



## Improving Financial Literacy for Rural Youth in Ethiopia Study Summary



**Financial literacy-** information about budgeting, saving, and financial services- are an important component of youth livelihood development, especially for youth starting and running their own business. While there is considerable evidence about the effect of financial literacy programming on youth knowledge, **there is a limited understanding on how financial literacy affects attitudes and practices. Since financial literacy is an important component of Youth in Action's (YIA) holistic livelihood development approach,** we interviewed and surveyed 279 girls and boys from rural Ethiopia to understand the effect of YIA on their financial knowledge, attitudes, and practices. Knowledge: Sampled YIA participants demonstrated high levels of financial knowledge. Two of every three youth reported a strong knowledge about budgeting, where to save, and how to save.

**Practices:** 94% of YIA youth reported some type of savings, while only 72% of non-YIA youth reported the same. Of the youth who reported savings, non YIA reported saving smaller amounts (see figure). Additionally, 75% of YIA youth had opened a savings account for their parent/guardian. A programmatic area that needs attention is the training of youth to track finances: ~50% of the sampled YIA participants kept record of the income they earned, and ~70% tracked their spending. While we did have a comparison group, this study did not employ statistical techniques that would allow us to causally attribute the changes we found directly to YIA. However, the marked differences in knowledge, attitudes, and practices among the program participants highlighted the positive effect a program like YIA can have on youth financial literacy.

