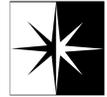




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GLOBAL ASSETS PROJECT



July 2008

CHILD SAVINGS ACCOUNTS: GLOBAL TRENDS IN DESIGN AND PRACTICE

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A PUBLICATION OF THE GLOBAL ASSETS PROJECT OF ASSET BUILDING PROGRAM

Abstract: Child Savings Accounts (CSAs) exist as policies, products, and programs, and are being offered by governments, financial institutions, and non-profits. This paper aims to provide an overview of the landscape of CSAs around the world; a summary of *reasons* why governments, financial institutions, and non-profits are offering CSAs and *features* of the accounts they offer; and a few of the obstacles these institutions face to successfully offering CSAs. By examining the breadth of CSAs as well as the areas of overlap between features of and rationales for CSAs currently offered by various institutions, we hope to illustrate some global trends in CSAs.

Acknowledgements

The authors¹ would like to thank our colleagues in the Asset Building Program at the New America Foundation and at the Center for Social Development for providing invaluable input as well as background information on CSAs. We would also like to thank the following individuals for offering their expertise: Chandula Abeywickrema, Angela Arevalo, Stephanie Grell Azar, Brian Branch, Gregory Chen, Susy Cheston, Joan Hall, Helena Jevons, Parag Khanna, Anne-Francoise Lefevre, Fiona Macaulay, Sergio Marxuach, Katherine McKee, Gida Nakazibwe-Sekandi, Mark Napier, Lisa Parrott, Jared Penner, John Schiller, Jennefer Sebstad, Mike Soto, Fred Ssewamala, Evelyn Stark, Bram Stoffele, and Thierry van Bastelaer. Finally, we are particularly grateful to the financial institutions and non-profits that took time to participate in our survey. While those mentioned above provided invaluable assistance, any errors are solely the responsibility of the authors.

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INTRODUCTION

Child Savings Accounts (CSAs) exist as policies, products, and programs, and are currently being offered by governments, financial institutions, and non-profits. CSAs are more than basic savings accounts. What distinguishes CSAs from standard savings accounts is the degree to which they serve as means to an end—most often to spur the social and/or economic development of children. Another distinguishing feature is they are often intentionally targeted to children of low- and moderate-income families (as opposed to only children of middle-class and well-off families).

The concept behind CSAs is based on the premise that saving is an important way for an individual to build assets and accumulate the wealth necessary to meet a variety of needs throughout one's lifetime. Households can use savings to build a nest egg for future investments, and in the shorter term to build a stock of resources to cushion against economic shocks (such as sickness, famine, natural disaster, or death of a family member). Such a cushion can forestall the need for households to sell off productive assets (such as equipment used to run a small business), or withdraw their children from school (more common within developing countries). Savings can also have positive long-term effects, known as "asset effects." These include adopting a more hopeful outlook on the future, or what researchers refer to as a "future orientation."² As a result, savings products, policies, and programs that are specifically designed to facilitate a child's accumulation of assets at an early age are increasingly considered a viable option for motivating young people to enter formal financial systems, build assets in their youth and throughout their adult lives, and ultimately lead to economic and social advancement for themselves and their families.

There is no universal model for CSAs. The design of CSAs can vary widely, from simple, low-cost savings products offered by financial institutions, to universal, life-long savings platforms with significant financial incentives offered by governments.

Variations in CSA design depend largely on the type of institution offering them, and the

² For an introduction to the concept of "asset effects," see: Michael Sherraden, "Key Questions in Asset Building Research," Center for Social Development, 1999, at <http://gwbweb.wustl.edu/csd/asset/keyquestions.htm> (accessed June 10, 2008). For an example of a study showing effects of holding assets on health attitudes and educational plans, see: Fred M. Ssewamala et al. "A Novel Economic Intervention to Reduce HIV Risks Among School-Going AIDS Orphans in Rural Uganda," *Journal of Adolescent Health*, 42, 2008, pp.102-104.

institution's purposes for doing so. For example, a financial institution may offer a CSA product intended to cultivate new clients or help children develop a habit of savings; a non-profit may establish a CSA program intended to protect children from future economic shocks, help children build a stock of resources for future investments, or enable children greater access to education and healthcare; and a government may design a CSA policy intended to reduce poverty of children and their families, expand opportunity to the disadvantaged, or promote overall development within a society. However, while some purposes of CSAs are unique to particular types of institutions, there are also often instances of overlap in purpose and hence similarity in design.

CSA TYPOLOGY: PRODUCTS, PROGRAMS, AND POLICIES

- **CSA Product**—This type of CSA is typically offered by financial institutions such as banks, credit unions, or microfinance institutions. It may have features such as a low initial deposit and in-kind incentives, such as a mug or school bag, for achieving certain balances.
- **CSA Program**—This type of CSA is typically offered by institutions such as non-profits and research organizations attempting to test impacts of CSAs on health, educational, and other outcomes. It may have features such as those mentioned above, as well as features such as significant financial incentives (i.e. a lump sum of “seed” money when the account is first opened and/or “matches” to deposits made by the family of the account holder or the child him/herself).
- **CSA Policy** —This type of CSA is typically implemented by governments, both local and national. It may have features such as those mentioned above, as well as features such as being progressive (i.e. giving more financial support to those more in need) and/or being universal (i.e. being offered to every newborn or child in a locality).

This paper aims to augment the limited existing literature and research on CSAs by providing an overview of the current global landscape of CSAs in their various forms. By describing and briefly assessing some of the reasons why institutions offer CSAs and the range of features that can constitute their design, we aim to broaden understanding of these accounts in their various forms. Furthermore, we hope to illustrate some global trends in child savings accounts. For example, our examination of the current breadth of CSAs illustrates their perceived potential as a flexible and effective tool in the fields of social policy, philanthropy, and financial services. While the goal of this paper is not to advocate CSAs along these lines, we argue that they warrant further attention and examination.

The paper begins with an introduction containing an overview of CSAs and some notes on the research methodology we used for data collection. It then provides a

description and analysis of common features and purposes of CSAs in their variety of forms and purposes, while providing related anecdotes and insights from our research that inform our views. The paper concludes with a discussion of a few major obstacles faced by existing and potential providers of CSAs. An Appendix at the end of this paper offers a comparison of features of and rationales for various CSA products, programs, and policies in operation around the world.

Research Methodology

It is important to note that, whether offered in the form of products from financial institutions, non-profit programs, or government policies, we primarily reviewed CSAs held at *formal* financial institutions (including private sector banks, government-run banks, formal microfinance institutions, and credit unions). These institutions contrast with *informal* ones, such as Rotating Savings and Credit Associations (ROSCAs), some Self Help Groups (SHGs) and marriage and funeral savings funds; storing savings in non-monetary forms such as gold and livestock; or stowing money “under the mattress.”³ Formal financial institutions can offer benefits including enhanced safety of funds, a potential hedge against inflation, enhanced access to other financial products (such as loans and insurance), and physical evidence of a person’s identity that offers a link to the mainstream of society.

We collected much of the data in this paper by administering written and telephone surveys to officials at financial institutions and non-profits that offer CSAs. We administered surveys by phone and e-mail from October 2007 to December 2007, and received responses from 20 institutions. These surveys were supplemented by conversations with experts in the microfinance and financial services fields, and information from government web sites. We also used published materials from institutions offering CSAs, as well research from the Center for Social Development, World Savings Banks Institute (WSBI), World Council of Credit Unions (WOCCU), and other organizations.⁴ However, we acknowledge that we relied on data from only a

³ For more on informal savings methods, see: Stuart Rutherford, “Savings And The Poor: The Methods, Use and Impact Of Savings By The Poor Of East Africa,” MicroSave, May 1999.

⁴ We try to note in the paper sources of data when they did not come from our surveys.

fraction of the institutions offering CSA products, programs, or policies worldwide. As such, the overview provided in this paper is illustrative rather than exhaustive.

SURVEY RESPONDENTS

1. ANZ (Pacific)
2. A Self-help Assistance Program (Zimbabwe)
3. BancoEstado (Chile)
4. Banco de la Provincia de Buenos Aires (Argentina)
5. Barclays Bank (Ghana)
6. Barclays Bank (Uganda)
7. Caixa Economica Federal (Brazil)
8. CARE (multiple countries)
9. Children's Development Bank (Asia)
10. Equity Bank (Kenya)
11. ICICI Bank (India)
12. Kenya Post Office Savings Bank (Kenya)
13. National Savings Bank (Sri Lanka)
14. PNG Microfinance (Papua New Guinea)
15. Proyecto FCF—WOCCU (Ecuador)
16. SANASA (Sri Lanka)
17. ServiRed (Bolivia)
18. Seylan Bank (Sri Lanka)
19. Sistema Fedecredito (El Salvador)
20. World Vision International (Ethiopia)

THE LANDSCAPE OF CSA DESIGN AND PRACTICE

CSAs are offered in a variety of forms and for a variety of purposes.⁵ There appears to be a direct relationship between an institution's objective(s) for offering CSAs and features of the accounts they offer. The extent to which a CSA product, program, or policy is intentionally designed to be developmental varies by the type of institution offering the accounts. For example, commercial banks typically prioritize commercial considerations over other objectives and thus design CSA products with "lower touch" features (i.e. basic account features, such as low minimum initial deposits and balances,

⁵ This section builds upon research done by the Center for Social Development and the World Savings Banks Institute. See, for example: Vernon Loke and Michael Sherraden, "Building Assets from Birth: A Global Comparison of Child Development Account Policies," Center for Social Development, 2008. Also see: World Savings Banks Institute, "The Provision of Microfinance Services by Savings Banks: Selected experiences from Africa, Asia and Latin America," October 2004. In the latter report, WSBI noted that general features of youth and school savings plans offered by financial institutions include small minimum balances, and prizes such as scholarships and education materials awarded to children and schools for their participation and cooperation.

or interest rate bonuses that are geared toward increasing a client base). Governments, by contrast, tend to offer CSAs to meet social policy objectives, such as poverty reduction or increased economic equity in society. For that reason, government CSA policy design tends to be more complex and the account features higher-touch (i.e. highly intentional features such as progressive matching or seeding of accounts, or universal accounts opened at birth). State-run savings banks and member-owned cooperatives often have a multi-pronged mission of financial inclusion, poverty reduction, and sustainability. Meanwhile, a non-profit may offer CSAs to extend economic opportunities for the poor. Thus, the objectives and features of CSAs offered by institutions such as state-run savings banks and non-profits tend to fall in between those of commercial banks and governments.

