Work4Youth
Publication Series
No. 42

International
Labour
Office

The MasterCard
Foundation

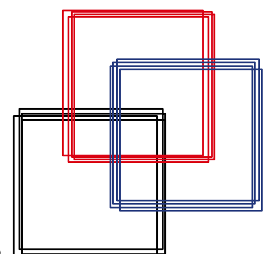
Exploring the linkages between youth financial inclusion and job creation

Evidence from the ILO school-to-work transition surveys

Justin Sykes, Sara Elder, Yonca Gurbuzer and Marco Principi

October 2016

Youth Employment Programme
Employment Policy Department



Work4Youth Publication Series No. 42

Exploring the linkages between youth financial inclusion and job creation: Evidence from the ILO school-to-work transition surveys

Justin Sykes, Sara Elder, Yonca Gurbuzer and Marco Principi

International Labour Office ● Geneva

October 2016

Copyright © International Labour Organization 2016
First published 2016

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the Publications Bureau (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

Sykes, Justin; Elder, Sara; Gurbuzer, Yonca; Principi, Marco.

Exploring the linkages between youth financial inclusion and job creation : evidence from the ILO school-to-work transition surveys / Justin Sykes, Sara Elder, Yonca Gurbuzer and Marco Principi ; International Labour Office. - Geneva: ILO, 2016.
(Work4Youth publication series ; No. 42)

International Labour Office.

youth employment / employment creation / financial management / transition from school to work / survey

13.01.3

Cover design by: Creative Cow

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed by the International Labour Office, Geneva, Switzerland

Preface

Youth is a crucial time of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The global jobs crisis has exacerbated the vulnerability of young people in terms of: (i) higher unemployment, (ii) lower quality jobs for those who find work, (iii) greater labour market inequalities among different groups of young people, (iv) longer and more insecure school-to-work transitions, and (v) increased detachment from the labour market.

In June 2012, the International Labour Conference of the ILO resolved to take urgent action to tackle the unprecedented youth employment crisis through a multi-pronged approach geared towards pro-employment growth and decent job creation. The Resolution "The youth employment crisis: A call for action" contains a set of conclusions that constitute a blueprint for shaping national strategies for youth employment.[1] It calls for increased coherence of policies and action on youth employment across the multilateral system. In parallel, the UN Secretary-General highlighted youth as one of the five generational imperatives to be addressed through the mobilization of all the human, financial and political resources available to the United Nations (UN). As part of this agenda, the UN has developed a System-wide Action Plan on Youth, with youth employment as one of the main priorities, to strengthen youth programmes across the UN system.

The ILO supports governments and social partners in designing and implementing integrated employment policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. To assist member States in building a knowledge base on youth employment, the ILO has designed the "school-to-work transition survey" (SWTS). The current report is a product of the "Work4Youth" partnership between the ILO and The MasterCard Foundation. It highlights the persistent disadvantages that youth face in accessing formal financial services and uses secondary sources, as well as the SWTS data sets, to provide limited evidence of a positive correlation between greater levels of financial inclusion and more successful employment outcomes for youth. It should serve as an important contribution to the dialogue on how policy responses and programme interventions in the field of youth financial services can be better designed to stimulate youth engagement in productive activities linked to job creation.

It is not an easy time to be a young person in the labour market today. The hope is that, with leadership from the UN system, with the commitment of governments, trade unions and employers' organizations and through the active participation of donors such as The MasterCard Foundation, the international community can provide the effective assistance needed to help young women and men make a good start in the world of work. If we can get this right, it will positively affect young people's professional and personal success in all future stages of life.

Azita Berar Awad
Director
Employment Policy Department

[1] The full text of the 2012 resolution "The youth employment crisis: A call for action" can be found on the ILO website at: www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_185950/lang--en/index.htm.

Contents

Preface iii
Contents iv
Acknowledgements vii
1. Introduction 1
   1.1. Background and objectives 1
   1.2 Methodology 2
   1.3 Structure of the report 3
2. Youth financial inclusion 4
   2.1 Financial inclusion explained 4
   2.2 The extent of youth financial inclusion 5
      2.2.1 Why are youth excluded from formal financial services? 6
      2.2.2 Youth financial inclusion and decent work 8
      2.2.3 Approaches to youth financial services 10
      2.2.4 Examples of youth financial services interventions 12
3. Financial inclusion and its relevance to young people: An examination of the literature 15
   3.1 Introduction 15
   3.2 Review summary 16
   3.3 Positive evidence 17
      3.3.1 Youth-specific 17
      3.3.2 Non-youth-specific 18
   3.4 Negative/Ambiguous evidence 19
4. Evidence on youth and financial inclusion from the SWTS dataset 21
   4.1 Overview of the dataset 21
   4.2 How are financial services used by young people? 21
      4.2.1 By region 22
      4.2.2 By age group 23
      4.2.3 Providers of financial services 25
      4.2.4 By sex 26
      4.2.5 By labour market status 28
      4.2.6 By area of residence 30
      4.2.7 By household income level 31
      4.2.8 By level of education 32
      4.2.9 By marital status 34
   4.3 Financial services used by self-employed youth 34
5. Key finding and policy implications 40
   5.1 Key findings from the SWTS 40

5.2 Policy implications and recommendations ... 42
References ... 44
Annex I. Additional tables ... 47
Annex II. Meta-information on the ILO school-to-work transition surveys ... 54

Tables

1. Financial inclusion of youth (15-24) and adults (25+), by region ... 5
2. Examples of financial service products for youth ... 11
3. Regional classification of countries in the ILO SWTS dataset ... 21
4. Financial access of youth by type of financial service and service provider according to age group, 29-country average (% of youth population) ... 25
5. Providers of financial services used by youth, SWTS countries by regional averages (% in youth population) ... 26
6. Financial access of youth by sex, SWTS countries by regional averages (% in youth population) ... 27
7. Financial access of youth by labour market status, SWTS countries by regional averages (%) ... 28
8. Youth financial inclusion by level of completed education, SWTS countries by regional averages (% in youth population with completed education) ... 33
9. Youth financial access by marital status, SWTS countries by regional averages (% in youth population) ... 34
10. Youth financial inclusion by status in employment, SWTS countries by regional averages (% in employed youth) ... 35
11. Self-employed youth by main business challenge (insufficient financial resources and other reasons) and type of financial service and service provider, 29-country average (%) ... 38
12. Self-employed youth by desire to change their job and perception of likelihood to keep their job and status of financial inclusion, 29-country average (%) ... 39
A.1 Financial inclusion indicators by country, SWTS dataset ... 47
A.2 Financial inclusion indicators by country, Global Findex dataset, 2014 ... 49
A.3 Financial inclusion indicators by country, Fii dataset, 2015 ... 51

Figures

1. Financial access of youth, SWTS countries by regional averages ... 22
2. Youth access to formal or informal financial services by age group, SWTS countries by regional averages ... 24
3. Financial inclusion of youth by labour market status, 29-country average (% with formal financial services) ... 29
4. Financial access of youth by labour market status and type of financial service, 29-country average ... 29
5. Financial access of youth by labour market status and type of service provider, 29-country average ... 30
6. Financial access of youth by urban/rural location, SWTS countries by regional averages ... 31
7. Youth financial inclusion by household income level, SWTS countries by regional averages ... 32

8. Youth financial inclusion by level of completed education, 29-country average (% in youth population with completed education) 33
9. Financial access of youth by status in employment and type of financial service, 29-country average 36
10. Financial access of youth by status in employment and type of financial provider, 29-country average 36
11. Self-employed youth by main business challenge and current situation regarding access to financial services, 29-country average 37
12. Self-employed youth by sector and access to financial services, 29-country average 39
13. Self-employed youth by average hours worked per week and status of financial inclusion, 29-country average 40

Boxes

1. Defining financial inclusion 2
2. Defining financial services 4
3. Estimating the youth "underserve" 7
4. The ILO and Youth Financial Inclusion 9
5. A framework to analyze the business case for youth savings 11
6. Pending evaluations on youth financial inclusion 16
7. Labour market classifications 27
8. Microfinance in South Asia 32

Acknowledgements

Justin Sykes served as the first pen of the report, after which Luc Bourgie and Erin Palmer carried out supplementary research and editing on behalf of Advisem Services Inc. Sara Elder, Work4Youth Chief Technical Advisor, was the overall technical editor and author of the analysis in section 4. Work4Youth team members Yonca Gurbuzer and Marco Principi provided technical support and data processing of the tables based on the school-to-work transition surveys. Valuable comments were provided by Valentina Barcucci, Severine Deboos, Ruth Duechk-Mbeba and Judith van Doorn. Finally, the ILO would like to acknowledge the support of The MasterCard Foundation in allowing the research to move forward, under the scope of the Work4Youth partnership.

1. Introduction

1.1. Background and objectives

With youth demographic bulges, existing high levels of youth underutilization and limited job creation occurring in many developing countries, governments and development actors are actively exploring new approaches to enabling youth to obtain sustainable livelihoods. There is a growing consensus that increasing the ability of youth to access financial services and strengthening their ability to use these services for their future life needs can play a direct role in supporting the transition to employment and better livelihoods. This report seeks to determine the extent to which this consensus is borne out in practice. Specifically, the report takes stock of existing research and examines new evidence, in an effort to promote a better understanding of the linkages between levels of financial inclusion among youth and their successful integration into the labour market through wage jobs and self-employment. It is anticipated that insights from this study will augment the small but growing body of research on the subject.

This report was commissioned by the ILO's Work4Youth (W4Y) project, a partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The primary objective of the partnership is to produce more and better labour market information, specific to youth in developing countries, focusing in particular on transition pathways into the labour market. The project is built around the implementation and analysis of the ILO's school-to-work transition surveys (SWTS) – household surveys targeting the youth population (aged 15 to 29) now available for 34 countries worldwide.[2]

The broadly accepted definition of financial inclusion (see box 1) focuses on a holistic approach to the subject that incorporates not only physical access to financial services, but also regulatory issues and client-related capability issues, such as financial education. For the purposes of this study, however, the focus will be on youth access to financial services. Moreover, in this report financially included youth are considered to be those who have access to *formal* financial services (banks, money transfer operators, insurance companies and microfinance institutions, as per the categories used in the SWTS).[3] This definition is consistent with the definition of access to finance and financial inclusion used by the World Bank/the Consultative Group to Assist the Poor (CGAP) (see section 2.1) and also accords with the ILO's approach to youth financial inclusion, which focuses on supporting youth in accessing formal financial channels (see sections 2.1 and 2.2).

The study's focus on formal sources of finance should not, however, be seen as underestimating the importance of informal sources of finance, such as moneylenders, pawn shops, village savings and loan associations (VSLAs) and financing from friends and relatives (also listed as categories in the SWTS). Informal financial mechanisms are critical resources

---

[2] The full list of countries is in Annex II. The W4Y project uses the surveys for knowledge generation and research on the characteristics of the transition from school to work in different countries; hence, it encompasses different economic and social contexts in order to better understand these processes and the impact of youth employment policies.

[3] These categories are defined in a generic sense, as no additional details on the exact providers of formal financial services were asked of participants in the SWTS.

for millions of youth and adults throughout the world, particularly in Africa (Triki and Faye, 2013). Often, these mechanisms act as a springboard allowing young people to move, as they grow older, into a broader range of formal products that meet their increasingly complex needs, such as student loans or life insurance (The MasterCard Foundation and the Boston Consulting Group, 2015). Nevertheless, in spite of their importance, this report does not investigate informal sources of finance as a priority, but features them for comparative purposes in some of the analysis.

Box 1. Defining financial inclusion

The Consultative Group to Assist the Poor (CGAP), the leading global partnership focusing on the financial access agenda, defines financial inclusion as the situation in which "households and businesses have access and can effectively use appropriate financial services. Such services must be provided responsibly and sustainably in a well-regulated environment."

Source: http://www.cgap.org/ [27 Sep. 2016].

1.2 Methodology

Although this report builds on a review of the literature on the impact of financial inclusion programmes that specifically target young people, its central foundation is an examination of financial inclusion indicators supplied by the SWTS. With its capacity to generate longitudinal information on labour market pathways, the SWTS offers a means to demonstrate the increasingly uncertain and indirect pathways into decent and productive employment that today's young men and women are forced to pursue.[4]

So far, the ILO Work4Youth project has introduced the SWTS in 34 countries (see Annex II). The data set available for this report spans the period from 2012 to 2016 and covers 29 countries across the world, with a total non-weighted sample of 157,752 youth aged 15 to 29.[5] In virtually all these countries the SWTS was implemented by the National Statistics Office, thus also offering an important opportunity for building national capacity in the area of labour market information on youth, and at least attempting to ensure some sustainability of the survey within the national statistical agenda. Annex II offers some meta-information on each of the survey countries.

---

[4] Technically, the SWTS serves a range of purposes. First, it detects the individual characteristics of young people that determine labour market disadvantage. This, in turn, is instrumental in the development of a policy response to prevent the emergence of risk factors, as well as measures to remedy those factors that negatively affect the transition to decent work. Second, in countries where the labour market information system is underdeveloped, it serves as an instrument to generate reliable data for policy-making. In countries with a reasonably well-developed labour market information system, the survey helps to shed light on areas usually not captured by household-based surveys, such as youth conditions of work, wages and earnings, engagement in the informal economy, access to financial products and difficulties experienced by young people in running their own businesses.

[5] While there are now 34 countries in the sample, data from 29 countries were available at the time of drafting. Countries not examined in this report are Colombia, the Democratic Republic of Congo, the Dominican Republic, Montenegro and Sierra Leone. See Annex II for the full list of countries and meta-information.

Since the SWTS questionnaire has relatively few questions that focus on financial inclusion and is limited in geographic scope, this report also draws on another data set on youth financial inclusion – the World Bank's Global Financial Inclusion (Global Findex) database.[6] Indicators in this database (listed in Annex I) are drawn from survey data covering almost 150,000 people in 143 economies, including 26,633 people in 26 of the 29 SWTS countries examined in the report. The survey that provided the data for Global Findex was carried out over the 2014 calendar year by Gallup, Inc. using randomly selected, nationally representative samples. All data were collected by means of face-to-face interviews with members of the civilian, non-institutionalized population aged 15 and over. Data weighting was used to ensure a nationally representative sample for each economy (Demirguc-Kunt et al., 2015).

To further test the validity of findings outlined in this report, relevant indicators in the SWTS were also compared to statistics published by Intermedia's Financial Inclusion Insights (Fii) programme.[7] These statistics (see Annex I, table A.3) are drawn from survey data covering eight countries in Africa and Asia with a combined population of over 2 billion, including three of the 29 SWTS countries examined in the report. The Fii survey is carried out annually with nationally representative samples of individuals aged 15 and over. The survey questionnaire is constructed using a modular approach, with sections on mobile phones, banks, mobile money and non-bank financial institutions. Each module explores related issues of awareness, access and use.

It should be noted that the SWTS, Global Findex and Fii initiatives serve distinct purposes and apply their own specific methodologies; therefore, caution should be exercised in interpreting comparative evidence supplied by these programmes. Another limitation of the report is that it only provides a partial view of the relationship between financial inclusion and employment, as it focuses chiefly on formal financial services. Finally, the report cannot be used to demonstrate the robustness of relationships between those factors that are believed to shape the linkages between youth financial inclusion and job creation. This research is purely exploratory in nature and is primarily based on a review of descriptive statistics. No attempt has been made to develop or test the regressions or statistical models which would be necessary to make substantiated claims about causality.

1.3 Structure of the report

Section 2 of the report begins with an introduction to the issue of access to finance for youth, placing it within the context of the overall financial inclusion agenda, but highlighting the specific obstacles faced by youth in accessing sustainable financial services and the consequences of this challenge. Section 3 provides an overview of the current understanding of the linkages between youth financial inclusion and employment though a global literature review. Section 4 adds to the literature with a new empirical analysis of the SWTS data set to determine trends and possible linkages between access to financial services and positive labour outcomes for youth. Section 5 presents the main findings and conclusions of the research and explores the implications of those findings for researchers, development organizations and governments.

[6] The database is available at: http://www.worldbank.org/en/programs/globalfindex [27 Sep. 2016].

[7] Information on the programme is available at: http://finclusion.org/ [27 Sep. 2016].

2. Youth financial inclusion

2.1 Financial inclusion explained

Access to finance refers to the availability of financial services – such as deposits, credit, payments, money transfers, leasing or insurance – to individuals or enterprises. The availability of such services can be constrained by a range of factors, such as physical accessibility, affordability, eligibility and legislative frameworks. In poorer economies, the challenges of access are accentuated. Remoteness, weak transportation links and underdeveloped communication infrastructure coupled with low population densities all combine to exacerbate supply difficulties. The exponential growth in the uptake of digital payment technologies (in particular mobile financial services) has had a significant impact on increasing access to financial services by addressing some of these "hard" infrastructure challenges. However, even where services are now available, certain population cohorts and businesses often still face difficulties in meeting the eligibility criteria stipulated by financial service providers, such as documentation and collateral requirements. Furthermore, high transaction fees or excessive interest rates also restrict access to finance for the working poor. Youth face the additional challenges of having minimal or no savings to serve as collateral for a loan, and a limited track record of engaging in business.

Financial inclusion can also be gauged by the nature and quality of the financial services available to populations. Many communities, particularly in rural and remote locations, are forced to rely on informal financial services in the absence of formal ones, or because they cannot easily access or afford formal services (see the definitions in box 2). There is growing evidence that access to informal financial services, such as VSLAs, can serve as a pathway to accessing formal financial services – including for youth.[8] However, the consensus, both in the literature and in the development community, is that because informal services are more insecure, expensive and limited in scope, they cannot be considered as facilitating full financial inclusion.

Box 2. Defining financial services

Formal financial services are those that are subject to the financial sector regulations of the countries in which they are offered. Examples include microfinance institutions, banks, non-banking savings institutions, such as post offices, money transfer companies and mortgage and insurance providers.

Informal financial services encompass the wide range of financial activities and services that take place beyond the scope of a country's formalized financial institutions and that are unregulated by central banks or other supervisory authorities. Examples of such services include a large number of community-based financing vehicles, such as VSLAs, supplier credit, moneylenders and money borrowed from friends and family.

Data from the World Bank's Global Findex database show that an estimated 2 billion working-age adults globally – more than half of the total adult population – have no access to the types of formal financial services provided by the regulated financial institutions that exist in more developed countries. Instead, they depend on informal mechanisms for saving and

[8] See, for example, Care International (2013) and Barclays, Care International and Plan International (2015).

protecting themselves against risk. However, these mechanisms are risky in themselves and often expensive.

CGAP and others have developed a growing body of evidence which increasingly indicates that access to appropriate financial services can play a significant role in improving household welfare and stimulating small business activity, and, consequently, job creation (Cull, Ehrbeck and Holle, 2014; see also section 3 for examples of evidence). There is also macroeconomic evidence to indicate that countries with more developed approaches to financial inclusion tend to grow faster and reduce income inequality more rapidly (Beck, Demirguc-Kunt and Levine, 2004).

2.2 The extent of youth financial inclusion

Evidence from the Global Findex database indicates that youth make up a disproportionately large share of unbanked[9] persons worldwide. Global figures highlight the fact that 46 per cent of youth (aged 15 to 24) have an account at a formal financial institution, compared with 66 per cent of adults (aged 25 and above). Just 18 per cent of youth report having saved formally in the past year, in comparison to 30 per cent of adults, and 5 per cent report having borrowed formally, compared to 12 per cent of adults (see table 1).

Table 1. Financial inclusion of youth (15–24) and adults (25+), by region

		World	East Asia and Pacific	Europe and Central Asia	High-income OECD economies	Latin America and the Caribbean	Middle East and North Africa	South Asia	Sub-Saharan Africa
Account ownership	Youth	46	60	36	84	37	7	35	20
	Adults	66	70	55	96	56	17	49	33
Borrowed	Youth	5	6	4	9	6	2	4	3
	Adults	12	12	15	20	13	7	7	8
Saved	Youth	18	26	5	48	11	3	9	11
	Adult	30	39	9	52	14	5	14	18

Source: World Bank, Global Findex Database 2014.

The age gap in account penetration persists across regions and across income, gender and education groups within economies. The relative gap is smallest in high-income Organisation for Economic Co-operation and Development (OECD) economies and East Asia and the Pacific, at less than 15 per cent, and largest in the Middle East and North Africa (MENA), where youth are less than half as likely as adults to have an account (Demirguc-Kunt et al., 2015).

