The MasterCard Foundation

UNCDF
Microfinance • Capital Development

LISTENING TO YOUTH

MARKET RESEARCH TO DESIGN
FINANCIAL AND NON-FINANCIAL SERVICES
FOR YOUTH IN SUB-SAHARAN AFRICA

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ACRONYMS

ACSI	Amhara Credit and Saving Institution
BDS	Business Development Services
CMS	Credit Mutuel du Senegal
CRS	Catholic Relief Services
DRC	Democratic Republic of the Congo
FCPB	Féderation des Caisses Populaires du Burkina
FGD	Focus Group Discussions
FUCEC	Faîtière des Unités Coopératives d'Epargne et de Crédit du Togo
FSP	Financial Service Provider
ILO	International Labour Organisation
KSA	Knowledge, Skills and Attitudes
MDG	Millennium Development Goals
MECREBU	Mutuelle d'Epargne et de Crédit de Bukavu
MIS	Management Information Services
NFS	Non-Financial Services
PAMECAS	Partenariat pour la Mobilisation de l'Epargne et le Crédit au Sénégal
PEACE	Poverty Eradication and Community Empowerment
PRA	Participatory Rapid Appraisal
RCPB	Réseau des Caisses Populaires du Burkina
OIBM	Opportunity International Bank of Malawi
ROSCA	Rotating Credit and Savings Association
SACCO	Savings and Credit Cooperative Organization
SILC	Savings and Internal Lending Communities
SSA	Sub-Saharan Africa
VSLA	Village Savings and Loans Associations
UCU	Union of Savings and Credit Cooperative Umutanguha
UIMCEC	Union des Institutions Mutualistes Communautaires d'Epargne et de Crédit
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDESA	United Nations Department of Economic and Social Affairs
UNFPA	United Nations Population Fund
YSO	Youth Serving Organization

ANNEXES

TABLES

ABOUT YOUTHSTART

YouthStart is an initiative of the UN Capital Development Fund (UNCDF) and is supported by funding from The MasterCard Foundation. The program aims to expand access to financial services for 200,000 youth in sub-Saharan Africa (SSA) by building the institutional capacity of 10 Financial Services Providers (FSPs) and its partners Youth Serving Organizations (YSOs), and facilitating the knowledge-sharing among industry stakeholders.

ABOUT UNCDF

UNCDF is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments – water systems, feeder roads, schools, irrigation schemes – that will improve poor peoples' lives. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. For more information, see http://www.uncdf.org/.

ABOUT THE MASTERCARD FOUNDATION

The MasterCard Foundation advances microfinance and youth learning to promote financial inclusion and prosperity. Through collaboration with committed partners in 42 countries, The MasterCard Foundation is helping people living in poverty to access opportunities to learn and prosper

An independent, private foundation based in Toronto, Canada, The MasterCard Foundation was established through the generosity of MasterCard Worldwide at the time of the company's initial public offering in 2006. For more information, please visit www.mastercardfdn.org.

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EXECUTIVE SUMMARY

YouthStart is a new UN Capital Development Fund (UNCDF) inclusive finance programme that aims to reach 200,000 youth in sub-Saharan Africa (SSA) by 2014 with demand-driven financial and non-financial services, particularly savings and financial education initiatives.

Eighteen Financial Services Providers (FSPs) from nine different countries were invited to participate in Phase I of YouthStart, which involved conducting market research to determine the design of youth-centered financial and non-financial services in the following areas:

- Situation of youth including their political and socio-economic context
- Regulatory framework that governs the provision of financial services for young people
- Supply and demand of financial and non-financial services to young people
- The financial needs and preferences of young people aged 12 to 24

This report pulls together key findings and recommendations from the market research conducted by the 18 FSPs across 9 countries that participated in Phase I of YouthStart. It is divided into three parts.

I. Recommendations on the type of data and collection methods for FSPs seeking to develop youth financial and non-financial services

II. Key findings of market research conducted by 18 FSPs

III. Summaries of the findings of four FSPs that followed best practices in their research

The recommendations in Part I are based on a literature review of youth-focused market research findings from other programs; lessons learned and best practices from the market research conducted during Phase I of YouthStart; and an analysis of what is missing from all of these resources. Recommended best practices for conducting market research with youth for the design of financial and non-financial services include the following:

1. Consider demographic data on the situation of youth in a country, national youth policies, and the regulatory environment governing the provision of financial services for young people.
2. Analyse the supply and demand of financial and non-financial services for youth according to various sources of information including potential and current young clients, staff of the FSP, staff of Youth Serving Organizations (YSOs), parents of young people, teachers and other caregivers.
3. Examine different segments of the youth market such as age, sex, geographic location, education, occupation and marital status.
4. Base recommendations for prototypes of financial and non-financial services on market segmentation and research findings.
5. Service delivery models for non-financial services must account for FSP and YSO capacity and potential for scale.

INTRODUCTION

RATIONALE AND BACKGROUND FOR YOUTHSTART

Although microfinance has made great strides in revitalizing low-income populations, it has yet to reach young people aged 12 to 24. Youth represent the next wave of clients for Financial Services Providers (FSPs) particularly in sub-Saharan Africa (SSA) where there will be a youth bulge in the next 10 to 20 years[1]. Research shows that youth significantly benefit from access to basic financial services, which promotes asset-building and sustainable livelihoods. Financial services for youth are especially effective when coupled with training in entrepreneurship and financial education[2].

And yet few FSPs understand the nuances and peculiarities of serving this market and know even less about the Youth Serving Organizations (YSOs) with whom they could partner to target and design products for young people. YouthStart, a new UN Capital Development Fund (UNCDF)[3] inclusive finance programme is designed to address these gaps in the financial service sectors of SSA. The program has the following three objectives:

1. To expand access to financial and non-financial services for low-income youth by supporting FSPs and their partner YSOs to conduct youth inclusive market research, develop and deliver comprehensive services to youth;
2. To help provide comprehensive youth services in SSA by building up the institutional capacity of FSPs, YSOs, policymakers, donors and other stakeholders (including UNCDF staff); and
3. To expand access to and mobilize knowledge of youth financial services, by convening and facilitating interaction among stakeholders such as governments, national and regional microfinance associations, banking experts and regulators.

The main goal of YouthStart is to reach 200,000 youth aged 12 to 24 in SSA with demand-driven financial and non-financial services, particularly savings and financial education, by 2014. Please note that YouthStart uses the terms young people and youth to refer to those aged 12 to 24 even though the UN definition of youth is 15 to 24.

COMPONENTS OF YOUTHSTART PROGRAMME: PHASE I AND PHASE II

YouthStart has been implemented in two phases. After a competitive request for applications, UNCDF launched Phase I of the program in August 2010. Through this process, UNCDF selected 18 FSPs[4] from 9 different countries to (a) participate in the Global Youth Enterprise Conference and a three-day youth market research training conducted by Making Cents International, (b) conduct market research of youths' financial needs and preferences to determine the design of financial and non-financial services and (c) develop a proposal to participate in Phase II of the programme.

The FSPs that participated in Phase I are:

TOGO	FUCEC	**ETHIOPIA**	PEACE, ACSI AND SFPI
MALI	NYESIGISO	**MALAWI**	OIBM
SENEGAL	PAMECAS, CMS, U-IMCEC	**RWANDA**	UCU
BURKINA FASO	RCPB	**UGANDA**	FINANCE TRUST, FINCA, KITGUM SACCO, POSTBANK, STANBIC
DRC	MECREBU, FINCA		

1 World Bank Development Report, 2007

2 Harley, Jennifer Gurbin et al. "YouthInvest: A case study of savings behaviour as an indicator of change through experiential learning." Enterprise Development and Microfinance 21,no. 4 (December 2010)

3 The creation of the UNCDF in 1966 was part of a larger effort to complement the technical assistance and pre-investment activities of the UN Development Programme (UNDP), as well as those of larger partners such as the World Bank. The work of UNCDF is designed to help reduce poverty and achieve the objectives of the Brussels Program of Action for least-developed countries (LDCs), as well as the Millennium Development Goals (MDGs). It has special expertise in 1) microfinance / inclusive finance; and 2) decentralization and local development.

4 The 18 FSPs have a combined outreach of more than three million clients.

The components of Phase I included:

1. Development of a market research plan that identifies key market research objectives and questions; broadens market segmentation to include categories like age, gender, geographic location, education, marital status and occupation; finalize a methodology; and determine the correct site for the research initiative.
2. Review of literature about the design and delivery of financial and non-financial services for youth.[5]
3. Analysis of youth context and background (e.g., political and socio-economic, situation of youth, regulatory framework)
4. Development of qualitative market research tools
5. Market research with existing youth clients, girls, parents, care givers, staff of YSOs and FSPs
6. Supply and demand analysis of financial and non-financial services for youth
7. Analysis of most appropriate delivery model and most appropriate topics for non-financial services, and potential YSO partnerships
8. Initial development of prototype for financial and non-financial services

During Phase I, the FSPs received technical assistance from UNCDF in the following areas:

- Resources for literature review
- Market research templates along with feedback on their development and implementation
- Review and refinement of qualitative market research tools that are appropriate for youth (e.g. dynamic, interactive, or use games or pictures
- Review of Terms of Reference (TOR) for FSPs that contracted consultants Review of prototype for financial and non-financial services

In addition, UNCDF conducted webinars to foster learning and provide a platform for the FSPs to share challenges and lessons learned during the market research phase.

Phase II of the Programme began in May 2011 and will support up to 12 FSPs from the top performing participants of Phase I. In Phase II, UNCDF will offer financial support of up to USD 800,000 through four-year grants for the design and delivery of demand-driven youth services.

PURPOSE OF THIS REPORT

This report synthesizes key lessons learned and findings from the market research conducted by the 18 FSPs across nine countries that participated in Phase I of YouthStart. It is divided into three parts. The first part presents recommendations for the type of data that FSPs conducting market research to develop youth financial and non-financial services should gather, why it is important to gather that data, how to collect the data and where to find the data . The recommendations are based on a literature review of youth-focused market research resources, findings from programs such as YouthSave, Making Cents International, Mennonite Economic Development Associates (MEDA), Women's World Banking, MicroSave, Freedom from Hunger, Population Council and ChildFinance International among others , lessons learned and best practices from the market research conducted during Phase I of Youth Start and an analysis of what is missing from these resources. The second part presents the main findings of the market research conducted by the 18 FSPs and highlights commonalities and differences among the research findings and local cultural contexts. It aims to help FSPs understand the needs and challenges of developing demand-driven youth financial services in the nine countries where the research was conducted. The third part presents detailed summaries of market research findings of four of the 18 FSPs that participated in Phase I of YouthStart, followed YouthStart recommended guidelines or best practices of conducting market research for financial and non-financial services with youth and as a result were invited to submit applications to participate in Phase II.

5 See Annex A for a list of secondary research articles that YouthStart partners considered helpful during the initial stages of their market research.

6 For additional guidance on how to conduct market research for youth, refer to resources from organizations such as Making Cents and MicroSave. www.makingcents.com; www.microsave.org

7 www.youthsave.org/, www.makingcents.com , www.meda.org , www.swwb.org , www.microsave.org , www.freedomfromhunger.org , www.populationcouncil.org, http://childfinanceinternational.org/

PART I

KEY DATA TO COLLECT: WHY, WHAT, WHERE AND HOW?

This part of the report presents recommendations for the type of data that FSPs may gather in order to develop youth financial services, why it is important to gather that data, how to collect it and where to find it. As noted earlier, the recommendations are based on a literature review of youth-focused market research resources, findings from youth-centered programs, lessons learned and best practices from the market research conducted during Phase I of Youth Start and an analysis of what is missing from these resources.

The categories for type of data to collect include:

1. Youth Situation in the country and areas of intervention
2. Youth policies and financial services regulatory environment
3. Supply of financial services
4. Supply of non-financial services
5. Youth's needs for financial and non-financial services

1. YOUTH SITUATION IN THE COUNTRY AND AREAS OF INTERVENTION

WHY IS IT IMPORTANT TO COLLECT THIS DATA?

The effectiveness of an FSP's youth programming rests on the provider's understanding of the status and position of youth within the country, and more specifically in the regions where the FSP plans to roll out its services. As a result, an FSP youth programme can respond to the varying social and economic circumstances that youth experience by designing appropriate financial products and interventions such as those relating to health, literacy, financial education[8] or building social assets.

For example, an FSP operating in an urban area where youth are highly vulnerable to sexually transmitted diseases may look for ways to partner with a YSO and couple the financial services it offers with non-financial services that help prevent HIV. An FSP operating in a rural area with low school attendance and/or high dropout rates, may look for delivery channels outside of the school system and actively look to partner with YSOs to reach the more vulnerable out-of-school population.

Research on the number of young people in the country, particularly the number in FSP programme zones, will help the FSP gain a better understanding of the size of its potential youth market. This information can enable an FSP to make realistic outreach and financial projections that can ensure the financial sustainability of its youth programming.

WHAT DATA TO COLLECT?

Table 1 provides a list of questions that FSPs can use to identify the socioeconomic characteristics of young people in their country and target regions for its youth programmes. This information will facilitate the design and delivery of appropriate financial and non-financial services and segment the market based on the youth profile in the country and the target zones. For example, the design of a financial product for youth aged 18 and older who can open and manage an account on their own will be quite different from a financial product for youth younger than the age of 18 who require their parents' signature and presence to open and manage the account. Research data about young people is best segmented by age and gender.

8 In this paper, the definition of Financial Education is the one used by the Global Financial Education Program, led by the strategic partnership between Microfinance Opportunities and Freedom from Hunger. http://www.globalfinancialed.org/what.html

TABLE 1. QUESTIONS FOR CREATING A POPULATION PROFILE OF YOUNG PEOPLE

1. What is the total number of young people in the country (or zone of the youth programme), broken down by age and gender?
2. What percentage of youth has been married?
3. How many young people are living below the poverty line?
4. What are the primary, secondary, and tertiary school enrollment rates of youth?
5. What are youth employment rates and patterns of involvement in both the official and unofficial labour market?
6. How vulnerable is the youth population to HIV/AIDS and other reproductive health challenges?

WHERE AND HOW TO COLLECT THIS DATA?