In this section, we describe eight likely purposes of CSA products, programs, and policies, as well as the range of ten features different institutions choose when designing CSAs to meet those purposes. As the discussion below illustrates, there is no universal CSA model, as the features are closely linked with the specific objectives of the institution offering them.

CSA PURPOSES

Below is a diagram that illustrates a range of reasons why financial institutions, non-profits and governments choose to offer CSAs. We acknowledge that there are likely outliers in this typology. At the same time, we offer in the text below a few anecdotes that inform our view.



Satisfying Corporate Social Responsibility

Corporate social responsibility (CSR), as defined by the International Finance Corporation, is “the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development.”⁶ A good corporate image can both help a bank attract new customers and improve the reputation of a bank with the government, including banking regulators. This is something that can be very important for foreign banks. Also, there is a trend toward evaluating the performance of financial institutions not by profitability alone, but by a “double bottom line.” Increasingly both financial performance and “social performance” are seen as important objectives to financial institutions, especially MFIs.⁷ In this vein, banks can point to CSAs as a way of demonstrating their concern for the development of

⁶ International Finance Corporation web site, at <http://www.ifc.org/ifcext/economics.nsf/content/csr-intropage> (accessed July 28, 2008).

⁷ Syed Hashemi, “Beyond Good Intentions: Measuring the Social Performance of Microfinance Institutions,” CGAP, May 2007.

children, thus potentially bolstering their reputations as good corporate citizens. For example, Thailand's Government Savings Bank believes a benefit of operating deposit centers in schools is the improvement of its image in the community.⁸ In another example, Hatton National Bank, a publicly listed bank in Sri Lanka, sees offering CSAs as part of the bank's "responsibility to inculcate savings habits into young people."⁹

Cultivating Young People, and Their Relatives, as Clients

Many banks aim to cultivate "life-long" customers that will be loyal to their businesses as they grow older. Hatton National Bank refers to this as creating a "sentimental attachment" to the bank, though more generally it can be thought of, from the bank's perspective, as "long-term client profitability."¹⁰ Potential payoffs to banks for such an attachment can include that young people gradually make larger deposits as they grow older and that savings accounts serve as a "gateway" to other financial products, such as loans and insurance, as customers enter adulthood.

In one example, Barclays Bank began offering CSAs in Ghana as part of a cradle-to-grave strategy. "Nurturing a savings culture in children was a good start to developing loyal customers and it also afforded us the opportunity to be a financial partner through the different stages of the customer's life," according to a survey response from Barclays in Ghana. PNG Microfinance—a microfinance institution (MFI) in Papua New Guinea in which the International Finance Corporation has invested—sees CSAs as a way to broaden the MFI's customer base. Seylan Bank, a publicly listed bank in Sri Lanka, uses CSAs as a means to attract customers that will maintain a long-term relationship with the bank. The name of the long-term children's savings accounts offered by XacBank, a bank in Mongolia, "Future Millionaire," reflects such optimism.¹¹

⁸ Government Savings Bank, "School-based Banking Project: Government Savings Bank, Thailand," PowerPoint presentation, no date. Presentation provided by the World Savings Banks Institute in 2007.

⁹ The Microfinance Gateway, "Banking on the Future: An Interview with Chandula Abeywickrema from Hatton National Bank in Sri Lanka," at http://www.microfinancegateway.org/resource_centers/savings/practitioners/bankingfuture (accessed July 28, 2008).

¹⁰ *Ibid.*

¹¹ XacBank web site, at <http://www.xacbank.mn/details.saving.php?menu=100&card=FUTURE%20MILLIONAIRE%20%E2%80%93%20Child%E2%80%99s%20long%20term%20savings> (accessed June 10, 2008).

BARCLAYS IN UGANDA: TARGETING THE MASS MARKET—INCLUDING CHILDREN

Barclays Bank has recently shifted its strategy in Uganda to focus on more segments of the country's banking market. In the past, Barclays, which has operations in at least nine other countries in Africa, was mostly looking "up market" in Uganda, an executive at the bank said in a survey. However, more recently, the bank has developed a savings product for every segment of society, from the "affluent" segment to the "lower-end/mass" segment, the executive said. In line with this strategy, the bank launched CSAs in Uganda in 2006. Features of this product, as explained in a survey, include an "entry level" of 10,000 Ugandan shillings (US\$6.25); a limit of one withdrawal per quarter; and an offer of a bonus of double the amount of interest earned every three months if no withdrawals are made in the period.

Fostering a Habit (or Even Culture) of Savings Among Children

Among all institution types, fostering a habit or culture of savings among children is a common reason for offering CSAs. For instance, Equity Bank, a publicly listed bank in Kenya, began offering CSAs in part to promote a culture of savings, while National Savings Bank, a government-owned bank in Sri Lanka, offers CSAs to "inculcate [a] savings habit among children," the banks said in surveys. ANZ, an Australian bank, mentioned the need to create a savings culture as reason for its outreach to children in the Pacific. An ANZ executive pointed out that because of the hot and humid climate in Samoa, there is a general way of thinking that if you get something today, it's better to consume it today, or else it spoils. As such, in places like Samoa, "the whole idea is to get children to save," the executive said in a survey. In addition to helping children accumulate assets, promoting a habit of savings can be good business for banks, as it can translate into a stream of regular deposits and a long-term relationship with clients.

Integrating Young People, and their Families, into the Formal Financial System

Saving at a formal financial institution provides physical evidence (i.e. in the form of an account passbook) of a child's identity that can offer a link to the financial mainstream. CSAs can also serve as a channel to integrate parents and other family members of child account holders into the banking system; when a relative visits a bank to make a deposit in the child's account, the bank has an opportunity to encourage the adult to open an account of their own. Proyecto FCF—WOCCU, a technical assistance project to support credit unions in Ecuador, noted that child account holders of participating credit unions have brought family members as well as other children into credit unions as new customers. For a government, introducing a CSA policy can be part

of a strategy of fostering inclusion of children from low- and moderate-income citizens into the formal financial system.

Building Financial Literacy of Young Account Holders

Institutions may offer CSAs in order to develop financial literacy among their clients or constituencies. Building financial literacy from a young age can be important because it can create savvy consumers of financial products, such as microloans in developing economies, and mortgages and credit cards in more developed economies. While some institutions offer financial education and training as a component of their overall CSA offering, others believe that the presence of a CSA itself can contribute to financial literacy. They contend that having ownership of and making deposits in savings accounts can help a child learn financial skills such as budgeting, understanding the power of compound interest, and learning how banks work.¹²

For example, Children's Development Bank (CDB), a non-profit bank for street children and working children in Asia, seeks to teach budgeting skills.¹³ CDB is an initiative of Butterflies, a non-governmental organization (NGO) based in India that also operates branches and sub-branches in Nepal, Afghanistan, and Bangladesh. CDB is effectively a cooperative with children as members. Children—some of whom earn small amounts of money doing activities such as serving as porters and shining shoes—manage the bank operations under the guidance of adults. In addition to providing a safe place to hold money, the bank uses its deposit base to offer small loans to adolescent members to set-up “small economic enterprises.” Many members do not have identity cards or birth certificates, and thus would have difficulty securing loans at other banks.

At the government level, the proposed KIDS Account policy in the United States calls for development of financial literacy programs for children and parents.¹⁴ Improving

¹² A study on mobilizing savings among the urban poor in Pakistan found that participants “do not have a great deal of knowledge about banks and the services they offer, and see their own limited education as a barrier to understanding and using banks.” The study adds, “Banks are seen by the urban poor to be intimidating.” See: Hussan-Bano Burki and Shama Mohammed, “Mobilizing Savings from the Urban Poor in Pakistan: An Initial Inquiry,” ShoreBank International, January 2008, p.10.

¹³ Butterflies, “CHILDREN'S DEVELOPMENT BANK: Power to the children,” no date. Children's Development Bank web site, at <http://www.childrensdevelopmentbank.org/allcdb.htm> (accessed June 5, 2008).

¹⁴ Reid Cramer, “The America Savings for Personal Investment, Retirement, and Education Act (“The ASPIRE Act of 2007”): To provide every newborn with a KIDS Account: QUESTIONS AND ANSWERS,” October 2007.

citizen understanding of personal finance can be beneficial to governments because widespread better use of financial products can boost the prosperity of a society. Financial literacy can also be beneficial to the long-term success of banks because effective use of financial products can bring about a more prosperous client base.

ASAP-AFRICA: CHILDREN, FINANCIAL LITERACY AND VSLAS

One example of the connection between child savings and financial education is the work of A Self-help Assistance Program (ASAP), an NGO. ASAP runs a savings program for schoolchildren in Zimbabwe as a compliment to its “Bridge the Gap” math project, which seeks to promote math learning. The children’s savings program is based on the Village Savings and Loan Association (VSLA) model, and is being implemented in schools where ASAP’s math project is active. In ASAP’s children’s savings program, the children in the self-selected groups agree on an amount of savings each will contribute each month. Some members of the group borrow from the savings pot in order to finance income generating activities (IGAs). Borrowers are expected to return the loan at the end of the month, with interest. All the money is usually borrowed to be used for IGAs in order to guard against inflation. (As of early 2008, Zimbabwe had the world’s highest inflation rate).¹⁵ The student club members usually get monies to deposit with the club from their parents. A goal of ASAP’s savings project is to promote student self-reliability from an early age, such as by allowing them to purchase their own stationery and other small items. ASAP noted in its survey response that the children’s savings program fits well with “Bridge the Gap” since calculating interest and recording transactions involve math.

