Endowment Effects and Usage of Financial Products: Field Evidence from Malawi

Xavier Giné and Jessica Goldberg*

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Abstract

When presented with the option to switch to a new, lower-fee account, forty-two percent of subjects who already owned a more expensive savings account with a local bank in Malawi chose to retain it. In contrast, none of the first-time customers offered the same two options chose the more expensive account. This pattern is consistent with an "endowment effect" and can have large welfare effects: account maintenance fees will drain account balances in five months for the average subject who chooses to retain the old account. The endowment effect disappears, however, among prior account holders who had been experimentally induced to make transactions using their original accounts. Experience using financial products can thus mitigate behavioral anomalies and improve financial decision making.

Keywords: Savings, Endowment effect, field experiment, experience.
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*Giné: Development Research Group, World Bank, xgine@worldbank.org. Goldberg: University of Maryland, goldberg@econ.umd.edu. We gratefully acknowledge support from the Development Research Group at the World Bank. Ryan Malitz contributed to the design and implementation in the initial stages of the project. We thank Maryumbo Munyenyembe for their outstanding field management; Sai Luo and Bernardo Ribeiro for superb research assistance; and Emily Breza, Francesco Cecchi, Oscar Mitnik, Lore Vandewalle, Bilal Zia, and seminar and conference participants for comments. This project was reviewd and approved by the Innovations for Poverty Action IRB, protocol numbers 12March-001 and 451.13January-005. The views expressed in this paper are those of the authors and should not be attributed to the World Bank, its executive directors, or the countries they represent.

1 Introduction

Consumers often incur costs when switching to a new product (Klemperer, 1995). For example, clients of a cellular service provider typically pay activation fees, and users of one computer operating system face learning costs when switching to another system.

These pecuniary and effort costs may lead to inaction (Burnham et al., 2003; Madrian and Shea, 2001), but even if they were negligible, other costs exist that are psychological in nature. Individuals tend to value items that they possess more than those that are not part of their *endowment*; as a result, they may fail to trade. The gap between the willingness-to-accept and the willingness-to-pay is known as the "endowment effect," and it can be explained by loss aversion—the idea that losses loom larger than equally sized gains (Kahneman and Tversky, 1979). This empirical phenomenon has been documented both in the lab and in the field using goods ranging from mugs, chocolate bars, and sports memorabilia to houses and stock market investments (Kahneman et al., 1990; Weber and Camerer, 1998; Genesove and Mayer, 2001; Anagol et al., forthcoming; see Ericson and Fuster, 2014 for a review).

The endowment effect contradicts the assumption that preferences are independent from endowments and it may reduce welfare as individuals stick to suboptimal consumption bundles (Samuelson and Zeckhauser, 1988). It is thus important to ask whether experience can mitigate this behavioral anomaly by reducing the uncertainty that participants face when trading. Engelmann and Hollard (2010) make the useful distinction between choice and trade uncertainty. Choice uncertainty refers to the trader's uncertainty about the features of the item being traded or about any preferences toward it, while trade uncertainty concerns the process of trading itself, as individuals may overestimate the cost or risk associated with a market transaction. In their exchange experiments, the authors use well-known items (packages of rice or coffee, blank DVDs, mugs, chocolate bars, etc.) and find that experimentally reducing trade uncertainty by forcing subjects to trade during an initial stage while keeping choice uncertainty fixed, eliminates the endowment effect in a later stage of trading. In their context, choice uncertainty is perhaps less relevant because individuals are familiar with the items traded and have well-defined preferences over them. But when the item exchanged is a bank account, a product with attributes that may be difficult to understand (Giné and Mazer, 2018), choice uncertainty may play a role in explaining the endowment effect.

In this paper, we present two groups of subjects with a choice between two savings accounts with different fee structures, both offered by a local bank. Subjects in one group already own the old, more expensive account, while the other group comprises new customers who do not own any accounts with this bank.

The existing account holders are a subset of households from 14 villages in southern Malawi who were randomly chosen to be offered fully subsidized basic savings accounts with

a local bank in 2012 as part of a previous study. In 2015, households that had opened subsidized accounts were revisited and some were randomly chosen to receive a MK 25,000 (USD 67) windfall payment (see Brune et al., 2017 for details). This transfer did not have persistent effects on savings or spending, but it did increase the number of transactions that subjects made at the bank branch. The random allocation of these transfers thus created exogenous variation in the experience households had in using their accounts.

In 2016, the previous project concluded and subsidies were discontinued. Starting in May 2016, individuals had to pay a monthly maintenance fee of MK 400 that had previously been covered by subsidies paid directly to the bank. At the same time, the bank introduced a new account, the Pafupi account. This account had no monthly fee but charged a withdrawal fee of MK 150 per transaction. In addition, the Pafupi account required the purchase of an ATM card for MK 1,300. Based on the number of transactions individuals had made until May 2016, the Pafupi accounts were less expensive than the original (basic) accounts for everyone in the sample, if their usage patterns continued and they planned to keep the account open for at least four months.

The second group, made up of new customers, was randomly selected in March 2016 from among the households in the 2012 household listing that had not been offered a subsidized account in the previous study. The final sample included the two groups, drawn from the same original household listing, with random variation in whether or not they were endowed with basic savings accounts.

In March and April 2016, the 594 households that had opened the basic account in 2012 ("old" subjects) and the 216 households that had not been offered the account in 2012 ("new" subjects) were visited at home and asked to come to the bank branch to make a decision about savings accounts. Old subjects could keep their existing basic account and start paying monthly fees, could close their basic account, or could transfer their balances to a Pafupi account with the purchase of an ATM card. New subjects could open a basic or Pafupi account, or could decline to open either account. While the Pafupi account was cheaper than the basic account given the past usage of all old subjects, the choice was presented in a neutral way.

The home visits were used to introduce randomized variation in two dimensions of the decision. First, we varied the amount of a payment for coming to the branch, which was used to encourage individuals to actively make a decision. Second, we varied the timing of when subjects were asked to visit the branch: some were asked to come within the week, and others were asked to come only after a two-week delay. This was to assess the possibility that lack of salience would cause people to fail to show up at the branch, or that costs associated with paying attention might trigger forgetfulness and adherence to the status quo, even in the absence of an endowment effect (Samuelson and Zeckhauser, 1988). Finally, when they

did visit the branch, some respondents received an unexpected extra payment in order to test whether liquidity constraints prevented individuals from purchasing the ATM card required to open the Pafupi account.

This design maintains parallels to important features of laboratory experiments that study the endowment effect. First, the cost of trading in laboratory experiments is zero. In our setting, there are time and monetary costs associated with visiting the branch, but these are equal regardless of which account is chosen, and randomly offset for some customers. There are extra up-front costs associated with opening Pafupi accounts; again, these are randomly offset for some customers. Second, subjects in laboratory experiments are explicitly prompted about whether they would like to trade. In our setting, enumerators present the different options regarding account ownership and prompt individuals to choose among them.