To collect the data on this section of the market research, the FSP may consult secondary sources of information such as the **Library of UN documents Related to Youth** in particular its publication **United Nations World Youth Report 2007, UNFPA (United Nations Population Fund) publications, UN World Population Prospects, UN Millennium Development Goal Report 2008,** International Labour Organization publications, World Bank reports such as the **Africa Development Indicators Report and w**hen available, national statistics from youth ministries and national governments. Annex A presents a suggested template for collecting this data.

2. YOUTH POLICIES AND REGULATORY ENVIRONMENT

WHY IS IT IMPORTANT TO COLLECT THIS DATA?

Understanding government youth policies and programmes, as well as the larger regulatory framework, is critical to developing a youth programme that takes advantage of existing government initiatives and policies and establishes contingencies for dealing with policy environments that threaten the provision of financial services for youth.

During market research, it is important to collect data on the legal and regulatory constraints that may inhibit or enable FSPs to provide demand-driven financial services to youth. For example, FSPs operating in a country where the regulatory framework prevents young people below the age of 16 from signing a contract, may need to develop a savings programme that overcomes this barrier. In this case, an FSP may need to look for ways to actively engage parents and obtain their support so that their children can participate in the youth programme. Alternatively, school teachers or other caregivers can become signatories of the accounts.

Some national governments are strong advocates for youth programming. This sometimes represents a tremendous opportunity for FSPs to use pre-established government programmes to promote and increase the acceptance and usage of the financial services they provide. For example, Ethiopia has integrated financial education into the school curriculum **(see Spotlight on Ethiopia, page TK**).

Market research should also examine and analyse government or other types of programs that may have perverse outcomes for the provision of financial services for youth. For example, some governments have directly embarked on the provision of financial services to youth, particularly through loans. In most of these cases, there have been low repayment rates because young clients consider these loans to be government grants. An FSP that operates in such an environment should actively look to offer financial education to youth so that, among other related learning, they can better understand the terms and conditions of financial services and the responsibilities that come with them. This will in turn help a young client make a more informed financial decision, which will ultimately facilitate the financial sustainability of the youth programme.

WHAT DATA TO COLLECT?

Table 2 provides a list of questions that FSPs can use to identify opportunities and risks relating to existing youth programmes administered by the government. This will help FSPs better assess government-run programmes by making the following determinations about their potential impact:

- Capacity to deliver financial and/or non-financial services directly to youth
- Potential to promote uptake and usage of youth financial services
- Ability to reach scale and serve large numbers of youth
- Possible partnership with FSP

TABLE 2. TO IDENTIFY OPPORTUNITIES AND THREATS POSED BY OTHER YOUTH PROGRAMMES
1. What are the goals and intended impact of the programme? 2. What segment of the youth market is the programme targeting (e.g., gender, geographic focus, age, literacy level)? 3. What services are offered? 4. What is the outreach (current and potential) of the programme? 5. What are the strengths and the weaknesses of the programme?

Table 3 provides questions that FSPs can use to identify opportunities and threats within the regulatory environment.

TABLE 3. KEY QUESTIONS TO IDENTIFY OPPORTUNITIES AND THREATS OF REGULATORY ENVIRONMENT[9]
1. At what age can youth independently open an account? 2. Is parental or adult consent required to open an account? 3. Will youth have ownership of the account? 4. Is parental or adult consent required to make transactions?

WHERE AND HOW TO COLLECT THIS DATA?

To collect the data for this section of the market research, FSPs may conduct in-depth interviews with key experts such as government representatives from the Youth Ministry, the Central Bank, the Ministry of Education and the Ministry of Finance. In addition, UN agencies such as the United Nations Development Program (UNDP), the United Nations Population Fund (UNFPA), the International Labour Organiation (ILO) and UNCDF can serve as expert sources. Annex B presents a suggested template for collecting this data.

3. SUPPLY OF FINANCIAL SERVICES

WHY IS IT IMPORTANT TO COLLECT THIS DATA?

The FSP must fully understand the formal and informal financial services to which young people have access. To gain this understanding, a provider must analyse its current products, its readiness to serve the youth market (e.g. through Strengths Weakness Opportunities and Threats (SWOT) analysis to determine strategic fit), the products offered by its competitors and the experience of FSPs in other countries that are already serving the youth market.

9 Set of questions identified by the YouthSave Consortium as part of their research agenda.

An FSP may discover that even though it does not target youth directly, some of its current products may be attracting young people. Historical data on the products used by youth can help an institution adapt existing products in what may be an easier and more cost-effective strategy than developing new products. For example, research suggests that young people want savings services that are convenient, affordable, relatively secure, liquid in case of emergencies, but otherwise illiquid to ensure asset accumulation. If the institution is already offering this kind of savings service for adults, then it may need to slightly modify the product terms before offering the product to young people (i.e., lowering minimum balance requirements and fee charges).[10] If the product is to be delivered to minors who can't legally open and manage an account on their own, then the FSP may need to modify existing delivery and marketing channels as well.

In addition, information about how young people use financial services will help an FSP develop more realistic financial projections for new youth programmes and may also provide further insight into the changes that are necessary for effective product design. For example, when an FSP understands the average balance that a young person tends to keep in her/his savings account, or the average number of transactions s/he performs per year, it is better equipped to understand the realities and challenges of signing up a young customer. This type of information can also provide valuable feedback on what is or is not working with the product design and/or marketing strategies of an FSP.

It is important to understand the strengths and weaknesses of the competition to develop more appropriate financial services for youth. An FSP may find for example, that no other player in the formal or informal financial sector is targeting youth directly. This could represent a tremendous business opportunity for this FSP and young people in the country. If research indicates that other financial services in the area are indeed targeting youth directly, market research can help an FSP learn from its competitors' best practices, their mistakes, their potential market share and how to better define areas of intervention.

Even though the provision of youth financial services is an emerging field within microfinance, FSPs should learn what others in similar countries are doing to tap into the youth market. For example, an FSP may find out that another institution faces similar regulatory constraints and thereby gain insight into how innovative product design can help overcome some of these obstacles.

WHAT DATA TO COLLECT?

When an FSP does not target youth in a direct manner, it should first gather historical data on any of its products that attract young people. When the FSP does target youth directly, then it should collect key data on its youth offerings. Table 4 lists of key indicators that can guide the FSP through this section of the market research.

10 Hirschland Madeleine. "Youth Savings Accounts: A Financial Service Perspective." Microreport #163. Washington, D.C.: USAID Office of Microenterprise Development, May 30, 2009.

TABLE 4. DATA TO COLLECT ON EXISTING FSP PRODUCTS THAT REACH YOUTH DIRECTLY OR INDIRECTLY

* Number of young clients served
* Ages of the young customer (e.g., 12 to 18 or 18 to 24)
* List of current products that may indirectly reach youth
* Number of products directly targeting youth
* Cost of products directly targeting youth
* Segments of the youth market that products are targeting (e.g., age, gender, location, school enrollment status, etc.)
* Geographical coverage
* Strengths and Weaknesses
* Number of people using the products

For savings products:

* Features of savings products most preferred by youth (e.g., minimum opening balance, account ownership, account fees, distribution channels, etc.)
* Deposit balance
* Average account balance
* Withdrawal record
* Transaction summary
* Average number of transactions
* Average dormancy rate of inactive accounts
* Growth in deposit balance

For loan products:

* Features of the loan products most preferred by youth (e.g., loan size, loan terms, collateral, distribution channels, etc.)
* Total loan portfolio
* Average initial loan size
* Portfolio At Risk (PAR) >30 of youth loans

Other products

* Features of other products (e.g., micro-insurance, remittances, non-financial services, etc.)
* Historical data

An FSP should also collect data on competitors' products that are offered directly to youth. Historical data for these products may not be available; however, information on features of the products may be available. Table 5 outlines key markers for guiding an FSP through this section of the market research.

TABLE 5. DATA TO COLLECT ON COMPETITORS' PRODUCTS TARGETING YOUTH
* Number of product offerings * Segments of the youth market that products target (e.g., age, gender, location, school enrollment status, etc.) * Features of youth savings products (e.g., minimum opening balance, account ownership, account fees, delivery channels, etc.) * Features of youth loan products (e.g., loan size, loan terms, delivery channels, collateral, etc.) * Features of other products (e.g., micro-insurance, remittances, non-financial services, etc.) * Geographical coverage * Strengths and Weaknesses * Number of people using product

Finally, it is advisable to gather data similar to that in Table 5 regarding the services offered by other institutions targeting the youth market in similar countries.

WHERE AND HOW TO COLLECT THIS DATA?

To gather data on products that reach youth (directly or indirectly) an FSP can use their Management Information Systems (MIS) to find historical data on products most used by youth. However, as the experiences of most YouthStart partners suggests, MIS data collection does not always include the birthdates of clients, making it difficult to segment the data by age. In that case, the institution can take a representative sample size of young clients in several branches to capture this information. The branches selected should include a variety of geographic locations (e.g., urban, shanty towns and rural) and youth from these branches should represent a variety of segments (e.g., age, gender, school enrollment status, employment profile, etc.). Even though, this is not an ideal data sampling, it can nevertheless paint a reasonably accurate picture of the products that young people are using. To collect data on competitors' products targeting youth, staff of the FSPs could go "mystery shopping"[11] to their competitor's branches and gather information on youth-focused products and interview current staff members of the institution. In addition, when conducting market research directly with youth, an FSP can ask them what types of products and product features they most prefer, or what barriers they face when accessing or using existing youth products of the FSP or its competitors[12].

11 Mystery shopping is a tool to gather specific information about products and services. Mystery Shopping is performed by a Mystery Shopper, who is unknown to the institution s/he is evaluating. Mystery shoppers posing as normal customers perform specific tasks—such as purchasing a product or asking questions and then provide detailed reports or feedback about their experiences. Source: Wikipedia

12 See Section 5: Youth Perspectives on Financial and Non-Financial Services, p. 20.

4. SUPPLY OF NON-FINANCIAL SERVICES

WHY IS IT IMPORTANT TO COLLECT THIS DATA?

Emerging best practices suggest that youth receive the most benefit from financial services when they are offered in tandem with non-financial services such as mentoring, financial education, internship opportunities and social asset building. A YouthInvest study shows that young people aged 15 to 24 increased savings after receiving life skills and financial education training[13].

During this section of the market research, the FSP must first define its objectives in offering non-financial services to complement its financial services. Some of these objectives could include increasing the uptake and usage of products, ensuring high repayment rates of loans, creating more informed consumers and reaching a new target market. The FSP must then examine its own offering of non-financial services. Lastly, the FSP must collect data that helps it to fully understand what non-financial services are available, primarily through YSOs or government sponsored programmes in its proposed service area.

The analysis of available non-financial services can help define the most cost effective business model for delivering these services and what, if any, YSOs are available as potential partners. The following three business models[14] for integrating financial services with non-financial services are the most common:

- Linked: An FSP partners with another independent organization. In this model, the independent organization is a YSO that offers training, non-formal education and/or mentoring while the FSP focuses on the provision of financial services. A good example of this business model is XacBank in Mongolia which partners with schools. The school integrates financial education into its curriculum and XacBank visits the school to open savings accounts. XacBank also partnered with the Equal Steps Centre, a non-profit organization (NGO) that reaches vulnerable, at-risk and out-of-school youth. ADOPEM, a bank in the Dominican Republic, also uses this business model in two different ways: to provide financial education by its non-governmental organization for existing and potential youth clients of the bank and to deliver financial education to young people by partnering with schools.
- Parallel: The FSP has a separate education department and uses it to provide education to its clients. FSPs known for using this approach are BRAC in Bangladesh and ProMujer in Bolivia.
- Unified: The same staff of the FSP offers both financial and non-financial services to youth. FSPs known for using this business model with adults are CRECER in Bolivia, RCPB in Burkina Faso and FUCEC in Togo. Freedom from Hunger is starting to experiment with this model with youth in West Africa.

13 Gurbin Harley, Jennifer et al. "YouthInvest: A case study of savings behaviour as an indicator of change through experiential learning."

14 Dunford, Christopher. "Building Better Lives: Sustainable Integration of Microfinance with Education," Chap.2 in *Pathways Out of Poverty: Innovations in Microfinance for the Poorest Families* (Bloomfield, CT: Kumarian Press, 2002), 75–131.

- Table 6 below lists the advantages and disadvantages of these three business models.

TABLE 6. ADVANTAGES AND DISADVANTAGES OF LINKED, UNIFIED AND PARALLEL BUSINESS MODELS FOR YOUTH PROGRAMMING

Type of Model	Advantages	Disadvantages
Linked Model	* Outsourcing non-financial services (NFS) to a YSO with the specialized technical capacity to deliver it, may improve the quality of services * The YSO may have access to a new market segment that will expand the FSP's customer base	* Costs are typically greater than using FSP staff alone * May be challenging for FSPs to control the quality of the non-financial services (NFS) delivered to its clients, and monitor the outreach
Parallel Model	* Two programs or departments with specialized skills * Quality of NFS and time allocation of staff will most likely be higher with specialized NFS staff	* Many FSPs don't have specialized NFS departments for staff; those that do, focus on staff and at operational level rather than on the level of clients * Costly and time consuming to build NFS department if small or non-existent
Unified Model	* Cost-efficient * Most loan officers have the confidence and trust of clients	* Staff of FSP will most likely be burdened with many responsibilities and thus unable to prioritize NFS if there is no additional incentive

When considering the most appropriate type of business model, it is important for the FSP to consider the following factors:

- Capacity and availability of staff within FSP to deliver NFS to youth
- Capacity of YSO to provide quality NFS at scale
- Geographic coverage of FSP or YSO in relation to target group
- Opportunities to collaborate through a number of interventions to ensure the programme's sustainability
- Availability of financial resources or potential for outside funding
- Existing infrastructure for non-financial service delivery (e.g., monthly or quarterly group meetings for borrowers)

WHAT DATA TO COLLECT?

The FSP should first look at the current non-financial service offerings of the institution (when applicable). Then, the FSP should gather information on the supply of non-financial services by YSOs in its area. Table 7 details the type of information that can guide an FSP through this section of the market research:

TABLE 7. DATA TO COLLECT ON NON-FINANCIAL SERVICES (NFS)[15]
* Type of non-financial services (e.g., financial education, mentoring, livelihood skills) * Types of activities * Segment of the youth market being targeted with NFS(e.g., age, gender, geographic location, school enrollment status) * Programmes or services being delivered (e.g., what is the educational topic, how many sessions are offered per topic, etc.) * Business model used to deliver non-financial services * Outreach * Geographic coverage * Number of staff * Educational cost per young person * Stability of funding
`

WHERE AND HOW TO COLLECT THIS DATA?