Ensuring that Children Enter Adulthood with a Stock of Financial Assets

Some CSA programs and policies have been established with the central aim of providing children with a “nest egg” to use after they finish secondary school and/or reach adulthood. Young people can use such a nest egg to finance higher education or technical training, help fund a small business, make a down payment on a house, begin building a retirement fund, and/or stash away in an emergency fund. The United Kingdom’s Child Trust Fund cites to “ensure your child has savings at the age of 18” as a key goal of the policy.¹⁶ SEED for Oklahoma Kids, a demonstration project aimed at helping parents save for their children’s post-high school education, offers selected children a special account “seeded” with US\$1000. A goal of the program is for children to have money for their education after high school.¹⁷

¹⁵ Angus Shaw, “Zimbabwe inflation now over 1 million percent,” from the AP via Boston.com http://www.boston.com/news/world/africa/articles/2008/05/21/zimbabwe_inflation_now_over_1_million_percent/ (accessed June 5, 2008)

¹⁶ Child Trust Fund web site, at http://www.childtrustfund.gov.uk/templates/Page_1147.aspx (accessed June 5, 2008).

¹⁷ See: SEED for Oklahoma Kids, “SEED for Oklahoma Kids, A Special Opportunity to Save for Your Child: Answers to Frequently Asked Questions,” at www.ok.gov/treasurer/documents/SEEDOK%20FAQ-r.pdf (accessed June 4, 2008).

THE CHILD TRUST FUND: THE UK'S APPROACH TO ASSETS AND OPPORTUNITY FOR ALL

One of the goals of the United Kingdom's Child Trust Fund is to help accountholders understand personal finance. Under the Child Trust Fund, implemented in 2005, the government issues parents/guardians a £250 (US\$488) voucher upon a child's birth. Children from lower-income households receive an additional £250. The parent/guardian then takes the voucher to a bank and uses the voucher to open an account on behalf of the child. (Parents/guardians can choose to open a savings account or an account that invests in shares. This decision depends, in part, on their appetite for risk). If the parent/guardian does not redeem the government-issued voucher after one year, an account is automatically opened on behalf of the child. All accountholders receive a top-up of £250 on their seventh birthday, and accountholders from low-income families receive an additional £250 top-up at this age.

Reducing Poverty

For governments and some non-profits, poverty reduction can be an underlying objective of CSA policies and programs they offer. For instance, the Oportunidades social assistance program in Mexico is the principal anti-poverty program of the country's government, covering millions of its rural and urban poor.¹⁸ In 2003, the program launched a child savings component called *Jovenes con Oportunidades*, (Youth with Opportunities). The program opens savings accounts for children (of poor families already recipients of Oportunidades support) that are intended to incentivize continued education. The accounts are opened in a child's last year of *Secundaria* (roughly equivalent to middle school in the United States) and "points" are deposited into the account for each year the student successfully completes of *Educación Media Superior* (roughly equivalent to high school in the United States).¹⁹ Upon graduation from *Educación Media Superior*, typically at age 18, the points can be either a) converted into money (and available for withdrawal), or b) remain in the savings account, which is currently administered by the bank Bansefi. This type of social program, which provides

¹⁸ The International Bank for Reconstruction and Development, "Reducing Poverty Sustaining Growth: Scaling Up Poverty Reduction: A Global Learning Process and Conference in Shanghai, May 25-27, 2004: Case Study Summaries," 2004, pp.260-262.

¹⁹ Oportunidades, "Proyecto de Reglas de Operacion Programa de Desarrollo Humano Oportunidades Ejercicio Fiscal 2008," available at the Oportunidades web site, at http://www.oportunidades.gob.mx/htmls/reglas_2007.html (accessed June 12, 2008).

cash on the condition that an individual performs an action deemed beneficial to themselves and society, is called a conditional cash transfer (CCT).²⁰

Reducing poverty is also a goal of a savings program that World Vision Ethiopia expects to launch for vulnerable children in Ethiopia. World Vision Ethiopia is a branch of World Vision International, a Christian humanitarian non-profit. The organization's program plans to open savings accounts for participating children at an MFI and make yearly deposits into the accounts. Under the program, the accounts will be opened at Wisdom, an MFI in Ethiopia. The program plans to automatically transfer the equivalent of about US\$15 each year into each child's account. The program is an example of how philanthropy can support CSAs. A premise of the program is if you grant money to young people over a number of years, they will treat it better and be a better steward than if the money is given to them in one lump sum. An advantage of the program is that since the funds are deposited at a local MFI, they remain in the targeted communities. "From a donor's perspective, the impact of the money is on both the children and their community," an executive at VisionFund, the microfinance arm of World Vision International, said in a survey.

Equity and/or Narrowing the Wealth Gap between the Rich and Poor

Related to poverty reduction, narrowing the wealth gap between rich and poor is a goal of some governments establishing CSA policies. This was a motivation for South Korea's government to introduce its CSA policy, which was implemented in 2007. Through the policy, the government would seek to "resolve the fast-growing division between rich and poor which has been accelerated by globalization and informatization," said Rhyu Si-min, who was recently South Korea's Minister of Health and Welfare.²¹

Similarly, KIDS Accounts that would be established under the proposed America Saving for Personal Investment, Retirement, and Education Act of 2007 (ASPIRE Act of 2007) in the United States are seen by some analysts as an inclusive policy that will help broaden asset ownership. According to a New America Foundation analysis of the ASPIRE Act of 2007, United States federal policy "has historically discouraged asset

²⁰ For more information on CCTs, please see: Michelle Adato and John Hoddinott, "CONDITIONAL CASH TRANSFER PROGRAMS: A 'Magic Bullet' for Reducing Poverty?" International Food Policy Research Institute, October 2007.

²¹ Chang-Keun Han, Youngmi Kim, and Li Zou, "Global Assets Announcement: Child Development Accounts Proposed in South Korea," The Global Assets Project, 2006.

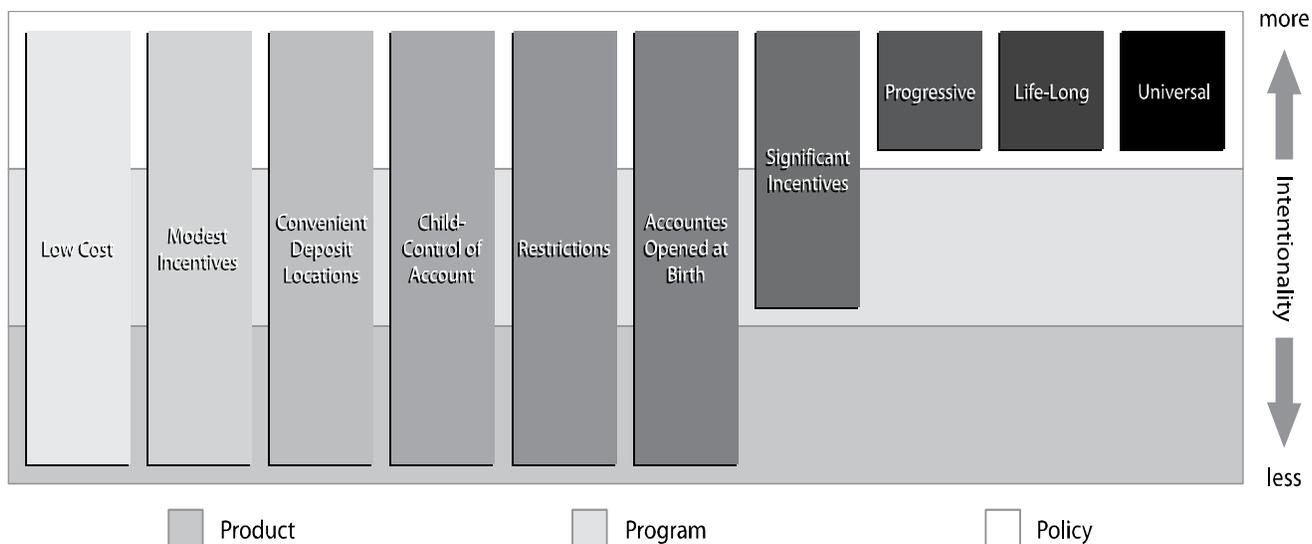
building among households with fewer resources while heavily subsidizing it for non-poor households... A smart policy would encourage all Americans to own assets.”²²

CSA FEATURES

In order to achieve the purposes outlined above, institutions typically choose at least one feature—and often a mix of at least a few—with which to design their CSA product, program, or policy. For example, governments seeking to reduce the wealth gap or expand opportunity for their citizens might consider the progressive funding of a CSA, which is a feature of the proposed KIDS Accounts policy in the United States and the CSA policy of South Korea. In this section, we briefly describe ten features an institution may incorporate into their design of a CSA. As in our discussion of CSA purposes, we acknowledge that there are likely a number of exceptions to this typology, while also offering in the text below a few anecdotes that inform our view.

Note that the final three CSA features we discuss—progressivity, life-long savings, and universality—are only found in CSA policies. As they are not features of CSA products, *per se*, they could in fact be considered separately as “design dimensions” of CSA policies. However, we chose to illustrate them within our features spectrum in order to convey a complete range of features different institutions can consider in their CSA design.

²² Reid Cramer, “The America Savings for Personal Investment, Retirement, and Education Act (“The ASPIRE Act of 2007”): To Provide every newborn with a KIDS Account: Questions and Answers,” October 2007. United States federal policy that discourages lower-income households from building assets include “asset limits,” which are limits to the value of assets (such as a car) a household can own and still qualify for certain federal assistance programs. Conversely, federal policies that are disproportionately taken advantage of by middle-class and wealthy families include tax deductions for mortgages and retirement savings.



