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Paper Abstract

Title: Financial Capability for Youth in Ghana: Understanding the Developmental and Cultural Validity of Asset Building Inquiry in a Developing Country

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Background and Purpose:
Asset development is a key strategy to promote economic and social development in Sub-Saharan Africa (SSA), including the financial inclusion and empowerment of youth. Several initiatives are underway in SSA and across the globe to promote financial capability among youth – knowledge, attitudes, behaviors, and access to and use of financial services to enhance economic gains through saving and asset building. However, little is known about how to measure youth financial capability in developmentally and culturally valid ways to test intervention effects. Debate centers on whether a universal definition and hence, set of measures, for youth financial capability is warranted and attainable.

Methods:
This study uses quantitative and qualitative data from pretesting (N=51) and cognitive interview (N=20) samples of youth ages 12 to 14 in Ghana as part of the impact assessment effort of YouthSave, a four country youth savings demonstration project. The YouthSave Questionnaire for Youth (YSQ-Y) was administered to youth in Ghanaian school settings in February 2011 by researchers from the Institute of Statistical Social and Economic Research of the University of Ghana. Univariate, bivariate, scale reliability, and exploratory factor analyses were conducted with quantitative data. Qualitative data, including research field notes, were analyzed to help determine the developmental and cultural validity of YSQ-Y items.

Results:
A six item money management scale performed very poorly (α=.08), dropping items concerning borrowing money and talking to family members improved reliability improved considerably (α=.65). Similarly, a preliminary factor solution did not emerge with all six items, yet when these same items were dropped, a four item factor solution emerged with loadings of .483 to .604. Univariate findings included 76% of respondents who had had a class on money and had goals for their saved money. Open ended responses to a question concerning saving strategy suggested that respondents valued and understood how to save money. Very few respondents said they receive money from work (2%), owe others money (10%), and use formal or informal financial services (9%). Field notes indicated that respondents had difficulty with 30 day recall for what they did with their money, ten point response scales, and calculating distance to the nearest financial institution.

Conclusions and Implications: Care should be taken when choosing financial capability dimensions and constructs to measure based on developmental and cultural validity. Constructs like earning and borrowing money may have little relevance to younger adolescents who are in school. Financial attitudes and behaviors among youth may vary based on different social norms

and exposure to financial education. For instance, we found that respondents had very favorable orientations to saving money, which is not surprising considering the wide spread use of Susu collectors – informal savings providers – in Ghana. Thus, financial capability dimensions and measures should be adapted to the country and intervention context, which makes efforts to develop standardized measures very challenging.

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