Our setting also has important advantages over laboratory experiments that may suffer from potential experimental confounds. Plott and Zeiler (2005, 2007) argue that when endowing subjects with an actual object such as a mug by using visual or physical cues, subjects may view the object as a gift and be unwilling to trade it, thus leading to a spurious, demand-induced endowment effect. In our context, it is unlikely that old subjects viewed the basic accounts as a gift in 2016, because four years previously they had only received technical assistance in order to open them. In addition, individuals had a longer time period—ranging from two days to two weeks—to consider their potential decisions regarding the account. In contrast, subjects in laboratory experiments typically consider these choices for no more than a few minutes.

We find evidence consistent with an endowment effect. While 56 percent of new subjects opened the Pafupi account, only 49 percent of previous account holders switched to the Pafupi account. We note that the old subjects are those who were randomly chosen to receive and accepted the offer to open an account in 2012, while the new subjects may include individuals who would have declined an offer to open an account had they received one in 2012.[1] Indeed, the two samples are different in observable and perhaps unobservable characteristics. We address this potential selection bias using three strategies. First, we control for all of the available baseline characteristics. Second, we use propensity score matching and the same rich set of covariates to find a sample of new subjects that is comparable to the old subjects sample, at least on observable characteristics. These two strategies yield endowment effects that are similar in magnitude, if not larger, than in the unadjusted specifications. Third, using the sample of new subjects, we predict the probability of opening a Pafupi account and extrapolate this probability to the sample of old subjects. We find predicted probabilities that are very similar across samples. This suggests that although the two samples are different

[1] The take-up rate of account opening in the 2012 experiment was 85 percent.

on some dimensions, the relationship between observable characteristics and the predicted probabilities of opening a Pafupi account are similar, and as a result, the endowment effect cannot be explained by differences in the covariates across the two samples.

More importantly, we exploit the design of an earlier field experiment in which a random subsample of account owners received a transfer in 2015 that induced additional transactions in subsequent months. We find that the endowment effect disappears: among account holders who were induced to make more transactions, 60 percent switched to the Pafupi account. Using the 2015 transfer as an instrument, we show that higher usage of the basic account led to not only a higher rate of Pafupi account opening but also to higher trust in the bank and to better knowledge of the features of the basic account. These results suggest that experience with the basic account reduced choice uncertainty; individuals learned about the features of the account by transacting with it and were able to compare different accounts and switch to the cheaper one when given the opportunity to do so. While choice uncertainty plays a role in explaining the endowment effect, trade uncertainty appears to be less relevant in this context, since all account holders choose between accounts at most once.

These results contribute to the literature on the endowment effect in the field (see, for example, Anagol et al., forthcoming) and in particular, on the extent to which experience can attenuate it (List, 2003, 2004; Feng and Seasholes, 2005; Dhar and Zhu, 2006; Gächter et al., 2009; Greenwood and Nagel, 2009; Seru et al., 2010; Engelmann and Hollard, 2010; List, 2011; Anagol et al., forthcoming). Most papers in this literature, however, focus on experience gained by transacting in the market rather than by gaining familiarity with the product traded. In studying trading rates of sports memorabilia in an actual marketplace, List (2003) observed an inefficiently low number of trades by novice traders. In contrast, the endowment effect disappeared among experienced traders. List (2004) used a similar sample of novice and experienced traders in the sports card market and found that, when randomly presented with mugs and chocolate bars of equivalent value, novice traders exchanged their endowment far less often than experienced traders, indicating that previous market interaction and arbitrage opportunities might have taught experienced traders to treat the dispossession of a good as an opportunity cost rather than as a loss. One problem with List (2003, 2004) is that market experience is endogenous, so it is unclear whether experienced traders are unique, or if on the contrary, novice traders can learn to behave like experienced traders if they are induced to gain that experience. List (2011) exogenously induces a random sample of subjects to gain experience making trades in a sports card market, and finds that collectors who are induced to trade as part of the experiment are more likely to trade subsequently.

Anagol et al. (forthcoming) cleverly exploit a natural experiment in which Indian initial public offering (IPO) shares are allocated to investors using a lottery. They find that winners of the lottery are significantly more likely to hold the shares than lottery losers even 24 months

after the lottery. This endowment effect is partially mitigated by how actively investors trade in the market, although market experience in their context is endogenous. Using a different financial product—namely, a savings account—our results are therefore consistent with Anagol et al. (forthcoming)'s study of IPO shares.

As governments the world over try to broaden financial inclusion by providing transfers directly into the accounts of previously unbanked beneficiaries, there is a concern that individuals may not be familiar with the accounts or may end up contracting products that are not well-suited to their needs (see, e.g., Gross and Souleles, 2002; Choi et al., 2011; Duarte and Hastings, 2012; Hastings et al., 2012; Agarwal et al., 2013, 2015; Giné and Mazer, 2018 and Campbell et al., 2011; DellaVigna, 2009 for reviews). Some advocate financial literacy interventions, but financial education alone is often ineffective in changing financial decision making (see Cole et al., 2011 and Miller et al., 2014; Hastings et al., 2013 for reviews). Our results suggest that making payments directly into beneficiaries' accounts rather than disbursing cash can encourage individuals to actively use and gain experience with financial products. This familiarity can lead to improved financial decision making.

The remainder of the paper is organized as follows. Sections 2 and 3 describe the experimental design and data, respectively. Section 4 describes the empirical strategy, reports results, and explores the role of account usage using IV specifications as a possible mechanism that explains the results. Section 5 provides a discussion of alternative explanations for the results, and concludes.

2 Experimental Design

The experiment uses two samples of individuals drawn from a sampling framework created in 2012. Subjects in the first sample were randomly selected to be offered fully subsidized savings accounts in 2012, while those in the second sample were not. In what follows, we describe in detail the two samples and an additional experiment, conducted in 2015, that induced account usage among some of the individuals who had opened accounts.

2.1 Old subjects

In July 2012, we randomly selected and interviewed 872 households from 14 villages surrounding the Mulanje market in southern Malawi.[2] All these villages are located within six

[2]Malawi is a country in eastern Africa with relatively low levels of financial inclusion. According to the 2017 Global Findex database (Demirguç-Kunt et al., 2018), 34% of adults have bank accounts or mobile money but only 9% have formal savings.

kilometers of the local NBS branch.[3] These households were offered assistance with opening a basic savings account at NBS plus subsidies to cover the required minimum balance of MK 500 (USD 1.34) and the MK 400 monthly maintenance fees. Subsidies were paid directly to the bank each month so that fees were not deducted from customers' balances. The minimum balance was enforced in the sense that the bank would deny any withdrawal that would bring the balance below MK 500. This means that the account balance was always equal to or higher than MK 500. Because the bank did not charge for transactions, the basic account offered in the study was free to customers.[4] The take-up rate for these free accounts was 85 percent.