To collect the data for this section of the market research, FSPs may conduct in-depth interviews and focus group discussions (FGDs) with their own staff in the event they are using either the parallel or unified model, and with staff of other YSOs.

5. YOUTH PERSPECTIVE ON FINANCIAL AND NON-FINANCIAL SERVICES

WHY IS IT IMPORTANT TO COLLECT THIS DATA?

This section provides the very backbone of this report. It is here that our research reflects the direct conversations we have had with young people themselves as well as their parents and caregivers to identify their wants, needs, behaviours and attitudes in an effort to develop appropriate, demand-driven products for different segments of the youth market[16]. Through FGDs, Participatory Rapid Appraisal (PRA) adapted tools and in-depth interviews with youth, their caregivers and parents, an FSP can gain valuable information on the preferences of young people regarding both financial and non-financial services. It can also identify barriers for youth to access and use existing financial or non-financial products of the FSP or its competitors.

For example, an FSP may find that young girls of different ages have very different savings goals than boys of the same age. This information could help the FSP, for example, to design a marketing strategy for a savings product that appeals more to girls than boys, providing greater potential for uptake of the product among a population that may be potentially more difficult to reach. It may find that girls who are enrolled in school prefer to learn through existing school clubs or extracurricular activities. This information may influence the delivery of non-financial services. An FSP may also find during the market research that parents have had negative experiences with formal financial services and will not support an FSP savings plan for their children. This information could help the FSP to design appropriate financial products that address these concerns and secure the buy-in of parents.

15 Set of questions developed by Women's World Banking as they were providing support to PEACE, a YouthStart partner in Ethiopia

16 Storm, Lara et al. "Emerging guidelines for linking youth to financial services." Enterprise Development and Microfinance 21, no. 4. (2010).

WHAT DATA TO COLLECT, WHERE AND WHAT FOR?

Obtaining reliable information on the wants, needs, behaviours and attitudes of young people requires triangulating or using diverse sources of primary research that cross-reference, confirm or contrast with each other. For example, an FSP should conduct primary market research with youth, parents, caregivers, teachers and other key people in a young person's life. This will help the FSP understand the perspective of the target youth segment and other key stakeholders that must be engaged to ensure the success of the programme. It can also help reaffirm young people's ability to save and work with FSPs.

The FSP needs to collect data on the needs and preferences of youth and their knowledge, skills and attitudes in terms of basic financial management and the use of financial services. Table 8 identifies questions that an FSP can pose to young people.

TABLE 8. DATA TO COLLECT FROM YOUTH

What to Ask	Why You Are Asking
What are your income sources? How much money do you receive, and how often?	Identifying sources of income and its frequency may provide additional insight into the savings or repayment capacity of potential young customers. They can help an FSP identify the main features of a savings or loan product. For example, knowledge of how much and how often a young person obtains money, can help an FSP determine a reasonable minimum for their savings account balance.
How do you spend your money? How often do you spend money? How soon after receiving your money do you spend it?	Understanding youth spending patterns may help an FSP identify the savings potential of youth based on the number of account transactions per month and their average account balance.
Who is involved in your financial decisionmaking process?	Understanding who is involved in a young person's financial decision making process will help an FSP target its knowledge-building and awareness-raising programs to those with direct involvement in the management of financial services and the delivery of non-financial services to young people.
What challenges do you face in managing your own money?	Knowing the challenges youth face in managing their own money will help the FSP identify necessary financial education topics.
What are your dreams for the future?	The FSP can identify the financial goals of youth (e.g., paying for school, starting up a business, helping their family, etc.) through these types of questions. This information can help an FSP design marketing strategies and financial education programs that target these types of goals.

What can you do to achieve your dreams?	This line of questioning can help an FSP determine if young people value savings or loans as financial mechanisms to achieve these goals.
How difficult or easy is it to achieve your dreams?	Knowing the difficulties that young people may face on the path to achieving their dreams can help an FSP not only define the features of its financial products, but also the educational topics its programme covers. For example, youth may say that one of the greatest obstacles to achieving their savings goal is lack of financial resources. This could help the FSP determine if the minimum opening balance of the savings account should be low, or close to zero.
Where do you currently save your money? What do you like or dislike about this places? Where do you borrow money from? What do you like or dislike about these places?	This set of questions helps an FSP identify important factors that youth may consider when selecting a savings or loan provider. For example, if youth prefer to interact more with staff of their own age, then an FSP may need to consider employing young people. Knowledge of the perceived negative features or risks of competitors' products will also help the FSP identify and communicate the benefits of any of its products that might address these risks. This information can also help the FSP identify gaps in Knowledge, Skills and Attitudes (KSAs) that could help inform its financial education curriculum. For example, market research may reveal that youth tend to save more through informal mechanisms such as Rotating Credit and Savings Associations (ROSCAS) because they do not know about the services of the bank and/or they feel that banks are only for wealthy adults. These gaps in KSAs could then be addressed with a financial education session on how to use a bank, and how to compare the advantages and disadvantages of formal and informal savings mechanisms, among other topics.
In what type of training, extracurricular activities or clubs have you participated? What did you like and dislike about them? How do you like to learn (in the classroom, through groups, over the radio or by playing games)?	This set of questions helps an FSP understand how youth prefer to learn. This can lead an FSP to the best delivery channels for its educational programming.

Table 9 lists a range of questions that an FSP can ask of parents, caregivers, teachers, FSPs and YSO staff.

TABLE 9. QUESTIONS FOR KEY STAKEHOLDERS IN FINANCIAL DECISION-MAKING OF YOUNG PEOPLE

What to Ask	Why You Are Asking
What are the income sources for young people? How much money do they receive and how often?	These questions will help researchers triangulate the data collected from youth. In other words, it will help researchers cross-reference, confirm or contrast the data collected from youth with the one from the parents. It is important to verify a young person's potential to save and work with FSPs with parents In addition, this information will help an FSP identify the KSA gaps in financial management or services of parents, teachers or YSO staff. This will help the FSP design joint financial education programmes for parents, school teachers, YSO staff and young people Lastly, understanding how involved parents are in the financial decision-making process of youth will help the FSP design the appropriate marketing and delivery channels for both financial services and non-financial services
How do youth spend their money? How often do they spend their money? How soon after they receive their money do they spend it? How involved are you in the financial decisionmaking process of youth? What are the challenges youth face in managing their money?	
What are youths' dreams for their future? What can youth do to achieve these dreams? How is it difficult or easy to achieve these dreams?	
Where do youth currently save their money? What do they like or dislike about these places? From where do youth borrow money? What do they like or dislike about these places?	
What positive or negative experiences have you had in the past with savings products? How supportive are you of your child savings account with an FSP? Describe the type of savings account you would like your child to open and maintain?	Knowing the parents' previous experience (both positive and negative) with FSPs, savings products, their feelings about their child's saving habits and their preferences or concerns regarding savings products for their children will help the FSP develop product features and sensitization/marketing campaigns that will garner the approval of parents In order to obtain the buy-in of parents, it is important to identify the features of a savings account that parents want and expect for their children. For example, an FSP may find that a parent will only allow his/her child to participate if the programme is delivered at the school or if it has the approval of the "chef du village"

HOW TO COLLECT THIS DATA?

It is widely recognized by development, and in particular microfinance practitioners, that qualitative methods, such as FGDs, in-depth interviews, PRA tools, are more useful than quantitative methods to explore attitudes, behaviours and experiences of people and therefore to develop programmes that respond to their needs. It is also recommended that FSPs engage other youth such as youth moderators when using these qualitative tools to conduct market research.

To collect the data from parents, caregivers and YSO staff, most of the YouthStart partners used FGDs, PRA tools and in-depth interviews. To collect data from youth, these tools were adapted to ensure youth participation. For instance, the "Money Flow Tool" developed by Making Cents International was widely used by YouthStart partners. This tool asks participants to draw a typical young person from their community and then uses the drawing to gather information regarding their sources of income, spending patterns and their priorities for decision-making.[17]

The selection of homogenous groups of youth is critical to the success of the research and the youth programme. FSPs can develop an initial market segmentation based on secondary research and then later refine it according to the results of the primary research. For example, groups might initially be segmented according to the legal age required to open a savings account (e.g. younger than 16 or 18 and older than 16 or 18). It is recommended that the market be segmented according to gender, age, marital status, educational level, professional profile and/or socio-economic status so that details of each group can emerge[18]. If the sample is divided by gender, the FSP can use this data to understand how services should be tailored to women's and girls' specific needs. If the research is conducted in rural and urban areas, it will help the FSP design products that reach rural and remote areas. If the sample is divided according to school enrollment status, the FSP can identify product features that are attractive to youth who do not attend school.

HOW TO ANALYSE THIS DATA?

After identifying the perspective of the target group on financial and non-financial services FSPs can analyse this data according to different categories and across different youth segments. Categories should be based on the research instruments used and may include the following:

- Income sources
- Expenses
- Financial decision making protocol
- Savings behaviours
- Experience with financial and non-financial services

Annex D provides a template for FSPs to collect and analyse this data.

HOW TO USE THIS DATA TO DESIGN PRODUCTS?

After the data has been collected and analysed, FSPs can use it to design the features of both financial and non-financial products. For example, if youth have infrequent sources of income then a savings based model may be appropriate to deliver non-financial services.

17 For a description of additional tools see Annex E 'Qualitative tools for Youth'

18 Storm, Lara et al. "Emerging guidelines for linking youth to financial services." Enterprise Development and Microfinance 21, no. 4, (2010).

PART II

SUMMARY OF FINDINGS

This part highlights the market research findings of YouthStart partners in the following areas:

1. Youth Situation in the country and areas of intervention
2. Youth policies and regulatory environment
3. Supply of financial services
4. Supply of non-financial services
5. Youth's perspective on financial and non-financial services

As mentioned previously, the market research was conducted by reviewing secondary research to gather information on the youth situation and youth policies and through use of qualitative tools such as FGDs and in-depth interviews to collect primary research on supply and demand of financial and non-financial services and young people's perspectives on these services.

1. YOUTH SITUATION IN THE COUNTRY AND AREAS OF INTERVENTION

Most youth living in countries where YouthStart has partners spend their time going to school, doing household chores, playing, and doing some kind of work ranging from casual or menial labour, to agriculture, to small business. The majority of the youth belong to households that earn less than USD 2 per day and live in poor conditions. Many go to school without meals and they lack school materials and money for tuition at secondary and tertiary schools. Access to electricity is a challenge for most youth and this inhibits their ability to do homework. Few youth are able to obtain tertiary education because of their low-income status and the lack of public institutions for tertiary education. The quality of education in many countries leaves a lot to be desired with high teacher-student ratios and dropout rates, particularly for girls in rural areas. Girls in most countries are typically more vulnerable as they do not have as many educational and employment options as boys, leaving some of them vulnerable to prostitution or dependency on their boyfriends for income. In addition, many girls enter into unwanted marriages at a young age.

Basic demographics

Although at the global level, youth aged 15 to 24 constitute 18 percent of the population, in countries where YouthStart has partners, youth are on average 21 percent of the population. The population of youth from most of the YouthStart partners makes up a similar share, with the exception of Rwanda where youth make up more than 24 percent of the population (see Table 10). A larger proportion may indicate a larger demand for youth-specific products and services within each country. Depending on the job situation in the country, a large youth population either represents an opportunity or a risk for development.

TABLE 10. DEMOGRAPHICS OF YOUNG PEOPLE IN YOUTHSTART COUNTRIES

Country	Youth as Percentage of Total Population
Ethiopia	20.1
Malawi	19.9
Rwanda	24.4

Uganda	20.4
DRC	19.5
Burkina Faso	20.1
Mali	20.2
Senegal	20.5
Togo	20.4
Average	**20.6**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Marriage

Youth around the world are delaying marriage, except in SSA. Table 11 indicates a stark contrast between the percentage of boys and girls that have been married, especially in the 15 to19 year-old age range. For YouthStart countries, an average of 3.6 percent of boys aged 15 to19 have been married, while an average of 30.2 percent of girls in the same age range have been married. Most YouthStart countries fall close to the average marriage rate for the 15 to 19 year old age range with the exception of Rwanda, which falls well below the average at 7.2 percent. Mali falls far above the average at 49.7 percent. The gender difference in marriage rates also exists in the 20 to24 year-old age range, with an average current or prior marriage rate of 31.4 percent for males and 75.8 percent for females.

TABLE 11. YOUTH THAT HAVE EVER BEEN MARRIED AS A PROPORTION OF THE TOTAL POPULATION

Country	Female (15 to 19)	Male (15 to 19)	Female (20 to 24)	Male (20 to 24)
Ethiopia	29.9	3.3	73.0	23.8
Malawi	36.7	4.0	87.7	41.7
Rwanda	7.2	1.6	58.5	28.7
Uganda	32.2	6.5	84.7	45.4
DRC	32.3	4.7	74.1	33.9
Burkina Faso	34.9	1.4	90.3	22.1
Mali	49.7	4.8	87.5	28.9
Senegal	29.0	-	62.8	8.1
Togo	19.9	2.4	63.4	18.3
Average	**30.2**	**3.6**	**75.8**	**31.4**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Literacy

The UNESCO defines literacy as the ability of an individual to read or write and thereby understand a simple short statement such as one related to his/her everyday life. . Although youth literacy rates in African countries typically exceed 75.2 percent, Table 12 indicates that in countries where YouthStart has partners, these rates are lower and average 58 percent. Youth literacy rates in Mali (24.2 percent) and Burkina Faso (31.2 percent) are nearly half the rate of other YouthStart countries. Literacy rates of youth in Ethiopia (43 percent) and Senegal (49.1 percent) are also lower than the average for YouthStart countries. A contrast exists among male and female youth literacy rates especially in countries such as Ethiopia, the Democratic Republic of Congo (DRC), Burkina Faso, Mali, Senegal and Togo where female literacy rates are between 14 and 20 percent lower than male literacy rates.