Low Cost (to Accountholders)

Making a savings account affordable and attractive to children appears to be the most common feature of a CSA, regardless of the type of institution offering it. Low minimums on an account typically allow individuals to open a savings account with a modest amount of money, and maintain modest balances with low or no fees. Low costs can be a strong incentive to save because households in developing countries often cite high fees as a reason for not saving in a bank account.²³ Examples of low minimum opening deposits on CSAs include that of 100 Sri Lankan rupees (US\$0.93) offered by Seylan Bank of Sri Lanka, and five Sri Lankan rupees offered by National Savings Bank also of Sri Lanka.²⁴

SRI LANKA: BANKS COMPETING TO SIGN UP CHILDREN FOR CSAS

In Sri Lanka,—a market where a number of banks are targeting children—a key concern cited by banks is competition. Hatton National Bank and Seylan Bank (publicly-listed banks), National Savings Bank (a government-owned bank), HSBC (a multinational bank), as well as a number of “primary societies” (essentially credit unions), are all competing for young

²³ See: United Nations, *Building Inclusive Financial Sectors for Development*, 2006, p.36. See also: Stijn Claessens, “Access to Financial Services: A Review of the Issues and Public Policy Objectives,” World Bank, May 2005, pp.12-13.

²⁴ See: Seylan Bank web site, http://www.eseylan.com/childrens_account.asp, (accessed June 4, 2008). There is a minimum opening deposit of five Sri Lankan rupees for National Savings Bank’s “Hapan” and “Punchi Hapan” accounts for minors. See: National Savings Bank web site, http://www.nsb.lk/PB_Hapan.asp (accessed June 4, 2008).

customers.²⁵ Seylan Bank introduced “branded” accounts about 15 years ago in order to create a “niche” in the children’s segment. Other banks followed, according to an executive at Seylan Bank. Now “everyone is getting into the lucrative market for children,” and “nobody wants to leave out the segment,” the executive said. Seylan Bank considers itself a “very mass bank,” which it says means it seeks out young customers from the middle- and lower-middle class families. To keep up with customer preferences, Seylan Bank researches the types of gifts that children like, and, for example in 2006 “fully revamped” its gift line-up. Recently, the bank was offering child accountholders prizes such as mugs, school bags, watches, and bicycles when their balance reached certain levels. Meanwhile, as part of the bank’s “continuation strategy,” Seylan Bank offers grants to student accountholders who perform exceptionally well in school, or young accountholders who undergo serious surgeries. The bank operates savings centers in about 90 schools where students, who often get money to deposit in the form of pocket money from their parents, can make deposits.

In-Kind or Modest Financial Incentives

Incentives are used to encourage families to open accounts for their children, build their balances, and support a disciplined approach to savings. In-kind incentives can be such things as the gift of a piggy bank upon signing up for an account; prizes, such as mugs and school bags, when an account balance reaches certain levels; entry into a raffle draw with prizes such as trips to amusement parks; and invitations to annual holiday parties for all CSA accountholders. For example, institutions that are members of Sistema Fedecredito—a financial intermediary in El Salvador that provides member cooperatives with credit—offer special celebration parties, gifts (such as piggy banks), and discounts at bookstores and amusement parks to CSA accountholders.

Modest financial incentives can include higher interest rates compared with other savings products at the institution or in the market. They can also include bonus interest for periods during which accountholders do not withdraw funds. For example, Barclays Bank in Uganda offers their CSA accountholders double the usual interest award for those who make no withdrawal during a quarter. BancoEstado, a public bank in Chile, offers a 10 percent bonus on the amount of interest earned in a year if no withdrawals are made “in the period,” according to a survey response.

²⁵ For a description of HSBC’s children’s savings product in Sri Lanka, see the bank’s web site at, <http://www.hsbc.lk/1/2/personal/savings/sri-lankan-rupee-childrens-savings-accounts> (accessed June 10, 2008).

Convenient Deposit Locations

The ability of accountholders to make deposits in convenient locations, such as schools, can enable more children to make regular deposits in their savings account by reducing a key barrier: physical access to financial services. This outreach is aimed at expanding access to and use of CSAs, and is often carried out at places (such as government schools) where a large cross-section of children are present (as opposed to those primarily from middle-class or well-off families).

There are at least a few banks that operate deposit centers at schools where students can deposit money before classes and at lunch. For example, Thailand's Government Savings Bank operates a school-based banking program where banking centers in schools are operated by students who receive training in bookkeeping from bank employees, and supported by teachers and bank staff. The bank's school-based banking centers offer both deposit and withdrawal services. Students deposit money with the school bank; the school, in turn, opens one account with the bank.²⁶

Also, banks can operate a "mobile branch," by use of motorbikes, motor vehicles, and other modes of transport, in which bank employees periodically visit schools to collect deposits. For example, ANZ of Australia sends out a vehicle to travel on a set route around Samoa's most-populous island, Upolu, four days a week visiting different schools and also serving the school communities. In another example of outreach to schools, PNG Microfinance of Papua New Guinea sends employees from its branches into schools in the vicinity of the branches to collect deposits.

Ability of Children to Control the Accounts

The ability of children to control their savings accounts (without a co-signer) can empower children and may give them a stronger sense of personal identity. It can also protect their account against misuse of the funds by family members or guardians. In many countries, children must wait until the age of majority, often 18 years old, before banks will allow them to control their own accounts. Yet this is not always the case. For example, BancoEstado in Chile allows girls to manage savings accounts at age 12 and

²⁶ Government Savings Bank, "School-based Banking Project: Government Savings Bank, Thailand," PowerPoint presentation, no date.

boys to manage savings accounts at age 14. The differing ages are a factor of the bank's definition of "pubescent minors." ServiRed, a network of credit unions in Bolivia, has member institutions that prohibit parents from withdrawing savings from CSAs without the child's consent.

A study done by the India HIV/AIDS Alliance explored possible consequences of lack of access to savings accounts on orphaned street children.²⁷ According to the study, orphaned street children may end up spending any excess money they earn from odd jobs on harmful items such as alcohol and drugs, because they don't have access to banking services. In India, banking practices allow minors (those under 18 years old) to open joint bank accounts with their guardians, according to the study. As such, children have no access to banking services without guardians (a situation common among orphans). Thus, the study goes on to recommend that banks alter their rules in order to permit minors to open deposit accounts without a guardian as joint accountholder.

Restrictions

CSAs can be designed to impose many types of limitations on the timing of withdrawals and/or usage of money in the accounts upon withdrawal. Withdrawal limitations can help promote a disciplined approach to savings while also reducing transaction costs for financial institutions. When coupled with financial incentives—such as higher interest rates, matching, seeding, and top-ups (described in detail below)—the account becomes even more "intentional," as this structure imposes discipline on accountholders while rewarding savings.²⁸ Usage restrictions of CSA funds can vary but are typically intended to facilitate reaching such economic and social goals as paying for school or for school-related fees, starting a small business, purchasing property or a first home, or saving for retirement. Accounts that have withdrawal timing/usage restrictions are typically referred to as commitment savings plans.²⁹

²⁷ India HIV/AIDS Alliance, "Banking Options for Children in Situations of Vulnerability Compounded by HIV/AIDS," December 2007.

²⁸ Sherraden has suggested that "institutional factors" play an important role in wealth accumulation. In the United States, such institutions include favorable tax laws, such as mortgage interest tax deductions and tax-deferred retirement plans. See: Michael Sherraden, *Assets and the poor: A new American welfare policy*, Armonk, N.Y., M.E. Sharpe, 1991, Chapter 7.

²⁹ For a review of commitment savings products in developing countries, see: Nava Ashraf et al., "A Review of Commitment Savings Products in Developing Countries," 2003.

It is important to note that CSAs with major restrictions (a characteristic common in government policies) are typically not intended to serve all the short-term savings needs of children. Even children who can benefit from CSAs with withdrawal restrictions will likely require other short-term, flexible and unrestricted products to meet their various needs over their lifetime. In fact, in the absence of additional savings mechanisms, highly restrictive savings accounts could be detrimental to the development of some children. Children, particularly those orphaned and vulnerable, may need a savings account to primarily serve as a “shock absorber” in case of an emergency or to fund more immediate education, health, or small business needs.³⁰ Thus, in order for children to get the most benefit from longer-term, goal-oriented CSAs (and avoid penalties for early withdrawal), having a second, unrestricted savings account is important.

The United Kingdom’s Child Trust Fund is an example of a CSA with major restrictions. The government permits funds to be withdrawn from Child Trust Fund accounts only when a child reaches 18 years old (unless the child is terminally ill).³¹ Meanwhile, some CSAs are designed with restrictions that are more flexible or shorter term than those like the Child Trust Fund. SUUBI, a matched savings experiment in Uganda, incorporates an example of a CSA with more moderate restrictions. SUUBI is a study that builds on the SEED-Uganda pilot study, which is described in subsequent sections. Under the SUUBI program, children, who receive a 2:1 match on all deposits, can withdraw their personal savings from their account at any time. However, if they make a withdrawal for purposes other than those specified (specified purposes are post-primary education and micro-enterprise development), they forego the associated match.

Withdrawal restrictions are one of the more common features of CSAs. Other examples include the following. Khan Bank in Mongolia restricts withdrawals of its “Children’s Future Deposit” account before age 18 (while at the same time offering

³⁰ For a study that illustrates the importance of accessible savings, see: Annabel Erulkar et al., “Tap and Reposition Youth (TRY): Providing Social Support, Savings, and Microcredit Opportunities for Young Women in Areas with High HIV Prevalence,” Population Council and K-Rep Development Agency, 2006.

³¹ Information on the Child Trust Fund comes from: Vernon Loke and Michael Sherraden, “Building Assets from Birth: A Global Comparison of Child Development Account Policies,” Center for Social Development, 2008; Reid Cramer, “Asset-based Welfare Policy in the U.K.: Findings from the Child Trust Fund and Savings Gateway Initiatives,” New America Foundation, November 2007; and the Child Trust Fund web site, at <http://www.childtrustfund.gov.uk> (accessed June 4, 2008).

holders of this account “the highest deposit rate announced in that particular year”).³² World Vision Ethiopia has set as a condition of its planned child savings program that the organization must approve all withdrawals before a child is 18 years old (such as to fund education) to prevent guardians from exploiting children. SANASA of Aluthgama City, a primary society (roughly equivalent to a credit union) in Sri Lanka, only allows withdrawals before age 18 from the institution’s CSAs if children encounter bad health or if the money is used to fund education.