Of the 742 households that opened subsidized accounts, 600 were randomly chosen in April 2015 to participate in another field experiment that induced account usage. The experiment varied whether households received a large (MK 25,000 or about USD 67) transfer and whether this transfer was made in cash or directly deposited into subjects' accounts (see Brune et al., 2017). The transfer increased the number of transactions that participants made at NBS. Account holders who received transfers had the same number of bank transactions in the month preceding the transfer as those who did not receive the transfer. However, transfer recipients made significantly more transactions with their accounts after receiving the transfers, even excluding initial withdrawals of the amount transferred. The increased usage began in the month following the transfers and persisted, with a cumulative average of 1.5 more deposits 12 months after the transfers. Thus, the transfer treatment provides random variation in subjects' experience using their bank accounts.

In March and April 2016, we implemented an experiment that removed the subsidy for the recurring monthly maintenance fees of the basic account and offered subjects the options of paying fees themselves, closing their accounts, or transferring their balances to a new type of account without monthly maintenance fees (the Pafupi account). Of the 742 households that opened the subsidized accounts in 2012, we were able to contact and visit 594 households in 2016; these households constitute the first sample for this experiment. During the one-on-one home visits, an enumerator explained that after more than three years (since July 2012), the original research about account ownership was ending and the subsidies would stop as of May 2016. The following three options were presented:

1. Households could keep their existing (basic) savings accounts. In this case, monthly maintenance fees of MK 400 would be deducted from the balance by NBS beginning in

[3]NBS Bank, formerly known as New Building Society, was established in 1964 and obtained a commercial banking license in 2004. It is one of the 10 commercial banks operating in Malawi, with a network of 36 branches throughout the country.

[4]Similar to other basic savings accounts in Malawi, the account did not pay interest. Because the inflation rate was above 20% throughout the study, the real rate of return was negative.

May 2016. If account balances fell below the minimum balance of MK 500, NBS would suspend the accounts. We used examples to show households how their balances would change each month if no additional deposits were made. This is the *default option* for current account holders at the time of the experiment.

2. Households could close their accounts and receive the full account balance, including the minimum balance of MK 500 initially deposited by the research team, in cash. In this case, however, households would no longer have NBS accounts. Accounts closed by the end of April 2016 would not accrue any monthly charges.

3. Households could transfer their balance to a Pafupi account without monthly fees but with a withdrawal fee of MK 150. To open a Pafupi account, customers would be required to purchase an ATM card for MK 1,300 (USD 3.50).

Enumerators presented this choice using a neutral frame. Figure 2 shows the features of the basic and Pafupi accounts before and after May 2016. Because NBS required households to visit the branch in order to close the account or transfer the balance to a Pafupi account, the field team did not ask households to make a decision during the home visit. Rather, they asked subjects to come to the branch by the end of May 2016 to report their decision and complete the necessary paperwork.

All households received the same information but we experimentally varied two conditions related to this decision. First, we took seriously the concerns about status quo bias (Samuelson and Zeckhauser, 1988) and incentivized some individuals to visit the branch and make (and report) an active decision. These incentives were structured as flat cash payments delivered to respondents who came to the branch in the specified time window. The payment amounts were MK 0 (no payment), MK 500, or MK 1,000. We were explicit that this show-up payment was not conditional on the choice of account disposition and would be paid as long as the account holder came to the branch. The MK 500 payment was calibrated to cover the cost of round-trip bicycle taxi transportation to the branch, although the vast majority of customers in the sample chose to walk rather than pay for transport.

Second, we varied when households were asked to come to the branch. Among those offered a cash payment, half were asked to come within the following week and the other half were asked to come after a two-week waiting period. Households had to come to the bank within their scheduled window in order to receive their show-up bonus, and this was framed as a strategy for managing the flow of visitors. By timing the home visits just days before they went to the branch, these visits constituted a teachable moment, as subjects received information about account fees when that information was needed to make an informed decision. The length of the window for visiting the branch was set at one week and was

the same in both cases. The delay was designed to measure the salience of the decision, as forgetful or inattentive customers might not remember to show up after a two-week delay (Bordalo et al., 2012). This potential inattentiveness to bank accounts could explain the large number of dormant accounts in which balances are entirely depleted by monthly fees (Karlan et al., 2014).

This cross-cutting randomization resulted in five treatment groups: a no-bonus and no-date group, and four groups who could receive cash for coming to the bank within a designated window. The treatment groups are illustrated in Figure 1. This randomization was conducted by computer and stratified by village and previous treatment assignment. Assignment to one of the five conditions was made before household visits began, though it was not visible to the field team until information about account options had been delivered.

A final treatment was implemented at the bank branch. Some households were randomly selected to be offered MK 1,500 (USD 2.21), a larger amount than the promised show-up fee. This larger amount was enough to pay for the MK 1,300 ATM card required to open the Pafupi account and therefore relaxed a possible liquidity constraint. The offer, however, did not contain any explicit or implicit suggestion about how to use the money. All show-up bonuses were paid in cash before participants were asked about their decisions regarding the accounts. Similar to other treatment conditions, assignment to this extra cash was randomized by computer and stratified by village and original five-group treatment status. Since customers did not know about the extra cash until they arrived at the branch, it could not possibly have affected their decision to go.

2.2 New subjects

The second sample was selected from the same household listing conducted for the July 2012 intervention. In 2016, we randomly selected 216 households from the list of those not offered subsidized accounts in 2012. In March and April 2016, these households were visited at home and given information about opening either a basic (now unsubsidized) account or a Pafupi account. They were surveyed at the same time as households that already had accounts (old subjects) and given very similar information:

1. Households could open a basic NBS savings account, which required a minimum balance of MK 500 and a recurring monthly maintenance fee of MK 400. See Figure 2 for a description of the features of the basic and Pafupi accounts.

2. Households could open a Pafupi account. These accounts also required a MK 500 minimum balance and the purchase of an ATM card for MK 1,300. There were no monthly maintenance fees, but withdrawals cost MK 150.

3. Households could decide not to open any account. This is the *default option* for new subjects who were not offered subsidized accounts in July 2012.

New subjects were also randomly assigned to one of the five treatment groups related to show-up bonuses and timing of the bank visit. Just as old subjects did not have to close an account to receive the show-up bonus, new subjects did not have to open one. They only had to come to the branch during the indicated time window. A subset of new subjects was randomly selected to receive the extra cash when they came to the bank. The total numbers of old and new subjects assigned to each of the treatment groups are reported in Figure 1.

Although both samples come from the same listing, the sample of old subjects is comprised of individuals who received and subsequently accepted the offer to open an account in 2012. In contrast, new subjects were never offered the account, so some might have declined to open subsidized accounts. The next section describes how the two samples differ, and Section 4 describes the strategies we use to address this potential selection bias.

3 Data

We use three sources of data. Baseline data come from the household survey administered to all households in March and April 2016.[5] Outcome data come from records collected by our field team stationed at the NBS branch during the intervention and from NBS administrative data.