Only 7 per cent of youth in the MENA region have an account at a formal financial institution, compared to a global youth average of 46 per cent. Sub-Saharan Africa has the second lowest level of formal account holders after MENA, with 20 per cent. Moreover, the findings show that only 3 per cent of young people in MENA saved at a formal financial institution compared to a world youth average of 18 per cent. Europe and Central Asia is the

[9] The word "unbanked" is an umbrella term used to describe diverse groups of individuals who do not use banks or credit unions for their financial transactions. They have neither a checking nor a savings account.

second lowest region in terms of savings after MENA, with 5 per cent, reflecting the very low financial inclusion rates in Central Asia. In contrast to account ownership, an examination of saving with a formal institution shows sub-Saharan Africa above both of these regions, as well as South Asia, with a youth share who have saved at a formal financial institution of 11 per cent. This comparative "success" is perhaps a sign that the digital financial services revolution is starting to have an impact on inclusion numbers. When it comes to borrowing from formal financial institutions, levels are similarly low overall, with MENA again having the lowest rate of inclusion at 2 per cent, followed by sub-Saharan Africa at 3 per cent.

Survey data gathered by the Fii programme[10] in eight countries in Africa and Asia also indicate lower levels of financial inclusion (defined as having an account with an institution that provides a full suite of financial services and comes under some form of government regulation) among youth aged 15 to 24 than among the overall population aged 15 and over. In 2015, the gap between youth and the overall population was seen in all eight countries and averaged 10 percentage points (low: 4 points in Pakistan; high: 24 points in Kenya).

It is important to highlight that even when youth have access to some formal financial services (such as a bank account) this does not necessarily mean that all their financial needs are being met. They may still not be able to access affordable loans or these loans may not be available with conditions (such as repayment period, loan duration, collateral requirements and interest rates) that are appropriate to meet their needs. Similarly, the fact that some youth may not use financial services does not necessarily mean that they could not access them should they want to do so. For some youth at the lower end of the age spectrum (15–19 year-olds), the broader question of economic autonomy from parents possibly overshadows that of theoretical access to financial services.

2.2.1 Why are youth excluded from formal financial services?

As noted above, 46 per cent of youth have an account with a formal financial service provider (FSP) according to the data from Global Findex. It is also estimated that around 50 per cent of FSPs globally include youth in their client portfolio (Storm, Porter and Macaulay, 2010). This is similarly reflected in some regional statistics (for example, MENA, in Coury and Rashid, 2015). Moreover, both anecdotal and quantitative data provide evidence that, in the vast majority of instances, even those FSPs that do serve youth have significantly under-lent to this cohort in comparison to the percentage of youth in the overall population (see box 3). Overall, FSPs have tended to neglect the youth cohort, by not engaging them as a specific target group and by failing to offer them services that are adapted to their specific characteristics and needs (McNulty and Nagarajan, 2005).

The reasons for this underserve of the youth market are diverse. Among the most common are policy and regulatory barriers that set minimum age and proof of identity requirements for opening accounts. Most countries require youth under the age of majority to have an adult co-signer, thereby limiting their ability to conduct transactions and leaving them vulnerable to exploitation by unscrupulous adults. The imposition of these criteria can discourage youth

[10] Data and the report published by the Financial Inclusion Insights programme are available at: http://finclusion.org/ [28 Sep. 2016].

from opening accounts. Identification requirements, often linked to Know Your Client (KYC)[11] policies, can be problematic in many countries. An estimated 70 per cent of children in least developed countries do not have birth certificates or registration documents (Commission on Legal Empowerment of the Poor and UNDP, 2008). Such requirements make it particularly difficult for socially disadvantaged youth to access formal financial services.

Box 3. Estimating the youth "underserve"

Making Cents International conducted a survey of FSPs in 2009, exploring their level of service to youth. Analysis of the survey in Storm, Porter and Macaulay (2010) reveals that only half of the FSPs that responded were providing financial services to young people. Only one-quarter of the overall respondents acknowledged that young clients were part of their target market, although they did not segment their clients by age. Nearly three-quarters of FSPs, however, aspired to serve youth more effectively, indicating that intentionally targeting youth would help them to increase their market share and build long-term customer loyalty.

In 2013, Silatech and Sanabel conducted a survey of 43 FSPs in ten MENA countries, focusing on the level and type of financial services they provided to youth and their attitudes towards their young clients. Despite the finding that there was no discernible difference in repayment rates between youth and adult clients – meaning that youth are not riskier clients – Coury and Rashid (2015) highlight the fact that services to youth clients (as a share of FSP portfolios) can be estimated at 10–40 percentage points below the share of youth in the working-age population. While 29 of the surveyed FSPs said they intentionally targeted the youth segment, of these, only 15 had gone so far as to develop dedicated youth products.

A study of 17 FSPs by the European Microfinance Platform (e-MFP) found that many have reached significant numbers of young people, but in most cases the proportion of youth outreach relative to the overall number of clients at each institution has not yet reached its potential scale (e-MFP, 2014). The major exceptions were in Ethiopia, Rwanda and Yemen, where the percentage of youth clients of FSPs surveyed correlated closely with the youth share in the overall population.

Another reason why FSPs fail to serve more youth clients is that many of their products are not suitable for or attractive to youth. Market studies in multiple countries have identified several characteristics of the youth segment that pose challenges to FSPs, including small and irregular income flows, and equally irregular and small deposits.[12] Youth are sensitive to price, and existing products may require opening or minimum balances or charge fees that are too high for them. Youth are also harder to reach through traditional channels and, in rural areas especially, may have to travel some distance to access formal financial services – a situation that raises safety issues, particularly for girls. These business case barriers have led FSPs to perceive youth as a risky option rather than as a bankable market segment requiring specific and adapted financial services that take their unique needs and vulnerabilities into consideration. The business case for serving young people requires greater up-front investment and a long-term view of profitability over the customer lifetime. These are new concepts in markets where there is low competition, high demand and few incentives to serve low-income balances.

A third common factor contributing to the youth underserve is the limited financial capacity and experience of youth themselves in many countries. Many youth have misperceptions and a mistrust of banks that make them less willing to engage with FSPs. They

[11] "Know your client" (KYC) is the process whereby a business verifies the identity of its clients and the bank regulation that governs these activities. KYC policies are gaining ground globally in the effort to prevent identity theft, financial fraud, money laundering and terrorist financing.

[12] For a synthesis of findings on market research studies of young people conducted in 22 countries, see Youth and Financial Services Working Group (2013).

may also lack basic knowledge about how financial services work, as well as having limited awareness of the financial products and services on offer and how they can benefit from them. Youth looking for finance to start and grow businesses may not only struggle to mobilize the required collateral and guarantees, they might also have unrealistic expectations about their business needs and lack the requisite business experience or credit history.

2.2.2 Youth financial inclusion and decent work

The ILO has a strong interest in gaining a clearer insight into the linkage between youth financial inclusion and employment outcomes, as employment creation is one of the four pillars of its "decent work" agenda,[13] which ties into Goal 8 of the United Nations 2030 Agenda for Sustainable Development.[14] Unfortunately, although increasingly recognized in research circles, the linkage between youth financial inclusion and employments outcomes is currently not sufficiently well-documented (see section 3). According to the ILO, global youth unemployment rates remained stubbornly high at 13 per cent in 2014 (ILO, 2015). With the limited ability of public and private sectors to create sufficient numbers of good-quality jobs, many governments across the world are increasingly looking at proactive approaches to help youth realize their full economic potential, including investment in self-employment programmes that combine skills training and financial education with access to credit to start or grow youth-run businesses.

Increasing access to financial services designed to meet their specific needs and boosting their financial capability to use those services effectively can enable youth (or their families) to invest in their education in order to improve their employability or create their own employment by financing livelihood activities, particularly if access is combined with non-financial business development services. Appropriately designed financial services can play a direct role in supporting young people's transition into employment, particularly for youth who are starting their own income-generating activities for which they require enterprise finance, insurance, leasing and payment services, such as money transfers, in order to start, sustain and grow their businesses.

Notwithstanding the above, it is not enough for financial services to be designed solely to meet youth's needs. They should also be "responsible". "Responsible finance", as defined by CGAP, delivers financial services within the context of a strong consumer protection framework. This means that formal financial institutions should offer retail services in a transparent manner, treating customers fairly and not putting them at risk of harm through over-indebtedness. It also calls for effective mechanisms to address customer complaints. Responsible finance makes every effort to raise consumers' awareness and strengthen their financial capability in order to enable them to make informed decisions about the financial products available to them.[15]

---

[13] See "Decent Work", available at: http://www.ilo.org/global/topics/decent-work/lang--en/index.htm [28 Sep. 2016].

[14] Goal 8 is to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

[15] "Responsible Finance", website of the Consultative Group to Assist the Poor (CGAP): http://www.cgap.org/topics/responsible-finance [28 Sep. 2016].

Increasingly, well-run financial institutions are being expected to sign up to internationally recognized norms and standards in the responsible finance field, such as the Smart Campaign's Client Protection Principles (CPP).[16] The Youth Start project (see section 2.2.4) has adapted the indicators for the seven Smart CPPs to provide better protection for youth rights, and added an eighth principle specifically for child- and youth-friendly banking, based on those developed by the Child and Youth Finance International Secretariat (Child and Youth Finance International and MasterCard, 2014). Key among these adaptations is the provision of financial education for youth. Handled responsibly, providing access to finance can be a key factor in supporting youth to transition successfully into the labour market. Furthermore, when combined with skills acquisition, business training and financial education, the provision of sustainable finance can assist in converting informal youth enterprises into more dynamic, growth-oriented businesses that can sustain livelihoods, create additional jobs and contribute to building stable communities.

The ILO also recognizes that providing youth with access to finance should not come at any cost (see box 4). Large numbers of current or potential FSP clients in poorer economies are engaged in precarious and often dangerous occupations within the informal economy, including as child labourers. The ILO therefore promotes "sustainable finance" in which responsible FSPs offer services to clients in occupations that adhere to the basic criteria of decent work while also offering opportunities for businesses to formalize.

Box 4. The ILO and Youth Financial Inclusion

The ILO approach, first and foremost, is *an integrated approach* to youth employment. It considers financial inclusion as a means to supporting the transition of young people into the labour market, and not as an end in itself. The ILO also recommends starting with a careful evaluation of the needs of the target group, and proceeding with a thorough market assessment before venturing into any interventions. Providing access to financial services that are neither relevant nor demand-driven can have detrimental effects for youth clients, such as promoting over-indebtedness.

Finally, the ILO holds firmly to the premise that financial inclusion has productive and protective potential, both of which factors should be taken into account. On the productive side, this relates to services such as credits for enterprise creation; on the protective side, this refers to savings or insurance to mitigate risks and income fluctuations.

Source: Social Finance Unit, ILO.

Another key concern of the ILO's work with FSPs is to ensure that women have equal and fair access to financial services. Some evidence suggests that many FSPs tend to prefer group financing modalities for women (D'Espallier, Guérin and Mersland, 2011) and that individual loans to women can be smaller, on average, than those provided to men (Frank, 2008). Young women, particularly those who are interested in accessing individual credit for businesses purposes, therefore often face a "double strike" (Elder and Kring, 2016). Evidence from the MENA region shows that the average size of individual enterprise finance loans to youth from FSPs was 50 to 75 per cent that of loans extended to older borrowers, while the average size of individual enterprise finance loans approved for young women was only up to half that of their male counterparts (Coury and Rashid, 2015).

[16] See the "Smart Campaign" website at: http://www.smartcampaign.org/ [28 Sep. 2016].

2.2.3 Approaches to youth financial services

In response to low levels of financial inclusion in some regions, and the limited ability or interest of FSPs in targeting youth specifically with dedicated products, development actors have, over the past five to ten years, increased their efforts to engage with FSPs in order to stimulate the ability of the financial sector to provide demand-driven financial services for youth. YouthSave, which focuses on youth savings accounts in particular, identified three basic "operational forms" for providing such financial services that could be applied more generally: (i) as youth-specific products offered by FSPs for business or social responsibility reasons; (ii) as components of international development programmes that promote broader goals, such as increasing economic opportunity or improving health; and (iii) as government policies that aim to help youth build their asset base while also pursuing national development objectives, such as reducing poverty and inequity.[17]

Government-led responses, in the main, are rarely market-based in nature, which can affect the sustainability of results. Anecdotal evidence has suggested that many youth beneficiaries of government-led self-employment programmes (training, mentoring, seed funding, etc.) still struggle subsequently to access formal financial services from FSPs. The weak performance of many government programmes has led to increased engagement by development partners, particularly with regard to working with FSPs, to correct market failures. Some of the key interventions are highlighted in section 2.2.4.

While increasing numbers of FSPs see the strong potential for developing dedicated youth financial services,[18] few institutions have the specific skills and knowledge required to develop products in a manner that both meets the real needs of young people and is financially sustainable for the institution. As such, development partner-funded interventions which have been carried out in recent years, including many implemented by the ILO,[19] have included technical assistance components to support FSPs. Technical assistance aims to support FSPs in determining the business case for targeting the youth cohort (see box 5) and then providing capacity-building activities in the areas of staff training, market research and product development. Some recent innovations in youth-specific financial services are described in table 2.

---

[17] See "Frequently Asked Questions about Youth Savings Accounts", available at: https://static.newamerica.org/attachments/3759-frequently-asked-questions-about-youth-savings-accounts/YouthSaveFAQMay11%20final_0.072228aad82d4c1195f188c558a50906.pdf [28 Sep. 2016].

[18] This potential is based on an emerging rationale and changing mindset that includes the premises of: (i) building customers for life, (ii) seeing youth as the optimum point of market entry, (iii) leveraging strong opportunities for cross-selling and up-selling (migration), (iv) recognizing youth as fast adaptors who can spread the word to family members on new services and technology, (v) building upon the hot political topic of entrepreneurship as a solution to youth employment, and (vi) benefits to FSPs in terms of positive brand visibility, market differentiation versus competitors and access to government subsidies and donor funding to test products and services. This potential, however, varies by youth segment. For more details, see The MasterCard Foundation and the Boston Consulting Group, 2015).

[19] For example, the ILO-trained FSPs in Tanzania and in the Democratic Republic of Congo on youth-friendly market research techniques. In the latter country, the ILO also assisted the partners to collect data and to develop "prototype financial services" for youth, which were not tailored to one particular organization, but rather based on the data collected and used for all participating FSPs. For more information, see www.ilo.org/socialfinance [28 Sep. 2016].

Box 5. A framework to analyse the business case for youth savings

CGAP, a member of the YouthSave consortium, analysed the factors that make it attractive and profitable for FSPs to offer youth savings products. The resulting CGAP framework reflects internal and external contexts of institutions and shows how influences at the market, institutional and client segment levels affect various cost and revenue streams and business outcomes. It also examines several "levers" at each level that financial institutions can consider when establishing the business case to promote financial services for youth:

Market-level levers:

Competition – the business case is usually stronger where competition is high, and where winning clients at an early stage can give a competitive edge.

Regulation and policy – an enabling regulatory environment can encourage FSPs to serve minors.

Institutional levers:

Opportunity cost – the costs of pursuing this market can be high, and youth savings products often offer low profit margins; FSPs must weigh the costs of providing such services against other investments that may promise a better return.

Capacity and infrastructure – serving the youth market requires significant investments of time, money and people to develop, market and deliver youth-oriented products.

Time horizon – short-term returns on youth products are limited; this market requires a longer-term horizon of profitability.

Social mission and corporate social responsibility – social commitment can motivate a financial institution to provide youth savings products and take a patient approach to realizing profit.

Youth segment levers:

Market sub-segments – there are various sub-segments within the youth market (such as minors and working youth) with corresponding differences in investment, outreach, costs and benefits.

Source: Kilara, Magnoni and Zimmerman (2014).

Table 2. Examples of financial service products for youth

Product	Basic features	Additional, non-financial services
Youth current account	Low or no opening/monthly fees, instant access, low/no minimum balance, pre-paid debit cards	Financial capability training, savings application for smart phones
Youth savings account	Low or no opening a fee, low or no monthly charges, low minimum balance, no charges on deposits or transactions, higher interest rate, cross-selling opportunities (saving balance used as partial collateral) for credit, pre-paid debit cards. Some youth savings accounts have also been designed to assist families to save and pay for children's education. Children under 18 may have an account that is held by a related adult	Financial capability training, savings application for smart phones, lottery prize schemes for active saving behaviours
Youth enterprise loan (existing business)	Reduced collateral or guarantee requirements, lower interest rates, longer grace periods and mobile banking services	Financial capability training, business development services, market access solutions, business clustering services
Youth start-up business loan	As youth enterprise loan above, which may be backed by group guarantees (through a group lending approach), asset financing (where the asset is used as collateral) or donor-funded partial credit guarantee schemes	As youth enterprise loan above, with an emphasis on business plan development

Source: Authors.

2.2.4 *Examples of youth financial services interventions*

The following are examples of recent large-scale financial service interventions aimed at improving access and outcomes of the youth population.

YouthStart (2010–2014)

YouthStart was a United Nations Capital Development Fund (UNCDF) initiative established in partnership with The MasterCard Foundation. It aimed at increasing access to financial services for low-income youth in sub-Saharan Africa, with an emphasis on savings and financial education. The programme helped to design, test and scale up sustainable services tailored to young people's needs, while helping to create an enabling regulatory environment for young people to access the right financial and other services necessary to make sound financial decisions, build a strong asset base and create sustainable livelihoods for themselves. The programme was operational in Burkina Faso, Democratic Republic of the Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo and Uganda. At the close of the project, approximately 515,000 youth (50 per cent young women or girls) were saving either in the form of an individual savings account or through a group-based savings mechanism; close to 60,000 had received an individual or group loan to start up or expand their own business; and 388,365 had participated in financial education sessions.

YouthSave (2010–2015)

YouthSave was a consortium project led by Save the Children in partnership with the Center for Social Development at Washington University in St Louis (CSD), the New America Foundation and CGAP, and supported by The MasterCard Foundation. The YouthSave Consortium and its local partners (financial institutions and researchers) focused on developing, delivering and testing savings products accessible to low-income youth in Colombia, Ghana, Kenya and Nepal. At the time that YouthSave was launched, it was widely assumed that low-income young people could not save money, yet the project managed to open over 130,000 accounts, allowing young people, aged primarily 12 to 18 – half of whom were living below the poverty line – to collectively save over $1 million over a three-year period. In addition, approximately 44,000 youth received direct financial education, 48,000 individuals were reached through community-level events and an estimated 660,000 were reached through mass media.

The "Ghana experiment" conducted under YouthSave is one of only a few experimental research studies in the field of youth financial inclusion. This large-scale, rigorous examination of the impacts of youth savings accounts on savings performance and developmental outcomes for youth and their households was conducted by CSD in partnership with researchers from the University of North Carolina and the Institute of Statistical, Social and Economic Research at the University of Ghana. Using cluster randomized experimental design and mixed methods, it looked at 100 sample junior high schools, assigning half to treatment conditions and the other half to control conditions. Within the treatment schools, 25 were randomly selected to receive in-school banking services and the other 25 to receive marketing outreach. In all, more than 6,000 youth were sampled. The results indicated that YouthSave had an impact on savings account uptake, average savings, cumulative savings and postponing consumption.

YouthInvest (2008–2014)

YouthInvest: Financial and Non-Financial Innovations for Youth was managed by Mennonite Economic Development Associates (MEDA) with funding from The Mastercard Foundation, with the objective of developing and improving tools to support increasing numbers of youth by providing them with financial and non-financial services. YouthInvest sought to connect young people in two MENA countries, Egypt and Morocco, with innovative financial products and services offered by partner financial institutions with the broader aim of increasing their economic prosperity and improving their working lives. The project reached 50,000 youth in Egypt and Morocco with savings, training and loans.

Banking On Change (2009–present)

Since 2009, Barclays Bank, CARE International UK and Plan UK have been working to tackle issues of financial inclusion by taking a savings-led, rather than a credit-led, approach to microfinance. Working across seven countries, Banking On Change combines the expertise of each partner to give people the opportunity and skills to save and manage their money more effectively and to access the basic financial services they need. To date, more than 700,000 recipients have been provided with access to informal financial services via VSLAs. In 2013, the project committed to developing a youth savings group model to contribute to increasing youth financial inclusion and youth economic empowerment by enabling youth both to start income-generating activities and to transition to formal financial services offered by partner banks and microfinance institutions. Over a three-year period, the project created 11,715 youth savings groups with a total of 245,000 members.