TABLE 12. LITERACY RATES OF YOUTH IN YOUTHSTART COUNTRIES

Country	Female (15 to 24)	Male (15 to 24)	Total
Ethiopia	35	50	43
Malawi	70.7	82.1	76.0
Rwanda	76.9	78.5	77.6
Uganda	71.2	82.7	76.6
DRC	63.1	78.0	70.4
Burkina Faso	24.8	38.4	31.2
Mali	16.9	32.3	24.2
Senegal	41.0	58.5	49.1
Togo	63.6	83.7	74.4
Average	**51.5**	**64.9**	**58.1**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Education

The Gross Enrollment ratio measures the total educational enrollment of a community and is expressed as a percentage of the school-age population in a given year. Table 13 indicates the gross enrollment ratios of males and females in primary, secondary and tertiary levels which align more with the YouthStart target age group of 12-24 year-olds. On average 90.1 percent of the school-age youth population in YouthStart countries is enrolled in primary levels, 22.8 percent in secondary levels and 2.5 percent in tertiary levels. For primary, secondary and tertiary grade levels, Burkina Faso falls below this average with 53 percent, 12.1 percent and 1.7 percent of total population enrolled respectively. Mali and Senegal are below the average for gross enrollment at primary levels with 63.8 percent and 76 percent. Rwanda and Uganda are below the average for gross enrollment at secondary levels with 14.3 percent and 16.0 percent. For gross enrollment at tertiary levels, Senegal is above the average with 4.9 percent. There is also a notable difference in gross enrollment ratios for females and males at all educational levels indicating potential disadvantages for females: Primary: 85.9 vs. 94.2 percent ; Secondary: 18.0 vs. 27.5 percent; Tertiary: 1.4 vs. 2.9 percent.

TABLE 13. EDUCATION OF YOUTH IN YOUTHSTART COUNTRIES									
	Primary			Secondary			Tertiary		
Country	Female	Male	Total	Female	Male	Total	Female	Male	Total
Ethiopia	86.1	100.5	93.4	24.3	37.5	30.9	1.3	3.7	2.5
Malawi	126.5	123.4	124.9	25.7	32.0	28.9	.3	.5	.4
Rwanda	120.2	118.2	119.2	13.5	15.2	14.3	2.1	3.4	2.7
Uganda	117.3	117.7	117.5	14.1	17.9	16.0	2.6	4.2	3.4
DRC	54.1	69.2	61.7	16.2	28.0	22.1	-	-	-
Burkina Faso	46.5	59.3	53.0	9.8	14.4	12.1	.8	2.6	1.7
Mali	56.1	71.2	63.8	16.8	27.7	22.3	1.3	2.8	2.1
Senegal	74.1	77.9	76.0	16.2	22.4	19.4	-	-	4.9
Togo	92.1	110.2	101.1	25.8	52.1	38.9	-	-	-
Average	**85.9**	**94.2**	**90.1**	**18.0**	**27.5**	**22.8**	**1.4**	**2.9**	**2.5**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Labour force participation and employment

The percentage of youth in the labour force accounts for young people who are actively working as well as those who are looking for work. The youth employment to population ratio is calculated by dividing the number of employed youth by the total youth population. On average 65.3 percent of youth aged 15 to 19 and 79.8 percent of youth aged 20 to 24 participate in the labour market (see Table 14). These high rates may indicate limited educational opportunities and the need for young people in these countries to work. Senegal falls at the lower end of most countries with a 48.7 percentemployment rate for 15 to 19 year-olds and 71.2 percent of 20 to 24 year-olds. Gender differences exist in both age groups with more males employed than females.

TABLE 14. LABOUR FORCE PARTICIPATION AND EMPLOYMENT OF YOUTH IN YOUTHSTART COUNTRIES						
	15 to 19 years			20 to 24 years		
Country	Female	Male	Total	Female	Male	Total
Ethiopia	68	73.7	70.9	77.1	91.4	84.2
Malawi	76.4	71	73.7	84.9	90.7	87.8

Rwanda	61.5	60.3	60.9	80.1	87.7	83.8
Uganda	70.3	73.2	71.8	75.4	85.6	80.5
DRC	55.6	72.4	64	69	93	81
Burkina Faso	71.1	77.3	74.2	75.7	86.3	81.1
Mali	65.7	69	67.4	70.9	80.6	75.8
Senegal	46.5	50.8	48.7	54.6	87.8	71.2
Togo	44.6	68.3	56.4	50.5	94.4	72.4
Average	**62.2**	**68.4**	**65.3**	**70.9**	**88.6**	**79.8**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Hunger and Poverty

The most common poverty indicators are the proportion of people living below the poverty lines of one or two U.S. dollars per day. Table 15 shows that an average of 39.7 percent of the youth population in YouthStart countries lives on less than USD 1 per day and 77.1 percent lives on less than USD 2 per day. Countries with more than half of the youth population living on less than USD 1 per day and more than 80 percent living on less than USD 2 per day include Rwanda (51.7 percent, 83.7 percent, respectively) and Mali (72.3 percent , 90.6 percent, respectively).

TABLE 15. HUNGER AND POVERTY RATES OF YOUTH IN YOUTHSTART COUNTRIES

Country	Extreme Poverty (less than USD 1/day)	Poverty (less than USD 2/day)
Ethiopia	23	77.8
Malawi	41.7	76
Rwanda	51.7	83.7
Uganda	-	-
DRC	-	-
Burkina Faso	27.2	71.8
Mali	72.3	90.6
Senegal	22.3	63
Togo	-	-
Average	**39.7**	**77.1**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

Reproductive Health

Table 16 presents an overview of youth sexual behaviour and vulnerability to HIV/AIDS. In countries where YouthStart has partners, 39.7 percent of males and 77.1 percent of females aged 16 to 24 have had premarital sex in the past year. An average of 45.1 percent of males and 30.7 percent of females aged 16 to 24 years used condoms during their last high-risk sexual encounter. This indicates a stark contrast in the sexual behaviour and condom usage of males and females and indicates a higher vulnerability of females to HIV/AIDS. Mali had a higher than average percentage of sexual behaviour for both males and females (72.3 percent and 90.6 percent, respectively). Ethiopia and Mali had a much lower than average condom usage for both males and females while Uganda and Burkina Faso had a higher than average condom usage for both males and females.

TABLE 16. REPRODUCTIVE HEALTH OF YOUTH IN YOUTHSTART COUNTRIES

	Percentage of youth that have had premarital sex in last year		Percentage of youth using condom during most recent high-risk sexual encounter	
Country	Males (16 to 24)	Females (16 to 24)	Males (16 to 24)	Females (16 to 24)
Ethiopia	23	77.8	30	17
Malawi	41.7	76	38	32
Rwanda	51.7	83.7	55	23
Uganda	-	-	55	53
DRC	-	-	-	-
Burkina Faso	27.2	71.8	67	54
Mali	72.3	90.6	30	14
Senegal	22.3	63	-	-
Togo	-	-	41	22
Average	**39.7**	**77.1**	**45.1**	**30.7**

Source: United Nations, Youth Social Policy and Development Division. "World Youth Report 2007".

SPOTLIGHT ON YOUTH IN ETHIOPIA[19]

Youth and labour employment is worse in rural areas of Ethiopia. Three-fourths of the youth between the ages of 15 and 24 are employed while less than one-fifth is involved in some sort of education or training. Studies conducted by Population Council with other youth-focused programs, particularly a survey conducted in 2009 with youth aged 12 to 24 in seven regions (including Oromiya and Amhara), reveal that there are stark differences in experiences and vulnerabilities between female and male youth, and between rural and urban youth. The most significant issues around youth vulnerability relate to low literacy and educational levels, lack of social safety networks and early and unwanted marriage.

SPOTLIGHT ON YOUTH IN UGANDA[19]

Uganda has the highest population growth rate in the world and the second youngest population in the world. The lives of young people are primarily defined by the cycles of the school year. The school year is split into three terms or trimesters; it begins in February and ends in November. It is common for many children to begin school only at the end of February as their guardians are not able to put together the money needed to pay for the school fees, materials and uniform on time. Twenty-five percent of all women aged 15 to 19 are teen mothers and of all youth aged 7 to 14 years old, 38.2 percent are economically active.

2. YOUTH POLICIES AND REGULATORY ENVIRONMENT

Youth Policies

Most countries where YouthStart has partners have instituted national youth policies, thus demonstrating government commitment to address the problems of this segment of the population. The main goal of the national youth policy (NYP) in each country is to provide an appropriate framework for enabling youth to develop social, economic, cultural and political skills that can enhance their participation in the overall development process and improve their quality of life. In some countries, the NYP has facilitated the development of infrastructure to support the delivery of non-financial services to youth. It has also mobilized FSPs to provide financial services such as credit and savings to youth. A few of these policies are highlighted below.

Ethiopia

Ethiopia designed its first national youth policy in 2004. The government has been trying to mainstream the youth agenda into different sectors including agriculture, microenterprise and small business, and finance such as revolving credit services. The Ministry of Youth, which was created in 2004, has created 54 youth development centres that provide a unique infrastructure for FSPs to team up with YSOs and offer non-financial services.. The Ministry of Youth has teamed up with the Population Council in designing and implementing a program for the most vulnerable urban girls, including migrants and child domestic workers. "Biruh Tesfa," meaning Bright Future in Amharic, targets destitute, slum-dwelling girls who lack a formal education, life skills, and basic housing and medical services. To date, the program has reached 27,000 girls.

Malawi

In 1963, the first post-independence government of Kamuzu Banda initiated the Malawi Young Pioneers, which existed for 30 years. The program prepared out-of-school youth with vocational and broader life skills training to help them better navigate the labour market and become productive citizens. The first step toward this goal was the creation of the National Youth Policy in 1996, followed by the establishment of the National Youth Council a year later. The Ministry of Youth Development and Sports was established to guide the implementation of the policy at local, district and national levels. Two of the objectives of the National Youth Policy that promote the design and delivery of financial and non-financial services to youth include:

- The creation of more educational and training opportunities for youth at all levels
- The increased collaboration and coordination between the private sector, government and civil society, for the development and implementation of youth programmes at family, community, religious, local government, regional, national and international levels

19 Based on market research reports submitted by ACSI in Ethiopia and Finance Trust in Uganda

Priority groups for youth included:

- Poor youth
- Street youth
- Out-of-school youth
- Youth with disabilities
- Semi-literate and illiterate youth
- Deviant youth
- Young women

Rwanda

In response to the 1994 genocide, the government established the Rwanda Council of Youth to bring together youth through training, sports and other activities. More than 40 percent of youth between the ages of 14 and 35 are either unemployed or employed for very short periods of time each year. The Ministry of Youth was established to address this problem through mobilization, capacity building and advocating for youth initiatives that support socio-economic development (e.g., employment, education and skills development. In addition to supporting the delivery of non-financial services for youth, the Ministry of Youth is tasked with mobilizing all sectors, including the financial sector to consider youth policies and programs in their action plans.

Regulatory Environment

Countries with YouthStart partners experience some of the following common barriers that inhibit access to financial services:

- Youth in most countries cannot access a loan from an FSP until they are 18 years old.[20]
- Institutional policies created in response to the perceived credit risk of lending to young people exclude most of them. Some of the perceived risk is associated with their relative mobility, their apparent willingness to take more risks and their perceived desire to spend money on material things (in part to impress their peers)
- Youth are viewed as risky clients for savings and loans associations, as they choose their own members to ensure coverage with a group guarantee to function. Adult members of these groups often see youth as immature.

The most common barriers to savings accounts in YouthStart partner countries include:

- The age limit to enter a legal contract and hence open a savings account is between 16 and 18 years old in most of the countries.[21]
- In some countries like Rwanda and Burkina Faso, the legal age for signing a contract is 16, but youth cannot obtain the government identification that is required to open a savings account until the age of 18.
- In most countries, when the savings account is opened, the owner of the account is the parent (or guardian). In most countries, youth can deposit money on their own, but always need an adult to withdraw money.
- None of the governments in the countries limit the transactions that the adult can make on the account, posing a potential risk to the minors.
- In some countries such as Uganda, youth must provide various identification documents, proof of residence, proof of income, proof of relationship between the trustee and minor, all of which make it difficult to open an account.

20 Malawi is the exception as the minimum age requirement to obtain a loan is waived if youth under 18 are married or have a registered business.

21 Malawi is the exception as the minimum age requirement to open a savings account if youth under 18 are married or have a registered business. Burkina Faso is another exception because the new law that took effect in January 2011 does not mention any age limit.

While these regulations pertain to savings accounts, there are minimal if any regulations in place regarding age limits for mobile banking accounts with a telephone company in most countries including the DRC and Uganda. The bank, in compliance with the law, can open any minor's account in the guardian's name, and have the guardian authorize the use of mobile banking or point-of-sale agent banking for the youth as an additional user for their discretionary savings. However, a government-issued identification is still required to open a savings account.

SPOTLIGHT ON REGULATORY ENVIRONMENT IN ETHIOPIA[22]

Currently the legal age to open a savings account in Ethiopia is 18. Youth younger than the age of 18 require a special authorization from a parent or guardian. Labor law recognizes "youth employment" starting at the age of 14 with restrictions for certain jobs such as family-based employment. Civil Code allows a family to provide "special authorization" to children starting at the age of 15 to take on any and all rights of "majority" age, including marrying and signing a contract. This implies that a 14 or 15 year old who can enter into a contract may also be able to open a savings account. Account opening requires a formal ID issued to youth when they turn 18 years old. The local administration such as village or ward councils (also known as "kebele") can issue identification cards earlier for young workers with proof of employment, but a guardian must sign for minors to open an account and withdraw money. However, it is unclear if the FSP can ask the guardian to guarantee that the money will be used to benefit the minor before allowing withdrawals.

3. SUPPLY OF FINANCIAL SERVICES

Very few FSPs target youth younger than the ages of 16 or 18 due to legal restrictions, high transaction costs and negative stereotypes about youth. Youth are regarded by many as a risky group due to their mobility, their apparent willingness to take more risks, their perceived desire to spend money on wants. As stated earlier, when it comes to group lending, credit groups choose their own members in order for the group guarantee to function, and adult members often see youth as immature.

On the whole, there aren't many FSPs that target youth in an all-inclusive way. Instead they may target young people through their parents.

In countries such as Senegal and Burkina Faso, the government is sponsoring programmes to provide loans to youth. However, young people tend to perceive these loans as government grants so they often result in high rates of default.

