

Parents' Influence On Youth's Money Management in Ghana

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Background

- Evidence of **parental influence** on adolescent children's financial capability (e.g. Danes, 1994; Hibbert, Beutler, & Martin, 2004; Lyons, 2004; Webley & Nyhus, 2006)
- Other determinants include having **earned income** (e.g. Kim, LaTaillade, & Kim, 2011; Mandell, 2008) & receiving **financial education** (e.g. Harter & Harter, 2009; Walstad, Rebeck, & MacDonald, 2010)



Background

- Many financial educ. & inclusion efforts in SSA
- Very little evidence re: determinants of youth financial capability in SSA
- Parents usually excluded from interventions



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Background

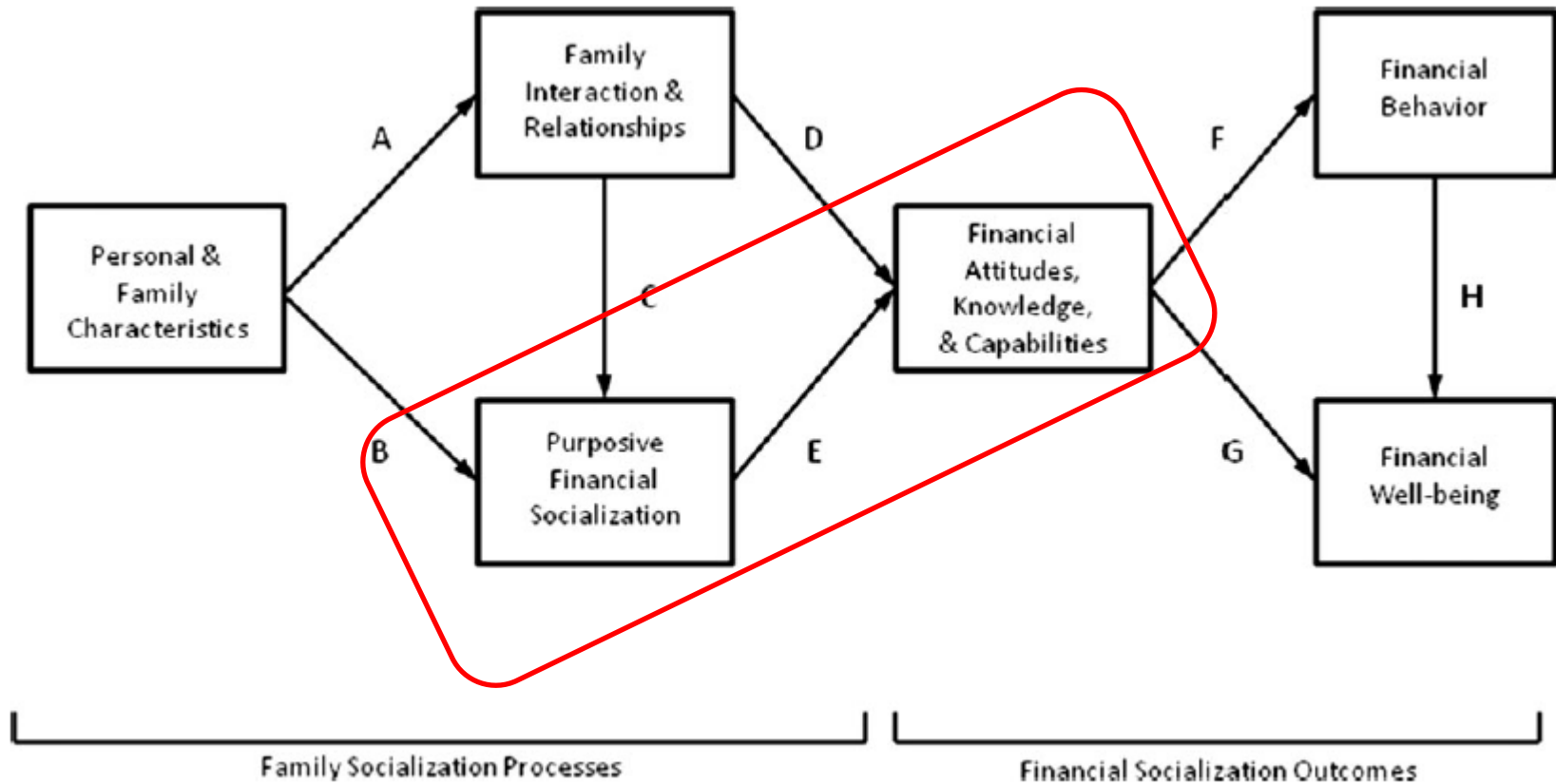


Fig. 1 Conceptual model of family financial socialization processes and outcomes

Gudmunson, C. G., & Danes, S. M. (2011). Family financial socialization: Theory and critical review. *Journal of Family Economic Issues*, 32, 644-667. doi: 10.1007/s10834-011-9275-y

Background

- RQ: *Is parent financial socialization, having earned income, & receiving financial education associated w/youth financial capability?*



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Methods

- **YouthSave:** MasterCard Foundation-funded youth savings account project in Colombia, Ghana, Kenya, & Nepal
- Study data from baseline survey for cluster randomized experiment in **Ghana**
 - Data collected by Institute for Statistical Social & Economic Research (ISSER) - University of Ghana
 - Intervention: access to youth savings accounts, in-school banking, “low touch” financial education

Methods

- Sample: **N=3,623** pairs of youth + a parent or other adult caregiver
 - Students in 100 junior high schools in 8 out of 10 regions of Ghana;
 - Only 3 of 15 variables had missing data (1-2%)
 - Multiple imputation (MI) to complete data (50 imputed data sets)



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Methods

- **DV:** money management scale ($\alpha = .80$)
 - I pay close attention to how much money I spend
 - Before I buy something for myself, I compare prices on similar items
 - I have a plan for how to use my money
 - I follow the plan I have for how to use my money
- 5 pt likert scale, summed responses (5-20)



Methods

- **Variable of interest:** youth & parent perceived financial socialization
 - “How often do your parent(s) or guardian(s) explain how they make decisions about money, e.g. spending, saving or investing money?”
 - “I talk with my dependent child [*study participant*] about how we manage and make financial decisions in our family.”