Youth Microfinance Project (2010–2014)

The overall goal of the Youth Microfinance Project was to empower youth both socially and economically by increasing their access to financial services and providing training in life skills and financial education. Implemented by Plan Canada in Senegal, Sierra Leone, and Niger, with funding from The MasterCard Foundation, the project took a holistic approach built around three components: self-managed and youth-specific savings and loan associations, life skills training and financial education, and knowledge management/sharing and dissemination. A fourth component in Senegal piloted links with formal microfinance institutions. The project targeted youth aged 15 to 25 in rural, urban and peri-urban areas and involved youth not only as beneficiaries but also as community volunteers and peer educators and on youth advisory boards. It was expected to reach 70,000 youth but exceeded that goal, reaching almost 90,000 young people, 84 per cent of them women.

Advancing Integrated Microfinance for Youth (2009–2012)

Advancing Integrated Microfinance for Youth (AIM Youth), implemented by Freedom from Hunger in partnership with The MasterCard Foundation, was designed to help poor youth in Ecuador and Mali to successfully navigate the transition from adolescence to adulthood. The project worked in predominantly rural communities with high rates of illiteracy, poverty and chronic hunger. It designed and tested new financial products and services (primarily savings) for youth and combined them with training in financial planning, money management and savings strategies, using a learner-centred model. In total, the project provided almost 40,000 young people between the ages of 13 and 24 with access to financial services and financial education (13,000 in Ecuador and more than 26,000 in Mali). The project also created

a free online module to help FSPs and non-governmental organizations develop a strategy for providing youth with integrated services.[20]

Girls' Savings and Financial Education Programme (2008–2011)

This youth savings programme was undertaken in 2008 by Women's World Banking (WWB), a global network of 39 leading microfinance institutions in 27 countries that works with its members to design financial products and services for women. With funding from the Nike Foundation under its Girl Effect initiative, WWB worked with two of its partner institutions – XacBank in Mongolia and Banco ADOPEM in the Dominican Republic. The programme designed and rolled out savings products and financial education programmes for low-income girls and young women (aged 7 to 24), focusing on giving them access to financial services, increasing their financial capabilities and changing their saving behaviours. It also sought to demonstrate to financial institutions the strategic benefits of introducing programmes for this target group. Development of products and services in both countries was based on comprehensive market analyses and extensive customer demand research – models were created, tested, revised and piloted, then evaluated and modified before roll-out as comprehensive youth savings programmes. Both banks worked in partnership with financial education providers to design and deliver curricula. In both countries combined, more than 17,000 youth savings accounts were opened and financial education was provided to more than 24,000 youth. In both countries, the youth-targeted products are now available nationally.

Silatech (2009–present)

Silatech, headquartered in Qatar, is a social initiative that aims to create jobs and other economic opportunities for young people in the Arab world. Working in partnership with governments, private companies and non-governmental organizations, Silatech is currently active in 16 countries, implementing programmes in the areas of microfinance, career advice and employability, small and medium-sized enterprise (SME) development, civic engagement, and research and policy advocacy. In the area of youth financial inclusion, Silatech implements initiatives that provide youth with their first access to savings accounts, supported by financial literacy training. It also works with financial institutions to access capital for lending to youth enterprises and combines technical assistance with innovative seed financing. It developed SILA, a network of angel investors in early-stage businesses in Qatar (in partnership with Qatar Development Bank, Wamda, Oasis500, and the MIT Enterprise Forum). Silatech has also formed a partnership with the micro-lending platform Kiva to create "Kiva Arab Youth", which enables individuals to make online loans of $25 and upwards (matched by Silatech) to young micro-entrepreneurs. One year after its launch in 2012, the project had raised $3 million for 2,500 young people. Building on this success, Silatech is developing the Arab world's first online micro-endowment platform to provide crowdfunded finance for young entrepreneurs.

[20] The module can be accessed at: http://youthfinancialinclusion.org/login/aimyouth.php [28 Sep. 2016].

3. Financial inclusion and its relevance to young people: An examination of the literature

3.1 Introduction

Very few youth financial inclusion interventions have been rigorously tested globally in terms of employment and entrepreneurship outcomes. As donor support grows for youth financial services interventions, which are increasingly being regarded as a key component of employment and poverty reduction solutions, the need to demonstrate evidence of the impact of these programmes becomes more pressing. With the closure of numerous large programmes for youth financial services investments during the period 2014–2015 (see section 2.2.4), rigorous impact evaluations become even more critical to the design of the next generation of initiatives. In particular, governments, social investors and development practitioners require answers to the following questions:

- Does providing better access to financial services improve young people's chances of obtaining decent work?

- Does better access to financial services improve young people's employability (i.e. suitability, and "hireability", for existing paid jobs) or offer them increased opportunities for self-employment?

- Is there any difference between the types of financial services currently available for youth, whether those be savings accounts, enterprise loans or insurance?

- What employment impact does access to finance have on different youth age cohorts (15–19, 20–24, 25–29, etc.) and is there evidence of interventions having more or less significant impacts depending on age?

- What is the employment impact of financial inclusion programming alone compared to programmes that combine financial inclusion with the provision of business training and/or financial capability training?

This section explores the broader evidence base via a global literature review to determine the linkages between youth financial inclusion and employment outcomes. The literature review also incorporates evidence gleaned from rigorous impact evaluations of youth financial inclusion programmes. To date, globally, there have only been a handful of comprehensive impact evaluations of dedicated youth financial inclusion interventions, the results of which are detailed below. Beyond this, there are a number of studies currently in progress (see box 6).

Given the scant information available for youth-specific programmes and results, the literature review in section 3.3.2 falls back on the outcomes of more generic financial inclusion impact evaluations. Where evaluation results focus on a broad cohort (in some cases gender-focused) of beneficiaries, and not specifically on youth, we can only speculate that the specific impacts (both positive and negative) identified for the general beneficiary pool also apply equally to youth. We know, however, as highlighted in section 2.2, that this assumption could be challenged, as young people face specific challenges in accessing financial services. There is therefore a significant likelihood that youth may be under-represented in the analysis and

evaluations highlighted below. Another caveat is that evidence cannot be considered to transfer automatically between countries, given the existence of significant differences in national contexts.

Box 6. Pending evaluations of youth financial inclusion

A number of additional impact evaluations of youth-specific financial inclusion interventions are currently under way and may offer significant opportunities to gain a better understanding of the linkages between financial services provision for youth and positive employment outcomes:

- Barclays, Plan International and Care International Banking on Change initiative (global) – Research is currently being undertaken by the Institute of Development Studies on the Youth Savings Group model of the Banking on Change partnership, including gathering evidence of the success of the programme in linking youth to formal financial services and investigating the impact of the programme on youth livelihoods. Research is forthcoming in 2016.
- Alexandria Business Association (ABA) – Youth enterprise micro to small impact evaluation (Egypt)—Yale's Innovations in Poverty Action is evaluating ABA's "Tomouh" programme, which aims to advance a select group of youth clients (aged 18 to 30) from micro-enterprises into SMEs through access to larger loans. Job creation is one of the primary outcomes to be tracked in the evaluation. The baseline survey was undertaken in early 2016.
- Al-Amal Microfinance Bank's (AMB) Youth Loan Programme (Yemen) – Georgetown University is supporting AMB to evaluate the impact of its youth (18–30 year-olds) loan product. Over 20,000 youth clients of AMB have received financing via this project since 2009. The baseline survey has been completed, but this evaluation is currently on hold, due to the ongoing civil war in Yemen.

3.2 Review summary

A key finding in itself is that the global literature on the labour market impact of financial inclusion programmes that specifically target young people is sparse. It seems that, for the majority of evaluations carried out on financial inclusion programmes (whether youth-specific or not), employment was not considered as a specific outcome to be tracked, and therefore evidence was not actively sought in the evaluation process. Studies, instead, have mainly tended to focus on other outcomes, such as increases in household assets, female and youth empowerment and improvements in health, education and food security. All too often, evidence of employment outcomes is only briefly mentioned in much of the literature.

The analysis in this report includes assessments of whether access to finance was supplemented by non-financial services, as evidence points to stronger employment outcomes resulting from programmes that combine access to finance with soft-skills training, such as financial capability, and harder skills acquisition, such as business development services. This concept is frequently referred to as "Microfinance Plus".[21]

Despite the small number of evaluations on youth financial inclusion programmes, we have identified some evidence that financial inclusion interventions can have positive employment outcomes, both directly and indirectly. To summarize the general conclusions regarding youth financial inclusion and employment outcomes:

[21] "Microfinance Plus", available at Microfinance Gateway website: http://www.microfinancegateway.org/topics/microfinance-plus [28 Sep. 2016].

- Interventions that have focused on a savings-based programme seem to demonstrate the weakest links to positive employment outcomes, whereas enterprise finance programmes provide more evidence of job creation potential. Given that self-employment continues to be an important labour market outcome for youth in many countries, especially low-income countries, such evidence of the positive employment impact of enterprise finance programmes has important implications for policy-makers and development practitioners.

- A number of studies conclude that the impact of microcredit on self-employment is ambiguous at best. Evidence, however, suggests that the provision of larger amounts of credit to youth running growth-oriented businesses (gazelles) rather than to more subsistence-oriented businesses, may lead to higher rates of job creation.

3.3 Positive evidence

3.3.1 Youth-specific

In a 2015 analysis of youth participants in the MyPath Savings pilot (based in Kansas, USA), Loke, Choi and Libby (2015) found positive impacts on participant's' financial knowledge and financial self-sufficiency, which in the medium term may lead to income-generating employment. In the short term, young people were actively building assets, with participants saving an average of $507. Gains in financial capability were mostly independent of the youth's race, gender, household income and public benefits status.

The final evaluation of UNCDF's YouthStart Programme (Microfinanza, 2015) found evidence of improvement in young beneficiaries' self-esteem and independence as a result of having access to a savings account combined with financial education training. The evaluation noted that a number of programme-partnering FSPs had focused on linking youth beneficiaries to economic opportunities by developing partnerships with youth-serving organizations and other entities that offer self-employment opportunities to youth. The evaluation recommends that, in order to create stronger linkages between financial services and economic opportunities, a more diversified offer of products is advisable, moving from savings to enterprise finance, and that youth need to have access to related training, such as business development services, which most FSPs do not provide.

Credit constraints were found to be a significant barrier for young people who wanted to start their own income-generating activities in a meta-regression analysis of the effectiveness of entrepreneurship programmes in developing countries, covering 37 impact evaluation studies undertaken by Cho and Honorati (2013). For young people, the largest effects on employment and earnings were seen from access to finance interventions, particularly those focusing on enterprise finance. It is worth noting that vocational training was also found to be effective and, more specifically, providing general business training seems to generate better outcomes than targeted financial capability training.

Evidence from a meta-assessment of 113 impact studies led by the ILO and the World Bank identified access to finance as a priority need for young aspiring entrepreneurs. The review, summarized in S4YE (2015), found that interventions which targeted entrepreneurship had a positive and statistically significant impact on employment. A key insight from the study

is that entrepreneurship components in programmes targeting youth were more effective when they combined access to finance with training and support services.

In developing its business case framework (see box 5), CGAP conducted an analysis of macro-level data from 48 countries that found correlations between youth account penetration and macroeconomic and demographic factors, drawing on more than 50 indicators from Global Findex and other World Bank databases (Kilara, Magnoni and Zimmerman, 2014). The analysis found high correlations between youth savings and several indicators of socio-economic status, including gross domestic product per capita and secondary school enrolment. It also indicated that use of other financial products (such as adult savings, adult and youth loans and debit cards) has a strong correlation with youth savings. Other indicators that might have been expected to show a strong correlation with youth accounts at financial institutions turned out not to be highly correlated (including the percentage of urban population, population density, the percentage of youth in the overall population, account dormancy and commercial bank penetration). However, the lack of a strong correlation based on the specific indicators and countries used does not necessarily mean that such factors are not relevant to youth account penetration (and to the business case).

3.3.2 Non-youth-specific

Access to finance was found to be effective for business creation in a non-youth-specific meta-analysis carried out by Patel (2014) that covered six meta-evaluations as well as 23 rigorous impact assessments. Key results from this study are that entrepreneurship development training was more effective for new start-up businesses than for the growth of existing businesses. Additionally, access to finance was effective for employment creation when it had a flexible repayment reschedule, was a larger loan and targeted high-performing enterprises.

A CGAP evaluation by Cull, Ehrbeck and Holle (2014) on the macro- and micro-level impacts of financial inclusion on poor households globally found that financial inclusion is positively correlated with employment. Apart from job creation, there are other impacts of financial inclusion that may lead to indirect benefits. More specifically, evidence suggests that increased financial inclusion leads to better risk management and distribution of capital, as well as reduced transaction costs.

In some cases, enterprises would have completely failed to start without micro-loans. Three-quarters (74 per cent) of Spanish entrepreneurs surveyed in 2011 said they would have been unable to open their businesses without a micro-loan (MicroBank, 2015). The study focused on the impact of microcredit on job creation based on a sample of 14,720 clients who received micro-loans from MicroBank, a leading FSP in Spain, between July 2007 and April 2010. Forty-five per cent of the micro-loans disbursed were used to start businesses. These businesses were successful job creators, with an average of 1.5 jobs created per enterprise.

A survey of Afghani households found that microfinance clients created 1.5 additional jobs per business across Afghanistan between 2003 and 2007 and were responsible for more than 500,000 new jobs (both full-time and part-time) (Greeley and Chaturvedi, 2007). The study surveyed 1,019 households across Afghanistan in 2005, of which 615 were microfinance clients. Of those surveyed, 81 per cent reported that funds were used to start a business or

sustain an existing business. This provided jobs for 414 entrepreneurs and created 264 additional jobs.

A study focusing on the Philippines (Kondo, 2007) found significant impact on both job creation and start-ups of new micro-enterprises. Households that received microcredit were responsible for 20 per cent more micro-enterprises than non-recipient households and employed 17 per cent more people per capita. Every loan of 100 Philippine pesos (PHP) was found to increase household income by an average of PHP 47. The study was conducted on 2,276 households in 2007 in an attempt to evaluate the effectiveness of the government-supported Rural Micro-enterprise Finance Project.

In a study supported by the United States Agency for International Development (USAID) (Dunn and Arbuckle, 2001), which analysed the impact of microcredit from Acción Comunitaria del Perú (ACP/Mibanco), microcredit was found to have a positive impact on job creation and enterprise revenue for households in Peru. Households that received micro-loans generated 3.5 more days of paid employment per year compared to non-client households. The structure of the study was longitudinal and surveyed 518 households between 1997 and 1999. Microcredit created 4.3 million workdays across ACP/Mibanco’s 40,000 clients. This is equivalent to 17,414 additional jobs, of which 6,529 were full time, i.e. more than 250 days a year.

Blattman et al. (2014), looking at a programme designed to help impoverished Ugandan women to boost their earnings and autonomy through a combination of business training, grants and advice, found that the grants component had a significant impact, doubling both business ownership (and therefore self-employment) and incomes over a 16-month period. A recent ILO meta-analysis of 16 microfinance providers offering interventions of the Microfinance Plus type identified positive outcomes in terms of self-employment for a Tajikistan-based microfinance institution (ILO and Mannheim University, 2015). The microfinance provider IMON offered a package of women’s entrepreneurship training and start-up loans for female micro-entrepreneurs. The evaluation found that 62 per cent of women who trained via the programme went on to start a business, the majority within three months of completing their training.

3.4 Negative/ambiguous evidence

A 2015 report from the YouthSave consortium (Center for Social Development, 2013) indicates that providing young people with access to financial resources (such as savings accounts) increased their financial capability and had impacts on other outcomes (cognitive functions, education and health). While not specifically highlighted in the report, the cognitive functions outcomes are part of the basket of “soft skills” that employers increasingly consider to be a vital aspect of young people’s readiness for the labour market. The programme targeted 130,000 youth in Colombia, Ghana, Kenya and Nepal, with half of them living below the poverty line. The study also highlighted the fact that an enabling regulatory environment was crucial to ensuring widespread availability of youth-targeted products at formal financial institutions. No evidence was presented of the direct linkages between increased financial inclusion and labour market outcomes.

Arcand et al. (2013) carried out an evaluation of MEDA’s YouthInvest initiative in Morocco, which provided youth with training in life skills, entrepreneurship and financial

education, combined with the opening of savings accounts with FSPs.[22] The intervention was found to have a significant and positive effect on youth savings, but had a negative impact on employment; beneficiaries were found to be significantly less likely to be employed than the control group. For young men, data suggested that participation in training inclined them more to stay in education. For young women, data suggested that training participation might have encouraged a larger number to seek out employment, but that the likely outcome for these women is unemployment.

In their longitudinal study of young people receiving business start-up assistance through the Prince's Trust in the United Kingdom (with financial support from the Government), Meager, Bates and Cowling (2003) found no statistical evidence to support the claim that entry into self-employment had an impact on participants' subsequent employability. After controlling for other factors, those who left the programme were found to be no more likely than those in the comparison group to be in employment and, among those who were in employment, their earnings were no higher than those in the comparison group.

In Crépon et al. (2014), an evaluation of the Adie CréaJeunes youth business start-up project in France, which combined training, mentorship and seed grant capital, found marginally positive impacts on the treatment group in comparison to the control group when it came to business creation and the ability to access credit from formal financial institutions. Another study on evaluations across 54 countries by Grimm and Paffhausen (2015) found that the effect of microcredit on unemployment was unconvincing. The study covered 54 countries across the world (with the majority from Latin America) and concluded that microfinance was not a successful tool for job creation. One explanation is that the focus of most microfinance programmes was on income stabilization, rather than job creation. This meta-analysis found that it is often a complex process to ensure that interventions achieve positive employment impacts, more so when the target is sustainable jobs with decent working conditions.

In sub-Saharan Africa, a review by van Rooyen, Stewart and de Wet (2012) also found that microfinance had little impact on job creation. The study reviewed evidence from 15 impact evaluations on microcredit and microsavings programmes targeting low-income people in the region. Only two out of the 15 studies (both microcredit-focused) showed any impact on job creation, while no studies of microsavings-based interventions considered job creation as an outcome. Finally, an evaluation of Plan Canada's Youth Microfinance Project (Nayar, 2014) reviewed a pilot initiative in Senegal, designed to facilitate linkages between youth savings and loan associations and formal financial institutions to motivate youth to access formal financial institutions. This study found low uptake levels, possibly indicating either that young people did not want to bank with a formal financial institution, or that they were simply not ready to enter into the formal system.

[22] An endline survey of the programme was completed in 2015 and final published results are still pending.

4. New evidence on youth and financial inclusion from the SWTS data set

This section consists of three sub-sections. Section 4.1 provides an overview of the SWTS data set. Section 4.2 focuses on how many youth within the data set can be considered financially included, what factors affect their inclusion and what types of services they are using. Finally, section 4.3 looks specifically at how the young self-employed and employers access and make use of financial services.

4.1 Overview of the data set

The SWTS data applied in this report cover 29 countries grouped in six regions: East Asia and the Pacific, Eastern Europe and Central Asia, Latin America and the Caribbean, MENA, South Asia and sub-Saharan Africa (see table 3 for the breakdown of the list of countries).[23]

Table 3. Regional classification of countries in the ILO SWTS data set

Sub-Saharan Africa	Eastern Europe and Central Asia	MENA	Latin American and Caribbean countries	East Asia and Pacific	South Asia
Benin	Armenia	Egypt	Brazil	Cambodia	Bangladesh
Liberia	Kyrgyzstan	Jordan	El Salvador	Samoa	Nepal
Madagascar	Macedonia FYR	Lebanon	Jamaica	Viet Nam	
Malawi	Moldova, Rep. of	Occupied Palestinian Territory	Peru		
Tanzania, United Rep. of	Russian Federation	Tunisia			
Togo	Serbia				
Uganda	Ukraine				
Zambia					

4.2 How are financial services used by young people?

This section presents the overall picture of financial access for youth and defines the characteristics of those with and without access. It explores trends in financial access for youth and the characteristics of those with and without access to financial services across geographic and income-based groupings, including sex, age (15–19, 20–24 and 25–29 years old), labour market activity, level of education and household wealth.

The SWTS questionnaire identifies access to financial services through the following questions: (i) “What financial services do you personally use?”[24] and (ii) “Who provides you with financial services/What are your main sources of financial services?”. As highlighted in section 1.1, for the purposes of this study, financial inclusion is defined as applying to those

[23] Details on how the overall SWTS data set was assembled are supplied in section 1.2.