Panels A and B of Table 1 compare the individual characteristics and savings-related behaviors of new subjects in column (1) to existing account holders in column (2), using data from the March/April 2016 household survey. Column 3 reports the p-value of the t-test of equal means. As expected, panel A reports some differences in individual characteristics of these two samples. Account holders are more likely to be male and older than new subjects, reflecting a tendency for men to control household finances. They also have higher indices of housing quality, assets owned, and animals owned, though the values of the latter two proxies for wealth are measured less precisely and do not differ significantly across the two samples at conventional levels. Account holders own more land, though the difference is again not statistically significant.

Panel B reports characteristics related to savings behavior. Old subjects express a greater willingness to pay for an NBS account compared to new subjects. By design, these account holders are also more likely to have an NBS account and, as a result, to have higher formal savings balances, although the difference with new subjects is not statistically significant. Ex-

[5]Survey data from 2012 and 2013 are also available for old subjects but are not used because there are no comparable data for new subjects.

perience with accounts seems to have tempered subjects' enthusiasm about usage as existing account holders anticipated fewer and smaller transactions than predicted by new subjects. Past and predicted usage is still too limited to make the basic account worthwhile given the fee structure. In fact, all subjects would pay lower fees with a Pafupi account if they planned to keep it for four months or more. According to their expected use in the three months after the baseline survey, new subjects would save an average of MK 909 by choosing a Pafupi account instead of a basic account, while existing account holders would save MK 1,067, even after accounting for the cost of the ATM card. Table 1 also reports the p-value of the F-test that all variables are jointly zero in a regression with "new subject" as the dependent variable. In both panels A and B the p-value is 0.00, suggesting that the samples of new and old subjects differ on observable characteristics. The next section describes two different ways to address the potential selection problem.

Columns 4–7 of Table 1 compare the baseline characteristics of existing account holders who were assigned to the three different treatments in the transfer experiment: a control group (column 4), a transfer in cash (column 2), or a transfer directly deposited into the individual's account (column 3). We report the p-value of the joint test of equal means across all three categories in column 7. Owing to the randomization, we do not expect (and do not observe) differences in household characteristics such as age or gender of the respondent, or household size. In principle, the transfer treatment could have affected asset ownership, but it does not appear to have done so. The p-value of the F-test that all characteristics in panel A are jointly zero is 0.882. In panel B, respondents who received transfers via direct deposit expressed greater willingness to pay for savings accounts (column 6), although the joint test is not statistically significant at conventional levels (the p-value is 0.124). Households that received the transfer did not expect more withdrawals in the next three months compared to those who did not receive the transfer. The p-value of the F-test is 0.145.

Panel C of Table 1 reports administrative outcomes, which are only available for old subjects. Of note, households that received large transfers made more transactions in the six months following receipt.

Table 2 reports balancing tests for the choice environment treatments implemented in 2016. Unlike the previous tables, these are true balancing tests, since they represent tests of variables measured before the treatments were implemented. There are no statistically significant differences across any of the variables, indicating that the randomization of the show-up bonus and timing of the bank visit were successful. Panel C includes measures such as trust in NBS and savings balances at the time of the home visit that only apply to old subjects. The p-values of the F-test that all variables in each panel are jointly zero confirm that the five experimental groups are balanced on observable characteristics.

Figure 3 provides the number of households making the different choices (not visiting the

branch, visiting the branch and leaving without an account, visiting the branch and leaving with a basic account, and visiting the branch and leaving with a Pafupi account. We note that the default option for both new and old subjects is different, although their choice set is similar. For existing account holders (old subjects), the default was owning a basic account; for new subjects, the default was not opening an NBS account. We find that 42 percent of old subjects kept the basic account, either because they did not visit the branch or because they visited it to collect the show-up fee but chose to retain the existing account. None of the new subjects opened the basic, more expensive account. Relatedly, old subjects might have had more of an incentive to visit the branch as they could close the account and collect the MK 500 minimum balance. Consistent with this, we find that 75 percent of old subjects visited the branch, compared to 66 percent of new subjects. Finally, for both old and new subjects, owning a Pafupi account required an active choice as well as the purchase of the ATM card and the completion of the required account-opening forms. We find that 49 percent of old subjects opened a Pafupi account, compared to 56 percent of new subjects.

The following section describes the empirical strategy used to assess the impact of the different treatments and the role of an existing account holder.

4 Empirical strategy and results

Because the various treatments were assigned randomly, the impact of the 2012, 2015, and 2016 treatments on the main outcomes of interest can be estimated via the following regression:

$$\begin{aligned} Y_{iv} &= \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \\ &\quad \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}, \end{aligned} \tag{1}$$

where Y_{iv} are the outcomes of interest for individual i in village v. The first set of indicators correspond to 2012 and 2015 randomization: Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2015; and DD is a dummy if the transfer was directly deposited into the account. The next set of indicators are for the 2016 treatments: B is a dummy that takes value 1 if the individual was promised a show-up bonus (of either MK 500 or MK 1,000) for visiting the bank; HB is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 1,000; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_{iv} contains individual-level covariates measured during the 2016 survey and will be included in

some specifications to control for observable preexisting differences. The constant α may be replaced by village fixed effects α_v in some specifications, and ϵ_{iv} is a mean-zero error term. Since treatment assignment is done at the individual level, we report robust standard errors.

We consider two main outcomes of interest Y_{iv}: whether participants visited the bank to report their decision about the accounts and whether they opened a new Pafupi account. These outcomes are chosen because they are not the default choice of either sample. Overall, 72 percent visited the bank branch and 51 percent opened Pafupi accounts.

The coefficient β_O captures the endowment effect when the outcome is opening a Pafupi account. The coefficients β_T and $\beta_D D$ capture the attenuating effects of the transfer and of whether it was directly deposited into the account. When the outcome is opening a Pafupi account, a lower probability of switching to a cheaper Pafupi account $\beta_O < 0$ is evidence of an endowment effect. In addition, $\beta_T > 0$ indicates that induced account usage makes individuals treat the account as an opportunity cost rather than a loss, and therefore mitigates the endowment effect.

Table 3 analyzes the determinants of visiting the NBS branch during the required time window.[6] Visiting the branch is a necessary condition for opening a Pafupi account for both samples. For old subjects it is also a proxy for attentiveness toward the decision about the basic account; account holders can collect the balance of at least MK 500 by coming to the branch and closing the account. In column 1, old subjects are nine percentage points more likely to visit the bank branch, compared to a base of 66 percent among new subjects. In column 2, we see that this result is driven by existing account holders who received the transfer in the 2015 experiment, and in particular those who received the transfer via direct deposit. The p-value of the t-test that old subjects with the transfer in cash have the same probability of visiting the branch as new subjects is 0.10. The p-value of the t-test comparing account holders who received transfers via direct deposit to new subjects is 0.00. Note that panel C of Table 2 shows that prior account holders have roughly the same balance in the account. Therefore, the same amount could potentially be depleted by monthly maintenance fees, regardless of whether these account holders received the transfer in 2015.