For those FSPs that do serve youth, it is difficult for them to know the uptake and usage of these products, because they are not capturing the ages of their clients in their Management Information Systems. However, Table 16 illustrates the uptake of Amhara Credit and Saving Institution's (ACSI's) savings account (108,000 for youth aged 12 to 24 years, or seven percent of its total clientele) and Opportunity International Bank of Malawi's (OIBM's) savings account (492).

Out of the 18 FSPs that participated in YouthStart, six (Partenariat pour la Mobilisation de l'Epargne et le Crédit au Sénégal (PAMECAS), RCPB, Post Bank Uganda, Finance Trust, OIBM, and FINCA-Uganda) have programmes that target youth directly. However, their outreach is not very significant (e.g. FINCA-Uganda has reached 100 girls, PAMECAS has reached 150) and they are the biggest players in the youth financial services market. Some of these FSPs face competition from mobile phone companies such as MTN) whose services are convenient, cost very little, and enable young people to avoid long queues and sometimes unpleasant or intimidating interactions with bank staff. Table 17 outlines the financial products of these FSPs along with the challenges of reaching youth with these particular products.

22 Based on market research report submitted by PEACE-Ethiopia

TABLE 17. FINANCIAL SERVICES OF FSPS TARGETING YOUTH			
Institution (FSP)	**Type/Name of Product**	**Description of Product**	**Challenges**
RCPB – Burkina Faso	Loans TELTABAA CREDART	* Credit targets youth working in markets. Offers mobile banking in markets * Savings (obligatory) first and then can access credit in amount of 75% of savings balance (using savings as collateral) * Package includes a loan and five percent of obligatory savings plus technical support. It targets young artisans between the ages of 20 and 35	* The product has helped RCPB reach more people, but RCPB lacks the staff capacity for expansion * Clients are satisfied with the products, but consider the amount insufficient to meet their needs
PAMECAS – Senegal	Credit Artisan	Intended to help young artisans aged 18 to 35 to start their own businesses	High default rates
ACSI-Ethiopia	Savings	108,000 youth participants. Those below 18 hold the account with an adult	Most of the youth are above 18 years old and are being reached indirectly. Only 1,482 accounts for youth below 18 years of age
OIBM-Malawi	Savings-Tsogolo Langa (My Future Account)	* Designed to help families save and pay for children's education * Automatically pays school fees * High interest rates * As of December 2010, 429 accounts have been opened	Need to tailor products to needs of youth
Finance Trust – Uganda	Savings-Girls Choice	* Low minimum balance * Savings product that uses mentors to access account * Has reached 1300 girls	* Need to expand product to include both genders * Some girls don't like that they can only access account through mentors

FINCA-Uganda	"FINCA Star Girl"	* Targets girls aged 10 to 19 * Voluntary savings methodology * Offered to girls (both in and out of school) who are part of self-managed groups * Offered in two urban branches outsides of Kampala with plans to expand the program to two rural branches * As of December 2010, 751 Stargirl accounts have been opened	Need to expand product to include both genders
Post Bank – Uganda	Savings-Early Start Account and Student Account	* Pays six percent interest * Provides a piggy bank and a smart card * Charges the highest withdrawal fees on the market and also has closing fees * The student account has no monthly charges, no charges on deposits or transactions	* Thirty-two percent of accounts are inactive * Lack of awareness about student accounts

4. SUPPLY OF NON-FINANCIAL SERVICES

While non-financial services are typically desired by youth in Africa, they are inaccessible to many because of the fees charged by service providers or the distance of providers from their homes.

YouthStart participants RCPB, FUCEC, Nyesigiso and PAMECAS used the unified or parallel model to deliver non-financial services. Each of these institutions boasted the in-house infrastructure, staff and capacity to ensure a successful choice. However, each of these providers must still adapt the curriculum methodology to target the needs of youth and modify program content to include topics such as youth financial management and financial services.

Other YouthStart participants, used the linked model. Most of the FSPs found YSOs to partner with especially for entrepreneurship education or income generating activities geared more toward older youth. However, it may prove to be more challenging to identify partners with experience in financial education for younger youth.

The most common delivery channel for these existing non-financial services is face-to-face training, which must confront the following challenges:

- Higher cost per person than other types of channels such as mass media, print or technology
- Less potential for large outreach than mass media, print or technology
- Requires human resources with technical capacity and experience in participatory training methods and technical content
- Limited more to clients of a financial institution or members of a cooperative/savings group since it is harder to reach potential clients without existing infrastructure
- Difficult to show value proposition of face-to-face training may lead to poor attendance

Table 18 details the non-financial services offered by YouthStart FSPs.

TABLE 18. PROVISION OF NON-FINANCIAL SERVICES BY FSPS

Name of Institution	Type of Business Model	Type of Non-Financial Service	Description of Non-Financial Service
PAMECAS-Senegal	* Linked model (for youth) * They have developed partnerships with YSOs for artisans * Unified model	* Loan education * Credit with education	* They have a youth program to help young artisans aged 18 to 35 to start their business * They expect to reach 500 youth in three years * Only for adults * Financial Education and health
UIMEC – Senegal	Parallel model	* Health * Financial education * Business education	* Only for adults
FUCEC – Togo	Unified	Credit with education	* Only for adults * Range of topics: Financial education and health
Nyesigiso-Mali	Unified	Credit with education	* Only for adults * Financial education and health
OIBM-Malawi	Parallel (only for adults)	Financial Education for adults	* Range of financial education topics that include savings, budgeting, debt management and financial negotiations * Other: Reproductive health and HIV-AIDS * Range of delivery channels: Face-to-face training and DVDs * Clients receive financial education four times per year with average of 20 to 30 minutes each quarter, a total of two to three hours per year

SPOTLIGHT ON NON-FINANCIAL SERVICE SECTOR IN ETHIOPIA[23]

There is a wide range of organizations that implement programs to support youth in Ethiopia – these include international development agencies, government agencies, international foundations, local NGOs and UN agencies. The most common support programs are organized around the following themes: HIV/AIDS; life skills training; child abuse, protection and prevention; sexual and reproductive health; business skills and income generating activities; informal financial services; technical skills training; basic literacy; financial management; and financial education. These programs provide excellent infrastructure and channels for FSPs in Ethiopia to deliver non-financial services to youth.

SPOTLIGHT ON NON-FINANCIAL SERVICE SECTOR IN MALAWI[23]

The non-financial service sector in Malawi includes government entities, 130 youth organizations registered by the National Youth Council of Malawi, the Directorate of Technical and Vocational Training established by the Government in 1998 and the quasi-autonomous Technical Entrepreneurial Vocational Education and Training Authority. These organizations include international NGOS such as World Relief, World Vision, Care, Catholic Relief Services, Project Hope, Tearfund, Africare and local Community Based Organizations (CBOs) all of whom could be excellent potential partners for FSPs to deliver non-financial services to youth.

5. YOUTH PERSPECTIVE ON FINANCIAL AND NON-FINANCIAL SERVICES

SOURCES OF INCOME

The sources of income for youth vary often by age and their school enrollment status. In general, youth under the age of 14 receive revenue mostly from their parents or visiting relatives and some may get paid for occasional labour. Youth older than 15, tend to diversify this income with small or part-time jobs. For example, according to the research of OIBM, in Malawi the main sources of income for 12 to 17 year olds are parents, guardians and relatives, while sources of income for 18 to 24 year olds are casual labour and small businesses.

Youth between the ages of 13 and 24 that were interviewed at Nysegiso, an FSP in Mali, claimed that 33 percent of their income comes from small jobs and 27 percent from parents. Fifteen percent of youth in the country have temporary jobs. Youth interviewed between the ages of 18 and 24 at UIMCEC, an FSP in Senegal, maintained that 46 percent of their income comes from family support and 46 percent from small jobs. Sixty-two percent of teenagers interviewed at FINCA-RDC, an FSP in the Democratic Republic of Congo, have a part-time job that supplements the money they receive from their parents.

The sources of income may also vary by gender. In Rwanda, research byUnion of Savings and Credit Cooperative Umutanguha (UCU) showed that small jobs provided the greatest source of income for males aged 12 to 24 whereas females aged 12 to 24 obtained their highest salaries from ROSCAs. Parents provided the second highest source of income for both genders. The third highest source of income for males was stealing and for females was money obtained from a boyfriend. In Uganda, research by Kitgum SACCO (Savings and Credit Cooperative Organization) revealed that the sources of income for schoolgirls aged 16 to 19 were parents (21 percent), relatives and friends (18 percent); for boys in the same age group, sources of income included brick laying (22 percent), small business (22 percent) and farming (11 percent).

EXPENSES

Expenses for youth aged 12 to 24 in the YouthStart countries cover items such as food, clothing, and school supplies, assisting their parents and accumulating savings. Table 19 details expenses for young people in four of the nine countries covered by this report.

23 Based on market research reports submitted by PEACE in Ethiopia and OIBM in Malawi

TABLE 19. COMPARISON OF MOST COMMON EXPENSES FOR YOUTH ACROSS COUNTRIES				
Country	Mali (Nysegiso)	Senegal (CMS)	Uganda (Finance Trust)	Rwanda (UCU)
Most common expenses for youth	Food, clothes, transportation	Helping parents, small jobs, school fees and savings	Basic needs, school supplies, entertainment, helping parents, and saving for the future	Clothing and shoes, savings and school supplies

There is a difference in spending by age, school status and sex. Some youth may involve their parents in how they spend their money especially for larger expenses such as school supplies and holiday spending. Expenses vary by age. Younger youth tend to spend the money on smaller expenses that fulfill their "wants" such as food, candy, entertainment. Older youth contribute more to household expenses, help take care of daily "needs" for the entire family, or invest in small income generating activities such as selling goods in local markets. For example in Burkina Faso, research by RCPB, revealed that younger youth spent most of their money on food while older youth spent their money buying materials or equipment for their income-generating activities. In Uganda, research by FINCA-Uganda showed that in-school youth aged 11 to 14 spent their money on clothing or school materials whereas out-of-school youth aged 15 to 24 spent their money on mobile phone airtime, income generating products such as animals and products to sell in the market.

Expenses also vary according to gender. In Malawi, OIBM research showed that boys aged 18 to 24 spend their money on luxuries like entertainment and gadgets and some invest in business. Girls from the same age group, on the other hand, spent their money on necessities like food, clothes, education and business. Girls prioritize food while boys prioritize entertainment. In Uganda, Kitgum SACCO researchers found that girls between the ages of 16 to 19 spent their money more on medical expenses and clothes than boys in the same age group.

SPOTLIGHT ON SEASONALITY OF YOUTH EXPENSES IN UGANDA[24]

The months of January and February are dominated by the return to school. During this period, parents tend to cut back their expenses on non-school related items, so youth who earn moneyin sales and through menial labor incur lower incomes as a result. Similarly, spending by the Christian population tends to be festivity-related in the month of April. For Muslim clients, there is a reduction in spending during Ramadan holiday except on certain food items. In September, there is a replenishing of school supplies and then a boom in economic activity in December as high expenditures are made on home repairs and a range of holiday-related activities get underway. This "boom" is followed by a "bust" in January as school fees take up any remaining cash that is generally gone by February, which marks a low point in economic activity for the year.

SAVINGS

A young person's ability to save depends on many factors such as those listed below:

- Amount and frequency of income received from parents or part-time jobs
- Motivation to save
- Safe place to keep savings
- Seasonality of income and expenses

24 Based on market research reports submitted by Finca-Uganda

In the DRC, for example, the money young people earn varies by season as do their expenses and this hampers their ability to save. The lowest economic cycle is January and February due to the drain on finances for Christmas. In contrast, November and December are the months that register the highest commercial activity for general expenses as well as the highest income. Even after general expenditures, youth are able to save during most periods. This type of information can help a participating FSPs, such as the one in Uganda, know when to launch a youth-focused project, when to promote it, host seasonal incentives and offer non-financial services such as financial education to promote uptake and usage of their savings products. In addition, this type of information can help the FSP design financial education materials such as case studies, stories and role plays that incorporate the seasonality of income and savings cycles.

TABLE 20. TIMETABLE FOR YOUTH SPENDING AND INCOME CYCLES IN DRC

January - February	* Reduction in family income due to Christmas and Valentine's Day expenses
March - April	* Government resumes payroll and family income increases * Youth allowances increase * Young adults begin to save for Carnival, which takes place in July
May - July	* Youth begin work as they go on vacation, and increase their spending and savings capacity * Carnival season
August - September	* Back-to-school spending, reduction in allowance from parents who must pay school fees * Minimal saving capacity
October - November	* Normal income from allowance and odd jobs with a build-up in savings for Christmas * Retailers register the highest sales prior to Christmas
December	* Christmas expenses * Youth tend to receive cash for Christmas from relatives so there is greater potential for larger savings accounts by month's end

The savings goals of youth in most countries are similar to the type of expenses listed in the previous section. For example in Senegal, research by PAMECAS shows that the savings goals of 12 to 24 year olds included helping the parents, and buying school supplies or equipment. In Uganda through the FinScope Study, Finance Trust learned that the savings goals of 12 to 24 olds included saving for future expenditures such as basic needs, school fees and emergencies. Contrastly among youth aged 16 to 17 years old tend to meet basic household needs (59 percent), emergencies (37 percent), stockpiling funds for future use (31 percent), education (16 percent), and the purchasing of an asset (8 percent).[25] In Mali, Nyesigiso documented the savings goals of youth aged 13 to 17 to include coping with emergencies, starting up a business, buying clothes and school expenses.

Savings goals and patterns vary with age and life cycle needs. Table 20 illustrates the different savings goals by various age groups for youth interviewed by FINCA-RDC and Kitgum SACCO in Uganda. Younger children primarily

25 The Steadman Group. "Results of a National Survey on Access to Financial Services in Uganda." FinScope Uganda. August 2007.

save to help their parents and prepare themselves to meet future school expenses. However, older youth save more for entertainment, technology and clothing. Out-of school youth save more for a small business and to return to school. Young mothers save for the basic needs of their children, including clothes, shoes and school materials.