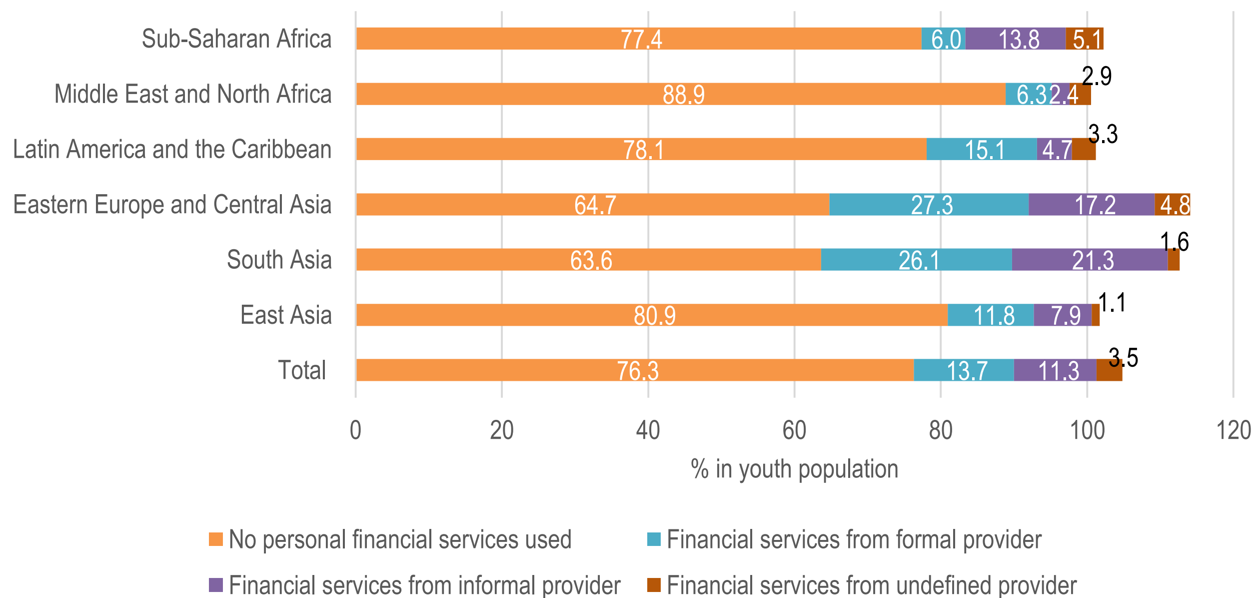
[24] Types of financial services addressed in the SWTS include business loans, emergency loans, consumption loans, own savings, insurance, remittances/money transfer services and/or others.

youth who have access to formal financial services (banks, money transfer operators, insurance companies and microfinance institutions), regardless of whether they use them or not. Informal sources of finance, such as pawn shops/informal financial operators and relatives or friends[25] have been examined briefly but have not been included in all sections of the report's detailed analysis. This is consistent with both the ILO and World Bank/CGAP definitions of access to finance and financial inclusion.

4.2.1 By region

Among the total sampled youth examined in this study, covering 29 countries, slightly less than 14 per cent, or one in seven youth, reported that they were accessing formal financial services, as per the definition used in this report (accessing financial services via banks, money transfer operators, insurance firms and microfinance institutions). A little over 11 per cent of youth were using informal financial services and 76.3 per cent used no personal financial services at all (see figure 1).

Figure 1. Financial access of youth, SWTS countries by regional averages



Notes: Formal providers include banks, insurance companies, microfinance institutions and money transfer operators. Informal providers include pawn shops/informal financial operators and relatives or friends. The distribution can sum to more than 100 per cent due to an allowance for selection of multiple options on providers of financial services in some countries. A person can therefore be double-counted if they state use of financial services from multiple sources across the formal, informal or undefined provider choices. Within the categories, however, youth are counted exclusively; for example, a respondent is counted among those with an informal provider if s/he claimed either use of services from a pawn shop or friends/family.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

[25] VSLAs are not specifically captured in the SWTS, which means there remains an unfortunate lack of statistical evidence regarding how access to these informal financial structures can influence youth labour market outcomes or subsequent access to formal finance.

Sub-Saharan Africa has the lowest level of youth financial inclusion at 6.0 per cent and the second highest share of youth accessing informal financial providers at 13.8 per cent. In fact, it is only in sub-Saharan Africa that the youth share using services from informal providers exceeds the youth share using formal providers. Youth in the MENA region have the second lowest levels of financial inclusion, with only 6.3 per cent of surveyed youth accessing formal financial services.

Results from South Asia are also notable, with youth access to both formal and informal financial providers the highest or second highest of all the regions surveyed, at 26.1 per cent and 21.3 per cent, respectively. In both Latin America and the Caribbean and MENA, there are three times more youth with access to formal financial services than youth with access to informal financial services, although shares are significantly larger in the former region.

A review of Findex microdata for 2014 (see Annex I, table A.2) uncovers partially similar regional variations. As in the SWTS, the proportion of youth who have no access to financial services (defined as having neither an account at a financial institution nor a mobile money account[26]) is highest in the MENA countries (78.6 per cent). In contrast with the SWTS, however, the lowest proportion is seen in Latin America and the Caribbean (55.2 per cent). In all but one region, Findex reports lower levels of youth financial exclusion than the SWTS, with differences ranging between 0.4 and 22.9 percentage points depending on the region. Only in South Asia are youth financial exclusion levels higher in Findex than in the SWTS (73.1 per cent in comparison to 63.6 per cent).[27]

4.2.2 By age group

The SWTS data set highlights the fact that financial inclusion increases as youth become older.[28] Indeed, globally, the proportion of youth aged 15–19 years old who have access to personal finance (this includes formal and informal providers) is less than half that of youth aged 25–29 (see figure 2). When considering formal financial services only, the differences are even starker, as the proportion of youth aged 15–19 who have access is roughly one-quarter that of youth aged 25 to 29 (5.8 per cent compared to 21.5 per cent). Similar trends are visible in all regions but the increase in access by age is more pronounced in some regions than others. For example, in the MENA region only in 1.2 per cent of youth aged 15–19 have access to formal financial services in comparison to 6.0 per cent of youth aged 20–24 and 13.2 per cent of youth aged 25–29. In other words, proportionally speaking, the oldest youth (25–29) cohort are ten times more likely to have financial access compared to the youngest cohort (15–19) and twice as likely as the median cohort (20–24). In sub-Saharan Africa, the share of youth accessing financial services from informal providers is larger than that of youth accessing services from formal providers, and this is true among all age groups, although the gap decreases with age.

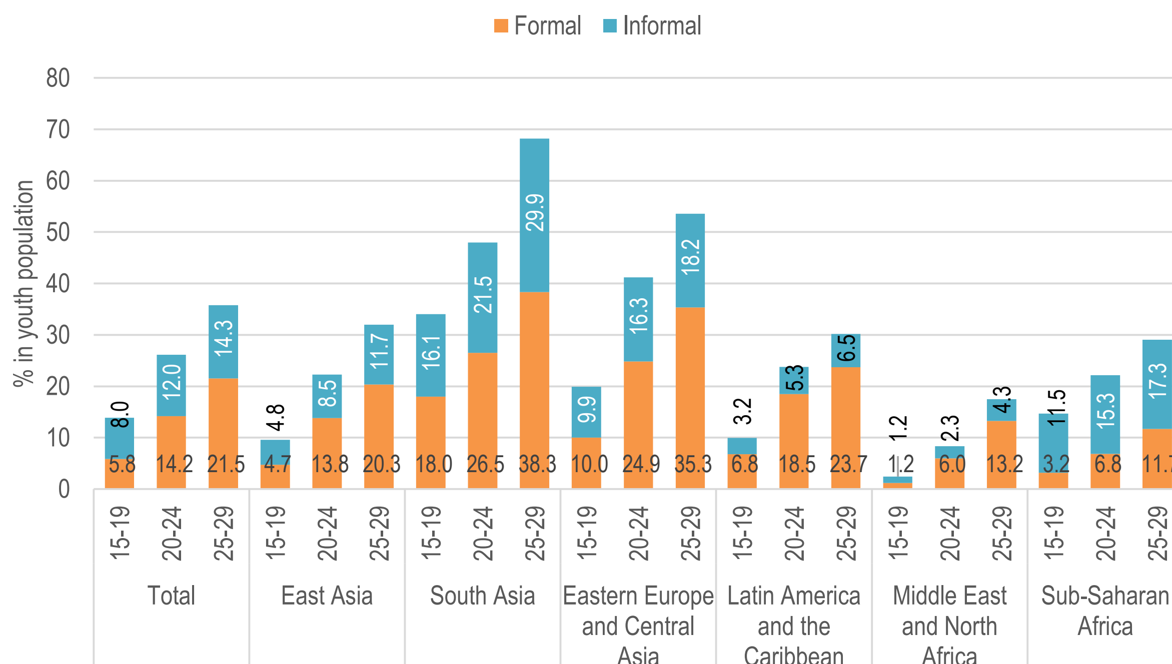
---

[26] Because Findex microdata do not specify the type of providers of financial services, the only indicator on which a comparison can be made is the proportion of youth who use no personal financial services.

[27] In all likelihood, systematic gaps between Findex and SWTS findings are caused by methodological factors, such as differences in the time periods covered, number of countries reviewed, sampling methodologies and definition of indicators used in each study.

[28] The same is seen in Findex microdata for 2014. Regardless of region, the proportion of youth aged 15 to 29 who have an account at a financial institution or a mobile money account increases with each age group.

Figure 2. Youth access to formal or informal financial services by age group, SWTS countries by regional averages



Note: See the notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

There are a number of probable causes for the increase in financial inclusion by age. First, age is a strong determinant of transition levels. As young people move into the labour force and earn a regular income, they require a wider range of financial services and have increasingly complex financial requirements, such as savings, current accounts, mortgages and loans for business and consumption activities. Such requirements will typically only manifest themselves as youth complete their education and enter the workforce. The range of financial services detailed in the SWTS does not cover all such areas of interest, but table 4 does confirm an increased use of loans (business, emergency and consumption loans), savings accounts and insurance products as youth enter the upper age band (25–29).

Additionally, there could be a lack of specific targeting of adolescents who fall below the legal working age or legal age of adulthood. Apart from Cambodia (16 years), Viet Nam (16 years) and Madagascar (21 years), the legal age of adulthood in the countries included in the SWTS data set is 18 years of age. Table 4 shows that the most typical financial service provision for youth aged 15–19 is savings accounts, although only 5.6 per cent of the sample had access. Other financial products are likely to require stringent approval processes and the signature of a parent or legal guardian.[29] This would be a significant factor in explaining the low levels of youth financial inclusion among the 15–19 year-old age cohort in comparison to the older youth cohorts. Finally, another factor may be the reluctance of financial institutions to actively service the younger youth cohorts due to perceptions of risk or cost.

[29] Notwithstanding the fact that in some countries even savings accounts may require the signature of a parent or legal guardian, depending on the age of majority.

Table 4. **Financial access of youth by type of financial service and service provider according to age group, 29-country average (% of youth population)**

Age group	Type of financial services						
	Business loans	Emergency loans	Consumptio n loans	Own savings	Insurance	Remittances/ money transfer services	Others
15–19	0.8	1.4	1.3	5.6	0.5	4.6	2.8
20–24	2.0	2.5	4.1	11.5	1.2	7.6	3.5
25–29	3.7	4.3	7.2	16.3	1.9	8.1	4.1
	Financial services providers						
	Bank	Insurance company	Microfinance institution	Money transfer operators	Pawn shop/informal financial operator	Relatives and friends	Others
15–19	6.1	0.3	1.8	1.3	3.6	13.6	3.9
20–24	13.9	1.0	2.7	2.8	4.3	15.9	4.7
25–29	20.3	1.6	4.7	3.3	5.2	16.6	5.7

Note: Multiple responses were allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

4.2.3 Providers of financial services

Table 5 provides additional data on the types of financial institution (formal and informal) used by youth by region. Overall, the data shows that globally there is roughly equal usage by youth of services from formal (17.5 per cent) and informal financial services providers (17.3 per cent). Note that multiple responses were allowed so percentages here are not equal to those shown in figure 1. Banks remain the most commonly accessed formal provider of services and, perhaps not surprisingly, are especially prevalent in the region of Eastern Europe and Central Asia. Microfinance institutions were used by 2.4 per cent of youth overall, but by as many as 13.6 per cent of youth in South Asia. Among informal providers, the most commonly used source of financing comes from families and friends in all regions. South Asia again stands out as the only region showing a sizable use of pawn shops or informal financial operators (11.7 per cent of youth).

Evidence from the literature indicates that some financial services are more likely to lead to employment creation than others. For instance, according to the World Bank,[30] SMEs contribute up to 45 per cent of total employment in emerging economies, yet more than 50 per cent of SMEs lack access to finance, which hinders their growth – an issue affecting both formal and informal SMEs, with lack of access to credit reported to be the biggest problem (IFC, 2013). In this context, youth loan products which focus on helping youth to start or grow businesses will typically have greater potential to create new jobs than can savings products or money transfers (see also the discussion in section 3.3). However, one cannot assume that youth who have greater access to financial services will use such products for productive activities that contribute to employment creation in the short term. A youth savings product, for example, may be used to pay for school fees, which may have a positive effect, but only in

[30] See "Small and Medium Enterprises (SMEs) Finance", available at: http://www.worldbank.org/en/topic/financialsector/brief/smes-finance [29 Sep. 2016].

the long term. Similarly, money transfers and even some loan products may be used for consumption, rather than for productive purposes. To better assess the connection of financial services to productive outcomes, it is better to analyse the financial inclusion of young employers or own-account workers, as detailed below in section 4.3.

Table 5. Providers of financial services used by youth, SWTS countries by regional averages (% in youth population)

Region	Formal			Informal			
	Bank	Insurance company	Microfinance institution	Money transfer operators	Pawn shop/informal financial operator	Relatives and friends	Others
Total	11.8	0.9	2.4	2.4	1.8	11.4	4.1
East Asia	8.8	0.1	2.0	1.2	1.0	7.1	1.1
South Asia	14.5	2.6	13.6	2.6	11.7	15.6	1.6
Eastern Europe and Central Asia	25.6	1.9	1.3	5.0	0.9	17.1	4.8
Latin America and the Caribbean	12.0	0.7	1.8	5.4	0.7	4.2	0.1
Middle East and North Africa	3.9	0.4	0.8	0.5	0.2	2.8	3.2
Sub-Saharan Africa	4.1	0.2	2.2	0.9	1.9	14.4	6.0

Note: Multiple responses were allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

4.2.4 By sex

Table 6 presents the distribution of financial access by sex and region. Shares of access to financial services (both formal and informal) for young males and females do not differ significantly in all the regions, with the exception of MENA. In total, the share of financial inclusion among young males is 14.0 per cent compared to 13.4 per cent among young females. When it comes to accessing formal financial services, however, gender disparities are more obvious, especially in certain regions. The higher use of formal services for young males is evident in all regions except East Asia and Eastern Europe and Central Asia (although the difference in the latter is quite small).

The gender gap in financial access is most pronounced in the MENA region, where young men have roughly twice the level of access to formal finance compared to young women (8.0 per cent and 4.5 per cent, respectively). One explanation for this result is that the law in many countries in the region requires that men are formal signatories on contracts related to financial services regardless of actual usage. Socio-cultural norms tend to result in gender disparities in the region. One potential avenue to improving our understanding of why gender gaps in financial access are seen in certain parts of the world, but not in others, would be to explore barriers to young women's access to financial institutions. Research by Johnson et al. (2015) indicates that girls involved in the YouthSave project opened savings accounts when such barriers were removed, and that they actually saved as much as, or more than, boys.

Table 6. Financial access of youth by sex, SWTS countries by regional averages (% in youth population)

Region	No personal financial services used	Financial services used			No personal financial services used	Financial services used		
		Formal provider	Informal provider	Undefin ed provider		Formal provider	Informal provider	Undefin ed provider
	Male				Female			
Total	75.9	14.0	11.1	4.3	76.8	13.4	11.5	3.8
East Asia	82.8	10.7	7.1	0.9	79.3	12.8	8.6	1.3
South Asia	62.6	26.4	22.9	1.5	64.8	25.8	19.3	1.7
Eastern Europe and Central Asia	65.1	27.1	16.8	4.9	64.3	27.4	17.6	5.5
Latin America and the Caribbean	76.6	15.5	4.7	3.8	79.5	14.7	4.8	2.9
Middle East and North Africa	86.5	8.0	2.9	3.2	91.3	4.5	2.0	2.6
Sub-Saharan Africa	77.3	6.1	13.2	6.2	77.4	5.9	14.3	4.8

Note: See the notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Findex microdata for 2014 reveal fairly similar regional distributions on the size of gender gaps, although with generally larger gender gaps overall.[31] The largest gap is seen in MENA, where Findex reports a 10 percentage point difference in the proportions of young males and females who have neither an account at a financial institution nor a mobile money account (74.0 per cent and 84.0 per cent, respectively). This is double the 5 percentage point difference in the proportions of young males and females who use no personal financial services found in the analysis of the SWTS (86.5 per cent versus 91.3 per cent, respectively).

Box 7. Labour market classifications

Non-vulnerable employment – persons who worked for at least one hour in the reference week as a paid employee or as an employer (self-employed with employees).

Vulnerable employment – persons who worked at least one hour in the reference week as an own-account worker or contributing (unpaid) family worker.

Unemployed – persons who did not work in the reference week and were available to work and who have actively sought work.

Inactive (or outside the labour force) – persons who were neither working nor looking for work. This can include students and those in training as well as persons engaged in household duties.

Economically active (or in the labour force) – persons who are either employed or unemployed.

Source: ILO.

[31] Again, this is most likely due to methodological differences between the Findex and SWTS studies.

4.2.5 By labour market status

Table 7 shows the distribution of financial access by labour market status of the youth population (see box 7 for an explanation of categories). Shares of financially included youth in each labour market category are also shown in figure 3. The economically active youth, and primarily those who are already employed, are more driven to seek access to financial services than the inactive (among whom 83.1 per cent used no financial services), some of whom will still be students dependent upon the household income of the family. That said, still 20.5 and 15.3 per cent of inactive youth in South Asia and Eastern Europe and Central Asia were found to make use of financial services from a formal provider.[32] Although lower than among the employed, 12 per cent of unemployed youth have access to formal finance services and 11 per cent to informal financial services. In South Asia, the share is as high as 26.1 per cent, followed by 19.7 per cent among unemployed youth in Eastern Europe and Central Asia and 14.9 per cent in Latin America and the Caribbean.

Table 7. Financial access of youth by labour market status, SWTS countries by regional averages (%)

Region/financial services used	In non-vulnerable employment			In vulnerable employment			Unemployed			Inactive		
	None	Formal	Informal	None	Formal	Informal	None	Formal	Informal	None	Formal	Informal
Total	65.1	23.7	13.3	72.4	14.6	14.1	77.7	12.0	11.0	83.1	8.3	9.3
East Asia	69.4	23.3	8.7	80.5	10.1	9.6	83.6	11.0	6.0	86.9	7.0	6.1
South Asia	55.0	36.0	27.2	54.5	32.5	26.8	65.1	26.1	22.8	69.6	20.5	16.8
Eastern Europe and Central Asia	53.9	41.1	16.4	64.6	25.3	18.9	72.3	19.7	16.0	77.6	15.3	13.3
Latin America and the Caribbean	66.5	25.8	6.5	76.5	16.5	7.2	79.2	14.9	4.1	88.4	7.8	3.0
Middle East and North Africa	77.2	15.0	4.3	83.0	8.6	4.7	91.7	4.1	2.3	94.3	2.3	1.5
Sub-Saharan Africa	67.6	11.5	17.2	72.2	7.1	16.7	74.1	7.2	13.4	80.6	4.6	11.9

Note: See the notes to figure 1 and box 7 for definitions. “None” means no personal financial services were used. “Formal” and “informal” refer to the provider of the financial services.