Offering a show-up bonus of MK 500 for visiting the branch during the prespecified one-week window increased the probability of visiting the branch by 26 percentage points.[7] The marginal effect of the higher show-up bonus of MK 1,000 relative to the MK 500 show-up bonus is statistically significant but only one-third as large. The impact of the show-up bonuses is as prevalent in subjects who received the 2015 transfer as in those who did not.

[6] Estimates shown in Table 3 do not include village fixed effects. We report the estimates using village fixed effects in Table A2 and results are virtually the same.

[7] All customers, including those who did not receive a show-up bonus, were asked to visit the branch by the end of May 2016.

When we interact the show-up bonus dummy B_{iv} with the transfer dummy T_{iv}, the coefficient is negative and not statistically significant (results not shown).

We find no evidence of inattentiveness, as delaying the window to visit the branch by two weeks has no impact on the respondent's probability of visiting the branch. As expected, the extra cash offered at the branch also has no effect on the probability of visiting the branch since individuals were not aware of this extra windfall when they decided to visit the branch. Finally, the results in column 3 suggest that the decision to visit the branch is not driven by baseline characteristics since their inclusion does not affect the coefficients, compared to those in column 2.

Table 4 analyzes the decision to open a Pafupi account.[8]Column 1 shows that existing account holders (old subjects) are 6.9 percentage points less likely to switch to a Pafupi account compared to new subjects. In columns 2–5, this difference is larger when we control for the 2015 and 2016 experimental treatments. In column 2, existing account holders are 18.8 percentage points less likely to switch to the cheaper Pafupi account. This difference, however, is driven by the behavior of account holders who did *not* receive transfers. The 2015 transfer offsets the endowment effect by increasing the probability of switching to a Pafupi account by 13.9 percentage points. Existing account holders who received transfers are as likely to open a Pafupi account as new subjects (p-value is 0.31).[9,10] A high show-up bonus also increases the probability of opening a Pafupi account, but this effect operates through increasing the probability of visiting the bank rather than through relaxing a binding liquidity constraint. The additional cash bonus at the branch does not affect the probability of opening a Pafupi account, even though the purchase of an ATM card is required and could be paid for with the unanticipated large payment.

Despite the baseline differences between new and old subjects reported in Table 1, the endowment effect among existing account holders and the offsetting effect of the 2015 transfer persist when baseline characteristics are included in the regression, as shown in column 3. Existing account holders who did not receive transfers in 2015 are nearly 14.7 percentage points less likely than new subjects to open Pafupi accounts. The difference compared to new subjects is only 0.7 percentage points points (p=0.90) for existing account holders who received transfers. Those who received the transfer via direct deposit are somewhat more likely

[8]Estimates shown in Table 4 do not include village fixed effects. We report the estimates using village fixed effects in Table A3 and results are virtually the same.

[9]Interestingly, new subjects who opened an NBS account on their own were as likely as those without a prior account to open a new Pafupi account. This suggests that new subjects do not exhibit an endowment effect. Perhaps their experience and use of the unsubsidized NBS accounts prior to the home visit led them to make the right choice regarding the Pafupi account. See Section 5 for a discussion of why the transfer mitigates the endowment effect.

[10]The effect of direct deposit of the 2015 transfer is not statistically significant, and the p-value for the comparison between account holders who received their transfer via direct deposit and new customers is 0.68.

(by 7.6 percentage points, p=0.23) than new customers to open Pafupi accounts. Column 4 of Table 4 further addresses the potential selection problem in the sample of old subjects by using propensity score matching methods to find a comparable sample of old and new subjects, based on the baseline characteristics reported in Table 1.[11] Column 4 reports even stronger evidence of an endowment effect among the matched sample of old subjects who did not receive transfers in 2015. These individuals are 20.9 percentage points less likely than new subjects to open Pafupi accounts. Existing account holders who receive the transfer are 6.2 percentage points less likely than new subjects to open the Pafupi account but the difference is not statistically significant (p-value is 0.22).

Finally, Appendix Table A4 explores potential selection another way. Using the sample of new NBS customers only, we regress Pafupi account openings against all of the covariates in X_{iv}. We then use the estimated coefficients to predict the take-up of the Pafupi account for both new and old subjects. In column 1 of Appendix Table A4 we regress this predicted probability against the Old_{iv} dummy and the rest of the experimental treatment dummies used in Table 4. We find that the coefficient on Old_{iv} is small and statistically insignificant, suggesting that while the samples of old and new subjects may be different on observable characteristics, the expected probability of opening a Pafupi account is on average the same. In column 2, we use the difference between this predicted probability and the actual dummy for whether the Pafupi account was opened, and find that the coefficient on Old_{iv} is negative and significant. This suggests that the lower rate of account opening among old subjects is not driven by differences in observable characteristics.

We conclude from columns 1–4 of Table 4 and Appendix Table A4 that the behavior of old subjects is consistent with an endowment effect and that the transfer eliminates it.

Column 5 of Table 4 restricts the sample to subjects who visited the NBS branch. We note that visiting the branch is an endogenous decision, so this specification is included only as suggestive evidence. Existing account holders are 25.4 percentage points less likely to open Pafupi accounts than are new subjects, conditional on visiting the branch. In this specification, the endowment effect is only partially mitigated by the transfer. The intuition for why the endowment effect is still present is that in this selected sample, a significant number of individuals who visited the branch may have been more interested in collecting the show-up bonus than in making a decision about the accounts.

Alternatively, in column 6 of Table 4, we present results from an IV specification where

[11] In particular, we use LASSO to select the covariates in X_{iv} that best predict if customers are in the sample of old (or new) subjects. We then use the vector of covariates in X_{iv} selected by LASSO to estimate a propensity score. Column 4 restricts the sample to individuals who share a common support in terms of the propensity score. By construction, new and existing account holders in this matched sample are comparable in observable characteristics. When regressing Old_{iv} against the covariates selected and dummies for each of the propensity score bins, the p-value of the F-test that all variables are jointly equal to zero is 0.204.

the instruments for visiting the branch are indicators for the show-up bonus, high show-up bonus, and delayed visit treatments. Accounting for endogeneity in the probability of visiting the branch, existing account holders are 16.8 percentage points less likely to switch to a Pafupi account, and the transfer offsets over half the endowment effect by increasing take-up by 10.5 percentage points.

Table 5 explores the relationship between anticipated use and subjective valuation of basic accounts, and take-up of the Pafupi account.[12] Columns 1 and 2 consider the number of withdrawals that subjects anticipate making in the three months following the survey.[13] We focus on anticipated use because it determines the relative perceived benefits of the Pafupi account compared to the basic account at the time of the decision to open it. Since the Pafupi account charges a fee of MK 150 per withdrawal, customers who anticipate more withdrawals would be better served by the basic account than those who anticipate fewer withdrawals. We see no evidence of any such correlation; the coefficient on the measure of expected withdrawals in column 1 is -0.007. The relationship is no different for existing account holders, as shown by the inclusion of the interaction term in column 2. This lack of correlation may be due to the fact that the number of transactions that individuals expect to make is small and so in this range, the Pafupi dominates the basic account. Columns 3 and 4 use the measure of willingness to pay for a basic account elicited at baseline. In column 3, we see that individuals who opened the Pafupi account are willing to pay around MK 220 more for a basic NBS account. Table 1 reports that prior account holders have greater willingness to pay on average, and column 4 of Table 5 suggests that those more likely to open a Pafupi account are the existing account holders with higher willingness to pay (the p-value that willingness to pay (WTP) + Old subject x WTP = 0 is 0.003, not shown in Table 5).