Optional or Automatic Opening of Accounts at Birth

Making it automatic or easy for parents/guardians to open savings account at the birth of their children can increase uptake of accounts. While opening accounts at birth is typically a design feature of CSA policies focused on inclusion, it can also be a feature of CSAs offered by banks interested in attracting (very) young clients. The field of behavioral economics can help explain the potential effectiveness of institutions automatically opening an account on behalf of individuals, such as the case with the United Kingdom’s Child Trust Fund, an account that is automatically opened for newborns at birth by the government. Behavioral economics, which draws insights from economics and psychology, can be thought of as the study of how people make choices.³³ It generally operates with the premise that individuals don’t always make rational choices, and thus are potentially responsive to “innovations”—such as those laid out in “Using Financial Innovation to Support Savers” by Peter Tufano and Daniel Schneider—that stimulate savings by helping people overcome impediments to savings.³⁴

Hatton National Bank in Sri Lanka makes it easy for parents to open savings accounts for their newborn children. In March 2008, Hatton National Bank launched its “Singithi Kirikatiyo” savings scheme targeted toward infants, which the bank offers at a number of hospitals. Under the scheme, parents of newborns who open an account by depositing 1,000 Sri Lankan rupees (US\$9.28) will receive a “gift” of 1,000 Sri Lankan

³² Khan Bank web site, <http://www.khanbank.com/service.php?type=1#3>, (accessed June 4, 2008).

³³ Craig Lambert, “The Marketplace of Perceptions,” *Harvard Magazine*, March–April 2006.

³⁴ See: Peter Tufano and Daniel Schneider, “Using Financial Innovation to Support Savers: From Coercion to Excitement,” Harvard Business School Finance Working Paper, 2008. Available at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1120382 (accessed June 4, 2008).

rupees from the bank deposited into the account.³⁵ In general, with infant accounts, “parents and relatives are incentivized to place money in the child’s account instead of offering other gifts such as gold or jewelry...,” Chandula Abeywickrema, an executive at Hatton National Bank has said.³⁶ Of course, opening such an account is optional (in contrast to the United Kingdom’s Child Trust Fund, which is automatically opened).

Significant Financial Incentive(s)

Significant financial incentives are generally features of CSA policies and some programs, but not of banking products because of their expense. These incentives typically comes in the form of “seeding” a CSA with funds at its opening, “matching” deposits made by a child or on the child’s behalf, or “topping-up” the account once it reaching certain balances. Seeding an account is aimed at incentivizing children and their families to begin to make regular deposits in a CSA by giving them a base to build on. Matches and top-ups are aimed at sustaining a habit of savings and helping balances grow more quickly.

World Vision Ethiopia’s planned CSA program calls for the organization to deposit the equivalent of about US\$15 into CSA accounts of participating children each year. The Savings for Education, Entrepreneurship, and Downpayment (SEED) initiative is testing significant financial incentives in CSAs in Oklahoma. Announced to the public in 2008, SEED for Oklahoma Kids deposits \$1000 into half of the participants’ (the experimental group) “SEED OK Accounts.”³⁷ Also, the project offers to match up to US\$250 of parent contributions to their child’s future education each year from 2008–2011.³⁸ The SEED Uganda program—a pilot study aimed at implementing and testing an

³⁵ Hatton National Bank web site, http://www.hnb.net/youth_sigithi_patum_test_kirikatiyo.asp, (accessed June 4, 2008).

³⁶ The Microfinance Gateway, “Banking on the Future: An Interview with Chandula Abeywickrema from Hatton National Bank in Sri Lanka,” at http://www.microfinancegateway.org/resource_centers/savings/practitioners/bankingfuture (accessed June 4, 2008).

³⁷ SEED for Oklahoma Kids is part of a larger initiative, Saving for Education, Entrepreneurship, and Downpayment (SEED), “a policy, practice, and research initiative designed to test the efficacy of and inform policy for a national system of asset-building accounts for children and youth.” See the Center for Social Development’s web site, at <http://gwbweb.wustl.edu/csd/SEED/SEED.htm> (accessed June 13, 2008).

³⁸ The government seed and matches are deposited into the “SEED OK Account,” which the state owns. Contributions from parents, which may qualify for matches, are made into a separate account, called an “Oklahoma College Savings Plan,” which the parents own. Half of participants (the experimental group) receive seed and are eligible to receive matches; the other half (the control group) receives no money. See:

asset-building intervention with orphaned children in Uganda—is another example of an institution that has offered CSAs with significant financial incentives.³⁹ In a study associated with the project, researchers matched, two-for-one, deposits made by family and friends of children in the experimental group.⁴⁰ In another example, Oportunidades, the social assistance program in Mexico that uses a CCT model, offers “points” that are converted into money, and available for withdrawal, upon a student’s graduation from *Educación Media Superior*, typically at age 18.⁴¹

SEED UGANDA: A LINK BETWEEN SAVINGS ACCOUNTS AND ATTITUDES

Fred Ssewamala, a social work professor at Columbia University, has been studying the effects of CSAs on orphaned children in Uganda through an intervention called SEED Uganda. In a study conducted by Ssewamala and co-researchers, some adolescents were given bank accounts (in their own name) while others were not.⁴² One year later, the researchers measured changes in the attitudes of both groups. They found that the adolescents given bank accounts had improved both their HIV prevention attitudes and educational plans, while those who were not given bank accounts had decreased scores in these measures. Also, the adolescents given bank accounts had increased aspirations for the future, in contrast to those not given accounts. Adolescents with accounts saved the equivalent of US\$8.85 monthly. With the intervention matching contributions from family and friends of adolescents at a 2:1 rate, the average adolescent with a bank account saved US\$26.55 monthly, or US\$318.60 per year. “This is an impressive amount in a poor country like Uganda, and was sufficient to cover a student’s post-primary education for two years,” the researchers concluded.

Progressivity

Progressivity is a feature that provides more funding, in the form of seeds, matches, and/or top-ups to children from lower-income families than to those from higher-income families. The idea of progressivity is to give more financial support to

SEED for Oklahoma Kids, “SEED for Oklahoma Kids, A Special Opportunity to Save for Your Child: Answers to Frequently Asked Questions,” at www.ok.gov/treasurer/documents/SEEDOK%20FAQ-r.pdf (accessed June 4, 2008); and George Warren Brown School of Social Work, “More than 1,000 Oklahoma Babies Get \$1000 for College Savings,” June 3, 2008, at <http://gwbweb.wustl.edu/newsroom/PressRelease/Pages/ChildDevelopmentAccounts.aspx> (accessed June 9, 2008).

³⁹ See: Description of SEED Uganda on Fred Ssewamala’s faculty page on Columbia University’s web site, at <http://www.columbia.edu/cu/ssw/faculty/profiles/ssewamala.html>.

⁴⁰ Fred M. Ssewamala et al. “A Novel Economic Intervention to Reduce HIV Risks Among School-Going AIDS Orphans in Rural Uganda,” *Journal of Adolescent Health*, 42, 2008, pp.102-104.

⁴¹ Oportunidades, “Proyecto de Reglas de Operacion Programa De Desarrollo Humano Oportunidades Ejercicio Fiscal 2008,” available at the Oportunidades, at http://www.oportunidades.gob.mx/htmls/reglas_2007.html (accessed June 12, 2008).

⁴² Fred M. Ssewamala et al. “A Novel Economic Intervention to Reduce HIV Risks Among School-Going AIDS Orphans in Rural Uganda,” *Journal of Adolescent Health*, 42, 2008, pp.102-104.

those who need it more. This feature is most common among government-offered CSA policies that aim to reduce poverty and/or promote equity and opportunity.

South Korea offers an example of a progressive CSA policy. South Korea's program is targeted at low- and moderate-income families and is being rolled-out in phases. During its first year, 2007, the program targeted 41,500 institutionalized children.⁴³ The government has said it plans to gradually expand the scope of the policy to include all children born into low-income families in 2008, children of all the working poor in 2009, and all children born to low- and middle-income households (or about 50 percent of all South Korean newborns) by 2010. The policy offers accountholders a one-to-one savings match up to 30,000 won (US\$29) for deposits made into the accounts each month. Also, the policy calls for institutionalized children to receive 60,000 won per month—30,000 won from the government and 30,000 won from organizational sponsors. South Korea's CSA policy is thus an example of a progressive CSA that aims to gradually increase the range of participants, but one that, at least as of now, stops short of universality. It also is an example of a CSA that is progressive within a subset of the individuals who are offered accounts.

The United Kingdom's Child Trust Fund is another example of a progressive CSA. As mentioned above, under the Child Trust Fund, children born into lower-income households receive an additional £250 (US\$488) on top of the £250 given to children of all families. Similarly, the proposed ASPIRE Act of 2007 in the United States would endow KIDS Accounts of households who earn up to half the national median income with a one-time *supplemental* initial contribution of US\$500, on top of the US\$500 initial contribution endowed to all accounts. (Children of households who earn 50 to 100 percent of the national median income would receive a reduced supplemental contribution).⁴⁴ In addition, under the ASPIRE Act of 2007, children of all households below the national median income would be eligible to receive a 100 percent matching contribution for the first US\$500 of private contributions every year until the accountholder reaches 18 years old.

⁴³ Vernon Loke and Michael Sherraden, "Building Assets from Birth: A Global Comparison of Children Development Account Policies," Center for Social Development, 2008.

⁴⁴ New America Foundation, "The America Savings for Personal Investment, Retirement, and Education Act ("The ASPIRE Act of 2007"): The Section-by-Section Summary of the Bill," October 2007. Reid Cramer, "The America Savings for Personal Investment, Retirement, and Education Act ("The ASPIRE Act of 2007"): To provide every newborn with a KIDS Account: QUESTIONS AND ANSWERS," October 2007.