TABLE 21. SAVINGS GOALS BASED ON LIFE CYCLE NEEDS OF YOUTH

FSP	Young children	Teenagers (In-school)	Teenager (Out-of-school ; working)	Young mothers
FINCA- RDC	School materials and assistance to help parents defray other school expenses	Clothing, emergencies, education	Small business, emergencies, back-to-school expenses	Clothing, shoes, school materials, sports materials
Kitgum – Uganda	Emergencies, school fees, clothing	Entertainment and technology items such as mobile phones, airtime, August Carnival	School fees, home improvement, working capital for business	School fees, emergencies, food, clothing

Youth often save through informal mechanisms. For example in Rwanda, most youth save through informal associations and groups such as tontines[26]/ROSCAs and project related services such as CARE Rwanda Village Savings and Loans Associations (VSLAs) and Catholic Relief Services (CRS) Savings and Internal Lending Communities (SILC). In Burkina Faso, RCPB discovered that the majority of youth save, but mostly through informal mechanisms. Twenty-nine percent give their money to their parents or friends. In Senegal, according to UIMCEC 36 percent of youth save with tontines and 33 percent save with their parents. Some will also give their money to the owner of a small grocery store. In Ethiopia, ASCI notes that youth save with ROSCAs, in piggy banks, and livestock. Also in Ethiopia, Poverty Eradication and Community Empowerment (PEACE) found that youth save by using savings and credit associations (known as "Ekubs"), mini-banks, family and in-kind.

The reasons young people save through informal mechanisms is mostly due to the following:

- Convenience (saving at home is more convenient and doesn't require travel)
- Lack of access to formal financial services
- Mistrust of formal financial institutions
- Age restrictions to open and manage account by oneself (16 to 18 years is the minimum age in most countries)
- High costs of opening and maintaining an account such as opening or minimum balance requirements, and fees for withdrawals and deposits
- Lack of information about formal financial services

26 Informal savings and loan mechanism used in Africa. It combines features of a group annuity and a lottery

For example, youth interviewed at ASCI in Ethiopia said they do not save in banks because there are no branches in rural areas and they feel ashamed of traveling to a bank only to save very small amounts of money. Additionally, minimum balance requirements are too high, there is a lack of awareness about the offerings, and there is a widespread belief that banks are mostly for adults. These young people instead save with ROSCAs because they are nearby, have no requirements, allow them to deposit their money at any time as well as enjoy easy access to funds when their turn is up, and present an opportunity to save a considerable amount. In Senegal, UIMCEC youth claimed that they do not maintain a savings account because of the high minimum balance that it requires.

Saving methods may also vary by gender. For example, child mothers in Uganda who spoke with Kitgum-SACCO, keep their money in cash boxes, and with relatives and friends. Females keep their money with their friends because they feel they can protect their privacy and the funds are easily accessible. More men, on the other hand, keep their money with banks or microfinance institutions than women.

SPOTLIGHT ON YOUTH SAVINGS MECHANISMS IN MALAWI

In Malawi, OIBM research revealed that youth store most of their savings in homemade boxes, holes in the ground, under pillows or mattresses, wallets, purses, pockets (some boys make special pockets in their trousers), socks or bury their money in the yard. They also save with relatives or with local business people. However, their money is often stolen from hiding places. When they save their money with local business people, they sometimes pay up to 20 percent for safekeeping fees.

SPOTLIGHT ON YOUTH SAVINGS MECHANISMS IN UGANDA

In Uganda, Finance Trust research revealed that the majority of youth save informally. Monies are saved in tins, boxes, secret places such as under the bed, with parents or guardians (usually mothers or aunties), in-kind by purchasing assets like poultry, rabbits, pigs, and in mobile money accounts in urban areas.

KNOWLEDGE, SKILLS AND ATTITUDES OF YOUTH (KSAs)

Market research conducted by YouthStart partners revealed several gaps in the knowledge, skills and attitudes (referred to as KSAs) and behaviours of youth in relation to financial management and financial services. This demonstrates the need for financial education and other non-financial services. Ethiopia is the exception to this rule because it integrates financial education into the school curriculum and its young people demonstrate a greater understanding of savings products than in other countries **(see "Spotlight on Ethiopia," page 38 and 46)**.

The table below illustrates the KSAs and behaviours of youth in YouthStart countries. While there may be some differences in KSAs and behaviours according to gender, age or geographic location (i.e., urban youth may be more informed about banks than youth in rural areas primarily because they have greater access to banks), the purpose of the information presented in Table 21 is to illustrate the commonalities across all market segments.

TABLE 22. OVERVIEW OF KNOWLEDGE, SKILLS, ATTITUDES AND BEHAVIOURS OF YOUTH IN YOUTHSTART COUNTRIES

Topics	Behaviours	Knowledge	Skills	Attitudes
Budgeting	Keep money at home and spend it on impulse	Short term view of using money (e.g., clothes and shoes)	Manage money in erratic, impulsive way	Do not perceive value in saving money
Savings	Save mainly through informal mechanisms	Lack knowledge of formal mechanisms and benefits of formal savings	Do not know how to obtain information about formal savings	Value savings as means to greater consumption
	Teenagers save for consumption purposes (e.g., entertainment and technology) rather than productive purposes (e.g., school and business) Save money during the week, to spend it over the weekend with their friends	Insufficient knowledge of needs versus wants and short- versus long- term savings goals	Unable to distinguish between needs and wants and prioritize spending Unable to view savings with focus on the long term	View savings in short term instead of in long term
Use of Formal Financial Services	Do not use formal financial services for various reasons such as the. fear of losing access to money, fear that the institution will collapse, fear of losing money due to fraud or high fees, belief that financial institutions are only for adults	Do not know about credit unions or other formal financial institutions and how they work	Do not know how to obtain information about formal financial services	Mistrust in financial institutions Believe myths of financial institutions
	Do not use formal financial services because believe they are only for the rich or for large amounts of money	Think formal financial services are only for saving large amounts of money	Do not find out terms of financial products	Feel ashamed of and lack confidence in making small deposits
	Do not save or take out loans through formal financial services	Lack knowledge of financial products such as savings and loans	Do not find out terms of financial products	Unfounded fears and wrong perceptions of formal financial services
	Do not save money through a savings account	Lack knowledge on how to open and operate an account	Do not know how to manage or maintain a savings account	Lack confidence to manage account on own or with guardian

SPOTLIGHT ON ETHIOPIA

The Ethiopian government has introduced savings education into the school curriculum. There is a distinct unit on savings which is taught every year from grades five to ten in civics class in all government and private schools. The unit covers the basics of overcoming cultural barriers to saving, as well as why savings, goal setting, planning, budgeting and bank accounts are useful. Most of these basic concepts are repeated every year in the curriculum.

6. RECOMMENDED PRODUCTS

Based on their market research and segmentation, YouthStart partners recommended an initial design of different financial and non-financial products. For example, some FSPs may target in-school and out-of school youth with different financial products. In Ethiopia, ASCI recommended a credit product for those out-of-school and economically active youth. Also in Ethiopia, SFPI recommended savings products targeting youth between the ages of 12 and 17 years and credit services targeting 18 to 24 year olds. In Senegal, PAMECAS plans to target in-school youth through a school banking programme and "guichets mobiles," or mobile bank counters, inside or very near the schools and to target out-of-school youth through a combination of credit and savings plans.

In DRC, FINCA segmented the recommended financial and non-financial products for youth by age. The age segments include youth in primary school and younger than 15 years old, youth in secondary school between the ages of 14 and 18, and youth in tertiary school between the ages of 18 and 25. In this case, savings products, financial education and delivery channels vary according to these three life cycles. For example, a very flexible savings product is proposed for younger youth while the long-term deposit account is proposed for older youth. Basic financial education is targeted toward younger youth, while a focus on longer term goal setting, mentorship, financial education on more sophisticated products and Business Development Services (BDS) is deemed more appropriate for older youth. Delivery channels also vary by age segment and include open service points for a bank near schools, residential areas, recreation, and youth workplaces.

In Ethiopia PEACE defined the following market segments as important:

- Gender
- Age
- In-school vs. not-in-school youth
- Level of education
- Geographic location (rural, urban)
- Family status (living with family or guardian for those under legal age to open savings account)

PEACE divided the market segment according to the following three groups:

1. In-School Youth (Completed six or more grades); semi-rural
2. Out-of-School Youth (Completed six or more grades); semi-rural
3. Out-of-School Youth (completed five or fewer grades); rural; girls

Table 23 makes clear that financial services are similar for these three segments, but the non-financial services are different according to their level of education and age with financial education becoming more advanced for out-of-school, older youth.

TABLE 23. PEACE ETHIOPIA RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES

Market Segment	Financial Services	Non-Financial Services
In-School Youth (Completed six or more grades); semi-rural	* Time/Programmed Deposit * Unlimited deposits * No withdrawals without losing interest, restarting account * Minimum three months, maximum three years * Higher interest	* Practical financial education (set goals, make plan, reduce spending) * Introduction to PEACE savings services
Out-of-School Youth (Completed six or more grades); semi-rural	* Demand Deposit * Unlimited deposits, withdrawals * Lower interest	* Practical financial education (set goals, make plan, reduce spending) * Intro to PEACE savings services * Other youth development services * Outreach to rest of community
Out-of-School Youth (completed five or fewer grades); rural; girls	* Delivered through branches and explore potential for field collection * Group accounts for rural youth	* Fuller financial education * Other youth development * Introduction to PEACE savings services

The marketing strategy proposed by PEACE Ethiopia will also vary according to these different market segments and includes the following:

- Target children of existing clients first through group loan meetings
- Target working youth in towns on market days (i.e., at booths in markets)
- Target in-school youth through civics classes
- Ensure that outreach is facilitated by financial education partner
- Branch visits through financial education programs, student clubs, civics classes
- Fashion a youth-friendly brand and tagline like 'Trusted friend who will take care of your money'
- Youth promotional materials such as passbooks, piggy banks, brochures and posters that are gender-specific

In Rwanda, UCU defined age as the main segmentation of its market. However, their products also take into consideration other specificities of the market (see Table 24). For example, 60 percent of Rwandan young women between the ages of 20 and 24 are married. UCU envisaged the development of a loan product to help these young women pay for their children's school fees. In addition, it is important to highlight that the use of the unified model for the delivery of non-financial services is enabling UCU to consider a wider range of educational topics for its clients. Finally, UCU provides an excellent example of an FSP using a youth-led approach by employing young field officers.

TABLE 24. UCU-RWANDA RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES

Market Segment	Financial Services	Non-Financial Services
12 to 15 years old	**Savings account:** * No initial deposit & minimum balances * No withdrawal/deposit limits * Group savings account * Outreach: Schools and YSOs to ensure that children who are out of school are reached	**Financial Education** Importance of savings **Health** * Health and sanitation practice * Food and Nutrition
16 to 17 years old		**Financial Education** * Budgeting * Importance of savings * Financial Services **BDS and Entrepreneurship** **Health** * Health and sanitation practice * Food and Nutrition * HIV
18 to 24 years old	**Fixed term savings:** * Attached to a savings goal * Withdrawal when goal is being reached * Six percent interest **Business Loan:** * Loan term four to six months * Payment: monthly * Interest rate: 22.8 percent.; Charges: 1 percent **Agriculture loan:** * Loan term 24 to 36 months * Grace period three months * Payment: monthly * Interest Rate: 21.6 percent; Charges: 1 percent **School fees loan (for young mothers):** * Loan term: 24 to 36 months * Repayment: End-term * Interest Rate: 21.6 percent; Charges: 1 percent	**Financial Education** * Budgeting * Importance of savings * Building a savings plan * Financial Services * Formation and management of cooperatives **Lifeskills** * BDS * Empowerment, self-confidence, decisionmaking * Working in teams **Health** * Health and sanitation practice * Food and Nutrition * HIV

SUPPORT/ENGAGEMENT OF PARENTS

Several FSPs mentioned in their recommendations that the involvement of parents and guardians is key to ensure that those youth who are minors can still indirectly participate in the management of their money and ultimately ensure the success of the program (as measured by account opening and usage). The majority of youth accounts are opened by a parent and are with the same institution where the parent banks. This means the youth must appeal to and gain the support of parents to use alternative financial institutions. For example, PAMECAS in Senegal, Stanbic Bank and Kitgum SACCO in Uganda, and PEACE in Ethiopia plan to integrate parents into the financial education and marketing activities.

PART III

DETAILED SUMMARY OF FINDINGS OF FOUR YOUTHSTART PARTNERS

This part presents market research findings from the following four YouthStart partners: RCPB (Burkina Faso), FINCA-DRC,OIBM (Malawi), and FINCA-Uganda.

UNCDF selected these partners because they followed UNCDF recommended guidelines or best practices when conducting market research to identify the supply and demand of financial and non-financial services for youth[27].

These best practices include the following:

- Thorough analysis of youth context and background
- Thorough analysis and triangulation of supply and demand of financial and non-financial services
- Research methodology included both primary and secondary information types, a variety of information sources (e.g., girls, parents, clients, staff of FSPs and YSOs, existing clients, etc.), and the use of a range of qualitative tools and market segmentations
- Recommendations for financial and non-financial services based on market segmentation and research findings
- Thorough analysis of most appropriate delivery model for non-financial services

1. RCPB-BURKINA FASO

Background	RCPB: Began its operations in 1972. Currently has 809,755 depositors and serves 98,995 youth clients. It has strong experience in the provision of youth financial services through its products Teel-Taaba and CRED'ART Youth context: Youth aged 10 to 25 years make up 31 percent of the total population, or about 4.25 million. The majority of the youth population in Burkina Faso is actively employed (six out of ten youth). Agriculture employs the most young people (77.9 percent) and is followed by services (10.2 percent) and artisanal (six percent). According to 2006 data, only 3.9 percent of youth aged 12 to 24 is unemployed, although that figure shoots up to 9.2 percent in urban areas Legal environment: The old banking law restricts the opening and operating of accounts in banks/financial institutions to those who are over 18 years old. The new law, taking effect in January 2011, does not mention any age limit (and presumably lifts barriers to youth access)
Research Methodology	Sources of information: YSO staff, government, RCPB staff from youth programme, parents, potential youth clients, youth reports and statistics Qualitative Tools: In-depth interviews, surveys, FGDs, PRA adapted tools Sample Size: 388 youth for FGDs, 300 for surveys

27 PEACE and UCU also followed best practices for conducting market research. See previous section on 'Recommended Products' for an overview of their key research findings.

