

**The KENYA INSTITUTE for PUBLIC  
POLICY RESEARCH and ANALYSIS**

*Thinking Policy Together*

# How to increase savings in SSA: the case for Kenya

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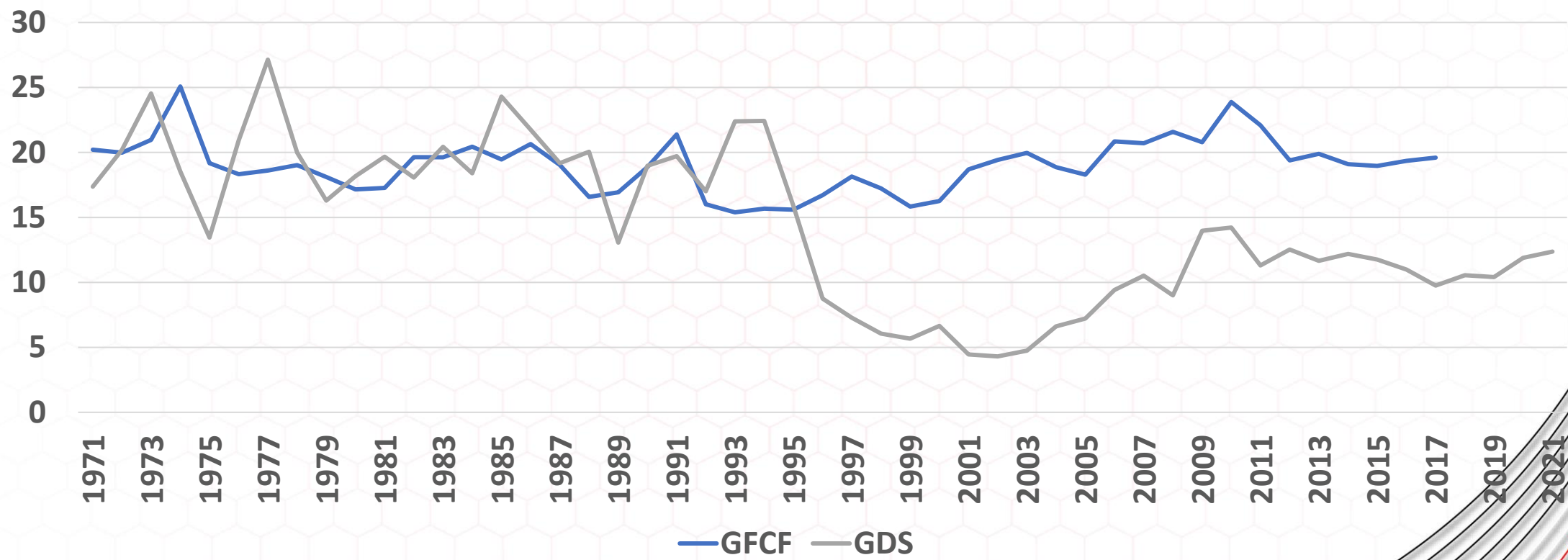
**Date:** *Thursday, September 7, 2023*

# Outline

- Introduction – savings levels are low
- Interventions by government
- Savings channel and motivation
- Shocks and savings
- Saving behaviour-private and national
- Policy implications