CSAS IN THE UNITED STATES: PROSPECTS FOR FEDERAL POLICY

As of this writing, there are a number of different proposals for CSAs under consideration in the United States Congress.⁴⁵ These proposals advocate either automatic or voluntary CSAs for all children in the United States, for which we provide an example of each:

- **KIDS Accounts:** Under the ASPIRE Act of 2007, every child born after December 31, 2006 issued a Social Security number would *automatically* have a KIDS Account opened for them automatically. Each account would be endowed with a one-time \$500 contribution, and children in households earning below national median income would be eligible for a one-time supplemental contribution of up to \$500. Additional savings incentives include tax-free earnings, matched savings for eligible families, and financial education.

- **Young Savers Accounts:** While there are presently no age restrictions on who can own Roth Individual Retirement Accounts (Roth IRAs), only individuals with earned income are eligible to enroll and contribute. Youth Saver's Accounts (YSAs) would allow parents, for the first time, to *voluntarily* direct contributions to Roth IRA accounts for their children, not just for themselves. YSAs, like existing Roth IRAs, would permit penalty-free withdrawals for post-secondary education and purchase of a first home, as well as for retirement uses."⁴⁶

Life-long Savings Platform

Governments may design a CSA policy as part of an institutionalized savings platform that facilitates and encourages life-long savings. This can be accomplished by allowing children to either continue saving in their account once they reach adulthood or enabling them to roll existing funds from a CSA into another account of their choice. For example, the United Kingdom's Child Trust Fund has announced that it will allow funds from the CTF to be rolled over into Individual Savings Accounts (ISAs) upon maturity. "ISAs allow individuals to save without being subject to tax on any income or gains on those savings, in much the same way as CTF accounts," according to the Child Trust Fund web site.⁴⁷ In the United States, the KIDS Accounts proposal gives accountholders, once they reach age 18, the option of either keeping their accounts within the government KIDS Account Fund, or rolling the money over to a privately-managed KIDS Account. "The KIDS Account Fund will remain the default. No one would be forced out of this

⁴⁵ For more information on proposed CSA legislation in the United States, see: Reid Cramer, Rourke O'Brien, and Alejandra Lopez-Fernandini, "The Assets Report 2008: A Review, Assessment, and Forecast of Federal Assets Policy," New America Foundation, April 2008.

⁴⁶ Reid Cramer, Rourke O'Brien, and Alejandra Lopez-Fernandini, "The Assets Agenda: Policy Options to Promote Savings and Asset Ownership by Low- and Moderate-Income Americans," New America Foundation, 2008.

⁴⁷ Child Trust Fund web site, at <http://www.childtrustfund.gov.uk/templates/Page.aspx?id=1269> (accessed June 12, 2008).

[government] system,” according to a New America Foundation summary of the ASPIRE Act of 2007.⁴⁸

Universality

Universality is a feature that provides CSAs to every child in a locality or country and is often coupled with progressivity and/or life-long platform features. Universal CSAs are intended to foster broad-based financial inclusion and social development, and promote national economic growth. The Singapore government’s Edusave scheme is an example of a universal CSA policy.⁴⁹ Under Edusave, all Singaporean children between ages six and 16 receive an account that the government contributes money to each year. From 2008, the government contributes at least 180 Singapore dollars (US\$131) to each Edusave account each year. Money in the accounts is intended for use on enrichment programs and approved school fees.

In 2008, Caguas—a city that along with San Juan and Fajardo constitute Puerto Rico’s largest metropolitan area—began offering vouchers as part of a policy that gives all children born to residents of the city US\$250 that can be used to open a CSA at a private financial institution.⁵⁰ The United Kingdom’s Child Trust Fund and KIDS Accounts proposed in the United States are also examples of universal CSAs.

Summary

This discussion of CSA rationale and design is not meant to provide an inventory of all possible purposes and/or features of such accounts. Instead it intends to illustrate the most common purposes and features of current CSA products, programs, and policies. It also aims to demonstrate that while there is no universal CSA design; there are many overlapping design options and objectives for offering CSAs among all institution types.

⁴⁸ New America Foundation, “The America Savings for Personal Investment, Retirement, and Education Act (“The ASPIRE Act of 2007”): The Section-by-Section Summary of the Bill,” October 2007.

⁴⁹ Information on Singapore’s CSA policies from: Vernon Loke and Michael Sherraden, “Building Assets from Birth: A Global Comparison of Child Development Account Policies,” Center for Social Development, 2008; and the Singapore Ministry of Education’s web site, at <http://www.moe.gov.sg/initiatives/edusave/funds-grants-awards/#pupils-fund> (accessed June 5, 2008).

⁵⁰ Personal correspondence with Sergio Marxuach of the Center for the New Economy, April 2008. Federal Reserve Bank of New York’s web site, at http://www.newyorkfed.org/regional/profile_pr.html (accessed June 5, 2008).

Nonetheless, there are certain CSA features that are considered only in policy design, which as we mention above, could be easily referred to separately as design “dimensions.” Now that we have given an overview of some reasons an institution may offer CSAs and features (and dimensions) they may choose to incorporate, we next discuss a few obstacles faced by institutions currently providing, or planning to provide, CSAs.

OBSTACLES TO CHILD SAVINGS ACCOUNTS

Over the past several years, a relatively modest, but growing, number of institutions have begun offering CSA products or implementing CSA programs or policies. However, there are still a number of obstacles faced by existing and potential providers of the accounts—as well as constraints preventing other institutions from offering them. This final part discusses a few obstacles faced by institutions currently, or interested in, offering CSAs. Again, this list is intended to be illustrative, not exhaustive, as obstacles will vary depending on the institution offering the CSA and the context in which they are offering the accounts.

The Business Case

As a stand-alone product, banks are likely to make a profit by offering CSAs to children from poor families—at least not in the short term.⁵¹ This is mainly because children’s savings accounts usually have small balances, which translates into small amounts of savings with which to make loans. This discourages many from going “down market” to attract savings from children from such families.

Moreover, those institutions already offering CSAs acknowledge that creating products that provide incentives to encourage children to open accounts and build their balances can be expensive. SANASA of Aluthgama City in Sri Lanka said in a survey

⁵¹ For background on some of the business challenges financial institutions face in offering financial services to poor people, see: CGAP, “Savings for Poor People: *Good for clients, good for business?*” no date, at <http://www.cgap.org/p/site/c/template.rc/1.26.2209> (accessed June 10, 2008). Also see: Rani Deshpande, “Safe and Accessible: Bringing Poor Savers into the Financial System,” CGAP, September 2006.

that it could not compete with big banks offering raffle drawings and gifts to accountholders. Equity Bank in Kenya said in a survey that the bank cannot offer piggybanks to children like some of its competitors because such a promotion is expensive. Equity Bank, which says it has a focus on serving the lower end of the country's banking market, noted that some competing banks have higher fees than Equity. The bank said that such fees help these banks offset the costs of promotions such as distributing birthday cards to and throwing parties for child accountholders. However, these higher fees would also discourage account uptake and retention of poor and low-income clients.

Institutions also face the challenge of encouraging regular deposits into savings accounts. Barclays in Ghana noted in a survey that parental deposits into CSAs begin to wane as soon as a few months after the accounts are opened. The bank said in the survey that, according to its experience in Ghana, parents get “really hyped” about CSAs when they are first opened, but the “euphoria suddenly wears off after two months and they forget to service the account.” Other banks have addressed such a challenge through a variety of incentives. Yet, for reasons mentioned above, this is not possible for all institutions.

The Policy Environment

Governments may lack funding in their budgets to launch CSA policies—or the political will to make those funds available. CSA policies, especially those that are universal, can be relatively expensive. Some, such as the United Kingdom's Child Trust Fund, require seeding the accounts of every newborn with an initial contribution and providing periodic matches to the contributions of children and their families to the accounts. The reality of scarce resources, large budget deficits, and structural debt faced by many nations impedes political buy-in for new discretionary spending for such policies or programs.

At the same time, financial institutions responding to our survey said that government has more of a role to play in fostering a culture of savings in their societies as well as supporting more extensive or more formalized financial education in their school systems. BancoEstado of Chile said that the government can be instrumental in teaching personal finance; SANASA of Aluthgama City in Sri Lanka said that it would

like to see the government implement savings campaigns through government schools; and Sistema Fedecredito of El Salvador said that it hopes to see from the government more education about the long-term benefits of savings.

Barriers to Access

Physical barriers to saving limit the ability of institutions to offer CSA products, programs, or policies. At the same time, “institutional” barriers limit the ability of children from poor families to access CSAs. Children may live many kilometers from the nearest financial institution, lowering the probability that they will regularly visit financial institutions to make deposits. ANZ currently travels by vehicle to schools in Samoa. However, an executive said in a survey that using a vehicle to reach clients is unsustainable in the long term because of the expense (while noting there are a number of benefits to such outreach, despite the expense). Meanwhile, even where there may be banks close by, minimum balances and account maintenance fees are often prohibitively high for children of poor families.⁵² These prohibitive account features—as well as a possible requirement for parents and children to show identification cards or birth certificates (documents that some individuals, particularly in rural areas in developing nations may not have)—are examples of institutional barriers to savings.

Other Obstacles Mentioned in Our Surveys

Survey respondents cited other obstacles to delivering or increasing their delivery of CSAs. For example, conducting banking operations at school has the potential to conflict with academic lessons of students. Thailand’s Government Savings Bank, which operates school-based banks, cited the potential conflict between learning and working schedules of students as a challenge to such operations.⁵³ ASAP Africa, which operates a savings program in schools in Zimbabwe, said in a survey that the school day is “overloaded with activities,” and that finding sufficient time to train students in the methodology of the program’s VSLA model has been a challenge.

⁵² “Maintenance fees are the scourge of low-balance accounts,” Mark Schreiner said in the paper, “Asset-Building for Microenterprise through Matched Savings in Low-Income Countries,” Center for Social Development, 2004, p.19.

⁵³ Government Savings Bank, “School-based Banking Project: Government Savings Bank, Thailand,” PowerPoint presentation, no date.