KEY FINDINGS	
Income	Youth above the age of 14 start receiving revenue from sources other than their parents
Expenses	Varies according to age. Younger ones spent most on food and older ones for on materials or equipment for their income generating activities. 88 percent spend their money on basic needs For those between the ages of 15 and 18, consultation with their parents about spending only pertains to the large purchases. The majority of interviewees felt it was important to consult with their parents about their spending
Savings	Sixty-two percent said they save or try to save at least some part of their income The majority of youth save, but only in an informal manner. Twenty-nine percent give their money to their parents or friends. Eighty-nine percent expressed interest in opening a savings account
Other	Seed money for a small businesses. Fifty percent of youth start their own businesses with gifts, 30 percent with their own savings and 16 percent rely upon informal loans
Interest in Credit	Sixty-three percent expressed interest in obtaining loans, primarily to start up a business (41 percent claimed this reason). Focus group discussions also revealed an interest in receiving loans for educational purposes
Gaps in KSAs	Save only through informal mechanisms

RCPB identified the following market segments prior to conducting the market research:

Segment	Characteristic
Age in years	12 to 16 and 17 to 24
Level of education	Primary, secondary, tertiary
Gender	Male, female
Geography	Rural, urban
Marital status	Single, married

Recommendations

Table 25 shows the products and services that RCPB proposed based on market segments identified throughout the research. RCPB segmented the recommended financial and non-financial products for youth by age. The age segments included youth aged 12 to 16 and youth aged 17 to 24. The types of financial products vary according to these age groups. For example, RCPB plans to design a savings product for youth aged 12 to 16 and a loan product and savings account linked to remittances for youth aged 17 to 24. Non-financial services include BDS services, counseling, mentorship and financial education.

TABLE 25. RCPB RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES

Market Segment by Age	Financial Services	Non-Financial Services	Financial Services Delivery Channel
12 to 16	Savings Account	BDS services, counseling, mentorship and financial education	Mobile vans to reach remote rural areas, savings collectors, and point-of-sale technology
17 to 24	Credit for continuing education, or starting up a business following 14 months of investment with a guardian as co-signatory Savings account linked to domestic remittances sent by parents to their children attending school (for in-school youth)		

Delivery Model for Non-Financial Services

RCPB proposes using a linked model to deliver these non-financial services. RCPB selected some of the following YSOs as potential partners based on their capacity to work with youth and their ability to achieve scale:

- Maison de l'Entreprise de Burkina Faso (MEBF)
- Oxfam Québec
- Swisscontact et l'Agence Nationale pour l'Emploi (ANPE)

2. FINCA-RDC

Background	FINCA-RDC: Began its operations in 2003 and currently has 64,349 depositors. It is not currently serving any youth clients in a targeted manner Youth context: Almost 50 percent of the population is under the age of 15, representing 29 million people in 2009. Sixty-two percent of youth between the ages of 15 and 24 are economically active. The gross primary school enrollment of boys is 98.6 percent, while girls' enrollment is only 82.2 percent. In secondary school, there are almost twice as many boys than girls, making clear that girls are less likely to complete school than males Legal environment: The regulation in DRC requires people to be at least 18 years old to own a bank account. However, banks can open accounts for minors in a guardian's name and have the guardian authorize the use of point-of-sale (POS) agent banking
Research Methodology	Sources of information: Literature review, FINCA's staff, parents, church representatives, NGO staff, YSOs, teachers, educators, owners of stores that are popular with youth, youth between the ages of 12 and 24 years old Qualitative tools: In-depth interviews, FGDs, PRAs, Brain Explosion Methodologies (see Annex E) Sample size: 32 groups and 92 individuals
FINDINGS	
Income	10 to 14 year olds: Most receive allowances from parents and small jobs 15 and older: Most have a parttime job. Sixty-two percent of teenagers have a part-time job that supplements the income of their parents
Savings	**Savings Goals** *(vary according to life cycle needs)* Children: Pay for school materials and to help parents defray other school expenses Teenagers: Entertainment and technology items such as mobile phones, airtime and August Carnival, etc. Working youth: School fees, home improvement and working capital for business Young single mothers: Clothing, shoes, school materials, sports materials **Savings Methods** In-school youth: Prefer to save money at the school because they trust their teachers, or will only go to the bank with an adult because scared to go alone
Gaps in KSAs	Teenagers save for consumption purposes (e.g., entertainment and technology) rather than productive purposes (e.g., school and business) Lack of knowledge or information related to financial services and in particular savings products Think about savings in short term instead of in long term

Market Segmentation

FINCA segmented the market based on prevailing definitions of youth. The United Nations, for example, defines *children* as people under the age of 14, and *youth* as people between the ages of 15 and 24 years. A *child* is also defined as any individual under the age of 18 according to Article 1 of the United Nations Convention on the Rights of the Child[28]. Therefore, youth aged 15 to 18 are not excluded from the rights awarded children by the Convention. Considering ChildFinance's definition of youth, FINCA added an additional category of participants, *young adults* – aged 18 to 25 years old.[29] This category encompasses both tertiary school students (university or technical school) and those who are already entering the labour force, launching enterprises or starting families.

FINCA identified the following market segments prior to conducting the market research:

Segment	Characteristic
Age	11 to 14 (child), 14 to 18 (teen), 18 to 25 (young adult)
Grade Level	Primary, secondary, tertiary

Some variations to this market segmentation were noted during the course of the market research. For example, it is not uncommon for older children to be participating in school at a level below their age due to academic or geographic issues. Youth of different ages, socio-economic backgrounds, school access and income sources were targeted for the market research, with the aim of achieving representation in all of the targeted segments.

Recommendations

Table 26 shows the products and services proposed by FINCA based on the different segments of the market identified throughout the research. FINCA-RDC segmented the recommended financial and non-financial products for youth by age. The age segments include youth in primary school and younger than 15 years of age (11 to 14), youth in secondary school between the ages of 14 and 18 and youth in tertiary school between the ages of 18 and 25. Table 21 shows how the savings products, financial education and delivery channels vary according to these three life cycles. For example, the savings product is a current account for younger youth while the savings product is a term deposit account for older youth. Basic financial education is targeted toward younger youth, while a focus on longer term goal setting, mentorship, financial education on more sophisticated products and BDS is deemed more appropriate for older youth. Delivery channels also vary by age segment and include open service points for a bank near schools, residential areas, recreation and youth work places.

28 The United Nations- Youth and the United Nations: UN Convention on the Rights of the Child
http://www.dcya.gov.ie/viewdoc.asp?fn=%2Fdocuments%2FUNrightsofchild%2FUN_Rights_of_Child_new_page_141008.htm

29 International ChildFinance (Meeting report of ChildFinance International, http://childfinanceinternational.org/wp-content/uploads/2010/08/ChildFinance_meeting_report.pdf)

TABLE 26. FINCA-RDC RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES			
Segment	**Financial Services**	**Non-Financial Services**	**Education Delivery Channel**
Primary School, < 15 years	* Child Group Savings Account * Current Savings Account	Education about the benefits and functionality of savings and use of savings benefits and use accounts	Primary School, NGO support, coupled with Financial Education
Secondary School, 14 to 18 years	* Teen Savings Account * Dream Term Account (two to five year term deposit with multiple entries and one exit)	Financial education, save extra income to prepare for college or start own business	Secondary School, NGO support for club creation, materials development, teacher training to become mentors
Tertiary School (College or Technical School) and working youth 18 to 25 years	* Young Adult * e-Savings Account * Goal Term Account (Two years or more, or until they reach set financial goal)	Help young adults manage day-to-day income and save for bigger expenditures	* Church Groups * Universities * Technical Schools

Delivery Model for Non-Financial Services

FINCA-RDC proposes to hire a regional or international YSO to build the capacity of FINCA staff to deliver these non-financial services. It will then use a parallel model to deliver non-financial services to youth through the use of financial education outreach officers.

3. OIBM-MALAWI

Background	OIBM: Began its operations in 2002 and currently has 322,221 depositors. They currently offer youth savings and youth loan products. Youth make up nine percent of its current clients (4,603 borrowers and 29,000 savers) Youth context: In Malawi, 52 percent of the population are children and young people (below 18 years old), while 40.9 percent are between 10 and 29 years old and 19.2 percent are between 15 and 24 years old. Eighty-two percent of the youth are unemployed and not seeking work and 15 percent have never worked but were seeking work. Of the economically-active youth, 70 percent work in agriculture, forestry and fishing. Also, about 80 percent of the youth live in rural areas and come from poor households, and 12.4 percent of children under the age of 18 are orphans. Literacy rates for children and youth aged 5 to 29 is 64.6 percent. Youth in Malawi thus face multiple challenges, including low literacy rates, a tendency to drop out of school, insufficient preparation for skilled jobs and a lack of safe alternatives. And girls face the added pressure of restrictive cultural norms - all resulting in unsafe behaviours like drugs and prostitution Legal environment: The legal and regulatory framework in Malawi is generally favorable for youth-friendly services. While youth must be 18 years old to obtain a loan from a bank or open a savings account, this minimum age requirement is waived for youth under 18 years of age who are married or who have a registered business
Research Methodology	Information sources: Literature review and young people Qualitative tools: PRAs, in-depth interviews, surveys Sample size: 36 groups for a total of 216
FINDINGS	
Income	Many youth get money informally. Seventy-three percent receive an average of MK1000-MK5000 per month Parents, guardians and relatives are the most common sources of money for 12 to 17 year olds. Young people aged 18 to 24 rely upon casual labour and small businesses for money Due to the informal nature of their income sources, young people's income is generally minimal and irregular
Basic Needs	Food, shelter, clothes, shoes and school materials for young people in school Young people aged 18 to 24 consider financial freedom (e.g., the ability to make decisions and manage their own money) to be one of their basic needs
Expenses	The expenditure pattern of girls and boys aged 12 to 17 is the same although there are differences according to gender for the 18 to 24 age group Boys in the 18 to 24 age group spend their money on luxuries such as entertainment and gadgets although some do invest in business. Girls in the same age group spend their money on necessities such as food, clothes, education and business Girls prioritize food while boys prioritize entertainment

Savings	About 56 percent of boys and 44 percent of girls are able to save on a daily basis They save their money in cash and keep it in a safe place within or near their home Examples of where they may keep their savings include a homemade cash box, holes in the ground, under pillows or mattresses, wallets, purses, pockets (some boys make special pockets in their trousers), socks, with relatives, buried in the yard, or with local business people Their money is often stolen from hiding places When they save their money with local businesspeople, they sometimes pay up to 20 percent of their savings as a safekeeping fee
Interest in Credit	Forty-two percent of the sampled population indicated that they would need approximately MK 15 - 20,000 of capital while about 40 percent indicated a need for more than MK 20,000 to start a microenterprise
Gaps in KSAs	Keeping cash savings close at hand can sometimes tempt young people to indulge in impulse spending A lack of basic information with financial services products leads to unfounded fears and wrong perceptions among young people
Market Segmentation	The breakup of data was made according to ages (12 to 17 and 18 to 24 years), gender, location and education

Recommendations

The following products and services were proposed in accordance with the market segmentation identified in the research.

TABLE 26. OIBM RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES

Market Segment	Financial Services	Non-Financial Services
Youth between the ages of 12 to 17	**Child savings account** * Waive some of the difficult documentation requirements including passport, driving license and other forms of identification that are required by the conventional banking system * Low to no minimum balance, no monthly charges and flexibility with transaction capabilities * Attractive interest rates within parameters of institutional sustainability * OIBM will also work with schools and parents to create savings culture and encourage young people to open savings accounts for their children * Delivery channels: satellite branches, kiosks, mobile branches, ATMs and POS devices	**Financial Education:** In partnership with Aflatoun[30] and schools, OIBM will organize financial education training events for 12 to 17 year-olds

30 See: www.aflatoun.org

Youth aged 18 to 24	**Savings account:** Same as above but without guardian requirement **Startup and working capital loans:** * Target young boys and girls who have different vocational skills such as carpentry, plumbing, welding, bricklaying, catering, tailoring and hairdressing * Startup loans will require a longer repayment period, as well as a longer grace period, to allow youth to develop sufficient cash flows to begin payments. Repayment structure may also need to be adjusted depending on the type of enterprise (e.g. agriculture-based activities might require seasonal terms, whereas trading activities could be repaid monthly) * The loans will be given in both collective and individual forms **Microinsurance products**: These will include credit, life, business, property, and/or health. The exact nature and types of insurance products to be offered to the youth will be developed further once the insurance needs and desires of young people has been thoroughly researched and evaluated **Delivery channels:** satellite branches, kiosks, mobile branches, ATMs and point-of-sale (POS) devices	**Artisanal and entrepreneurial training:** Delivered in partnership with other YSOs. OIBM will provide scholarships to cover 75 percent of training costs, with participants paying the remaining balance as part of their own investment in their development **Financial Education:** Programs will develop the capacity of their staff to provide a solid financial education and will explore delivery channels such as DVDs **Health:** Will use existing staff to deliver this type of education and will adapt modules to youth

Delivery Model of Non-Financial Services

OIBM proposes to first use a linked model to deliver non-financial services. It plans to work with some of the following YSOs as potential partners due to their expertise in entrepreneurial training and curriculum design:

- Malawi Entrepreneurship Development Institute (MEDI) and Malawi Council for the Handicapped (MaCOHA) for Artisan/Entrepreneurial training
- Making Cents/Aflatoun to modify financial education materials for a youth audience

Once OIBM has been able to build up its in-house capacity for non-financial services, it will employ a parallel model for the further delivery of these services.