# Savings levels remain low

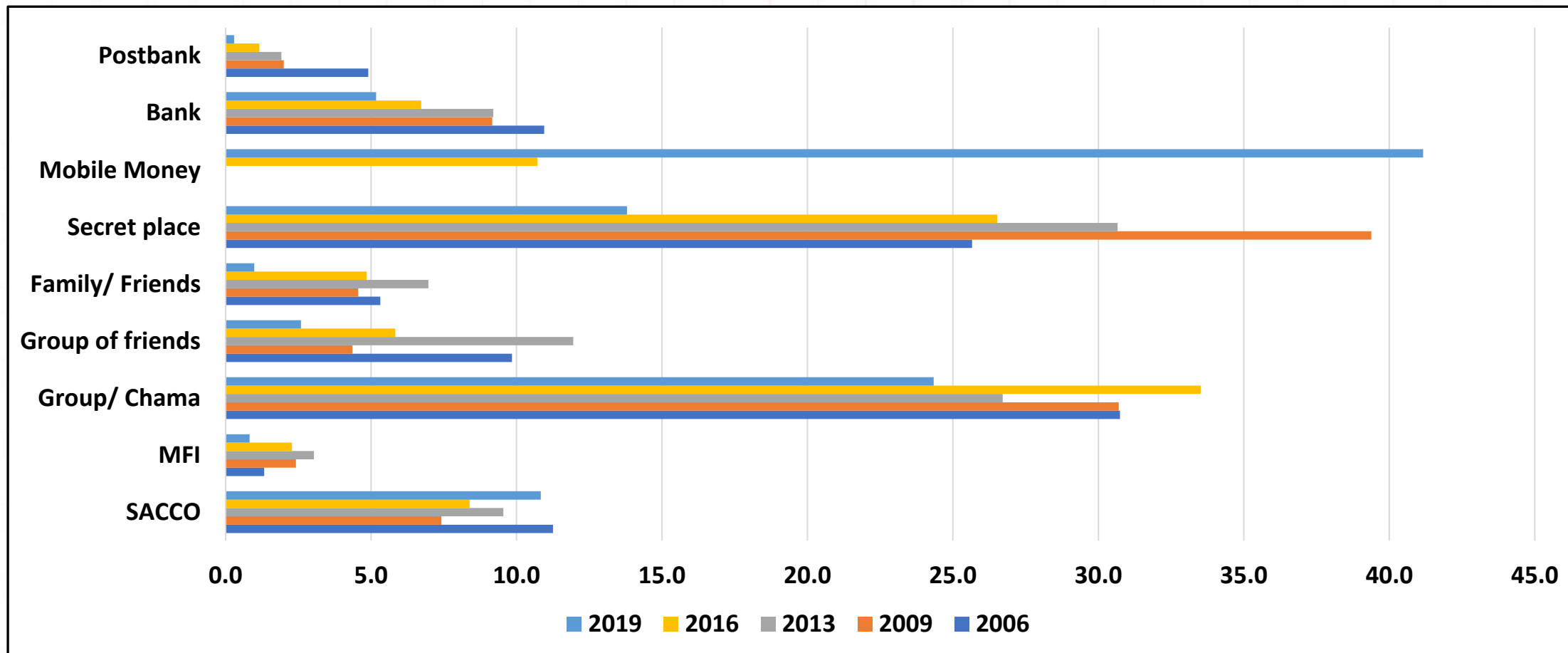
Savings-Investment



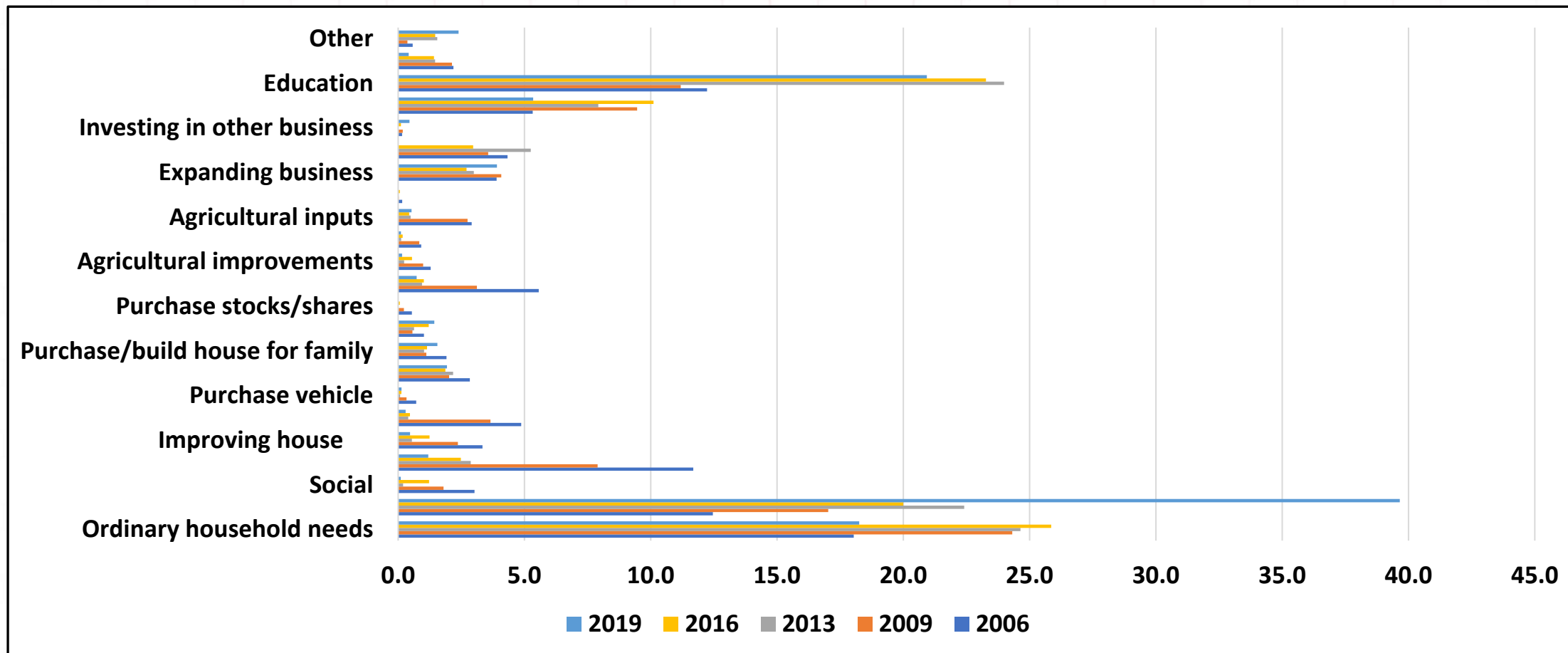
# What initiatives the Government has used over time?

- Promoting saving culture to finance investment – making it a key agenda in the development plan. Vision 2030 expectation was to grow from 15.6% (2006/07) to 26% (2012/13) and 29% by 2030.
- Establishing channels to facilitate saving – including the NSSF, commercial banks, capital market reforms, and other platforms
- Liberalizing the financial sector – interest rate policy
- Commitment to fiscal sustainability
- Financial inclusion fund