4.1 Mechanisms

The previous section documents a gap in the willingness to open a Pafupi account between old and new subjects, and it shows that this gap closes when old subjects are induced to use the account. We now explore why usage may close this gap, using receipt of the 2015 transfer as an instrument for account usage. In this analysis, we restrict the sample to old subjects as only they were included in the transfer experiment. The first stage is:

$$\text{Number of transactions}_{iv} = \alpha + \beta_T \text{T}_{iv} + \epsilon_{iv} \tag{2}$$

[12] Estimates shown in Table 5 do not include village fixed effects. We report the estimates using village fixed effects in Table A5 and results are virtually the same.

[13] This survey question was asked of both existing account holders and respondents without accounts. See Appendix Table A1 for details.

The measure of transactions includes deposits and withdrawals made beginning one week after the transfer in order to avoid capturing any mechanical effect of directly deposited amounts into the account. We report estimates of the first stage in (2) for six and 12 months after the transfers were made.[14] First-stage results are reported in columns 1 and 5 of Table 6. The transfer significantly increased the number of transactions using basic accounts in both time periods; the effect is cumulative and the result is an average increase of 1.5 transactions 12 months after the transfer, or 47 percent relative to the 3.2 transactions in the control group (column 5). The effect of the transfer on the number of transactions, while monotonically increasing, becomes less precise estimated over time. The F-statistic for the first-stage regression exceeds the rule-of-thumb threshold for the six-month period (F-stat is 10.57) but not the 12-month period (F-stat is 7.42).

We run the following IV specification:

$$\mathrm{Y}_{iv} = \gamma + \omega \text{Number of transactions}_{iv} + \epsilon_{iv},$$

where Y_{iv} is a dummy that takes value 1 if individual i in village v switches to a Pafupi account, trusts the NBS branch, or knows the maintenance fees of the basic account.

Our preferred specification in Table 6 considers cumulative transactions six months after the transfer (columns 2–4) as the endogenous variable, since the 12-month period (columns 6–8) may suffer from a weak instruments problem. The IV results reported in column 2 indicate that each additional induced transaction in the six months following the large cash transfer increased the probability of switching to a Pafupi account by 18 percentage points. Column 3 shows that each additional transaction increases the probability that the individual trusts the branch by 5.6 percentage points. In column 4, each additional transaction increases the probability of correctly recalling the monthly maintenance fees of a basic account by 3.9 percentage points from a base of 6.4 percent in the control group. Columns 5–8 report the first-stage and IV estimates for the effect of transactions in the 12-month period. The results are similar to those in columns 1–4 but somewhat weaker.

Appendix Table A6 addresses concerns about the possibility of bias due to weak instruments by reporting results using Limited Information Maximum Likelihood estimation, which is thought to be more robust to the presence of weak instruments (Imbens and Wooldridge, 2007). The specification in even-numbered columns of Appendix Table A6 includes the direct deposit treatment as an additional instrument. The LIML point estimates are nearly identical to those obtained with 2SLS, and except for panel C, the Anderson-Rubin confidence intervals are bounded and exclude zero.

[14] For the 147 old subjects in the sample who did not receive the transfer, the date used to compute transactions was imputed as the average transfer date for subjects in their village who did receive the transfer.

5 Discussion and conclusions

The behavior of account holders in rural Malawi shows that the decision to open a new type of savings account depends on whether the individual already holds a different, more expensive account. While 42 percent of prior account holders failed to switch to a cheaper (Pafupi) account, none of the individuals without a prior account chose to open the expensive (basic) account. This endowment effect disappears among prior account holders who were experimentally induced to use their accounts.

Alternative explanations based on differential expectations of future transfers or usage are unlikely to drive the results. For example, account holders who received the transfer may have switched to the Pafupi account out of a belief that doing so increased the chances of receiving another transfer. There are, however, two arguments against this interpretation. First, enumerators told individuals that the reason why subsidies were no longer available was because the previous research project (which was also responsible for the transfers) was coming to a close. It is thus unlikely that they were expecting future transfers. Second, as the choice of accounts was presented in a neutral manner, the probability of a transfer should only depend on keeping an account open, regardless of whether it was a basic or Pafupi account. While only nine percent of old subjects closed the basic account, those who received the transfer were not less likely to close it compared to those who did not receive it (the p-value of the test that the probability of closing the account is the same in both groups is 0.990).

Alternatively, account holders who received the transfer may have switched to the Pafupi account because they expected to make *fewer* withdrawals and thus correctly identified the Pafupi account as being more suited to their needs. But column 2 of Table 5 and panel B of Table 1 show that account holders who received the transfer expected to make a similar number of withdrawals in the three months following the survey compared to those who did not receive the transfer; there was no difference in expected use correlated with receipt of the transfer. Moreover, using subjects' own expectations, the Pafupi account would be less expensive than the ordinary account for *all* subjects in the sample, if they maintained the account for at least four months after subsidies ended. Thus, even if subjects had different expectations about future account use, expectations could not explain why old subjects who did not receive the transfer preferred the basic account to the Pafupi account.

Our results are not consistent with the predictions of other theories that are compatible with the endowment effect, either. Beggan (1992) develops a theory that suggests that there is no special "loss" for giving up an endowed item. Instead, ownership creates an endowment effect by changing the perceived utility it generates. Similarly, Carmon et al. (2003) argue that close consideration of the features of an item can induce an attachment generated by

psychological proximity or by how long or intensely one thinks about its features. The endowment effect arises because people dislike breaking attachments. According to these theories, high-use (experienced) account holders would be more attached to the account and have higher willingness to pay for it compared to low-use account holders. As a result, they would be less likely to switch accounts, which is the opposite of what we find. Bordalo et al. (2012) suggest that the endowment effect is based on salience. In their model, ownership of an item makes individuals focus on its attributes, which then become salient in the owner's mind. This explanation is not consistent with the design or results of our study. First, we were careful to incentivize everyone to think about the financial decision so the product was salient for everyone. Second, we find no effect of delaying the visit to the branch by two weeks. Finally, inaction (Samuelson and Zeckhauser, 1988) cannot explain the results because we explicitly incentivize all study participants to make an active decision about their accounts and we find that the endowment effect disappears among individuals induced to use their accounts.

Policymakers frequently consider competing policies to broaden financial inclusion by devoting resources to financial literacy campaigns or by subsidizing accounts. Our results—at least initially—suggest that making transfers directly into the accounts of individuals may be beneficial as these deposits induce account holders to transact, and the resulting familiarity with the account will raise financial awareness and improve financial decision making.

