

CBMS PROJECT TITLE:

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DETERMINANTS OF FINANCIAL INCLUSION AMONG THE YOUTH IN UGANDA

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OUTLINE OF PRESENTATION

- INTRODUCTION (Policy Context , Relevance, and Objectives of the Study)
- RESEARCH QUESTIONS AND HYPOTHESES
- METHODOLOGY (MODEL / ANALYTICAL FRAMEWORK AND DATA SOURCES)
- RESEARCH FINDINGS
- CONCLUSION: *KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS*

CONTEXT AND RELEVANCE OF THE RESEARCH STUDY

- Uganda is one of the countries with the youngest population.
- > 78% of the population below 30 years
- 23% between 18-30 years (youth)
- 64% of the unemployed persons are youth
- 30% of the youths who are institutionally qualified are unable to find jobs, and the situation is even worse for semi-skilled and unskilled youths.
- The government therefore has to strategically plan for the youth in terms of employment.

CONTEXT AND RELEVANCE OF THE RESEARCH STUDY

- ILO (2014) study indicates 75% of the employed youth in Uganda were self-employed
- The solution to the absence of jobs in the public and private sector to absorb all the youth is for the youth to become their own employers.
- Challenge – Lack of financial resources to start businesses/expand businesses. e.g in Katakwi, only 14.5% of the youth entrepreneurs were able to access credit.
- **How does Financial Inclusion come in?**
- People have the ability to start / expand business, invest in education, manage risk and absorb shocks.
- Financial inclusion aids employment, improves consumption, reduces inequality and reduces poverty.

CONTEXT AND RELEVANCE OF THE RESEARCH STUDY

- UNFIS(2017-22) defines Financial inclusion simply as having access to and using a broad range of quality and affordable financial services which help ensure a person's financial security.
- 85 percent of Adult Ugandans are now financially included UNFIS(2017). This high increase came as a result of mobile money services uptake.

But what percentage of the financially included are youth?

This study therefore sets out to find out the status of financial inclusion among the youth in Uganda using lower level data. It seeks to find out what influences financial inclusion among the youth.

OBJECTIVES

1. To find out the status of financial inclusion among the youth (Males/Females)
2. To find out the most common methods or options of saving among the youth (Males/Females).
3. To find out the obstacles or hindrances to financial inclusion among the youth
4. To find out what influences individuals' decisions to be financially included(excluded)

RESEARCH QUESTIONS AND HYPOTHESES

1. What proportion of the youth own a bank account?
2. What proportion of the youth own a mobile phone?
3. What financial savings methods are employed by the youth?
4. What are the Barriers to Financial Inclusion?
5. Is there a relationship between the youth's educational attainment and being financially included?

RESEARCH QUESTIONS AND HYPOTHESES

Title

5. Is there a relationship between the employment status of the youth and being financially included?
6. Are male youths more financially included than the female youth?
7. Are the factors that influence financial inclusion different for male youth and female youth?

METHODOLOGY: Analytical Framework/Model

- proportions and t-tests are used to analyse the barriers on the part of individuals who are financially excluded and the saving mechanisms among the youth.
- A binary regression model (Probit) is used to identify the factors that affect financial inclusion (or exclusion) of the youth.
- Dependent variable : Financial inclusion (1 for inclusion, 0 otherwise)
- Independent variables: Education, financial Literacy, employment status, sex, distance to financial institution, marital status.
- Three regression models are estimated: Overall model, Males only model and Females only model.

METHODOLOGY: Sources of Data

Title

- Micro-data from CBMS survey carried out in Katakwi district.
- Two subcounties – Okoboi and Katakwi
- All households in the two subcounties covered.
- Total number of households 5210
- 3398 youth covered



RESEARCH FINDINGS

Research Question	Findings Based on Analysis of Data		
	Males	Females	Overall
What proportion of the youth own a bank account?	Title 3.7%	4.1%	3.9%
What proportion of the youth own a mobile phone?	42.8 %	23.2%	21.7%
What financial savings methods are employed by the youth?	Don't save 42.7	40.7	41.6
	Home 31.2	36.5	34.2
	Rosca 8.2	15.7	12.4
	Mobile Phone 14.9	5.0	9.3
What are the Barriers to Financial Inclusion	No Income 46.7	51.4	49.3
	No Phone 68.4	72.0	70.7
	Financial Illiteracy 12.5	13.3	13.0
	Long Distance 14.5	11.4	12.8
	Expensive 10	9.6	9.8
	High Interest rate 10.9	10.0	10.2
	Inadquate security 10.9	12.6	11.9
Is there a relationship between the youth's educational attainment and being financially included?	+ relationship		

RESEARCH FINDINGS

Research Question	Findings Based on Analysis of Data
Is there a relationship between the employment status of the youth and being financially included?	Positive Relationship between employed and financial inclusion
Are male youths more financially included than the female youth?	Only 30.8% of youth financially included. (Males 38%, Females (25.2%). Gender gap in financial Inclusion
What factors influence financial inclusion decision among youth?	Sex, Education, financial literacy, employment status Marital status
Are the factors that influence financial inclusion different for male youth and female youth?	Only difference is marital status.

CONCLUSION: KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS

Key Findings	Policy Implications	Recommendations
<p>1. Only 30.8% of youth financially included. (Males 38%, Females (25.2%). Gender gap in financial Inclusion</p> <p>2. Saving Mechanisms</p> <ul style="list-style-type: none"> - Home - ROSCAs - Mobile Phones) <p>3. Barriers to Financial Inclusion</p> <ul style="list-style-type: none"> - No income - Financial Illiteracy - Long distance - No Phones 	<p>Access to a mobile financial account is a key driver of inclusion but is limited by people not having phones.</p> <p>- ROSCAs and VSLAs play an important role</p> <p>- Income generating activities</p> <p>- Financial Literacy</p> <p>-Reduce on distance</p>	<p>Government should subsidize the cost of phones by reducing the tax imposed on them.</p> <p>Support them by mentoring and Capacity Building</p> <p>- Skilling the youth</p> <p>- Increase number of financial Institutions (already being done by introducing agents)</p> <p>- Reduction on Phone tax</p>
		 

CONCLUSION: KEY FINDINGS, POLICY IMPLICATIONS AND RECOMMENDATIONS

Key Findings	Policy Implications	Recommendations
<p>Factors influencing individuals' decisions to be financially included</p> <p>Education level</p>	<p>- Need to change education curriculum</p>	<ul style="list-style-type: none"> - financial education should start from as low as kindergarten - Increasing educational opportunities for the youth, particularly basic literacy.
<p>financial literacy</p> <p>Employment status</p>	<p>Job creation for the youth</p>	<ul style="list-style-type: none"> - Awareness campaigns by Financial Institutions. - Skilling the youth and giving them start-up capital

Proposed strategies for Implementation of CBMS

Locality

- Given the decentralized system in Uganda, this task should be taken on by the Planning Unit at the district. The planning unit should work in partnership with residents to identify the needs of the specific groups.
- Develop the CBMS manual and transfer it to the district.
- Incorporate CBMS in their budgeting.
- Reconcile the interests of both government and nongovernment actors through a steering committee.
- Make use of the already available data
- Training in survey enumeration, data processing and analysis and database maintenance
- Formulate stronger dissemination strategies and share findings using websites, a variety of media outlets, newsletters, policy briefs, reports, seminars, and workshops.

THANK YOU!

PROJECT CONTACT INFORMATION

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