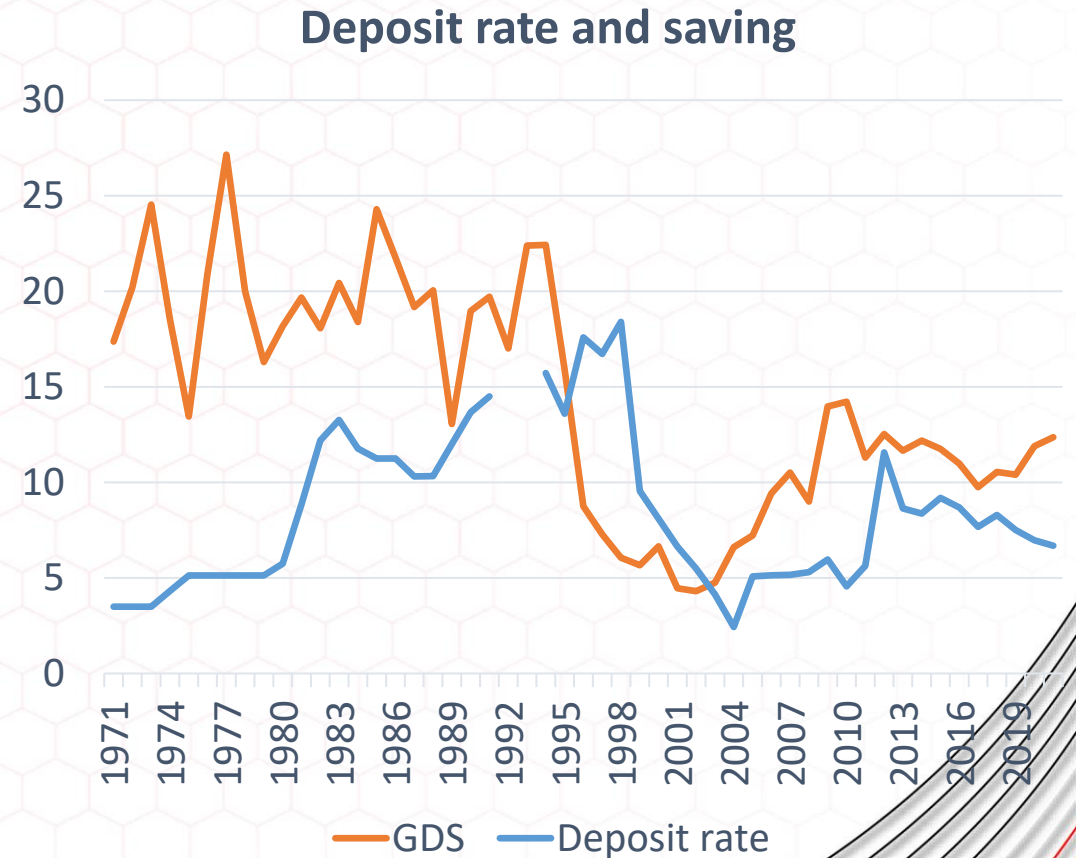
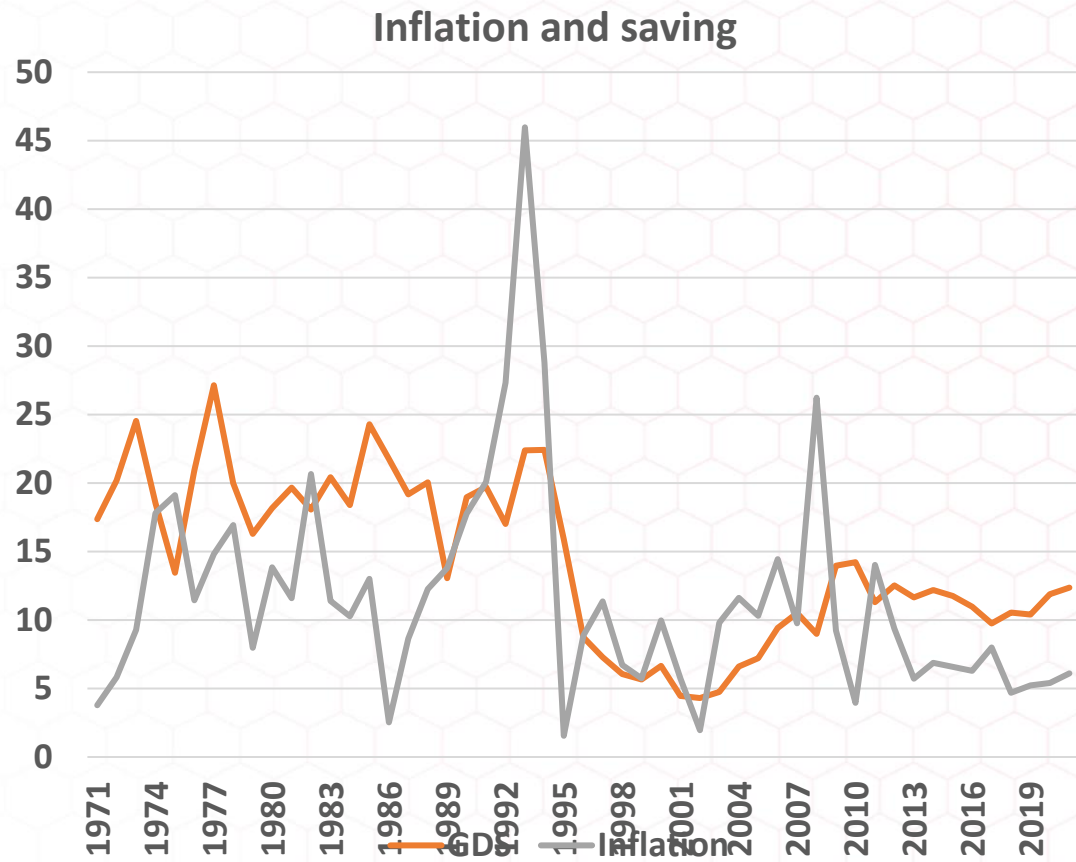
# The saving channels are shifting