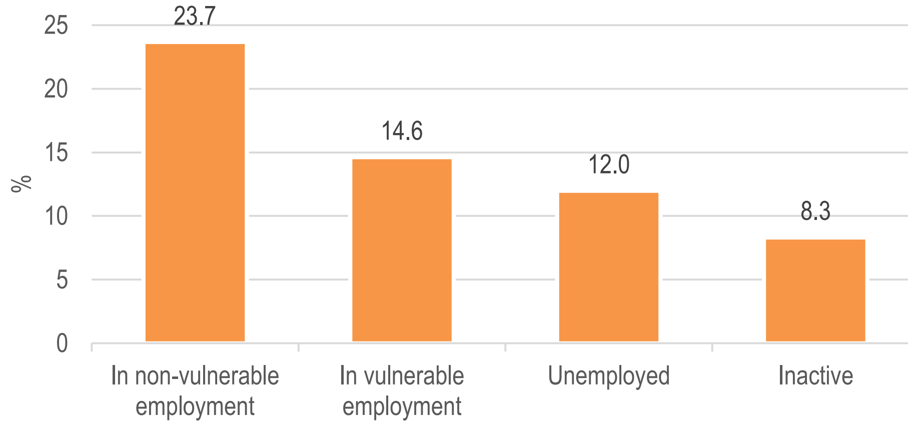
Source: Authors’ calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

The category of youth most likely to have access to formal financial services are those in non-vulnerable employment (23.7 per cent) followed by youth in vulnerable employment (14.6 per cent), unemployed youth (12.0 per cent) and inactive youth (8.3 per cent). One possible interpretation of these results is that youth who hold non-vulnerable paid jobs are subject to a greater degree of formality in their employment contracts and are therefore more likely to use formal financial institutions to safeguard their earnings, while also being more likely to be approved by formal financial institutions for access to financial services. Indeed, when viewed by type of financial service accessed in figure 4, the highest share of youth accessing savings

[32] Differences in regional distributions of youth populations by labour market status help to explain, at least in part, the regional differences in financial inclusion shown in figure 1. The latest ILO *Global Employment Trends for Youth* (ILO, 2015) showed higher shares of employed youth in the Asian regions as well as in sub-Saharan Africa and Latin America and the Caribbean compared to other regions. In contrast, shares in unemployment and inactivity are high in Eastern Europe and Central Asia and MENA.

accounts are youth in non-vulnerable employment (19.6 per cent compared to 12.6 per cent of youth in vulnerable employment and 9.2 per cent of the unemployed youth).

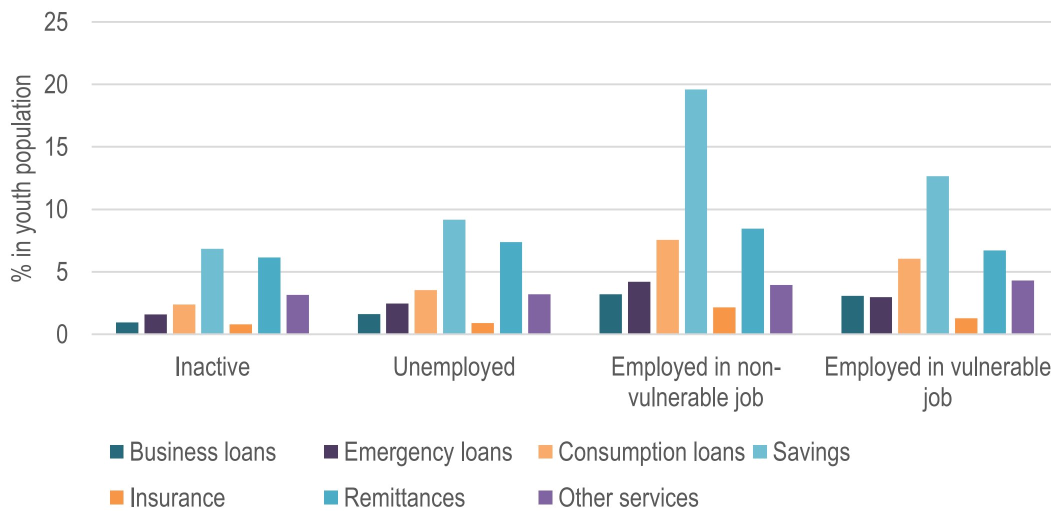
Figure 3. Financial inclusion of youth by labour market status, 29-country average (% with formal financial services)



Note: See box 7 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Figure 4. Financial access of youth by labour market status and type of financial service, 29-country average



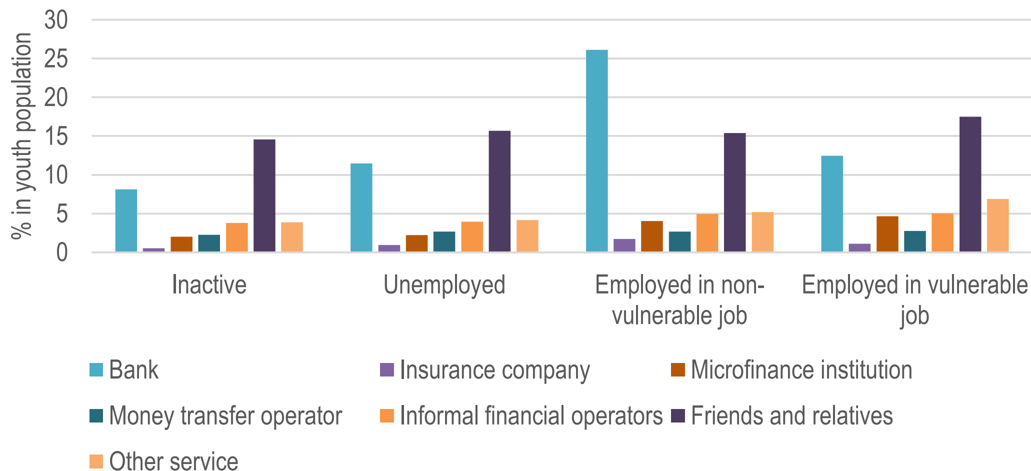
Note: See box 7 for definitions. Multiple responses allowed.

Source: Authors' calculations based on ILO SWTS, 2012-13 and 2014-15 in 29 countries (42 surveys in total).

Another possible interpretation is that there is a relationship in the opposite direction – where access to financial services can be claimed to encourage higher employment shares among youth. If this is true, the more obvious link would be among the self-employed (in vulnerable employment) who use loans to start a business. However, this assumption is not borne out in the detailed analysis, which shows higher shares of employed youth in non-vulnerable jobs having loans than employed youth in vulnerable jobs. When viewed by detailed service provider in figure 5, the SWTS survey results indicate a higher tendency for

youth in vulnerable employment to receive their financial services from family or friends than youth in other labour market categories. Youth in vulnerable employment were also most likely to receive services from microfinance institutions.

Figure 5. Financial access of youth by labour market status and type of service provider, 29-country average



Note: See box 7 for definitions. Multiple responses allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

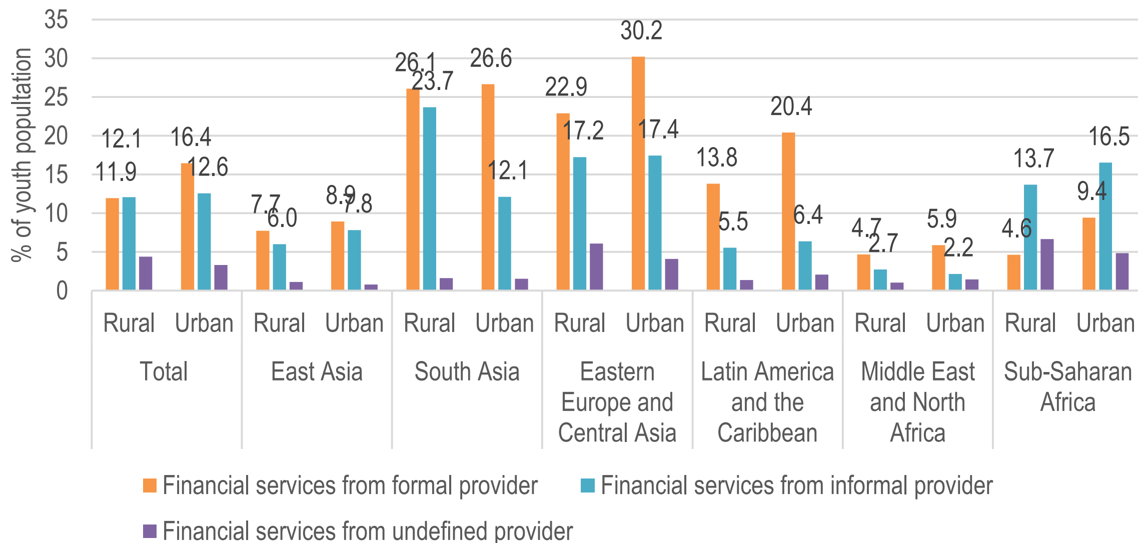
4.2.6 By area of residence

In all regions, the level of access to formal financial services is higher in urban than rural areas[33] (see figure 6). With regard to informal financial services, access is also mainly higher in urban areas in all regions except South Asia. In South Asia, in general, the presence of community-based formal lending models (e.g. village banking) and mobile banking could imply an equal range of options available for rural youth compared to urban youth, while informal services remain largely prevalent in rural areas. While rural youth in South Asia report the highest levels of financial inclusion (26.1 per cent) among the SWTS regions, urban Eastern European and Central Asia has the highest level of urban financial inclusion (30.2 per cent). In fact, the largest urban–rural gap in youth financial inclusion is shown in the Eastern Europe and Central Asian region (7 percentage points). Reasons for the higher urban coverage

[33] A similar pattern is seen in data from the Fii programme indicating that, in 2015, the percentage of financial account holders in all eight countries surveyed by the programme was systematically higher among urban populations than rural populations, with differences averaging 17 percentage points. This gap is consistent among active bank account holders, mobile money account holders and non-bank financial institution (NBFI) account holders, except in Bangladesh, where there are more NBFI account holders in rural settings than in urban settings (21 per cent and 16 per cent, respectively). The largest gaps between urban and rural provision are seen in Tanzania and Uganda (27 and 32 percentage points, respectively), two countries with high proportions of active mobile money account holders. The smallest gap (6 percentage points) is seen in Pakistan, which is the country with the lowest proportion of financial account holders overall. It should be noted that these findings apply to all persons aged 15 and above, and not just to youth.

are primarily linked to the less developed infrastructure, lower income levels and higher transaction costs in rural areas.

Figure 6. Financial access of youth by urban/rural location, SWTS countries by regional averages



Note: See the notes to figure 1 for definitions.

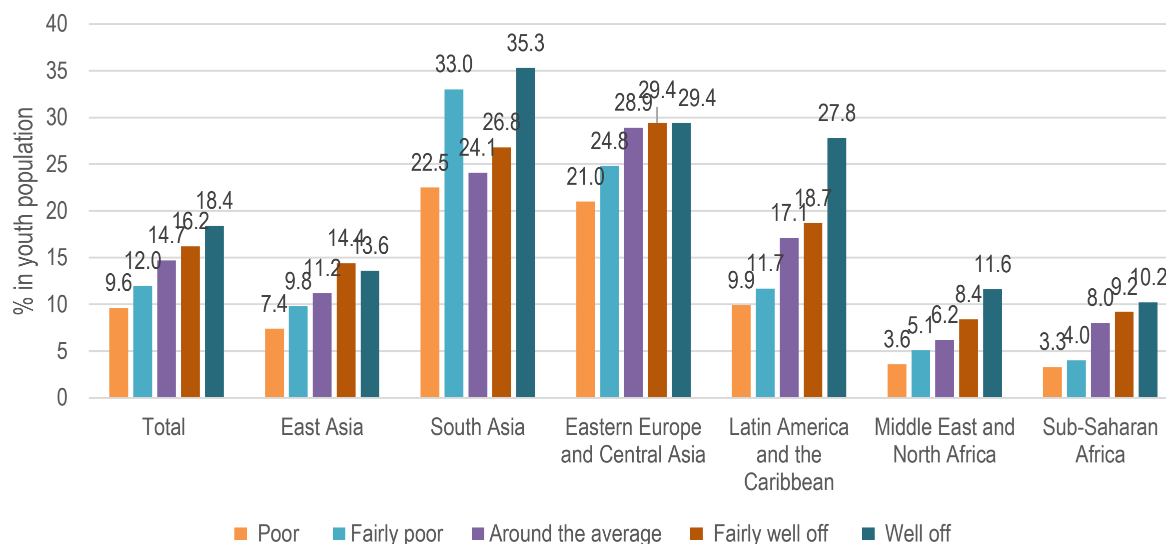
Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

4.2.7 By household income level

Overall, the data show that the more "well off" a youth's household income level (based on self-perception), the better their access to formal financial services (see figure 7).[34] One possible interpretation is that youth from wealthier households would grow up in an environment where access to finance was more common, and therefore either be encouraged by their family to access financial services and/or have fewer reservations about doing so. Furthermore, formal service providers may be disinclined to provide services to low-income youth who would typically lack collateral, have limited or no credit history and be principally engaged in the informal economy.

[34] The same conclusion can be drawn from a review of Findex microdata for 2014, although variations in the proportions of youth who have an account at a financial institution or a mobile money account are much smaller at the low end of the income scale (22.8 per cent for the poorest 20 per cent compared to 23.8 per cent per cent for the second 20 per cent) than at the high end (32.9 per cent for the fourth 20 per cent and 46.4 per cent for the wealthiest 20 per cent).

Figure 7. Youth financial inclusion by household income level, SWTS countries by regional averages



Notes: Household income level is based on the perception of the young respondent.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

South Asia stand out as a region where youth from poor or fairly poor households report similar or only slightly lower levels of financial access compared to wealthier cohorts. In South Asia, as much as 22.5 per cent of youth from poor households were using financial services. The results here could be influenced by the fact that both regions have mature microfinance sectors that have traditionally focused on the provision of financial services for the poor (see box 8).

Box 8. Microfinance in South Asia

The modern microfinance movement was born in Bangladesh in the 1970s as a response to the prevailing conditions of poverty among its vast rural population. Astonishing growth rates in the number of microfinance clients in Bangladesh, particularly during the 1990s, put microfinance on the map globally. In India, a significant microfinance system based on self-help groups developed during the 1980s and 1990s. Other countries in the region made slower and later starts, but have since established active microfinance sectors. Recent years have been turbulent, with a number of high-profile examples of client over-indebtedness caused by aggressive, profit-driven lending practices and a subsequent politicization of the industry, particularly in India and Bangladesh. No longer is size the sole focus: in response to crisis, microfinance is turning its attention towards more responsible delivery, new products and approaches that put the client's best interest back at center stage.

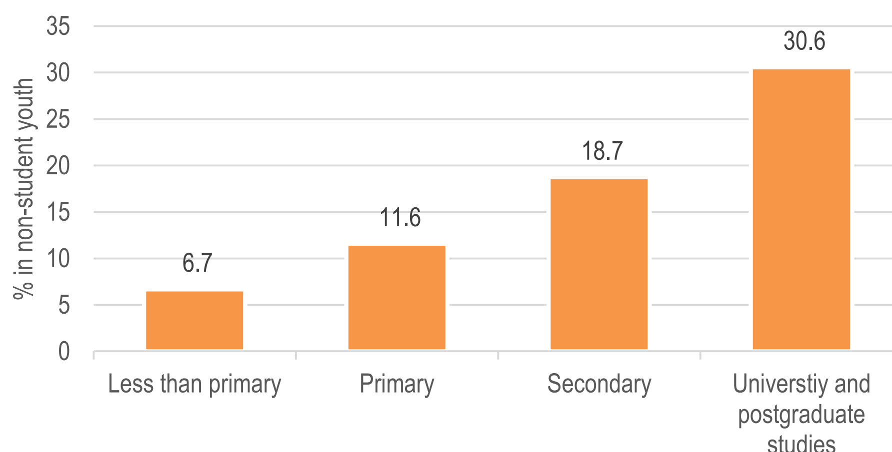
Source: Sinha et al. (2006).

4.2.8 By level of education

Figure 8 shows clearly that increasing levels of education have a strong influence on financial inclusion among youth. The SWTS average shows that nearly one in three youth (30.6 per cent) with completed tertiary education had accessed formal financial services compared to 18.7 per cent of youth with secondary education, 11.6 per cent with primary education and 6.7 per cent with less than primary education. The proportion of youth who are

financially included is therefore more than four times higher among the most educated in comparison to the least educated.[35]

Figure 8. Youth financial inclusion by level of completed education, 29-country average (% in youth population with completed education)



Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

While the rate of increase varies between regions, overall the level of education is positively related to financial access. Among the least educated youth, financial inclusion is strongest in the regions of South Asia (26.3 per cent), East Asia (10.4 per cent) and Latin America and the Caribbean (9.3 per cent) (see table 8). Again, the maturity of the microfinance industry and the existence of community banks in these regions, both of which typically serve the less privileged households, may account for these trends.

Table 8. Youth financial inclusion by level of completed education, SWTS countries by regional averages (% in youth population with completed education)

Region	Less than primary	Primary	Secondary	Tertiary
East Asia	10.4	10.4	12.2	29.7
South Asia	26.3	28.2	33.8	47.8
Eastern Europe and Central Asia	5.6	20.5	32.2	40.8
Latin America and the Caribbean	9.3	11.6	21.3	32.4
Middle East and North Africa	2.9	4.3	7.8	12.9
Sub-Saharan Africa	4.4	5.3	11.6	28.3

Note: Tertiary refers to university and postgraduate studies.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

[35] A review of Findex microdata for 2014 yields similar results. Thus, across countries examined in the database, 18.0 per cent of youth who completed only primary-level education have an account at a financial institution or a mobile money account, compared to 68.3 per cent of youth who completed tertiary education.

4.2.9 By marital status

There seems to be a strong relationship between marital status and access to financial services. The SWTS data set shows that married youth have much higher levels of access to formal financial services (almost double globally) than single youth and slightly higher levels than other statuses of youth (engaged, separated, divorced and widow). The married to single gap in financial inclusion is particularly marked – 10 percentage points or higher – in East Asia, South Asia, Eastern Europe and Central Asia and Latin America and the Caribbean (see table 9). One possible interpretation is that single youth are typically younger and therefore less likely (as we have seen from other variables) to access formal financial services. It may also be due to the fact that married youth are perceived as being less mobile than single youth and therefore to represent a lower risk to lenders.

Table 9. Youth financial access by marital status, SWTS countries by regional averages (% in youth population)

Region	Married		Single		Other (engaged/separated/divorced/widow)	
	Formal	**Informal**	**Formal**	**Informal**	**Formal**	**Informal**
Total	19.8	13.6	11.1	9.8	18.1	15.2
East Asia	19.7	13.5	8.4	5.3	13.2	10.5
South Asia	32.5	26.9	21.3	17.9	30.5	30.9
Eastern Europe and Central Asia	39.1	21.2	21.9	15.1	36.6	23.6
Latin America and the Caribbean	22.8	5.7	12.9	4.1	24.7	6.8
Middle East and North Africa	10.4	3.6	5.5	2.1	8.1	2.5
Sub-Saharan Africa	7.8	14.5	5.0	12.3	7.7	18.2

Note: See the notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

4.3 Financial services used by self-employed youth

This section looks at trends in the use of financial services by young own-account workers and employers. For many youth in developing countries, self-employment often becomes an inevitable outcome. In many circumstances, due to the dominance of the informal sector, low rates of secondary school completion and the lack of opportunities in the formal sector, young people become own-account workers as a matter of necessity – notwithstanding the fact that, in some contexts, self-employment in the informal sector could be regarded as the rational utility-maximizing choice.[36]

Status in employment is based on the International Classification of Status in Employment. Looking at the 29-country average (see table 10), a small minority of young workers are classified as employers (2.5 per cent). The majority of respondents are in paid employment (employees) (54.9 per cent). Approximately one-fifth of workers are own-account workers (21.5 per cent) and unpaid family workers (19.0 per cent). Self-employment, taken as the sum of own-account workers and employers, is especially prevalent among youth

[36] As demonstrated by Maloney's (2004) review of evidence from Latin America.

in sub-Saharan Africa (45.1 per cent), South Asia (24.7 per cent), East Asia (19.7 per cent) and Latin America and the Caribbean (19.8 per cent).