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Figures and Tables

Figure 1: Experimental Design: 2016 Treatment Groups

No show-up bonus	AC-0 125 old subjects 44 new subjects	
	Bank appointment window	
	Immediate	Delayed
MK 500	AC-1 81 old 28 new	AC-3 147 old 58 new
MK 1000	AC-2 78 old 28 new	AC-4 163 old 58 new

Figure 2: Characteristics of Basic and Pafupi accounts

	Basic		Pafupi
	Before May 2016	After May 2016	After May 2016
Minimum balance	500 MK	500 MK	500 MK
Monthly Maintenance fee	0 MK	400 MK	0 MK
Withdrawal Fee	0 MK	0 MK	150 MK
ATM Card required	No	No	Yes

Figure 3: Visits to NBS branch and account opening

	Old		New		Total	
	Count	Perc.	Count	Perc.	Count	Perc.
Did not go to the bank	147	25%	73	34%	220	27%
Went to the bank, left with no account	51	9%	22	10%	73	9%
Went to the bank, left with old account	104	18%	0	0%	104	13%
Went to the bank, left with Pafupi account	292	49%	121	56%	413	51%
Total	594	100%	216	100%	810	100%

Table 1: Summary statistics: old vs. new respondents

	(1) New	(2) Old	(3) p-value	(4) Old-Control	(5) Old-Cash	(6) Old-DD	(7) p-value
Panel A: Individual characteristics							
Male	0.231	0.596	0.000	0.556	0.582	0.646	0.174
	(0.029)	(0.020)		(0.036)	(0.035)	(0.033)	
Age	42.6	46.0	0.011	45.6	46.8	45.5	0.685
	(1.2)	(0.7)		(1.2)	(1.1)	(1.1)	
Education	1.4	1.5	0.102	1.5	1.5	1.6	0.224
	(0.1)	(0.0)		(0.1)	(0.1)	(0.1)	
Household size	5.3	5.1	0.163	5.0	5.1	5.1	0.960
	(0.1)	(0.1)		(0.1)	(0.1)	(0.2)	
Housing quality score	-0.096	0.035	0.115	0.005	0.023	0.074	0.803
	(0.066)	(0.044)		(0.073)	(0.075)	(0.081)	
Value of assets (000s)	111.7	214.1	0.000	201.7	228.8	211.0	0.783
	(15.5)	(15.9)		(26.4)	(29.4)	(26.8)	
Value of animals (000s)	73.4	124.3	0.010	120.9	137.7	114.3	0.657
	(13.2)	(10.9)		(19.8)	(19.6)	(17.2)	
Acres owned	7.3	8.6	0.478	9.7	8.1	8.2	0.774
	(1.5)	(1.0)		(1.9)	(1.7)	(1.8)	
p-value of F-test that all variables are jointly zero	0.000			0.920	0.901	0.449	0.882
Panel B: Savings-related behavior							
Willingness to pay (MK)	3494.8	4397.2	0.000	4186.8	4322.0	4661.7	0.124
	(185.5)	(98.0)		(184.0)	(170.7)	(154.4)	
Owns an NBS account	0.247	1.000	0.000	1.000	1.000	1.000	1.000
	(0.029)	(0.000)		(0.000)	(0.000)	(0.000)	
Total value of formal savings	4302.3	5623.2	0.492	5059.9	8051.8	3764.7	0.221
	(1548.5)	(1043.8)		(1247.6)	(2757.6)	(721.3)	
Total value of informal savings	10992.1	13011.1	0.560	15390.5	12089.6	11750.2	0.690
	(2507.6)	(1876.3)		(3768.7)	(1996.0)	(3719.6)	
Expected withdrawals (next 3 months)	1.940	0.886	0.000	0.904	0.995	0.762	0.227
	(0.128)	(0.056)		(0.103)	(0.111)	(0.078)	
Savings of holding Pafupi relative to basic account	909.0	1067.2	0.000	1064.4	1050.7	1085.7	0.227
	(19.2)	(8.5)		(15.4)	(16.6)	(11.7)	
p-value of F-test that all variables are jointly zero	0.000			0.540	0.216	0.067	0.145
Panel C: Savings-related behavior, only old subjects							
Number of transactions (6 months)				1.0	1.9	2.0	0.022
				(0.20)	(0.36)	(0.24)	
p-value of F-test that all variables are jointly zero				0.006	0.322	0.092	0.005
Observations	216	594		187	201	206	

Notes: This table compares existing account holders to new subjects using data from the March/April 2016 household survey. Column 1 shows summary statistics for new subjects and column 2 shows the same statistics for existing account holders. Column 3 shows the p-value of the mean comparison of means in columns 1 and 2. In column 4, we present summary statistics of existing account holders in the control group, while columns 5 and 6 show the numbers for existing account holders who received the windfall transfer in cash and direct deposit, respectively. In column 7, we show the p-values of a joint null test when regressing the relevant variable against dummies for each of the 3 groups of account holders (control, cash, and direct deposit). Panel A has summary statistics for individual characteristics, while in panel B we show means and SDs of variables that capture individual savings behavior. At the end of each panel, we show a p-value of joint orthogonality tests. In columns 1 and 2, we regress a dummy for new clients against all the characteristics in each panel and report the p-value of a joint F-test that all coefficients are equal to zero. In column 7, the last row corresponds to the p-value of a similar test for a multinomial logit aggregating all 3 groups of existing account holders. See Appendix Table A1 for definition of each variable.

