

# Malawi - Savings Defaults and Payment Delays for Cash Transfers, 2013-2014

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# Overview

## Identification

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### ID NUMBER

MWI\_2013\_SDPDCT\_v01\_EN\_M\_v01\_A\_OCS

## Overview

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### ABSTRACT

The survey data accompanies the paper, "Savings Defaults and Payment Delays for Cash Transfers: Field Experimental Evidence from Malawi". The researchers implement an artefactual field experiment in Malawi to test the ability of households to manage a cash windfall by varying whether 474 households receive a payment in cash or through direct deposit into pre-established accounts at a local bank. The windfall income experiment described in this paper is one of a set of interventions designed to encourage savings and understand the mechanisms through which formal bank accounts affect consumption and spending. The experiment is designed to address three related questions:

- Does defaulting payment of a transfer into a savings account affect savings?
- Is income used differently when directly deposited to a bank account compared to when received in cash? And;
- Does delaying receipt of the transfer change consumption and savings decisions?

The household survey is adapted from Malawi's Third Integrated Household Survey (IHS-3) and contains its detailed expenditure module. In addition to asking about the quantity purchased and total paid for 218 consumption goods, durable goods and services, authors also ask whether each purchase was planned before the respondent arrived at the store or market or was made on the spot. Researchers also use survey data collected between June and Aug 2013, before bank accounts were opened. These data include information about household demographics, expenditures, asset ownership and time preferences.

### KIND OF DATA

Sample survey data [ssd]

### UNITS OF ANALYSIS

Households

## Scope

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### NOTES

The Scope of this study includes:

- Expenditures
- Assets
- Savings
- Loans Received
- Loans Given Out
- Transfers Received
- Transfers Given Out
- Agriculture Inputs

- Aspirations
- Income
- Expenditures - Cash Prize
- Loans Received & Loan Payments - Part 1
- Loans Received & Loan Payments - Part 2

## TOPICS

Topic	Vocabulary	URI
Financial Sector	FAO	
Access to Finance	FAO	
Payment Systems	FAO	
Agriculture & Rural Development	FAO	

## Coverage

### GEOGRAPHIC COVERAGE

Village level

## Producers and Sponsors

### PRIMARY INVESTIGATOR(S)

Name	Affiliation
Xavier Giné	World Bank
Lasse Brune	Northwestern University
Jessica Goldberg	University of Maryland
Dean Yang	University of Maryland

### FUNDING

Name	Abbreviation	Role
Yale Savings and Payments Research Fund		Funding

## Metadata Production

### METADATA PRODUCED BY

Name	Abbreviation	Affiliation	Role
Office of Chief Statistician	OCS	Food and Agriculture Organization	Adoption of metadata for FAM
Development Economics Data Group	DECDG	The World Bank	Generation of DDI

### DDI DOCUMENT VERSION

MWI\_2013\_SDPDCT\_v01\_EN\_M\_v01\_A\_OCS\_v01

### DDI DOCUMENT ID

DDI\_MWI\_2013\_SDPDCT\_v01\_EN\_M\_v01\_A\_OCS\_FAO

# Sampling

## Sampling Procedure

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### (a) SAMPLE SELECTION

Crucially, the umbrella project offered subsidized bank accounts with the commercial bank NBS to households in villages located within six kilometres of the bank's Mulanje branch location. The branch is located in the local trading centre, an approximately one-kilometre stretch along the main road with shops, government offices, and branches of other local banks. The field teams completed village listings in ten villages and randomly selected 872 households for surveys and account offers in July 2012. Of those households, approximately five percent already had accounts with NBS, and another 15 percent had accounts with one or more other banks. These numbers appear typical for Malawi. According to the nationally representative Global Findex Database, 18.8 percent of individuals aged 15 and older in Malawi had accounts with financial institutions in 2014; in rural areas, 14.3 percent of adults owned such accounts. Ultimately, 742 individuals in our sample opened new accounts. The final sample included 704 new and existing NBS account holders who participated in the savings promotion studies. From that sample of account holders, a random subset of 600 were selected for the windfall cash experiment.

### (b) EXPERIMENTAL DESIGN

The windfall experiment varied whether respondents received a payment of MK 25,000 (USD 59.52 or \$PPP 176.50) in cash or directly deposited into their bank accounts. The savings default treatment was cross-randomized with the timing of payment: immediately, after one day, or after eight days. In order to equalize the transaction costs of accessing the payment, all participants had to return to the bank in order to receive their payment whether it was made in cash or directly deposited into a bank account. Twenty percent of respondents (118 individuals) received a small, immediate cash payment of MK 1,000 instead of the large transfer of MK 25,000 and serve as a control group although they are excluded from most of the analysis.

Participants in the control group received a small payment to offset their travel and time costs and to preserve good will for participation in future survey waves. The final design thus includes six large transfer treatment arms that vary in savings default and timing of payment, and the control group. The randomization into the different treatment (and control) arms took place at the bank itself to avoid differential take-up. First, each head of household was visited by a field team for a midline survey, after which they were told they were eligible for a cash prize of up to MK 25,000 if they visited the bank branch exactly two days after the survey (which becomes "day zero" in the intervention timeline). In advance of the midline visit, households were randomly assigned (by computer, and stratified by village) to either a morning or afternoon visit to the bank branch. The shift implicitly determined whether the household would receive the transfer in cash or directly deposited into the bank account. The correspondence between shift time and savings default alternated daily, so respondents who interacted with each other at the bank all received the transfer in the same way. The savings default determination was not known to respondents until they visited the bank.

Assignment to disbursement timing took place at the bank. Respondents drew (without replacement) a token from a bag assigned to their village and bank shift. The tokens corresponded to one of four groups: a control condition that received a small, immediate cash transfer or one of three timing conditions for the large transfers. The three timing conditions for the large payments were immediate, in one day, or in eight days. The savings default was cross-randomized and determined by pre-assignment to morning or afternoon shift as explained above but was revealed to respondents following the token draw. From the respondents' perspective, the token draw determined whether the transfer was large or small; whether it was defaulted into savings; and when it was received. All analysis is conducted relative to the day a household was assigned to visit the bank. Follow up surveys were carefully timed to capture spending at key intervals. The recall period for each survey was one week. For those who received transfers immediately or one day after the initial bank visit, pre-transfer expenditures come from the survey conducted at the initial visit, on day  $t = -2$ . Spending in the week after the transfer (including day of the transfer) is measured in Survey 1, conducted on day  $t = 7$  for the immediate-transfer group and day  $t = 8$  for the one day delay group. For the eight day delay group, Survey 1 measures spending in the week after the announcement, but before the transfer was made. As we will discuss, households may spend in anticipation of receiving a large transfer. Survey 2, conducted on day  $t = 15$ , measures post-transfer expenditures for this group. The only exception to a one-week recall period is this survey, which includes an eight day recall period to capture spending on the day of the transfer. Transfers were implemented in March and April 2014. They were timed to coincide with the end of the lean season, just before many household's harvest and sell crops.

## Questionnaires

No content available

## Data Collection

### Data Collection Dates

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Start	End	Cycle
2013-06	2013-08	Baseline Survey
2014-03	2014-04	Transfers

### Data Collection Mode

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Face-to-face [f2f]

## Data Processing

No content available

## Data Appraisal

No content available