Methods

- **Covariates:**
 - Receipt of earned income (yes/no)
 - Receipt of financial education (yes/no)
 - Respondent age, gender
 - Parent years of education, income (log), marital status
 - Household assets index via PCA



Methods

- **Analysis:**
 - OLS w/propensity score weighting for three (no/low/high) financial socialization dosage levels (Imbens, 2000; Guo & Fraser, 2010)
 - Robust standard errors for clustering (ICC=.11)
 - Listwise deletion on cases w/ propensity scores outside of minima/maxima common support regions (Caliendo & Kopeinig, 2005)

Sample Characteristics

- 51% female / 49% male
- Average age: 15.44 yrs.
- 74% have had some financial education
- 24% have earned income
- 3% have a savings account, 75% set aside money

Results

Distribution of Dose Categories & Unadjusted Mean Differences in Money Management Scores

Financial Socialization Dose	n	%	MMS Scores	
			M	SD
Parent-perceived:				
Never	1,771	49.09%	14.02*	3.93
Low	782	21.67%	14.72*	3.76
High	1,055	29.24%	15.84*	3.20
Youth-perceived:				
Never	1,539	42.64%	13.67*	3.96
Low	1,330	36.85%	15.09*	3.48
High	740	20.50%	16.20*	3.22
* p<.05 using Tukey HSD pairwise, post-hoc comparisons				



Regression Analyses: Impact of Dosage of *Parent*-Perceived Financial Socialization on MMS

<i>Covariate</i>	Estimated Regression Coefficient (Robust S.E.)			
	OLS w/out PSW	OLS w/PSW	Min-Max CSR ^a	Parent-Only
Age	.101 (.041)*	.062 (.043)	.073 (.044)	.021 (.047)
Gender: male	.268 (.131)*	.359 (.143)*	.285 (.149)	.318 (.175)
Earned income	.950 (.185)***	.853 (.177)***	.895 (.183)***	.898 (.210)***
Financial education	.775 (.242)**	.651 (.249)*	.713 (.246)**	.747 (.258)**
Parent gender	.219 (.166)	.128 (.171)	.007 (.190)	.037 (.202)
Parent education	.020 (.014)	.006 (.014)	.009 (.014)	.013 (.017)
Household assets	.176 (.042)***	.181 (.041)***	.172 (.042)***	.183 (.053)**
Household income	.0001 (.0002)	.000 (.000)	-.024 (.082)	-.098 (.086)
Low dose	.630 (.257)*	.649 (.258)*	.632 (.260)*	.655 (.274)*
High dose	1.75 (.237)***	1.758 (.236)***	1.77 (.235)***	1.77 (.270)***
Constant	11.58 (.843)***	12.38 (.784)***	12.15 (.832)***	13.15 (.860)***
R ²	.075	.064	.065	.066
N	3,577 (100)	3,454 (100)	3,414 (100)	2,714 (100)

Notes: ^a common support region; * $p < .05$, ** $p < .01$, *** $p < .001$, two-tailed test

Regression Analyses: Impact of Dosage of *Youth*-Perceived Financial Socialization on MMS

	Estimated Regression Coefficient (Robust S.E.)			
<i>Covariate</i>	OLS w/out PSW	OLS w/PSW	Min-Max CSR ^a	Parent-Only
Age	.081 (.043)	.083 (.047)	.082 (.047)	.055 (.047)
Gender: male	.327 (.126)*	.489 (.143)**	.480 (.156)**	.471 (.175)**
Earned income	.833 (.184)***	.746 (.186)***	.760 (.186)***	.741 (.208)**
Financial education	.706 (.239)**	.448 (.246)	.435 (.246)	.486 (.259)
Parent gender	.186 (.160)	.254 (.170)	.234 (.168)	.218 (.178)
Parent education	.020 (.015)	.016 (.015)	.016 (.015)	.008 (.018)
Household assets	.148 (.044)**	.148 (.045)**	.154 (.042)***	.180 (.054)**
Household income	-0.009 (.071)	.058 (.076)	.007 (.073)	-.003 (.086)
Low dose	1.35 (.184)***	1.31 (.181)***	1.29 (.186)***	1.35 (.191)***
High dose	2.35 (.227)***	2.41 (.236)***	2.39 (.236)***	2.35 (.243)***
Constant	11.49 (.851)***	11.35 (.891)***	11.65 (.846)***	12.08 (.887)***
R ²	.094	.093	.092	.090
N	3,577 (100)	3,563 (100)	3,414 (100)	2,714 (100)

Notes: ^a common support region; * $p < .05$, ** $p < .01$, *** $p < .001$, two-tailed test

Discussion

- Parent financial socialization, earned income, & financial education predicted youth financial capability consistently across models/samples
- Youth financial capability interventions in SSA might include parents & link efforts to earned income

Limitations

- Parent financial socialization observed via non-standardized, single item measure
- MMS=self-reported behavior
- Findings generalize only to in-school youth



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Thank You!