CONCLUSION

The CSA, as a product, program, or a policy, is of increasing interest among governments, financial institutions and non-profits around the world. A limited yet increasing number of these institutions, are designing and implementing CSAs to reach a wide range of objectives, such as helping children adopt a habit and understanding of savings, and encouraging and enabling them to build wealth as they grow older.

Appendix A, which immediately follows this part, illustrates the broad range of actors that are offering CSAs, as well as the diverse geographies in which these actors are offering the accounts. The tables in the following Appendix A attempt to allow readers to compare key features and purposes of several CSAs we encountered in our research.

Looking ahead, there is still much to learn about the developmental impact of CSAs on children (and potentially their families and communities), and the benefits and costs to banks, non-profits, and governments that offer them. Nonetheless, the trends discussed in this paper appear to suggest that CSAs have the potential to be an innovative and versatile tool for development and merit further exploration.

APPENDIX A: COMPARISON OF CHILD SAVINGS ACCOUNT PRODUCTS, PROGRAMS AND POLICIES AROUND THE WORLD⁵⁴

	Proyecto FCF – WOCCU (Ecuador)	Barclays Bank (Uganda)	Barclays Bank (Ghana)	BancoEstado (Chile)	Co-operative Bank (Kenya)	Equity Bank (Kenya)
CSA Type	Product	Product	Product	Product	Product (Jumbo Junior Account)	Product
Institution	Credit unions participating in a technical assistance project	Bank	Bank	Public bank	Cooperative bank	Bank
Target Age	Children up to age 15	Birth to age 18	Children	Birth to age 12 (girls) Birth to age 14 (boys)	Birth to age 18	Children up to age 18
Key Features	<ul style="list-style-type: none"> ●Low minimum: Minimum opening deposit of US\$5 ●Material incentives: Participating credit unions gives children piggy bank; bank offers rewards to children that bring in a full piggy bank 	<ul style="list-style-type: none"> ●Low minimum: Minimum opening deposit of 10,000 Ugandan shillings (US\$6.25) ●Modest financial incentives: bonus of double the amount of interest earned during a quarter if no withdrawals are made in the period ●Limited withdrawals: withdrawals permitted only once a quarter 	<ul style="list-style-type: none"> ●Low minimum: Minimum opening balance of US\$10 ●Modest financial incentives: interest rate higher than other products ●Limited withdrawals: withdrawals permitted only once a month 	<ul style="list-style-type: none"> ●Low minimum: Minimum initial deposit of 5,000 Chilean pesos (US\$10) ●Modest financial incentives: bonus of 10% of amount of interest earned in a year if no withdrawals are made in the period ●Limited withdrawals: accountholders limited to two free withdrawals a year 	<ul style="list-style-type: none"> ●Low minimum: Minimum opening deposit of 2,000 Kenyan shillings (US\$31) ●Modest material incentives: bank hosts “fun days” for accountholders; offers them discounts at bookstores, uniform distributors, and children’s hospitals; gives them birthday cards 	<ul style="list-style-type: none"> ●Limited withdrawals: withdrawals permitted only four times a year
Purpose	<ul style="list-style-type: none"> ●Culture/habit of savings: promoting a culture of savings among members, especially low-income members and those from rural areas 	<ul style="list-style-type: none"> ●Cultivate clients: part of bank’s plan to attract “mass market” customers 	<ul style="list-style-type: none"> ●Cultivate clients: part of bank’s cradle-to-grave strategy, and goal of developing customer loyalty ●Culture/habit of savings 	<ul style="list-style-type: none"> ●Culture/habit of savings 	<ul style="list-style-type: none"> ●Culture/habit of savings 	<ul style="list-style-type: none"> ●Cultivate Clients ●Financial Integration: part of bank’s mission to mobilize savings, especially at low-end of the market
Notes	Children have brought other children and relatives, into participating credit unions as members				Product also intended to help parents save for their children’s education	Bank offers free banker’s checks to use for paying school fees

⁵⁴ Sources for data in this chart can be found in Appendix D.

	Children’s Development Bank (Asia)	SANASA of Aluthgama City (Sri Lanka)	Government Savings Bank (Thailand)	PNG Microfinance (Papua New Guinea)	National Savings Bank (Sri Lanka)
CSA Type	Program	Product	Product	Product	Product
Institution	NGO	Primary society (roughly equivalent to a credit union)	Public bank	Microfinance institution	Government bank
Target Age	Ages 9–18 (working children)	Birth to age 18	Students in elementary, secondary, high, and vocational schools	Schoolchildren	<ul style="list-style-type: none"> ●Birth to 3 months (Kiri Ketu Hapan) ●“Little ones” to age 7 (Puchi Hapan) ●Ages 7–16 (Hapan)
Key Features	<ul style="list-style-type: none"> ●Low Minimum: No minimum opening balance 	<ul style="list-style-type: none"> ●Limited withdrawals: no withdrawals until age 18 unless children encounter bad health or money is used to fund education 	<ul style="list-style-type: none"> ●Convenient deposit locations: bank operates deposit centers at schools 	<ul style="list-style-type: none"> ●Material incentives: interest rate higher than savings accounts ●Convenient deposit locations: bank sends employees to schools in vicinity of branches to collect deposits 	<ul style="list-style-type: none"> ●Low minimum: Minimum opening deposit of five Sri Lankan rupees (US\$0.05) (Puchi Hapan and Hapan) ●Modest financial incentives: bank makes initial deposit of 200 Sri Lankan rupees (US\$1.86) in accounts (Kiri Ketu Hapan); interest rate is one percentage point more than bank’s regular savings rate of interest (Puchi Hapan, Hapan) ●Material incentives: account holders are eligible for scholarships, and other prizes
Purpose	<ul style="list-style-type: none"> ●Financial Literacy: teaching budgeting skills, and inculcating the habit of prioritizing needs 	<ul style="list-style-type: none"> ●Cultivate clients: attracting longer-term savings 	<ul style="list-style-type: none"> ●Culture/habit of savings ●CSR: improving the bank’s image in the community 	<ul style="list-style-type: none"> ●Cultivate clients: broadening the bank’s customer base ●Ensure assets into adulthood: making it more possible to have financial assets once they finish schooling 	<ul style="list-style-type: none"> ●Financial integration: fulfilling a government mandate regarding offering accounts to children
Notes	<ul style="list-style-type: none"> ●Members encouraged to deposit a minimum amount daily ●Banks branches managed by children ●Adolescents can receive small loans to set-up “small economic enterprises” 	<ul style="list-style-type: none"> ●Part of the primary society’s mission to provide “secure futures” through provision of financial services ●Primary society says it cannot compete with big banks in terms of offering raffle draws and gifts to account holders 	Bank sees accounts as way to mobilizing savings, as well as to promote a sense of responsibility among children		

	Seylan Bank (Sri Lanka)	Hatton National Bank (Sri Lanka)	Sponsor a Child Project of the National Agency for Little Children’s Homes (Senegal)	World Vision Ethiopia (Ethiopia) (Planned)
CSA Type	Product (Tikiri Accounts)	Product	Program	Program
Institution	Publicly-listed bank	Publicly-listed bank	Government	NGO
Target Age	Birth to age 18	Newborns (Singithi Kirikatiyo account) Children to age 18 (Minor savings account)	Birth to age 6	Ages 4–14
Key Features	<ul style="list-style-type: none"> ●Low minimums: Minimum opening deposit of 100 Sri Lankan rupees (US\$0.93) ●Material incentives: bank offers prizes (such as mugs and schoolbags) when balances reach certain levels; bank runs lotteries with prizes such as trips to Hong Kong ●Convenient deposit locations: bank operates deposit centers at schools ●Limited withdrawals: withdrawal permitted only when accountholder turns age 18 	<ul style="list-style-type: none"> ●Accounts opened at birth: Bank signs-ups newborns for accounts (Singithi Kirikatiyo account) ●Low minimum opening deposit: 50 Sri Lankan rupees (US\$0.46) (Minor savings account) ●Modest financial incentives: For accounts opened at birth with a 1,000 Sri Lankan rupee (US\$9) deposit, bank gives 1,000 Sri Lankan rupee grant (Singithi Kirikatiyo account) ●Convenient deposit locations: bank operates deposit centers in schools managed by students; also operates extension offices, including bankers on motorbikes ●Limited withdrawals: withdrawals not permitted, except for “necessities of the minor acceptable to the bank” (Minor savings account) 	<ul style="list-style-type: none"> ●Significant financial incentives: sponsors (“godfather” or “godmother”) initially deposit 5,000 CFA francs (US\$12), and then deposit 2,500 CFA francs *US\$6) per month for six years into accounts ●Limited withdrawals: no withdrawals until accountholders begin first year of primary school; after this, guardians can withdraw 30,000 CFA francs (US\$71) each year in September ●Poverty reduction: helping children, especially underprivileged ones, start school in a “healthy” way 	<ul style="list-style-type: none"> ●Significant financial incentives: organization deposits about US\$15 into accounts at a local MFI each year ●Modest financial incentives: interest rates higher than other area institutions ●Limited withdrawals: withdrawals must be approved by World Vision Ethiopia to prevent guardians exploiting children ●Poverty reduction ●Financial integration: bringing financial services to underserved communities
Purpose	<ul style="list-style-type: none"> ●Cultivate clients: seen as way to attract long-term customers 	<ul style="list-style-type: none"> ●CSR: part of bank’s responsibility to promote a habit of savings ●Cultivate clients: seeking long-term customers 		
Notes	Bank gives grants to sick accountholders, and those chosen to represent Sri Lanka in international sports and cultural competitions		Postfinances, a postal savings bank, responsible for opening, managing the accounts in the program	<ul style="list-style-type: none"> ●Accounts opened at Wisdom, a local MFI ●Gradual (yearly) deposits aimed at encouraging better stewardship of funds