# The motivation to save is diverse

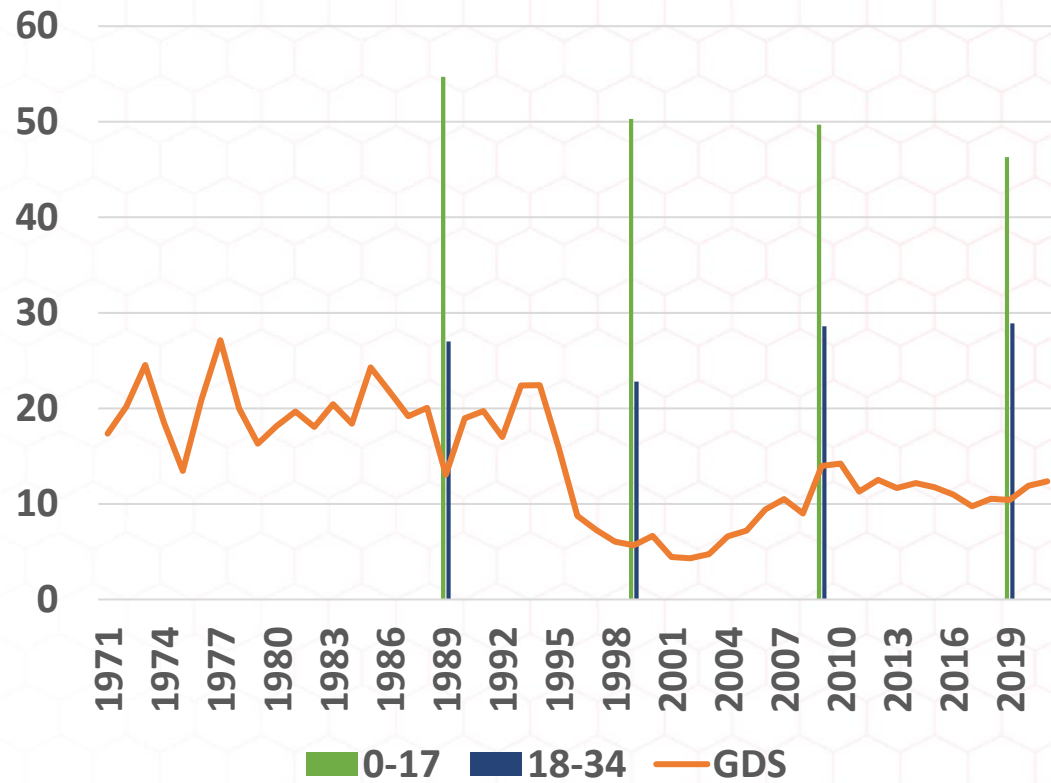


# Significant shocks in the market

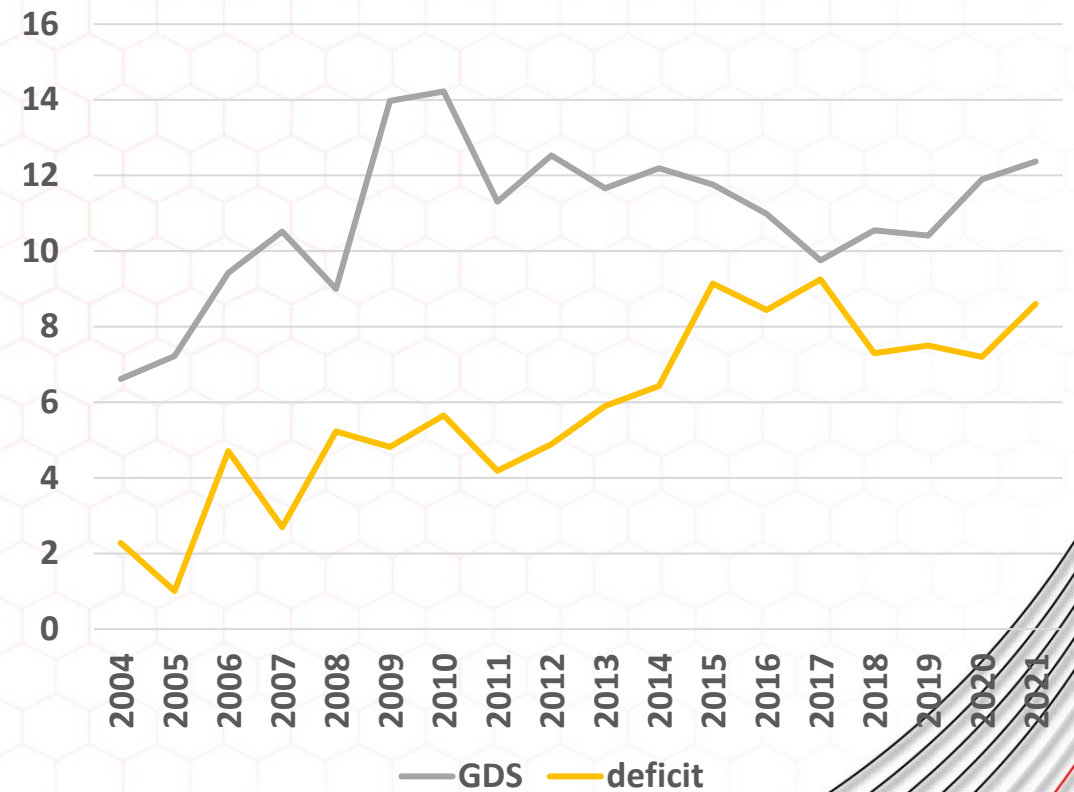


# Other developments in the market

### Demographic dynamics



### Saving and Fiscal deficit





# Private savings

Variables	Long run	Short run
Public saving	Negative	Negative
TOT	Negative	Negative
Wealth	<b>Negative</b>	Negative
Inflation	Positive	Positive (-1)
Per capita income	Positive	Positive
Deposit rate	<b>Negative</b>	Negative
Age dependency	Positive	<b>Positive</b>

# National savings

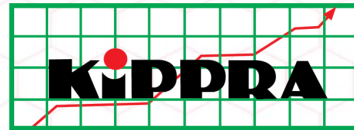
Variables	Long run	Short run
TOT	Negative	Negative
Wealth	Negative	Negative
Inflation	Positive	Positive (-1)
Per capita GDP	Positive	Positive
Deposit rate	Negative	Negative
Financial Development	Negative	Negative(-1)
Age dependency	Positive	Positive

# Policy Implications

- Fiscal sustainability
- External shocks
- Price stability
- Quality and inclusive economic growth
- Interest rate policy
- Job creation to absorb the increasing youth category
- Quantify non-cash savings

# THANK YOU

For your Attention



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