4. FINCA-UGANDA

Background	FINCA-Uganda: Began its operations in 1992 and currently has 56,503 depositors. Starting in 2009, FINCA began piloting youth savings services and currently offers three such products: Star Girl Accounts, Junior Accounts and School Club Accounts. It currently serves 9,442 youth through these youth savings products. Fourteen percent of the young people who possess these savings products are below the age of 24 years Youth context: Uganda has the highest population growth rate in the world and the second youngest population in the world. Thirty-four percent of the population is between 10 and 24 years of age. The potential youth savings market is almost nine million strong. Eighty-three percent of youth aged 15 to 24 are unemployed, and 93 percent of youth are living on less than USD 2 per day. Only 56 percent of graduates have completed primary school, and the secondary education enrollment rate is a mere 22 percent. Twenty-five percent of all women aged 15 to 19 are teen mothers and of all youth aged 7 to 14, 38.2 percent are economically active Legal environment: The minimum age for opening a bank account in Uganda is 18 years old. Anyone below this age can maintain an account in the name of his or her guardian. However, the guardian must also authorize the use of branchless banking technologies such as mobile banking or the use of point-of-sale (POS)
Research Methodology	**Sources of information:** Literature review, FINCA staff members, parents, church representatives, staff of NOGs and YSOs, teachers and educators, and owners of retail stores that are popular with young people **Qualitative tools**: FGDs, PRAs, Brain Explosion and in-depth interviews **Sample size**: 32 groups, 92 participants
FINDINGS	
Income	10 to 14 year olds: allowances from parents or guardians 15 and older: allowances from family members, part-time jobs such as working in agriculture, fetching water, etc.
Expenses	* Non-essential consumptions such as sweets * Mobile phone airtime * Income generating products such as animals, products to sell in the market * Fees for mobile bank accounts The months of January and February are dominated by the return to school. During this period, parents tend to cut back their expenses on non-school related items, so youth who earn incomes through sales and menial labour incur lower incomes as a result. Similarly, spending by the Christian population tends to be festivity-related in the month of April. For Muslim clients, the Ramadan holiday results in a general lowering of expense and a diversion toward certain food items. In September, there is a replenishing of school utilities, and then a large burst of economic activity in December as home repairs and a range of holiday-related activities are undertaken. This “boom” is followed by a “bust” in January as school fees absorb any remaining cash. February represents the low point in economic activity of the year

Savings	**Goals:** Continue education
Gaps in KSAs	* Lacked understanding of basic financial education concepts, such as debt, spending and savings * Lacked understanding of banking terms and financial institutions

Market Segmentation

FINCA-Uganda segmented the market based on prevailing definitions of youth. Its parameters are identical to those of FINCA-RDC.

FINCA identified the following market segments prior to conducting the market research.

Segment	Characteristic
Age	11 to 14 (child), 14 to 18 (teen), 18 to 25 (young adult)
School Status: in school vs. out of school	Primary, Secondary, Tertiary
Relationship with FINCA-Uganda	Star Girls (FINCA clients) vs. non-clients

Some variations in this market segmentation were noted during the course of the market research. For example, it is not uncommon for older children to lag behind their peers in school because they are physically far from school and have had to miss some part of their educational career because of this distance from school.

Most participants resided in urban and rural communities and ranged in socio-economic status from low- to middle-income. The research included youth currently participating in FINCA offerings such as the Star Girls program and youth who are not currently receiving any type of formal financial services.

Overall, FINCA's research validates the segmentation of the youth market into four distinct categories: primary, secondary, tertiary and working youth.

Recommendations

The following products and services were proposed in accordance with research-based market segmentation such as by age and educational level.

FINCA-UGANDA RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES		
Market Segment	**Financial Services**	**Non-Financial Services**
Children younger than 14 (Primary)	* Group Accounts * One Bank Account per class or school * Managed by school and local NGOs * Manual ledgers * FINCA provides convenient POS access point * Child Safeguards	**Basic Education:** Reasons to save, how to save and use savings products, life cycles and risk

FINCA-UGANDA RECOMMENDED FINANCIAL AND NON-FINANCIAL SERVICES		
Market Segment	**Financial Services**	**Non-Financial Services**
Youth aged 14 to 17 (Secondary)	* Personal and Target Accounts (adapted for teen market) * School or youth groups, with support from local NGOs * Support provided via Secondary Schools * FINCA provides convenient POS access point * Convert to youth's name when turning 18 years old * Fingerprint recognition, no signature * Mobile Phone Banking option * Youth Safeguards (*to protect a child's ownership over his/her account)*	**Financial Education Training:** * Identify and plan toward goals and utilization of savings * Mentoring
Young adults aged 18 to 25 (Tertiary)	* Personal and target Accounts * College, church, vocational schools, professional organizations, etc. * Convenient POS centres * Banking via mobile phone * No fees although fees may accrue for third party mobile banking * Fingerprint recognition for POS, PIN for M-banking	**Financial Training & Counseling:** Day-to-day financial management, skills development and entrepreneurship training. Saving for education and life goals.

Delivery Model of Non-Financial Services

FINCA-Uganda plans to use the linked model to deliver non-financial services. It issued a Request for Proposals and received responses from four organizations: Private Education Development Network (PEDN), Buzz Media, Management Innovations and Akamai Global. FINCA-Uganda will evaluate each response based on the organization's ability to work with youth of different ages, at scale and in areas outside of Kampala and Jinja.

CONCLUSION

Based on lessons learned from the 18 FSPs that participated in Phase I of YouthStart and the Technical Assistance provided by UNCDF throughout the process, the following recommendations apply to other FSPs conducting similar research:

1. Research should take into account data on the youth situation of the country , youth policies, and the regulatory environment.
2. A thorough analysis and triangulation of the supply and demand of financial and non-financial services for youth in the country should be conducted. This includes the products and services that the FSP is currently offering to youth (directly or indirectly), and the products and services of its competitors.
3. Market research should be conducted using a variety of market segments such as age, sex, geographic location, educational level, occupation and marital status. This will not only facilitate homogenous groups for the research but will also help the FSP to develop products and services that respond to the specific needs of different youth segments identified in the research.
4. Qualitative research should include several sources of information such as potential and current young clients, staff of the FSP, staff of YSOs, parents of young people, teachers and other caregivers.
5. Recommendations for prototypes of financial and non-financial services should be based on market segmentation and research findings.

It is clear from the statistics that youth in YouthStart countries are vulnerable and at-risk based on high poverty rates, limited education and employment opportunities, low literacy rates, high exposure to HIV/AIDS, early marriage rates and limited access to the formal financial system. In addition, the regulatory environments in most countries make it difficult for youth under the age of 18 to open and manage a savings account on their own. These challenges indicate the need to design an innovative, comprehensive program comprised of financial and non-financial services that respond to the needs of youth and work within the complex regulations of the formal financial system, including the requirement that there be a signatory of accounts and age restrictions for group accounts. These challenges also indicate the need to engage and secure the buy-in of parents, tutors and other caregivers as they are the primary entry point for youth into the financial system. Early learnings point to including all of these factors to ensure the success of youth programming, which can ultimately measured the number of young people who open and use savings accounts and other financial services to improve their lives.

ANNEX A: USEFUL RESOURCES FOR CONDUCTING LITERATURE REVIEW

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ANNEX B: TEMPLATE TO COLLECT DATA ON STATE OF YOUTH POPULATION

BASIC DEMOGRAPHICS AND YOUTH LIVING IN POVERTY										
	Males			Females			Total Youth Population aged 15 to 24	Youth as a Percentage of the Population	Estimated number of youth living in poverty	
	Age (years)		15 to 24 years	Age (years)		15 to 24 years				
	15 to 18	19 to 24		15 to 18	19 to 24				Extreme poverty (less than US$1 a day)	Poverty (less than US$2 a day)
Total Country										
Region 1										
Region 2										
Region 3										

PERCENTAGE OF YOUTH THAT HAVE BEEN MARRIED						
	Males			Females		
	Age (years)		15 to 24 years	Age (years)		15-24years
	15 to 18	19 to 24		15 to 18	19 to 24	
Total Country						
Region 1						
Region 2						
Region 3						

EDUCATION: PRIMARY AND SECONDARY ENROLLMENT RATIOS								
	Primary				Secondary			
	Total	Male	Female	Female/Male ratio*	**Total**	Male	Female	Female/Male ratio*
Total Country								
Region 1								
Region 2								
Region 3								

PERCENTAGE OF YOUTH IN THE LABOUR MARKET						
	15 to 18 years old			19 to 24 years old		
	Male	Female	**Total**	Male	Female	**Total**
Total Country						
Region 1						
Region 2						
Region 3						

PERCENTAGE OF YOUTH LIVING WITH HIV AIDS						
	15 to 18 years old			19 to 24 years old		
	Male	Female	**Total**	Male	Female	**Total**
Total Country						
Region 1						
Region 2						
Region 3						

YOUTH THAT HAVE BEEN MARRIED AS A PERCENTAGE OF THE POPULATION				
	15 to 18 years old		19 to 24 years old	
	Male	Female	Male	Female
Total Country				
Region 1				
Region 2				
Region 3				

ANNEX C: TEMPLATE TO COLLECT DATA ON YOUTH POLICY, AND REGULATORY ISSUES

	Government Programme 1	Government Programme 2	Government Programme 3	Government Programme 4
Name of programme				
Ministry or Government entity				
Goals and intended impact				
Segment of youth market it targets				
Services offered				
Current outreach				
Potential outreach				
Strengths and weaknesses				

At what age can youth independently open an account?	
Is parental or adult consent required to open an account?	
Will youth have ownership of the account?	
Is parental or adult consent required to make transactions?	

ANNEX D: EXAMPLE OF TEMPLATE TO PLAN, COLLECT AND ANALYSE DATA GATHERED FROM YOUTH

1. Total number of focus groups (segmented by gender, age, location, level of education, and marital status)

RURAL YOUTH							
	Total	12 to 14 years old		15 to 17 years old		18 to 24 years old	
		Girls	Boys	Girls	Boys	Girls	Boys
In school							
Out of School							
Single							
Married							
Total							

URBAN YOUTH							
	Total	12 to 14 years old		15 to 17 years old		18 to 24 years old	
		Girls	Boys	Girls	Boys	Girls	Boys
In school							
Out of School							
Single							
Married							
Total							

2. Total number of in-depth interview with other key stake holders

OTHER KEY SOURCES							
	Total	Parents	YSO staff	FSP staff	Teachers	Other care givers	Government
Rural							
Urban							
Total							

3. Main Findings

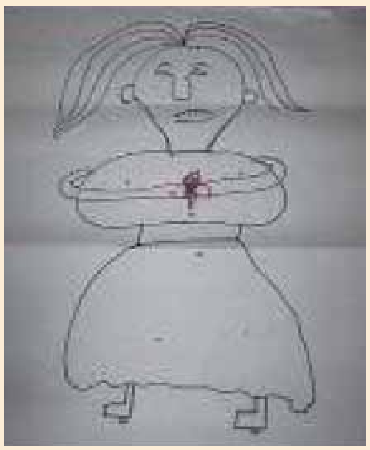
YOUTH BETWEEN 12 AND 14 YEARS OLD					
		Rural		Urban	
		In School	Out of school	In School	Out of school
Profile	Girls				
	Boys				
Income Sources	Girls				
	Boys				
Expenses	Girls				
	Boys				
Savings behaviours	Girls				
	Boys				
Other	Girls				
	Boys				

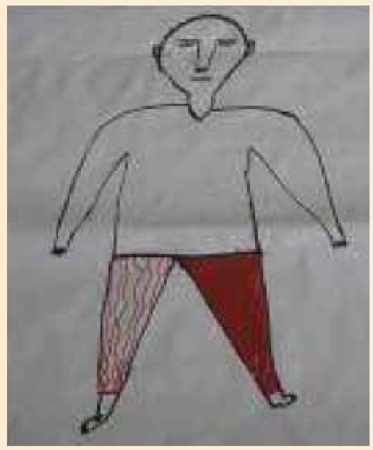
YOUTH BETWEEN 15 AND 17 YEARS OLD					
		Rural		Urban	
		In School	Out of school	In School	Out of school
Profile	Girls				
	Boys				
Income Sources	Girls				
	Boys				
Expenses	Girls				
	Boys				
Savings behaviours	Girls				
	Boys				
Other	Girls				
	Boys				

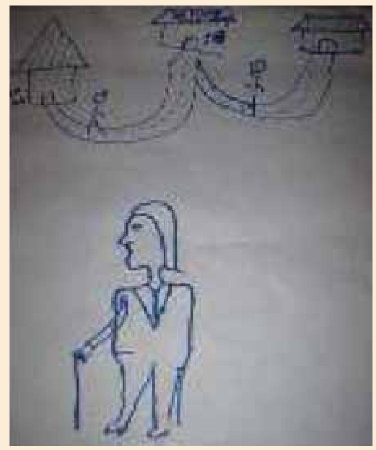
YOUTH BETWEEN 18 AND 24 YEARS OLD					
		Rural		Urban	
		Single	Married	Single	Married
Profile	Girls				
	Boys				
Income Sources	Girls				
	Boys				
Expenses	Girls				
	Boys				
Savings behaviours	Girls				
	Boys				
Other	Girls				
	Boys				

ANNEX E: QUALITATIVE TOOLS FOR YOUTH

Women's World Banking developed a tool similar to Making Cents' 'Money Flow' Tool and used it in their work with PEACE in Ethiopia. In this case, participants were asked to draw a typical "youth" (a boy or girl, whichever matched the gender of the participants) in their community. All participants were encouraged to participate in this activity and it served as an icebreaker, to engage them in the discussion and make them feel more comfortable. They were then asked a series of questions to develop the profile of this person, and determine their existing levels of financial education, their goals, aspirations, their knowledge of savings mechanisms, their attitudes regarding savings and their challenges to save. Questions eventually changed from addressing the hypothetical boy or girl to directly addressing the participants themselves. Below are examples of the "typical" youths that were drawn by participants in the research[31]:







When interviewing young people, they are often shy and reluctant to participate at first. Turning the discussion into a game will invite participation of the youth and serve to make them comfortable. For example, Making Cents International recommends the use of a "Koosh Ball" to invite youth to talk, a "Stretchy Ball" to help those who want to participate to wait for their turn and a rubber "chicken" to signal to someone that they might be speaking a little too much.

Mix Capital Inc (Gabriel Solano) developed another tool called the 'Mix Brain Explosion' to ensure young peoples' participation. FINCA-Uganda and FINCA-DRC used this tool during the market research. The tool utilizes a game where every participant is given one play dollar (like a monopoly dollar) for each time they participate in the discussion, regardless of the correctness of the answer. Participants may be grouped into teams and the winning team gets three or five play dollars, depending on the length and complexity of the game. The interviewer must validate the question with several participants until he or she feels that there is a consensus or a majority opinion through similar answers. Then the interviewer continues to the following question. After completing the Brain Explosion game, candy and other treats such as chocolate and a box of crayons are auctioned among the participating youth. The young person with the highest number of play dollars wins the raffle. At the end of the activity, some youth will end up with leftover play money that can be "bought back" with single wrapped party candy such as a lollipop.

31 Pictures are courtesy of Women's World Banking. See: www.swwb.org

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