	SEED Uganda (Uganda)	SEED for Oklahoma Kids (Oklahoma)	Oportunidades (Mexico)	The City of Caguas (Puerto Rico)
CSA Type	Program	Program	Policy	Policy
Institution	Pilot study	Demonstration project	Government	Government
Target Age	Orphaned adolescents	Newborns	Adolescents, roughly ages 15–18	Birth to age 18
Key Features	<ul style="list-style-type: none"> ●Ability of children to control accounts: Child/Youth Development Account (CDA) held in the adolescent’s name ●Limited withdrawals: adolescent can only use funds for educational expenses or to invest in family income-generating activities 	<ul style="list-style-type: none"> ●Significant financial incentives: Project seeds “SEED OK Account” with US\$1000; offers matches of up to US\$250 of parent contributions to their child’s future education each year from 2008–2011 	<ul style="list-style-type: none"> ●Significant financial incentives: policy deposits “points” annually into accounts of adolescents who stay in school. Upon graduation, points are converted into money, and money is available to the youth for withdrawal as long as s/he completes Oportunidades before age 22. 	<ul style="list-style-type: none"> ●Universal, accounts opened at birth: accounts opened at birth for newborns of all residents of the city ●Significant financial incentives: newborns receive a US\$250 voucher that can be used to open an account at a private financial institution; city intends to supplement initial grant, probably when accountholders finish sixth grade ●Limited withdrawals: withdrawals permitted only at age 18; funds can be used to finance higher or vocational education, or open a small business
Purpose	<ul style="list-style-type: none"> ●Poverty reduction ●Financial integration ●Ensuring assets in adulthood 	<ul style="list-style-type: none"> ●Ensuring assets in adulthood: promoting asset accumulation 	<ul style="list-style-type: none"> ●Poverty reduction 	<ul style="list-style-type: none"> ●Poverty reduction ●Ensuring assets in adulthood: spurring the development of children, including in regards to education
Notes	<ul style="list-style-type: none"> ●Program tests an economic intervention to reduce HIV among AIDS-orphaned adolescents ●Adolescents in experimental group (about half of participants) received 2-for-1 match by the program of deposits from family and friends of adolescents ●Adolescents in experimental group received six two-hour classes on career planning, career goals, microfinance, and financial well-being ●Adolescents in control group did not receive these interventions 	<ul style="list-style-type: none"> ●Program tests economic and educational impact of seeding college savings accounts at birth ●Newborns in experimental group (half of participants) receive seed and matches ●Newborns in control group receive no money 	<ul style="list-style-type: none"> ●An example of a conditional cash transfer (CCT) program ●Accounts administered by the bank Bansefi 	<ul style="list-style-type: none"> ●Income on the accounts will be taxable, but there are no contribution limits or caps ●Along with the policy, city agreed to promote the teaching of financial education in the city’s public schools

	KIDS Accounts (United States) <i>(Proposed)</i>	Children Development Accounts (Korea)	Child Trust Fund (United Kingdom)	Baby Bonus and Edusave Schemes (Singapore)
CSA Type	Policy	Policy	Policy	Policy
Institution	Government	Government	Government	Government
Target Age	Birth to age 18	Birth to age 18	Birth to age 18	<ul style="list-style-type: none"> ● Birth to age six (Baby Bonus) ● Ages 6–16 (Edusave)
Key Features	<ul style="list-style-type: none"> ● Universal, accounts opened at birth: accounts would be automatically opened for every newborn in 2008 and beyond ● Progressive, significant financial incentives: Newborns receive US\$500 initial contribution; children from lower-income families receive one-time US\$500 supplementary contribution; some account holders eligible to receive 1:1 matched savings of up to US\$500 per year each year until age 18 ● Limited withdrawals: withdrawals permitted only at age 18; funds can subsequently be used, without penalty, for first-time home purchase and post-secondary education ● Life-long savings platform option 	<ul style="list-style-type: none"> ● Progressive, significant financial incentives: government matches deposits into account 1:1 up to 30,000 won (US\$29) per month; scope of policy to gradually expand from institutionalized children, to all children born into low-income families, to children of the working poor, and to children born into low- and middle-income families ● Limited withdrawals: withdrawal permitted only at age 18; funds can be used for education, housing, and micro-enterprise start-up 	<ul style="list-style-type: none"> ● Universal, accounts opened at birth: custodians open accounts with private providers, or accept default in which accounts are automatically opened upon expiry of vouchers after 12 months ● Progressive, significant financial incentives: £250 (US\$488) initial contribution (£250 supplemental contribution for low-income families); top-ups of £250 (£250 supplemental top-up for children from low-income families) at age seven. ● Limited withdrawals: withdrawals permitted only at age 18; no restrictions on use of funds ● Life-long savings platform option ● Culture/habit of saving ● Financial literacy: helping a child understand personal finance, and teaching them about the benefits of savings ● Ensure assets into adulthood 	<ul style="list-style-type: none"> ● Universal (Edusave) ● Significant financial incentives: unrestricted cash gifts of S\$3,000 (US\$2186) for first and second child, and S\$6,000 for third and fourth child (Baby Bonus); matched co-savings deposited into a Child Development Account of S\$6,000 for second child, and S\$12,000 for third and fourth child (Baby Bonus); annual government contributions of at least S\$180 (US\$131) (Edusave) ● Limited withdrawals: funds can be withdrawn before age six for purposes including childcare, preschool, and medical expenses (Baby Bonus); funds can be withdrawn for approved enrichment programs and fees (Edusave)
Purpose	<ul style="list-style-type: none"> ● Culture/habit of savings: encouraging savings ● Financial literacy 	<ul style="list-style-type: none"> ● Social/economic equity: addressing the growing division between the rich and the poor 	<ul style="list-style-type: none"> ● Ensure assets into adulthood 	<ul style="list-style-type: none"> ● Ensure assets into adulthood
Notes	KIDS Accounts proposed under the America Saving for Personal Investment, Retirement, and Education Act of 2007 (The ASPIRE Act of 2007)			

APPENDIX B: OTHER INSTITUTIONS OFFERING CHILDREN'S SAVINGS ACCOUNTS⁵⁵

- ANZ, a bank based in Australia, offers savings accounts for children in Samoa and elsewhere in the Pacific. The bank sends out a vehicle to travel on a set route around Samoa's most populous island, Upolu, four days a week visiting different schools and also serving the school communities.
- Caixa Economica Federal, a government-controlled bank in Brazil, distributes piggy banks to children accountholders. A goal of the bank is to foster a habit of savings among young people.
- ICICI Bank, a publicly-listed bank in India, has a minimum average quarterly balance of 2,500 Indian rupees (US\$58) on its Young Stars accounts, which are aimed at children up to 18 years old. The bank sees CSAs as a way to increase its customer base.⁵⁶
- Khan Bank, a bank in Mongolia, offers an "Education—Children's Future Deposit" account that has a minimum balance of 20,000 Mongolian Tugrik (US\$17). Withdrawals from the account before age 18 are restricted, and the interest rate paid is the "highest deposit rate announced in that particular year."⁵⁷
- Kenya Post Office Savings Bank offers a "Bidii Junior Account" for children under 18 years old, with a requirement of a minimum operating balance of at least 5,000 Kenyan shillings (US\$79) within six months of opening the account (otherwise the account will incur a monthly fee). Accountholders are allowed one free bankers check per school term with which to pay school fees.⁵⁸
- Sistema Fedecredito, a financial intermediary in El Salvador that provides member cooperatives with credit, launched a children's savings product in 2007 in line with a plan to reach "other segments of the market." Sistema Fedecredito has members that offer special celebration parties, gifts (such as piggy banks), and discounts at bookstores to CSA accountholders. The recommended minimum deposit to open a CSA is US\$5, and CSA accountholders receive "preferential" interest rates since activity of the accounts is less.
- ServiRed, a network of credit unions in Bolivia, has member institutions that prohibit parents from withdrawing savings from CSAs without a child's consent. Members of the network offer periodic lotteries for children accountholders.
- XacBank, a bank in Mongolia; offers "Future Millionaire" accounts in which withdrawals before the age of 18 are not allowed.⁵⁹

⁵⁵ These are summaries of CSAs that we came across during our research, but where we found fewer details than those CSAs highlighted in the grid.

⁵⁶ Survey and ICICI web site, at <http://www.icicibank.com/pfsuser/icicibank/depositproducts/kid-e-bank/kid-e-bank.htm> (accessed June 9, 2008).

⁵⁷ Khan Bank web site, at <http://www.khanbank.com/service.php?type=1> (accessed June 9, 2008).

⁵⁸ Kenya Post Office Savings Bank web site, at <http://www.postbank.co.ke/index.php?do=savings&op=moreservices&id=2> (accessed June 9, 2008).

⁵⁹ XacBank web site, at <http://www.xacbank.mn/details.saving.php?menu=100&card=FUTURE%20MILLIONAIRE%20%E2%80%93%20Child%E2%80%99s%20long%20term%20savings> (accessed June 10, 2008).

APPENDIX C: FINANCIAL INSTITUTION CSA SURVEY TEMPLATE

A copy of the survey below was sent to financial institutions and non-profits. Some institutions responded in writing; others touched on most or all of these questions in a semi-structured telephone interview.

Organization Name:

Name of Respondent:

Title/Position of Respondent:

Contact Email of Respondent:

Phone Number of Respondent:

1. When did your organization begin offering savings products targeted at children?
2. Why did you your organization decide to offer these products? How did this decision relate to the mission of your organization?
3. Describe the characteristics of the savings products targeted at children that your organization offers (i.e. minimum balances, deposit incentives, withdrawal restrictions). How did the organization decide on these features?
4. Who are your target clients/customers for these products? Why? How do you seek them out?
5. Where do your young customers typically get the funds they are depositing? What are they typically saving for? Have you conducted any market research to get at these questions? If so, please briefly describe that research.
6. How has the reception from customers for these products been?
7. What are your goals in terms of uptake of these products?
8. What are some obstacles (policy, market or otherwise) to greater uptake of these products? What would you like to see happen in order to overcome these obstacles?
9. What kind of support would you like to see from the government/governments in the country/countries where you are working?
10. Do you know of any other organizations in areas you work that are offering savings products targeted at children? If so, which ones?

APPENDIX D: SOURCES FOR DATA APPENDIX A

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