Table 10. Youth financial inclusion by status in employment, SWTS countries by regional averages (% in employed youth)

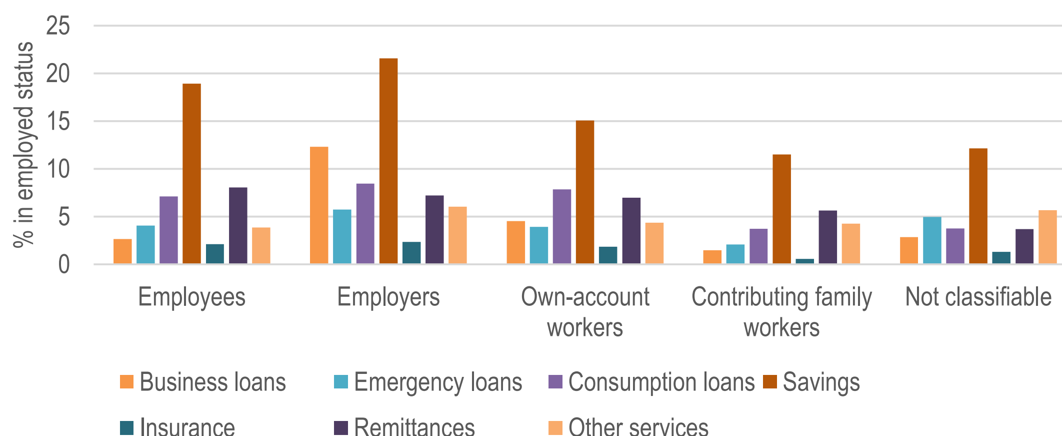
Region	Financial access to formal services	Status in employment			
		Employees	Employers	Own-account workers	Contributing family workers
East Asia	Access	30.1	47.2	26.1	25.1
	No access	69.9	52.8	73.9	74.9
	Total	49.2	1.1	18.6	31.0
Eastern Europe and Central Asia	Access	45.9	56.9	43.7	36.1
	No access	54.1	43.1	56.3	63.9
	Total	76.3	1.2	9.0	12.0
Latin American and the Caribbean	Access	32.8	56.8	30.8	16.7
	No access	67.2	43.2	69.2	83.3
	Total	68.7	2.0	17.8	10.7
Middle East and North Africa	Access	22.6	27.4	25.1	10.7
	No access	77.4	72.6	74.9	89.3
	Total	81.3	2.9	6.3	9.3
South Asia	Access	44.1	66.9	54.7	40.9
	No access	55.9	33.1	45.3	59.1
	Total	47.6	3.6	21.1	25.9
Sub-Saharan Africa	Access	32.1	42.5	31.6	21.3
	No access	67.9	57.5	68.4	78.7
	Total	21.2	3.6	41.5	29.2
Total	Access	34.6	46.0	34.2	24.0
	No access	65.4	54.0	65.8	76.0
	Total	54.9	2.5	21.5	19.0

Note: See notes to figure 1 and box 7 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Table 10 indicates that, proportionally speaking and in all regions, it is young employers who are most likely to access formal financial services. This category is followed by employees, except in MENA and South Asia, where own-account workers have higher levels of access. In most regions, there is not much difference between the shares of young employees and young own-account workers using financial services. Looking at the type of financial services accessed by young workers, figure 9 shows the predictable results that young employers and own-account workers more frequently take out loans than do youth in other employment statuses. With regard to the source of financial services, figure 10 shows that banks are the most common source of services for young employees and employers, but that families and friends take over as the most frequent source of services for young own-account workers and contributing (unpaid) family workers.

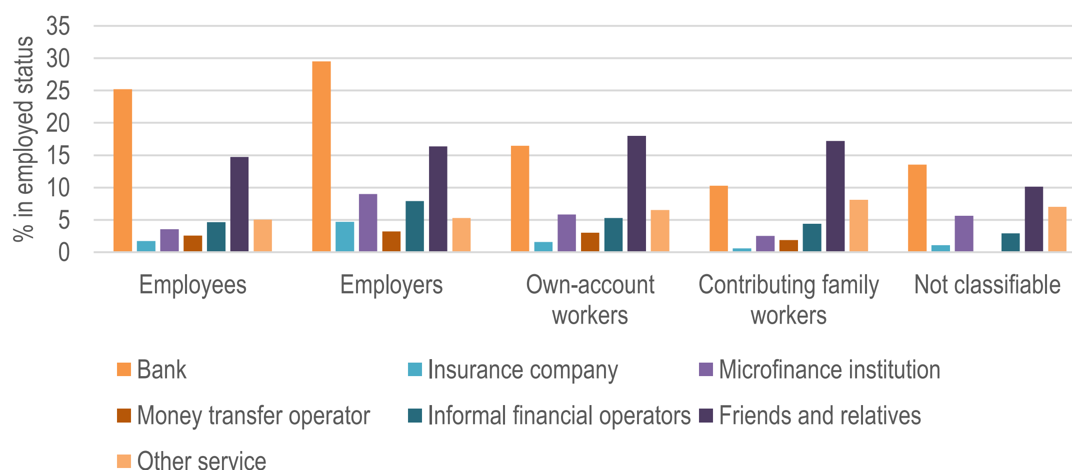
Figure 9. Financial access of youth by status in employment and type of financial service, 29-country average



Note: Multiple responses allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Figure 10. Financial access of youth by status in employment and type of financial provider, 29-country average

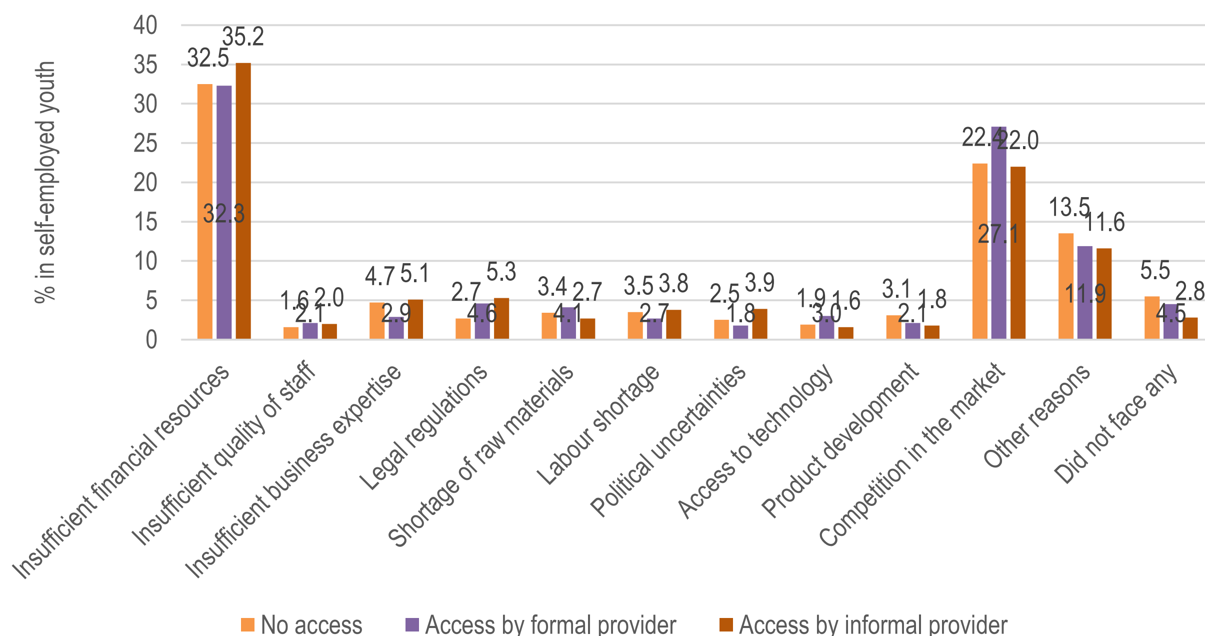


Note: Multiple responses allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

With less than half of young employers (46.0 per cent) and only one-third of own-account workers (34.2 per cent) using financial services, with an almost equal distribution across formal and informal providers (see table 10 and figure 10), it is not surprising that "insufficient financial resources" was the most frequently identified challenge to doing business (see figure 11). Equally interesting is the fact that concern over financial access was the primary consideration regardless of the current situation of the respondent's financial holdings. Figure 11 also shows that approximately one-third of self-employed workers identified "insufficient financial resources" as their principal constraint to doing business: 32.5 per cent of the self-employed who had no financial services, 32.3 per cent of self-employed youth with formal financial services and 35.2 per cent of self-employed youth with informal financial services.

Figure 11. Self-employed youth by main business challenge and current situation regarding access to financial services, 29-country average



Note: See notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

An examination of the types of services accessed by those citing insufficient financial resources gives a clue to solving this apparent contradiction. The variables are viewed together in table 11, along with the type of service provider. Yet, even here, evidence is ambiguous regarding what drives certain youth who are accessing financial services to single out insufficient financial resources as their main challenge. There are slightly more self-employed youth citing insufficient financial resources who already have access to emergency loans and consumption loans compared to those giving other reasons for the main challenge, and fewer with a business loan, but, in all categories, differences are slight between the two groups. Differences are also slight when the type of provider is taken into account, although perhaps it is telling that those citing insufficient financial resources were more likely to use informal financial providers (but less likely to use family and friends) than those citing other reasons.

While clear connections are difficult to find from an examination of the data alone, intuitive conclusions can be drawn that granting financial access as a one-off event to young entrepreneurs is not sufficient to meet their needs for self-sufficiency and enterprise development. Rather, successful financial inclusion to support young entrepreneurs will require an evolution of services, which will follow them throughout the business development process.

Table 11. Self-employed youth by main business challenge (insufficient financial resources and other reasons) and type of financial service and service provider, 29-country average (%)

Main challenge	Type of financial service						
	Business loans	**Emergency loans**	**Consumption loans**	**Savings**	**Insurance**	**Remittances**	**Other services**
Insufficient financial resources	6.0	4.7	7.3	12.9	1.3	6.2	4.1
Other reason	8.1	4.2	6.9	15.9	2.1	8.5	5.9
	Type of financial service provider						
	Bank	**Insurance company**	**Microfinance institution**	**Money transfer operator**	**Informal financial operators**	**Friends and relatives**	**Other**
Insufficient financial resources	16.8	3.9	5.9	2.1	5.6	17.5	5.7
Other reason	19.1	2.6	7.2	3.1	4.7	19.4	6.0

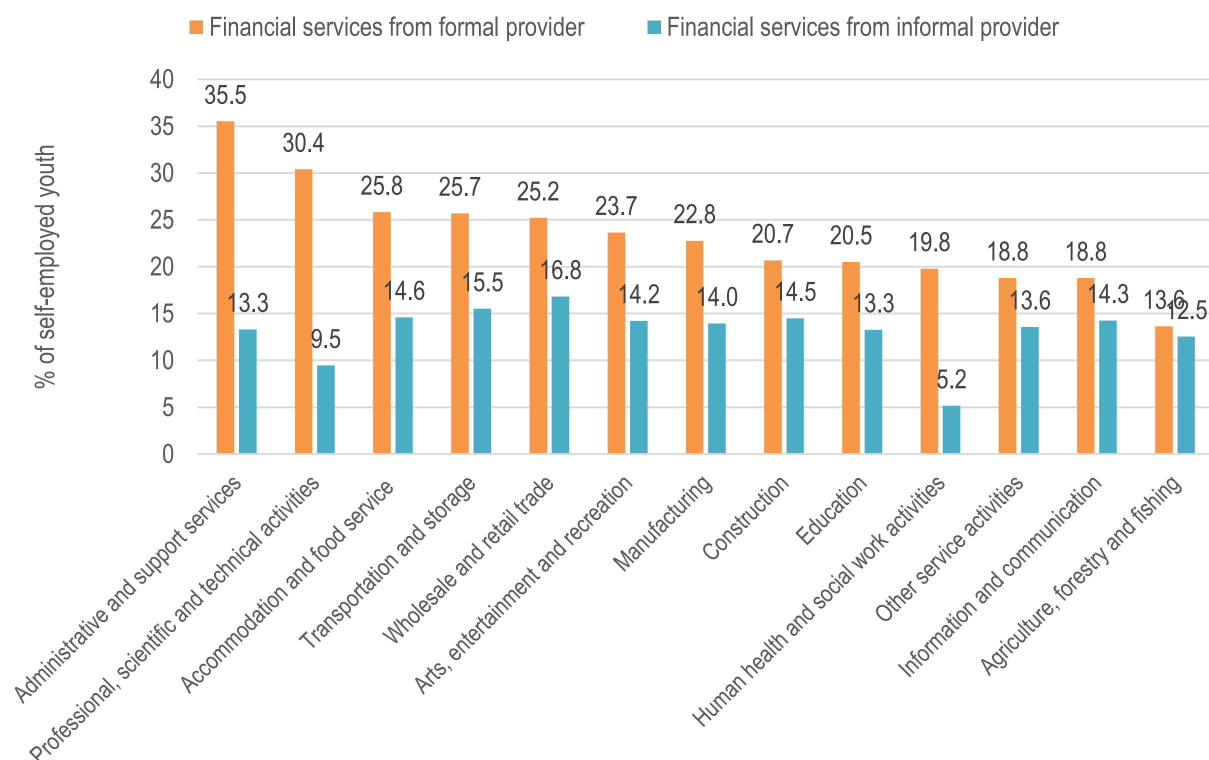
Note: Multiple responses allowed.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Regarding the sector of employment that is seemingly more prone to requiring (or attracting) financial services, figure 12 suggests that self-employed youth in higher skilled services sectors are more financially included than self-employed youth in other sectors of employment. More than one-quarter of self-employed youth in administrative and support services, in professional, scientific and technical activities, in accommodation and food services, in transportation and storage or in wholesale and retail trade have financial services from a formal provider. At the lower end of the spectrum are self-employed youth in agriculture, with 13.6 per cent claiming access to formal financial services and 12.5 per cent informal financial services. This finding suggests that there is still ample room for FSPs to target young agricultural workers, with a view to potentially helping them to scale up their investment and boosting agricultural productivity and income potential.

The SWTS data indicate a slightly positive association between financial inclusion and the expressed desire of self-employed youth to change their job as an own-account worker or employer (a measure of job satisfaction) as well as the perception of keeping one's job (a measure of security) and financial inclusion (see table 12). Figure 13 also demonstrates, to a small degree, a positive tendency towards engagement in full-time work (more than 30 hours per week) among youth with formal financial holdings. Short working hours – less than 20 hours per week – can be a signal of irregularity in income opportunities for the self-employed workers; a higher share of financially included youth among the self-employed working 40 hours or more per week (26.4 per cent among those with 40–48 hours and 25.0 per cent among those with 48 hours or more per week) could suggest that financial services have helped young workers to achieve a more sustainable livelihood.

Figure 12. Self-employed youth by sector and access to financial services, 29-country average



Note: See notes to figure 1 for definitions. Sector in employment is based on the International Standard Industrial Classification, Revision 4.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

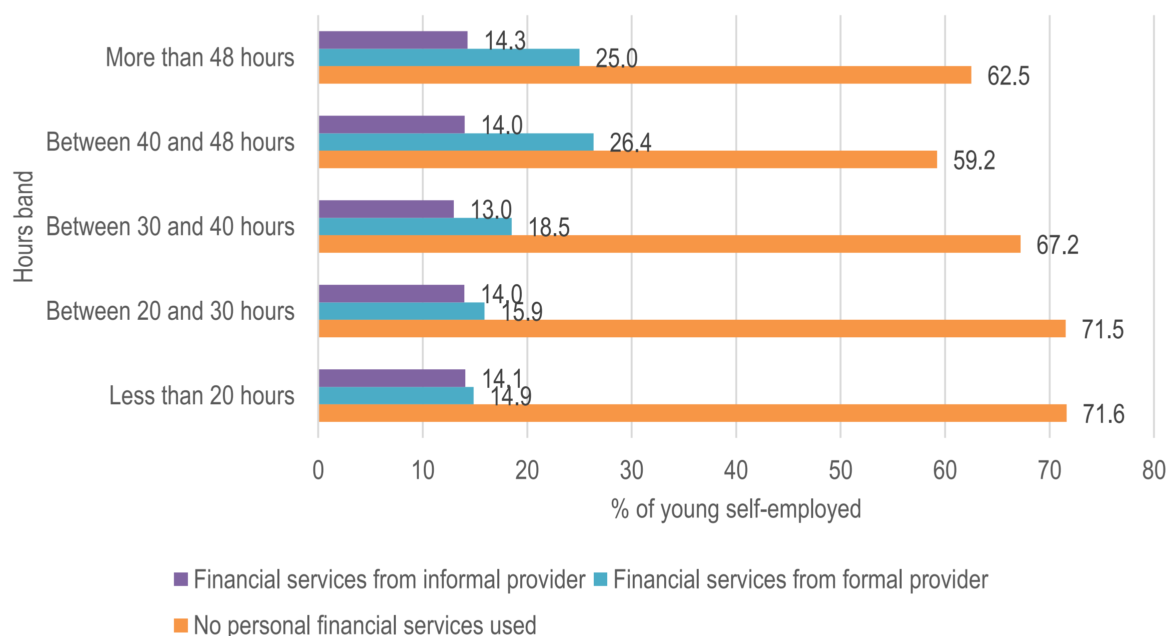
Table 12. Self-employed youth by desire to change their job and perception of likelihood of keeping their job and status of financial inclusion, 29-country average (%)

Desire to change job/job security	With access to formal financial services	No access to formal financial services
Want to change job	35.2	64.8
Don't want to change job	37.5	62.5
Job security (likelihood of keeping their job over the next 12-month period)		
Very likely	36.6	63.4
Likely but not certain	39.7	60.3
Not likely	35.3	64.7

Note: See notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

Figure 13. Self-employed youth by average hours worked per week and status of financial inclusion, 29-country average



Note: See notes to figure 1 for definitions.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries (42 surveys in total).

5. Key findings and policy implications

5.1 Key findings from the SWTS

- Slightly less than 14 per cent of youth surveyed globally by the ILO can be considered to be financially included, as per the definition used in this report (accessing financial services via banks, money transfer operators, insurance firms and microfinance institutions), which means that nearly nine in ten (a little under 87 per cent) are financially excluded.

- Financial inclusion increases as youth become older. Globally, youth aged 15 to 19 have roughly one-quarter of the level of access to finance that youth aged 25 to 29 enjoy.

- In all regions, the level of access to formal financial services is higher in urban areas than in rural areas.

- Youth from wealthier households have greater access to financial services in all regions.

- At the global level, the shares of youth accessing formal and informal financial services is roughly equal.

- Access to financial services (both formal and informal) does not differ significantly between young males and females, except in the MENA region. Access to formal financial services, however, does show a substantial gender gap in favour of young men.

- Globally, youth in non-vulnerable employment have the highest levels of access to formal financial services (23.7 per cent), followed by youth in vulnerable employment (14.6 per cent), unemployed youth (12.0 per cent) and youth outside the labour market (8.3 per cent).

- While the rate of increase differs across regions, overall the level of education is positively associated with financial access.

- Married youth have much higher levels (almost double globally) of access to formal financial services than single youth.

- With respect to youth status in employment, employees have the highest levels of financial inclusion, followed by employees (except in MENA and South Asia, where own-account workers have greater access).

- Youth working in higher skilled employment sectors have higher levels of access to formal financial services.

- There is a weak positive association between financial inclusion and the expressed desire of self-employed youth to change their job as own-account workers or employers (as measure of job satisfaction). There is also a slightly higher tendency towards full-time work (more than 30 hours per week) among youth with formal financial holdings.

Determining association or "causality" between higher levels of youth financial inclusion and youth employment outcomes from the SWTS data remains challenging. Evidence from this study brings to light a number of factors that potentially shape the nature, strength and direction of the relationship between the two variables, but does not provide definite answers about what factors are more important, how they interact or how their effect may vary in different regions or in relation to different subsets of youth.[37] The SWTS data do show that young people who have access to formal financial services are more often in non-vulnerable employment, but this does not necessarily mean that financial inclusion increases a young person's likelihood of engaging in non-vulnerable employment. Rather, the relationship is more likely to indicate that labour market status leads to a greater likelihood of financial inclusion; youth with secure employment contracts might be more likely to seek out formal financial institutions to safeguard their earnings, or formal financial providers could more readily grant services to youth holding formal contracts. There may also be an effect in the opposite direction, where increased access to financial services encourages higher employment shares among youth, in particular those who are self-employed in vulnerable sectors.

---

[37] In order to obtain sufficient evidence to properly examine such issues, researchers would have to either conduct impact evaluations using a randomized control trial methodology and/or longitudinal studies with a baseline and follow-up survey(s).

To strengthen future analyses, the ILO and other institutions carrying out youth financial inclusion surveys should consider introducing a richer set of questions that will facilitate more detailed analysis. These may include information on how youth access financial services (e.g. digital financial services), what product modalities are both youth-friendly and financially viable for FSPs, and why certain youth are not using the financial services available to them. At the same time, more impact evaluations of youth financial inclusion interventions are required. As mentioned in earlier sections, robust impact evaluations and/or longitudinal studies of youth financial inclusion initiatives remain extremely sparse, especially in certain areas of the world. Without increasing the evidence base, it will remain challenging to determine the exact impact of increased financial inclusion on youth employment outcomes.

