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Savings Statistics

FACT: Poor people in the developing world do not have access to a savings account or other formal financial services.

- It is estimated that 3 out of 4 adults in developing and middle income countries don't have bank accounts.[i]
- Only about 10 percent of the 2.5 billion people living on less than $2 per day have access to a bank account.[ii]
- Sub-Saharan Africa is the least banked region in the world with 80 percent of its population lacking access to a bank account; followed by the Middle East/North Africa at 68 percent, and Latin America/Caribbean at 65 percent.[iii]
- Worldwide it is the poor, women, and rural residents who are the least banked.[iv]

FACT: Poor people actively save in cash and through informal mechanisms, but these tools do not always meet their needs

- According to a series of studies, over the course of a year, a typical poor household in Bangladesh, India or South Africa uses no less than four and typically closer to ten types of financial instruments.[v]
- Rotating savings and credit association (ROSCA) membership rates among adults have been estimated at between 50 percent and 95 percent of adults in the Democratic Republic of Congo, Cameroon, Gambia, Liberia, Ivory Coast, Togo, and Nigeria and similar group savings schemes are widespread outside of Africa as well.[vi]
- A study of 1,500 poor people in Uganda showed that 99 percent of respondents failed to reach their savings goals when using informal methods, either because the money was stolen or lost, or because they were too tempted to spend the money when it was stored as cash in their home.[vii]

FACT: Savings accounts are in high demand by poor people

- Savings accounts are being engaged at rates up to 12:1 compared to loans, even when both services are available from the same institution.[viii]
- In Uganda, 43 percent of people said a savings account is their greatest financial need, compared to 31 percent who cited credit.[ix]
- A Consultative Group to Assist the Poor (CGAP) study of six microsavings-focused institutions also found rapid growth in savers. During a six-year time period, 20 million new accounts and $4.3 billion in savings volume were added, representing an increase of 87 percent and 71 percent respectively.[x]

FACT: Safe savings options help people to manage risks, like illness, increase investment in livelihoods, and empower women.

- A study in the Philippines showed that access to certain savings products increased women's economic empowerment, including decision-making power over purchases, family planning, and children's education.[xi]

- Farmers who were given the option to put aside money toward the next planting season increased productivity, enhancing investments in farming inputs by 32-39 percent.[xii]

- A randomized control trial in Western Kenya found that women who had access to a formal savings account were able to save and invest 45 percent more in their businesses after six months, leading to increased purchasing power for food and personal expenditures.[xiii]

- The same study revealed that women with formal savings accounts were better able to afford emergency health services without depleting the money invested in their businesses.[xiv]

- For most poor households, using savings to pay for large expenditures is cheaper and more efficient than taking a loan.[xv]

    - For instance, even microfinance institutions often charge over 50 percent annual interest on loans. Fees for small deposit accounts, however, often equate to zero or positive interest payments to savers.[xvi]

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