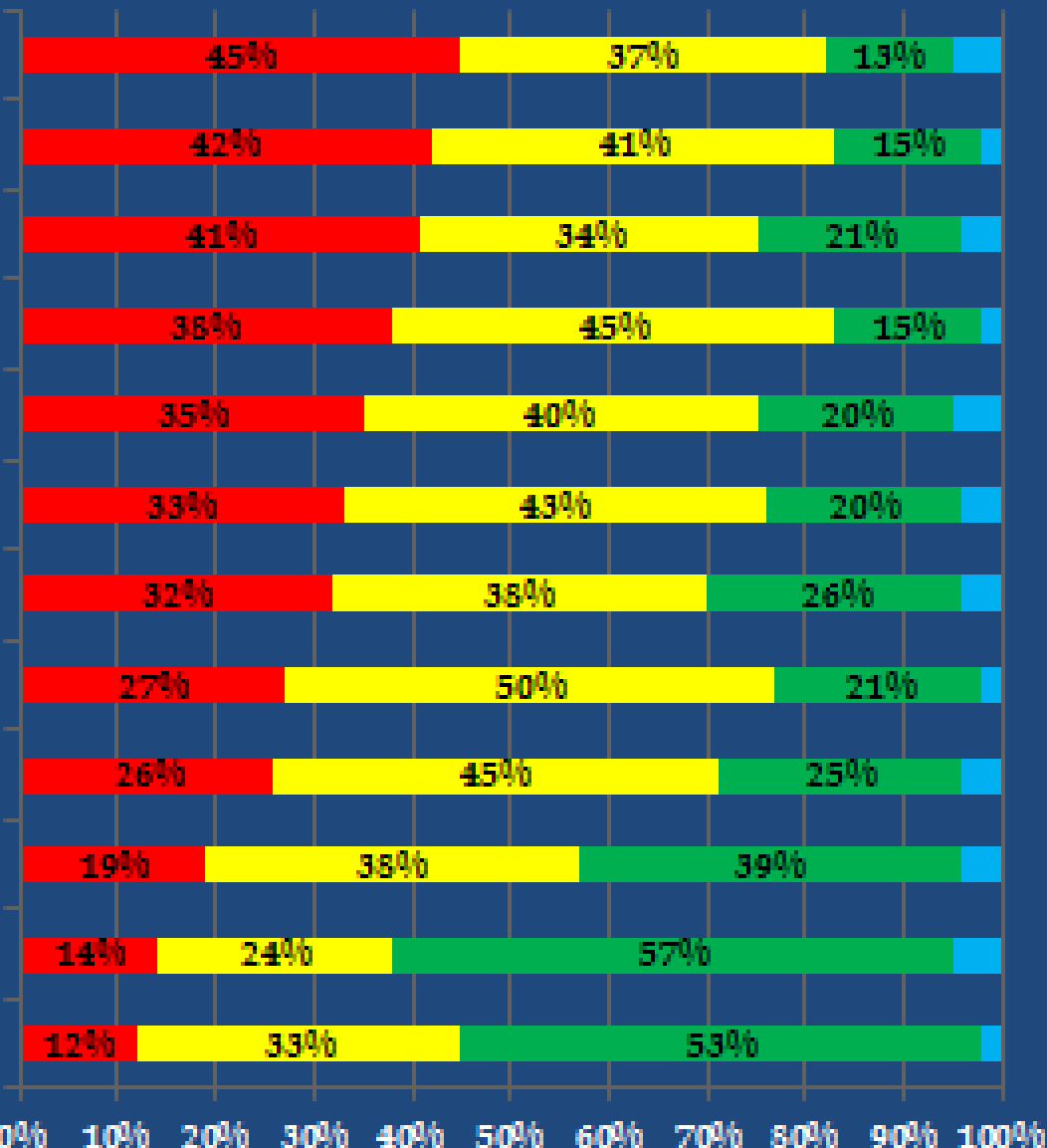
Cultural barriers to serving youth

No partners for linking

Physical location and accessibility

Highly competitive market

Lack of sufficient demand



■ Major Challenge

■ Somewhat of a Challenge

■ Not a Challenge

■ Not Applicable

Key Issues – Enabling Environment



- Age of Majority (contracting restrictions)
- Identification and documentation requirements
- Inadequate consumer protection regimes

Emerging Best Practices

1. Involve youth In market research and product development
2. Develop products and services that reflect diversity of youth
3. Ensure that youth have safe and supportive spaces
4. Provide or link youth to complementary non-financial services
5. Focus on core competencies through partnerships
6. Involve community

Hatton National Bank – Sri Lanka

- School banking program
- 503,000 youth savers



Equity Bank – Kenya

- Business loan and youth savings product
- 74,000 loan clients, 140,000 savers



Xac Bank – Mongolia

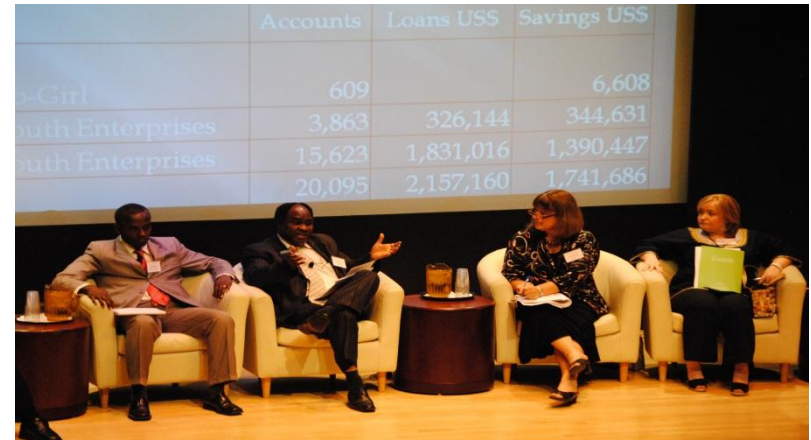
- Adolescent girl savings account
- 8,000 clients



Current Trends and Questions

- Data on access remains a challenge
- Information to develop compelling business case scarce
- A number of new initiatives underway; but evaluations/results still pending
- Behavioral economic models providing promising approaches
- Technology may be enabler, though how to use it effectively for youth remains a question
- Mainstreaming youth into financial service provision strategies for households provides promising strategy

- Youtheconomic opportunities.org

A photograph of a panel discussion at a conference. Five people are seated on a stage in front of a large screen displaying a table of financial data. The table has columns for "Accounts", "Loans US\$", and "Savings US\$". The rows include "Girl", "Youth Enterprises", and "Youth Enterprises" (repeated). The data values are as follows:

	Accounts	Loans US\$	Savings US\$
Girl	609		6,608
Youth Enterprises	3,863	326,144	344,631
Youth Enterprises	15,623	1,831,016	1,390,447
	20,095	2,157,160	1,741,686

- Global Youth Economic Opportunity Conference
 - September 11-13, 2013
- Rural Youth and Finance Research

A Last Word from the Clients:



Timothy H. Nourse
President,
Making Cents International
Tim@makingcents.com