5.2 Policy implications and recommendations

Global literature on the impact of financial inclusion programmes that specifically target young people is sparse. Furthermore, for the majority of the evaluations of financial inclusion programmes (youth-specific or not) carried out, employment was not considered as a specific outcome to be tracked, and therefore evidence was not actively sought in the evaluation process. In spite of this limited evidence base, this report has identified evidence that financial inclusion interventions can have positive employment outcomes, both directly and indirectly. More specifically, the literature finds that:

- Interventions which are purely savings-based seem to demonstrate the weakest linkage with positive employment outcomes whereas enterprise finance programmes provide more evidence of job creation potential. This is likely to be in line with the respective objectives of such programmes. The savings-based interventions may have been designed to mitigate risks or to generate assets, whereas the enterprise finance programmes may be designed to enhance productivity and job creation.

- The impact of microcredit on self-employment is ambiguous and evidence suggests that the provision of larger amounts of finance to young people with growth-oriented businesses (gazelles) may lead to higher levels of job creation.

- Interventions that combined the provision of financial services with supportive non-financial services seem to achieve stronger employment outcomes.

The SWTS data confirm that there is a significant gap between those youth who have access to financial services and those who do not. Youth from poorer households, the least educated, those in rural areas – i.e. those typically remaining disadvantaged in terms of economic and educational opportunities – remain those most lacking in access to financial services. Yet, even those youth will take the opportunity to save in financial institutions if high-quality, accessible services are offered. Further efforts are therefore needed to target the most disadvantaged youth. The ideal financial provider of services targeting youth would (i) use the household as a lever to encourage the opening of youth accounts at a young age, (ii) have the capacity to "grow" services alongside the changing needs of young customers, (iii) make smart use of innovation and technology, and (iv) embed efforts to provide financial education.

Indeed, expansion of the client base could be considered an opportunity for FSPs, who, with the right technical assistance from development partners, could provide appropriate financial services to more vulnerable youth while simultaneously unlocking significant

underserved and profitable client markets for their institutions, such as youth agricultural workers. Evidence from YouthSave suggests that, to assist in the development of truly inclusive financial programmes, policy-makers are well positioned to encourage financial institutions to develop relationships with organizations that already deliver other services to marginalized youth (in particular, girls, poorer youth and out-of-school youth) given their role in designing and implementing development strategies (Ssewamala and Aldebot-Green, 2015).

A key finding of the literature review is that a conducive legal and regulatory environment is essential to allow FSPs to develop and promote youth-friendly financial products. The Boston Consulting Group review of The MasterCard Foundation's youth financial inclusion programmes (The MasterCard Foundation and the Boston Consulting Group, 2015) underscores this finding in its call for engagement with FSPs, regulators, national policy-makers and civil society to achieve financial inclusion for all young people and their households. The European Microfinance Progamme (e-MFP, 2014) also reinforces these findings, highlighting the fact that an enabling policy and regulatory environment plays a significant role in increasing the financial inclusion of young people. The report also points out that regulation on legal minimum age can have the most direct and tangible influence on the scalability of services for young people. Similarly, YouthSave research suggests that regulatory and policy-making bodies can coordinate their efforts with financial institutions and youth development practitioners to create an enabling regulatory environment for youth financial inclusion, especially for savings, but that this requires two key regulatory areas to be addressed, namely account-holder identity and account control (YouthSave Program, 2015). Furthermore, governments and financial institutions can design policies that provide youth with maximum control of their accounts, while ensuring age-appropriate protections through flexibility around opening, management and closure or transformation of accounts.

There is evidence of significant growth in the scale and range of dedicated financial services being developed and offered to youth by FSPs globally in recent years. FSPs are increasingly drawing on best practice guidelines and recommendations outlined by development partners in the design and deployment of these products, such as those provided in e-MFP (2014). Despite the rapid spread of services, many FSPs across the globe still intentionally avoid targeting youth. They are either not yet convinced of the merits of the business case for extending services to this group or not equipped to carry out the required market research and product development. Further dissemination efforts, such as those carried out by Child and Youth Financial International, are needed to make FSPs more aware of the case for targeting youth. Then capacity-building efforts should be further promoted to support FSPs in the development of demand-driven and tailored youth-friendly financial services. Furthermore, while the overall increase in dedicated youth financial services should be applauded, there is still very limited knowledge of the long-term impact of integrated services on the financial behaviours of young people. This means that plenty of scope remains for additional rigorous impact evaluations that can inform future programming on effective financial inclusion for youth.

References

Arcand, J.-L.; Dyer, P.; Puerto Gonzalez, S.; Gardiner, D. 2013. *MEDA Maroc's 100 hours to success impact evaluation – Baseline study* (Geneva, International Initiative for Impact Evaluation, MEDA and ILO).

Barclays; Care International; Plan International. 2015. *The state of linkage report: The first global mapping of savings group linkages.*

Beck, T.; Demirguc-Kunt, A.; Levine, R. 2004. *Finance, inequality, and poverty: Cross-country evidence*, NBER Working Paper No. 10979.

Blattman, C.; Green, E.; Jamison, J.; Annan, J. 2014. *Employing and empowering marginalized women: A randomized trial of microenterprise assistance.*

Care International. 2013. *Connecting the world's poorest people to the global economy: New models for linking informal savings groups to formal financial services* (London).

Center for Social Development. 2013. *Savings patterns and performance in Colombia, Ghana, Kenya, and Nepal*, YouthSave Research Report, Washington University.

Child and Youth Finance International; MasterCard. 2014. *Banking a new generation: Developing responsible retail banking products for children and youth* (Amsterdam, Child and Youth Finance International and MasterCard Incorporated International).

Cho, Y.; Honorati, M. 2013. *Entrepreneurship programs in developing countries: A meta regression analysis*, Policy Research Working Paper 6202 (Washington, DC, World Bank).

Commission on Legal Empowerment of the Poor; United Nations Development Programme (UNDP). 2008. *Making the law work for everyone*, Volume 1: Report of the Commission on Legal Empowerment of the Poor (New York, United Nations).

Coury, T.; Rashid, Q. 2015. *Youth microfinance services in MENA*, Silatech Research Paper.

Crépon, B.; Duflo E.; Huillery, E.; Parienté, W.; Seban, J. 2014. *Les effets du dispositif d'accompagnement à la création d'entreprise CréaJeunes: Résultats d'une expérience contrôlée*, Fonds d'Expérimentation pour la Jeunesse, Ministère des Sports, de la Jeunesse, de l'Education populaire et de la Vie associative, Paris.

Cull, R.; Ehrbeck, T.; Holle, N. 2014. *Financial inclusion and development: Recent impact evidence*, CGAP Focus Note No. 92.

Demirguc-Kunt, A.; Klapper, L.; Singer, D.; Van Oudheusden, P. 2015. *The Global Findex Database 2014: Measuring financial inclusion around the world*, Policy Research Working Paper 7255 (Washington, DC, World Bank).

D'Espallier, B.; Guérin, I.; Mersland, R. 2011. "Women and repayment in microfinance: A global analysis", in *World Development*, Vol. 39, No. 5, pp. 758–772.

Dunn, E.; Arbuckle Jr., G. 2001. *The impacts of microcredit: A case study from Peru* (USAID – Assessing the Impact of Microenterprise Services).

Elder, S.; Kring, S. 2016. *Young and female – a double strike? Gender analysis of school-to-work transition surveys in 32 developing countries*, Work4Youth Publication Series No. 32 (Geneva, ILO).

European Microfinance Programme (e-MFP). 2014. *Youth financial inclusion: Promising examples for achieving youth economic empowerment*, European Dialogue Number 5.

Frank, C. 2008. *Stemming the tide of mission drift: Microfinance transformations and the double bottom line*, Women's World Banking (WWB) Focus Note.

Greeley, M.; Chaturvedi, M. 2007. *Microfinance in Afghanistan: A baseline and initial impact study for microfinance investment support facility for Afghanistan (MISFA)* (Brighton, Institute of Development Studies (IDS)).

Grimm, M.; Paffhausen, A. 2015. "Do interventions targeted at micro-entrepreneurs and small and medium-sized firms create jobs? A systematic review of the evidence for low and middle income countries", in *Labour Economics*, Vol. 32, pp. 66–85.

Intermedia. 2015. *Financial Inclusion Insights*; http://finclusion.org/ [accessed 3 Oct. 2016].

International Finance Corporation (IFC). 2013. *Small and medium enterprise finance: New findings, trends and G-20/global partnership for financial inclusion progress* (Washington, DC).

International Labour Organization (ILO). 2015. *Global Employment Trends for Youth 2015: Scaling up investments in decent jobs for youth* (Geneva).

—; Mannheim University. 2015. *Microfinance for decent work – Enhancing the impact of microfinance: Evidence from an action research programme* (Geneva).

Johnson, L.; Lee, Y.; Ansong, D.; Sherraden, M.; Chowa, G.; Ssewamala, F.; Zou, L.; Sherraden, M.; Njenga, M.; Kieyah, J.; Osei-Akoto, I.; Sharma, S.; Manandhar, J.; Rodriguez, C.; Merchán, F.; Saavedra, J. 2015. *Youth savings patterns and performance in Colombia, Ghana, Kenya, and Nepal*, YouthSave Research Report, CSD Publication 15-01 (St Louis, MO, Washington University).

Kilara, T.; Magnoni, B.; Zimmerman, E. 2014. *The business case for youth savings: A framework*, Focus Note 96 (Washington, DC, CGAP).

Kondo, T. 2007. *Impact of microfinance on rural households in the Philippines* (Mandaluyong, Asian Development Bank (ADB)).

Loke, V.; Choi, L.; Libby, M. 2015. "Increasing youth financial capability: An evaluation of the MyPath Savings initiative", in *Journal of Consumer Affairs*, Vol. 49, No. 1, pp. 97–126.

Maloney, W. 2004. "Informality revisited", in *World Development*, Vol. 32, No. 7, pp. 1159–1178.

McNulty, M.; Nagarajan, G. 2005. *Serving youth with microfinance: Perspectives of microfinance institutions and youth serving organizations* (Washington, DC, United States Agency for International Development (USAID)).

Meager, N.; Bates, P.; Cowling, M. 2003. "An evaluation of business start-up support for young people", in *National Institute Economic Review*, No. 186, pp. 59–72.

MicroBank. 2015. *The impact of microcredits report* (Barcelona).

Microfinanza. 2015. *Final evaluation of UNCDF's YouthStart program.*

Nayar, N. 2014. *An integrated approach to empower youth in Niger, Senegal and Sierra Leone: Findings and lessons from the Youth Microfinance Project* (Toronto, Plan Canada).

Patel, P. 2014. *Effectiveness of entrepreneurship development interventions on women entrepreneurs*, ILO-WED Issue Brief (Geneva).

Sinha, S.; Rasmussen, S.; Brar, A.; Sinha, F.; Ivatury, G.; Matin, I.; Verma, N.; Rutherford, S.; Hashemi, S. 2006. *Microfinance in South Asia: Toward financial inclusion for the poor* (Washington, DC, World Bank).

Solutions for Youth Employment (S4YE). 2015. *Toward solutions for youth employment: A 2015 Baseline report* (Washington, DC).

Ssewamala, F.; Aldebot-Green, S. 2015. "Policy lessons from YouthSave", excerpted from *YouthSave 2010–2015: Findings from a global financial partnership* (The YouthSave Consortium).

Storm, L.; Porter, B.; Macaulay, F. 2010. "Emerging guidelines for linking youth to financial services", in *Enterprise Development and Microfinance*, Vol. 21, No. 4.

The MasterCard Foundation and the Boston Consulting Group. 2015. *Financial services for young people: Prospects and challenges* (Toronto).

Triki, T.; Faye, I. (eds) 2013. *Financial inclusion in Africa* (Tunis, African Development Bank).

van Rooyen, C.; Stewart, R.; de Wet, T. 2012. "The impact of microfinance in sub-Saharan Africa: A systematic review of the evidence", in *World Development*, Vol. 40, Issue 11, pp. 2249–2262.

Youth and Financial Services Working Group. 2013. *Understanding youth and their financial needs* (Arlington, The SEEP Network).

YouthSave Program. 2015. *In brief – The YouthSave program: Key findings for financial inclusion and financial education policy makers* (YouthSave Consortium).

Annex I. Additional tables

Table A.1 Financial inclusion indicators by country, SWTS data set

Country	Year	Sex	Personal financial services used	Personal financial services not used	Financial provider			
					Formal	Informal	Other	N/A
Armenia	2014	Total	26.3	73.7	23.6	–	0.2	2.5
		Male	27.3	72.7	25.7	–	0.2	1.4
		Female	25.5	74.5	21.9	–	0.1	3.5
Bangladesh	2013	Total	19.5	80.5	12.0	7.9	1.6	0.0
		Male	19.6	80.4	11.8	7.4	2.0	0.0
		Female	19.5	80.5	12.2	8.4	1.1	0.0
Benin	2012	Total	15.1	84.9	3.0	12.3	0.8	–
		Male	14.2	85.8	2.7	11.6	0.6	–
		Female	16.1	83.9	3.4	13.0	0.9	–
Brazil	2013	Total	26.2	73.8	–	–	–	26.2
		Male	29.9	70.1	–	–	–	29.9
		Female	22.5	77.5	–	–	–	22.5
Cambodia	2014	Total	14.1	85.9	7.2	7.5	–	–
		Male	11.3	88.7	6.3	5.5	–	–
		Female	16.4	83.6	7.9	9.0	–	–
Egypt	2014	Total	11.4	88.6	2.4	7.7	0.7	1.0
		Male	12.1	87.9	2.4	8.0	0.9	1.2
		Female	10.5	89.5	2.4	7.4	0.4	0.8
El Salvador	2014	Total	12.1	87.9	7.6	3.7	0.0	3.0
		Male	12.8	87.2	8.3	3.8	0.1	3.0
		Female	11.5	88.5	7.0	3.6	0.0	3.0
Jamaica	2012	Total	39.8	60.2	34.2	9.9	–	0.6
		Male	39.2	60.8	33.2	9.5	–	0.9
		Female	40.3	59.7	35.2	10.3	–	0.3
Jordan	2014	Total	4.1	95.9	3.8	0.1	0.1	–
		Male	4.6	95.4	4.4	0.2	0.0	–
		Female	3.5	96.5	3.2	0.0	0.2	–
Kyrgyzstan	2013	Total	31.2	68.8	14.6	22.8	6.2	0.0
		Male	33.3	66.7	16.5	23.1	7.3	0.0
		Female	29.3	70.7	12.9	22.5	5.3	0.1
Lebanon	2014	Total	19.4	80.6	15.3	2.4	1.3	0.7
		Male	26.0	74.0	21.7	2.6	1.1	1.0
		Female	12.5	87.5	8.6	2.2	1.6	0.4
Liberia	2014	Total	13.5	86.5	2.0	5.6	6.0	0.5
		Male	14.7	85.3	2.1	6.4	6.3	0.5
		Female	12.3	87.7	1.8	4.7	5.7	0.5
Macedonia, FYR	2014	Total	20.7	79.3	13.1	6.9	1.1	–
		Male	21.3	78.7	13.8	6.8	0.9	–
		Female	20.0	80.0	12.3	7.1	1.3	–
Madagascar	2015	Total	85.5	14.5	2.2	80.5	4.0	0.0
		Male	81.7	18.3	2.1	75.6	5.3	–
		Female	89.0	11.0	2.3	84.9	2.9	0.0
Malawi	2014	Total	28.6	71.4	5.5	20.4	2.8	–
		Male	28.3	71.7	5.7	20.0	2.6	–
		Female	28.8	71.2	5.2	20.7	2.9	–
Moldova, Rep. of	2015	Total	79.7	20.3	73.0	43.7	25.9	–
		Male	76.2	23.8	70.6	42.5	25.2	–
		Female	83.2	16.8	75.5	44.9	26.7	–

Country	Year	Sex	Personal financial services used	Personal financial services not used	Financial provider			
					Formal	Informal	Other	N/A
Nepal	2013	Total	53.2	46.8	40.3	34.7	1.6	–
		Male	55.2	44.8	41.0	38.4	1.0	–
		Female	50.8	49.2	39.4	30.2	2.3	–
Occupied Palestinian Territory	2015	Total	19.4	80.6	3.5	3.7	13.6	–
		Male	22.7	77.3	4.9	4.9	14.4	–
		Female	16.4	83.6	2.2	2.5	12.8	–
Peru	2013	Total	16.8	83.2	8.1	1.0	–	7.9
		Male	18.0	82.0	8.7	1.1	–	8.5
		Female	15.6	84.4	7.5	1.0	–	7.3
Russian Federation	2014	Total	16.4	83.6	10.1	9.9	0.4	–
		Male	17.7	82.3	11.0	10.0	0.4	–
		Female	15.1	84.9	9.2	9.8	0.4	–
Samoa	2012	Total	35.9	64.1	22.6	12.8	1.2	0.2
		Male	34.3	65.7	21.5	12.3	1.1	0.2
		Female	37.6	62.4	23.7	13.4	1.3	0.1
Serbia	2015	Total	9.0	91.0	4.9	3.0	1.2	–
		Male	9.1	90.9	5.1	2.8	1.4	–
		Female	8.9	91.1	4.6	3.3	1.1	–
Tanzania, United Rep. of	2013	Total	22.6	77.4	6.1	13.8	6.4	0.4
		Male	21.2	78.8	5.0	10.3	9.8	0.4
		Female	24.1	75.9	7.3	17.5	2.7	0.3
Togo	2014	Total	16.5	83.5	12.4	4.8	0.4	–
		Male	18.0	82.0	12.9	5.7	0.5	–
		Female	15.3	84.7	11.9	4.0	0.2	–
Tunisia	2013	Total	17.6	82.4	14.3	1.4	1.7	0.6
		Male	21.4	78.6	17.5	2.0	2.1	0.6
		Female	13.7	86.3	11.1	0.7	1.3	0.7
Uganda	2015	Total	22.8	77.2	5.4	9.9	7.9	0.1
		Male	24.3	75.7	7.2	10.4	7.1	0.1
		Female	21.6	78.4	3.9	9.5	8.6	0.1
Ukraine	2013	Total	22.0	78.0	19.6	5.9	0.1	0.5
		Male	22.9	77.1	20.7	5.9	0.1	0.5
		Female	21.0	79.0	18.5	6.0	0.1	0.5
Viet Nam	2013	Total	17.3	82.7	12.0	8.0	0.4	–
		Male	15.7	84.3	10.5	7.5	0.1	–
		Female	18.9	81.1	13.5	8.5	0.6	–
Zambia	2014	Total	21.7	78.3	8.8	9.9	4.0	–
		Male	21.3	78.7	7.8	10.4	3.9	–
		Female	22.1	77.9	9.9	9.4	4.1	–

Notes: Formal providers include banks, insurance companies, microfinance institutions and money transfer operators. Informal providers include pawn shops/informal financial operators and relatives or friends. The distribution can sum to more than 100 per cent due to an allowance for selection of multiple options on providers of financial services in some countries. A person can therefore be double-counted if they state use of financial services from multiple sources across the formal, informal or undefined provider choices. Where data from multiple years per country were available, the latest year is shown.

Source: Authors' calculations based on ILO SWTS 2012–13 and 2014–15 in 29 countries.

