

YOUTH EMPLOYMENT AND FINANCIAL INSTITUTIONS:

OVERVIEW, LESSONS LEARNED, AND
CHALLENGES

Berne, 27th June 2014

WHY IS ACCESS TO FINANCE RELEVANT TO YOUTH EMPLOYMENT?

200,000

VS

250,000

YOUTH ARE AMONG THE MOST EXCLUDED

- **740 million youth** aged 18-25 are **unbanked** and only **32% have an account** at a formal institution vs. 55% for adults
- In **developing countries** 62% of youth remain outside of the financial system vs. 50% for adults
- Only **18% of youth** report having **saved** in the last year vs. 36% for adults
- **6% of youth** report having borrowed vs. 9% for adults



USAGE AND UPTAKE WITH TECHNOLOGY

STRATEGY

- Use POS devices to increase usage and uptake and place them at schools or at places visited by youth
- Use SMSs to remind youth to make deposits and reinforce the importance of savings

Sends SMS
to youth who
didn't deposit
for 2 months



POS placed at
schools



- Savings boxes distributed to students at schools
- Staff visit schools every two weeks to collect savings.



HOW TO BEST GET TO RURAL YOUTH?

OBJECTIVE:

- Ensure youth in rural areas have consistent access to financial services



Creating partnerships with Village Savings and Loan Associations (VSLAs)

CREATING JOBS FOR YOUTH

OBJECTIVE:

- Provide youth with loan products while reducing the risk to the FSP

**YOUTH FRIENDLY PRODUCTS GIVEN IN LEASE.
THEY DO NOT NEED COLLATERAL AND ARE GENDER SENSITIVE**



Motorbicycle

Sewing machines



NON-FINANCIAL SERVICES: FSPs CANNOT DO IT ALL!

What FSPs do

- 4-5 sessions
- 30 min per session
- Basic concepts on financial education
- No materials required
- Standard session design (4 steps-4 Anchor, Add, Apply and Away)

FOR ALL THE REST: PARTNER WITH NGOS



CHALLENGES: MICRO LEVEL

- Meaningful partnerships with Youth Serving Organizations
- Reaching the most vulnerable
- Integration
- Costs of serving youth



US\$19 for small Savers vs US\$27 for youth savers in Uganda

OPTIMISED MODEL by 2014	PEACE (Ethiopia)	UFT (Uganda)	UCU (Rwanda)
Variable cost reduction	-50%	No changes	-50%
Nº youth clients	No changes	No changes	No changes
Av. Savings balance increase	+6USD	No change	+2 USD
Time to break even	5 yrs	3 yrs	3 yrs
Time to break even with grant	3 yrs	2 yrs	2 yrs

Develop partnerships with
YSO and technical schools

Develop peer to peer
programmes

Below the line marketing
activities

Usage, usage usage



CHALLENGES: MACRO AND MESO LEVEL

Regulation

- Minimum age
- Maximum control to youth
- ID flexibility
- Technology
- Savings

Policy
change

Client
protection



UN Capital Development Fund



THANK YOU

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