Table A.2 Financial inclusion indicators by country, Global Findex data set, 2014

Country	Sex	Account at a financial institution	Mobile account	Age group	Account at a financial institution	Mobile account
Armenia	Total	17.2	0.7	Total	17.2	0.7
	Male	20.7	1.0	15–24	10.4	1.0
	Female	14.3	0.4	25+	19.3	0.6
Bangladesh	Total	29.1	2.7	Total	29.1	2.7
	Male	32.9	3.2	15–24	18.3	3.4
	Female	25.2	2.1	25+	33.9	2.4
Benin	Total	16.0	2.0	Total	16.0	2.0
	Male	19.2	2.9	15–24	8.1	1.0
	Female	12.9	1.1	25+	20.1	2.5
Brazil	Total	68.1	0.9	Total	68.1	0.9
	Male	71.7	1.3	15–24	52.6	1.1
	Female	64.8	0.4	25+	73.0	0.8
Cambodia	Total	12.6	13.3	Total	12.6	13.3
	Male	14.9	13.9	15–24	12.6	18.5
	Female	10.7	12.8	25+	12.5	11.3
Egypt	Total	13.7	1.1	Total	13.7	1.1
	Male	18.0	2.1	15–24	6.0	2.3
	Female	9.2	0.1	25+	17.3	0.6
El Salvador	Total	34.6	4.6	Total	34.6	4.6
	Male	40.3	4.7	15–24	28.0	4.3
	Female	29.4	4.4	25+	37.2	4.6
Jamaica	Total	78.3	0.9	Total	78.3	0.9
	Male	79.2	0.4	15–24	73.4	1.2
	Female	77.5	1.4	25+	79.9	0.8
Jordan	Total	24.6	0.5	Total	24.6	0.5
	Male	33.3	0.5	15–24	12.4	0.8
	Female	15.5	0.4	25+	31.8	0.3
Kyrgyzstan	Total	18.5	–	Total	18.5	–
	Male	17.9	–	15–24	11.6	–
	Female	18.9	–	25+	21.4	–
Lebanon	Total	46.9	0.7	Total	46.9	0.7
	Male	62.4	1.1	15–24	29.8	0.7
	Female	32.9	0.3	25+	52.2	0.7
Liberia	Total	–	–	Total	–	–
	Male	–	–	15–24	–	–
	Female	–	–	25+	–	–
Macedonia, FYR	Total	71.8	–	Total	71.8	–
	Male	79.7	–	15–24	46.7	–
	Female	64.0	–	25+	77.3	–
Madagascar	Total	5.7	4.4	Total	5.7	4.4
	Male	6.0	4.5	15–24	3.9	3.9
	Female	5.5	4.2	25+	6.6	4.6
Malawi	Total	16.1	3.8	Total	16.1	3.8
	Male	19.5	5.2	15–24	10.2	2.4
	Female	13.0	2.5	25+	19.5	4.7
Moldova, Rep. of	Total	17.8	–	Total	17.8	–
	Male	16.4	–	15–24	12.2	–
	Female	19.0	–	25+	19.4	–
Nepal	Total	33.8	0.3	Total	33.8	0.3
	Male	36.7	0.4	15–24	25.4	0.0
	Female	31.3	0.3	25+	37.3	0.5

Country	Sex	Account at a financial institution	Mobile account	Age group	Account at a financial institution	Mobile account
Occupied Palestinian Territory	Total	–	–	Total	–	–
	Male	–	–	15–24	–	–
	Female	–	–	25+	–	–
Peru	Total	29.0	0.0	Total	29.0	–
	Male	35.7	0.0	15–24	19.5	–
	Female	22.5	0.0	25+	32.5	–
Russian Federation	Total	67.4	–	Total	67.4	–
	Male	63.8	–	15–24	54.4	–
	Female	70.2	–	25+	69.9	–
Samoa	Total	–	–	Total	–	–
	Male	–	–	15–24	–	–
	Female	–	–	25+	–	–
Serbia	Total	83.1	–	Total	83.1	–
	Male	83.2	–	15–24	77.8	–
	Female	83.0	–	25+	83.8	–
Tanzania, United Rep. of	Total	19.0	32.4	Total	19.0	32.4
	Male	21.1	38.4	15–24	13.2	25.6
	Female	17.1	26.6	25+	22.1	35.9
Togo	Total	17.6	1.4	Total	17.6	1.4
	Male	20.9	1.5	15–24	11.3	1.2
	Female	14.4	1.3	25+	20.7	1.5
Tunisia	Total	27.3	0.6	Total	27.3	0.6
	Male	34.1	0.9	15–24	18.8	0.4
	Female	20.5	0.4	25+	30.3	0.7
Uganda	Total	27.8	35.1	Total	27.8	35.1
	Male	32.5	41.2	15-24	21.6	26.7
	Female	23.1	29.0	25+	31.9	40.8
Ukraine	Total	52.7	–	Total	52.7	–
	Male	54.0	–	15–24	55.9	–
	Female	51.7	–	25+	52.2	–
Viet Nam	Total	30.9	0.5	Total	30.9	0.5
	Male	29.8	0.5	15–24	37.4	0.0
	Female	31.9	0.5	25+	28.9	0.6
Zambia	Total	31.3	12.1	Total	31.3	12.1
	Male	32.9	14.9	15–24	21.7	13.2
	Female	29.7	9.5	25+	36.9	11.4

Notes: “Account at a financial institution” denotes the percentage of respondents who report having an account (by themselves or together with someone else) at a bank or another type of financial institution. “Mobile account” denotes the percentage of respondents who report personally using a mobile phone to pay bills or to send or receive money through a GSM Association (GSMA) Mobile Money for the Unbanked (MMU) service in the past 12 months; or receiving wages, government transfers or payments for agricultural products through a mobile phone in the past 12 months.

Source: World Bank, Global Findex Database 2014.

Table A.3 Financial inclusion indicators by country, Fii data set, 2015

Indicator	Bangladesh	India	Indonesia	Kenya	Nigeria	Pakistan	Tanzania, United Rep. of	Uganda
Bank								
Active use								
Use within 90 days	13.4	42.2	21.9	21.7	33.4	7.2	5.1	8.8
No use within 90 days	86.6	57.8	78.1	78.3	66.6	92.8	94.9	91.2
Registered account								
Has registered account	19.0	63.3	23.1	27.2	36.6	7.4	7.8	11.4
No account	81.0	36.7	76.9	72.8	63.4	92.6	92.2	88.6
Use								
User	20.3	63.8	27.4	28.7	41.3	7.8	8.2	12.3
Non-user	79.7	36.2	72.6	71.3	58.7	92.2	91.8	87.7
NBFIs								
Use by type of institution								
Microfinance institution	23.4	1.9	0.0	3.2	2.2	0.4	0.7	2.1
Cooperative financial saving	2.9	0.0	1.6	2.2	1.3	0.0	0.3	1.3
Saving group financial service	0.8	4.4	0.0	0.0	0.0	0.0	0.0	0.0
Post office bank	0.2	4.2	4.6	1.8	0.0	0.0	0.3	0.8
SACCO	0.0	0.0	0.0	8.4	0.0	0.0	0.4	4.5
ROSCA	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
BPR	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Pawn shop	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Accounts by type of institution								
Microfinance institution	21.6	1.6	0.0	2.5	1.6	0.4	0.5	1.5
Cooperative financial saving	2.7	0.0	1.1	1.8	1.1	0.0	0.2	0.9
Saving group financial service	0.7	4.1	0.0	0.0	0.0	0.0	0.0	0.0
Post office bank	0.2	4.0	1.0	0.8	0.0	0.0	0.2	0.5
SACCO	0.0	0.0	0.0	7.6	0.0	0.0	0.3	3.2
ROSCA	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
BPR	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Pawn shop	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Active use by type of institution								
Microfinance institution	17.2	1.0	0.0	1.9	1.3	0.1	0.5	1.2
Cooperative financial saving	2.2	0.0	1.0	1.4	0.9	0.0	0.2	0.8
Saving group financial service	0.6	3.2	0.0	0.0	0.0	0.0	0.0	0.0
Post office bank	0.1	2.2	0.4	0.5	0.0	0.0	0.2	0.5
SACCO	0.0	0.0	0.0	6.3	0.0	0.0	0.2	2.8
ROSCA	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0
BPR	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Pawn shop	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Financial behaviour								
Has current loans	43.8	57.9	60.8	66.2	25.4	17.9	34.3	61.5
No current loans	56.2	42.1	39.2	33.8	74.6	82.1	65.7	38.5
Has insurance	6.7	13.5	21.6	25.5	5.7	2.6	16.8	4.0
No insurance	93.3	86.5	78.4	74.5	94.3	97.4	83.2	96.0
Invests	13.0	8.1	27.3	32.9	38.7	15.5	33.4	32.0
Does not invest	87.0	91.9	72.7	67.1	61.3	84.5	66.6	68.0
Saves	43.9	87.3	73.2	73.6	62.5	71.6	48.1	74.6
Does not save	56.1	12.7	26.8	26.4	37.5	28.4	51.9	25.4
Inclusion								
Digitally included	18.2	49.1	23.1	68.7	35.9	8.1	62.0	37.8
Not digitally included	81.8	50.9	76.9	31.3	64.1	91.9	38.0	62.2
Financially included	42.9	65.1	24.4	68.8	37.2	8.7	62.2	38.8

Indicator	Bangladesh	India	Indonesia	Kenya	Nigeria	Pakistan	Tanzania, United Rep. of	Uganda
Not financially included	57.1	34.9	75.6	31.2	62.8	91.3	37.8	61.2
Financial and digital literacy								
Digital literacy								
High	16.4	13.5	23.6	77.1	44.0	13.6	45.5	35.9
Moderate	22.7	25.9	46.0	8.6	36.7	26.8	36.7	18.4
Low	57.0	49.2	8.6	7.6	11.4	34.9	12.3	27.7
N/A	4.0	11.4	21.8	6.7	7.8	24.7	5.6	18.1
Financial literacy								
High	39.4	64.6	56.0	48.5	47.5	53.8	29.0	19.6
Moderate	54.0	25.9	39.7	44.1	44.9	37.0	57.4	40.7
Low	6.6	9.5	4.3	7.4	7.6	9.3	13.6	39.7
Mobile phones								
User	96.0	89.7	78.7	93.5	92.9	76.4	96.3	84.5
Non-user	4.0	10.3	21.3	6.5	7.1	23.6	3.7	15.5
Owns phone	64.0	59.6	62.1	75.8	85.5	58.6	76.7	55.2
No phone	36.0	40.4	37.9	24.2	14.5	41.4	23.3	44.8
Mobile money								
Aware of provider	92.2	10.2	8.1	98.8	11.9	72.2	95.4	90.8
Unaware of provider	7.8	89.8	91.9	1.2	88.1	27.8	4.6	9.2
Aware of mobile money	35.3	8.2	4.7	73.9	13.4	60.8	87.8	93.2
Unaware of mobile money	64.7	91.8	95.3	26.1	86.6	39.2	12.2	6.8
Non-registered user	24.2	0.2	0.1	13.0	0.3	8.0	5.0	12.6
No over-the-counter use	75.8	99.8	99.9	87.0	99.7	92.0	95.0	87.4
Has account	8.9	0.4	0.3	66.8	0.6	1.3	61.2	35.2
No account	91.1	99.6	99.7	33.2	99.4	98.7	38.8	64.8
User	33.1	0.5	0.4	78.9	0.9	9.3	62.6	47.3
Non-user	66.9	99.5	99.6	21.1	99.1	90.7	37.4	52.7
Demographics								
Age group								
15–24	30.5	27.9	22.5	36.0	34.9	27.9	24.3	34.6
25–34	26.1	22.8	22.1	26.0	26.7	29.2	29.0	23.4
35–44	18.9	18.9	21.1	15.8	17.0	17.0	22.0	17.8
45–54	11.1	13.3	16.1	9.8	10.8	15.1	13.3	11.9
55+	13.4	17.2	18.2	12.3	10.5	10.8	11.4	12.3
Education								
None	26.0	29.0	3.5	8.5	9.2	31.5	9.5	13.6
Primary	25.6	12.7	36.2	43.0	13.6	21.8	65.9	47.7
Secondary	34.5	47.8	53.3	37.5	53.5	34.2	21.2	32.7
Higher	13.9	10.3	6.9	10.0	19.0	12.4	3.1	5.7
Other	0.0	0.2	0.1	1.0	4.7	0.2	0.3	0.3
Employment								
Full-time	8.4	18.1	17.6	12.2	13.8	12.2	19.9	8.4
Part-time	1.3	3.8	5.2	4.3	3.6	5.8	8.6	5.2
Occasional	3.9	7.8	11.7	9.5	4.0	8.8	6.4	6.5
Seasonal	9.1	6.0	6.6	5.0	4.0	2.7	26.4	27.3
Self-employed	20.4	13.9	14.5	29.5	34.2	12.3	18.0	22.8
Seeking employment	1.9	2.6	5.0	3.9	6.8	2.0	3.7	5.4
Homemaker	39.0	31.7	24.8	11.0	11.5	43.5	9.0	9.3
Full-time student	10.8	11.8	9.3	18.3	17.7	10.8	5.9	8.7
Retired	2.8	2.6	1.6	1.6	2.1	1.3	0.6	1.0
Disabled	2.2	1.5	1.6	0.8	0.7	0.5	0.5	1.6
Other	0.3	0.0	2.1	3.5	0.8	0.0	0.6	3.5
Declined to answer	0.0	0.3	0.1	0.3	0.9	0.1	0.4	0.4

Indicator	Bangladesh	India	Indonesia	Kenya	Nigeria	Pakistan	Tanzania, United Rep. of	Uganda
Sex								
Male	51.0	51.1	48.9	49.0	50.0	53.2	49.4	45.8
Female	49.0	48.9	51.1	51.0	50.0	46.8	50.6	54.2
Literacy								
Lack of literacy	40.4	33.8	4.9	17.3	21.6	35.4	15.9	43.3
Basic literacy	59.6	66.2	95.1	82.7	78.4	64.6	84.1	56.7
Poverty index								
Above poverty line	23.3	22.5	39.7	50.2	11.8	49.6	16.6	26.7
Below poverty line	76.7	77.5	60.3	49.8	88.2	50.4	83.4	73.3
Area of residence								
Urban	32.4	32.5	52.0	36.1	43.0	33.7	29.1	25.2
Rural	67.6	67.5	48.0	63.9	57.0	66.3	70.9	74.8

Notes: NBFI = Non-bank financial institution; SACCO = Savings and credit cooperative; ROSCA = Rotating savings and credit association; BPR = People's credit bank. "Access" refers to access to a bank, NBFI or mobile money account; those with access have used the services either via their own account or via the account of another person. The data make a distinction between registered account holders (i.e. individuals who have a full-service bank, NBFI or mobile money account in their own name that offers more than just credit services), active account holders (i.e. individuals who have a registered financial services account and have used it in the last 90 days), and unregistered/over-the-counter users (i.e. individuals who have, at any time, used a bank, NBFI or mobile money services through someone else's account, including a mobile money agent's account or the account of a family member or neighbour). "Financial inclusion" is defined as having an account with an institution that provides a full suite of financial services and comes under some form of government regulation; services include: savings, money transfers, insurance or investment produtcs. "Digital literacy" is inferred from the proficiency of use of a mobile phone, whereas "financial numeracy" refers to the ability to complete basic mathematical functions, including addition, division and calculating savings and loan interest.

Source: Intermedia, Financial Inclusion Insights (Fii) database 2015.

Annex II. Meta-information on the ILO school-to-work transition surveys

School-to-work transition surveys (SWTS) were carried out between 2012 and 2015 within the framework of the Work4Youth (W4Y) partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The W4Y project has a budget of US$14.6 million and runs for five years to mid-2016. Its aim is to "promote decent work opportunities for young men and women through knowledge and action". The immediate objective of the partnership is to produce more and better labour market information, specific to youth in developing countries, focusing in particular on transition paths into the labour market. The assumption is that governments and social partners in the project's target countries will be better prepared to design effective policy and programme initiatives once armed with detailed information on: (i) what young people expect in terms of transition paths and quality of work; (ii) what employers expect in terms of young applicants; (iii) what issues prevent the two sides – supply and demand – from matching; and (iv) what policies and programmes can have a real impact. Information on the survey implementation partners, sample size, geographic coverage and reference periods is provided in the following table. Micro data sets are available at www.ilo.org/w4y.

ILO school-to-work transition surveys: Meta-information

Country	Implementation partner	Sample size	Geographic coverage	Reference period
Armenia	National Statistical Service	3 216 2 710	National	Oct.–Nov. 2012 Sep.–Oct. 2014
Bangladesh	Bureau of Statistics	9 197	National	Jan.–Mar. 2013
Benin	Institut National de la Statistique et de l'Analyse Economique	6 917 4 306	National	Dec. 2012 Dec. 2014–Jan. 2015
Brazil	ECO Assessoria em Pesquisas	3 288	National	June 2013
Cambodia	National Institute of Statistics	3 552 3 396	10 provinces National	July–Aug. 2012 July–Aug. 2014
Colombia	Departamento Administrativo Nacional de Estadística	6 416	Urban	Sep.–Nov. 2013
Congo, Rep. of	Direction Générale de la Formation Qualifiante et de l'Emploi	3 276	National	May–June 2015
Dominican Republic	Banco Central	3 554	National	July–Sep. 2015
Egypt	Central Agency for Public Mobilization and Statistics	5 198 5 758	National	Nov.–Dec. 2012 Nov.–Dec. 2014
El Salvador	Dirección General de Estadística y Censos	3 451 3 604	National	Nov.–Dec. 2012 Oct.–Dec. 2014
Jamaica	Statistical Institute of Jamaica	2 584 3 666	National	Feb.–Apr. 2013 June–Sep. 2015
Jordan	Department of Statistics	5 405 3 749	National	Dec. 2012–Jan. 2013 Mar–Apr. 2015
Kyrgyzstan	National Statistical Commission	3 930	National	July–Sep. 2013
Lebanon	Consultation and Research Institute	2 627	National (Lebanese nationals only)	Nov. 2014–Jan. 2015

Country	Implementation partner	Sample size	Geographic coverage	Reference period
Liberia	Liberian Institute of Statistics and Geo-Information Services	1 876	National	July–Aug. 2012
		2 416		June–July 2014
Macedonia, FYR	State Statistical Office	2 544	National	July–Sep. 2012
		2 474		July–Oct. 2014
Madagascar	Institut National de la Statistique	3 300	National	May–June 2013
		5 044		Apr.–May 2015
Malawi	National Statistics Office	3 102	National	Aug.–Sep. 2012
		3 097		Sep. 2014
Moldova, Rep. of	National Bureau of Statistics	1 158	National	Jan.–Mar. 2013
		1 189		Apr.–May 2015
Montenegro	Statistical Office of Montenegro	2 998	National	Sep.–Oct. 2015
Nepal	Center for Economic Development and Administration	3 584	National	Apr.–May 2013
Occupied Palestinian Territory	Central Bureau of Statistics	4 320	National	Aug.–Sep. 2013
		4 141		June–July 2015
Peru	Instituto Nacional de Estadistica e Informática	2 464	Urban	Dec. 2012–Feb. 2013
Russian Federation	Russian Federal State Statistics Service	3 890	11 regions	July 2012
		3 415		Mar. 2015
Samoa	Bureau of Statistics	2 914	National	Nov.–Dec. 2012
Serbia	Statistical Office of the Republic of Serbia	3 508	National	Mar.–Apr. 2015
Sierra Leone	Statistics Sierra Leone	Not yet available	National	Oct. 2015
Tanzania, United Rep. of	University of Dar-es-Salaam, Department of Statistics	1 988	National	Feb.–Mar. 2013
Togo	Direction Générale de la Statistique et de la Comptabilité Nationale	2 033	National	July–Aug. 2012
		2 708		Mar.–Apr. 2014
Tunisia	Institut National de la Statistique	3 000	National	Feb.–Mar. 2013
Uganda	Bureau of Statistics	3 811	National	Feb.–Apr. 2013
		3 049		Jan.–Apr. 2015
Ukraine	Ukrainian Center for Social Reform	3 526	National	Feb. 2013
		3 202		Apr.–May 2015
Viet Nam	General Statistics Office	2 722	National	Dec. 2012–Jan. 2013
		2 234	National	May–June 2015
Zambia	IPSOS Zambia	3 206	National	Dec. 2012
		3 296		Oct.–Dec. 2014

There is a growing consensus that increasing the ability of youth to access financial services and strengthening their capacity to use these services for their future life needs can play a direct role in supporting the transition to employment and better livelihoods. This report seeks to determine the extent to which this consensus is borne out in practice. Specifically, the report takes stock of existing research and examines new data from the ILO school-to-work transitions surveys (SWTS), in an effort to promote a better understanding of the linkages between levels of financial inclusion among youth and their successful integration into the labour market through wage jobs and self-employment.

The SWTSs are made available through the ILO “Work4Youth” (W4Y) Project. This project is a five-year partnership between the ILO and The MasterCard Foundation that aims to promote decent work opportunities for young men and women through knowledge and action. The SWTS are a unique survey instrument that generates relevant labour market information on young people aged 15 to 29 years. The survey captures longitudinal information on transitions within the labour market, thus providing evidence of the increasingly tentative and indirect paths to decent and productive employment today’s young men and women that facing.

The W4Y Publication Series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, regional synthesis reports that highlight regional patterns in youth labour market transitions and thematic explorations of the datasets.

Work4Youth

For more information, visit our website: www.ilo.org/w4y
Youth Employment Programme
4 route des Morillons
CH-1211 Genève 22
Switzerland
w4y@ilo.org

ISSN 2309-6780