Table 2: Balancing tests: 2016 treatments

	(1) Control	(2) One Week Low Bonus	(3) One Week High Bonus	(4) One Month Low Bonus	(5) One Month High Bonus	(6) p-value
Panel A: Individual characteristics						
Male	0.491	0.523	0.481	0.463	0.534	0.638
	(0.039)	(0.048)	(0.049)	(0.035)	(0.034)	
Age	44.7	45.6	44.6	44.5	45.8	0.931
	(1.3)	(1.6)	(1.6)	(1.2)	(1.1)	
Education	1.5	1.7	1.4	1.5	1.4	0.356
	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Household size	5.1	5.2	4.9	5.2	5.2	0.569
	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	
Housing quality score	-0.017	-0.030	-0.169	0.093	0.022	0.334
	(0.084)	(0.112)	(0.090)	(0.072)	(0.069)	
Value of assets (000s)	216.3	190.2	164.5	172.9	186.1	0.755
	(31.8)	(34.3)	(27.2)	(22.2)	(25.1)	
Value of animals (000s)	105.1	84.3	96.8	124.4	122.1	0.606
	(18.3)	(20.1)	(23.1)	(18.5)	(17.8)	
Acres owned	7.8	9.9	7.1	9.1	7.7	0.888
	(1.9)	(2.5)	(2.1)	(1.7)	(1.6)	
p-value of F-test that all variables are jointly zero	0.939	0.425	0.689	0.521	0.691	0.852
Panel B: Savings-related behavior						
Willingness to pay (MK)	4164.1	4276.4	3813.7	3931.8	4464.7	0.126
	(193.9)	(233.7)	(254.5)	(184.3)	(157.8)	
Total value of formal savings	4981.0	4498.2	1519.5	6256.0	6760.2	0.450
	(1522.5)	(1678.2)	(400.1)	(2521.9)	(1609.8)	
Total value of informal savings	14912.5	12126.6	19660.4	8993.9	10557.0	0.271
	(4036.8)	(3565.6)	(7626.9)	(1398.4)	(1931.2)	
Owns an NBS account	0.811	0.817	0.810	0.795	0.783	0.939
	(0.030)	(0.037)	(0.039)	(0.028)	(0.028)	
Self-report correct, regular fees	0.047	0.028	0.028	0.063	0.032	0.393
	(0.023)	(0.029)	(0.019)	(0.020)	(0.017)	
Expected withdrawals (next 3 months)	1.325	0.972	1.142	1.156	1.163	0.506
	(0.135)	(0.119)	(0.149)	(0.108)	(0.114)	
Savings of holding Pafupi relative to basic account	1001.2	1054.1	1028.8	1026.6	1025.6	0.506
	(20.3)	(17.9)	(22.3)	(16.2)	(17.0)	
p-value of F-test that all variables are jointly zero	0.749	0.672	0.115	0.224	0.233	0.111
Panel C: Savings-related behavior, only old subjects						
Number of transactions (6 months)	2.0	1.4	1.7	1.7	1.5	0.813
	(0.37)	(0.39)	(0.70)	(0.28)	(0.22)	
Trust NBS	0.936	0.926	0.949	0.939	0.926	0.966
	(0.022)	(0.029)	(0.025)	(0.020)	(0.021)	
Current balance (NBS administrative data)	2135.2	2638.6	1225.0	4074.3	1935.3	0.409
	(463.4)	(1379.5)	(211.4)	(1636.4)	(436.6)	
Error in self-reported balance	-5033.7	-2536.8	-3665.8	-5703.3	-5105.2	0.893
	(1908.5)	(1899.9)	(1681.2)	(2704.5)	(1629.0)	
p-value of F-test that all variables are jointly zero	0.821	0.856	0.878	0.447	0.871	0.929
Observations	169	109	106	205	221	

Notes: This is a balance table that compares individual characteristics across experimental groups. Column 1 shows summary statistics for the control group and columns 2–5 show the means and SDs for the 4 treatment arms. In column 7, we show the p-values of a joint null test when regressing the relevant variable against dummies for each of the 5 experimental groups. Panel A has summary statistics for individual characteristics, while in panel B we show means and SDs of variables that capture individual savings behavior. In column 7, the last row corresponds to the p-value of a similar test for a multinomial logit aggregating all 5 groups of existing account holders. See Appendix Table A1 for definition of each variable.

Table 3: Determinants of visiting the NBS branch

	(1)	(2)	(3)
	Visit to NBS branch (1=Yes)		
Old subject (2012 account holder) (*Old*)	0.090**	0.005	0.033
	(0.037)	(0.045)	(0.053)
Transfer (2015) (*T*)		0.067	0.064
		(0.043)	(0.044)
Direct deposit (2015)(*DD*)		0.116**	0.117**
		(0.039)	(0.039)
Show-up bonus (2016) (*B*)		0.265***	0.257***
		(0.052)	(0.053)
High show-up bonus (2016) (*HB*)		0.083**	0.094**
		(0.032)	(0.032)
Delayed visit (2016) (*D*)		-0.014	-0.021
		(0.034)	(0.035)
Additional bonus at branch (2016) (*AB*)		-0.018	-0.015
		(0.032)	(0.032)
Covariates	No	No	Yes
Observations	810	810	810
R-squared	0.01	0.11	0.13
Mean dep. var. control group	0.50	0.50	0.50
SD dep. var. control group	0.50	0.50	0.50
P-value of t-test: Old + T = 0		0.10	0.07
P-value of t-test: Old + T + DD = 0		0.00	0.00

Notes: In this table, we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2012; DD is a dummy if the transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term. Dependent variable equals 1 for respondents who visited the NBS branch and 0 otherwise. When indicated, covariates are male, HH size, age, education of HH head, housing quality score, asset score, animal score, acres owned, number of informal savings strategies, total value of informal savings, number of deposits into informal savings, number of formal savings accounts, total value of formal savings accounts, and number of deposits into formal savings accounts. OLS regressions. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus.

Table 4: Determinants of owning a Pafupi account

	(1)	(2)	(3)	(4)	(5)	(6)
	Opened Pafupi account (1=Yes)					
Old subject (2012 account holder) (*Old*)	-0.069*	-0.188***	-0.147**	-0.209***	-0.254***	-0.168***
	(0.040)	(0.049)	(0.057)	(0.052)	(0.064)	(0.043)
Transfer (2015) (T)		0.139**	0.140**	0.147**	0.149**	0.105**
		(0.049)	(0.049)	(0.049)	(0.059)	(0.041)
Direct deposit (2015) (DD)		0.069	0.076	0.062	-0.017	0.005
		(0.049)	(0.049)	(0.049)	(0.052)	(0.043)
Show-up bonus (2016) (B)		0.085	0.076	0.062		
		(0.057)	(0.057)	(0.058)		
High show-up bonus (2016) (HB)		0.088**	0.110**	0.089**		
		(0.039)	(0.039)	(0.039)		
Delayed visit (2016) (D)		0.042	0.016	0.049		
		(0.042)	(0.042)	(0.042)		
Additional bonus at branch (2016) (AB)		-0.035	-0.038	-0.042	-0.051	-0.037
		(0.039)	(0.039)	(0.039)	(0.038)	(0.031)
Covariates	No	No	Yes	Yes	Yes	Yes
Observations	810	810	810	805	590	810
R-squared	0.00	0.05	0.08	0.08	0.09	0.41
Mean dep. var. control group	0.40	0.40	0.40	0.40	0.80	0.40
SD dep. var. control group	0.49	0.49	0.49	0.49	0.40	0.49
P-value: Old + T = 0		0.31	0.90	0.22	0.08	0.16
P-value: Old + T + DD = 0		0.68	0.23	0.99	0.03	0.26

Notes: In this table, we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2012; DD is a dummy if the transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term.Dependent variable equals 1 for respondents who visited the NBS branch and 0 otherwise. Dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. When indicated, covariates are male, HH size, age, education of HH head, housing quality score, asset score, animal score, acres owned, number of informal savings strategies, total value of informal savings, number of deposits into informal savings, number of formal savings accounts, total value of formal savings accounts, and number of deposits into formal savings accounts. Columns 1–5 are OLS regressions. In column 4, we use a sample matched on observable characteristics selected by a LASSO model among X_i, restricting to the common support of the estimated propensity score. In column 5, the sample is restricted to individuals who made a visit to the branch. Column 6 is a 2SLS regression, using 2016 treatments as instruments for visiting the bank branch. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus.

Table 5: Relationship between subjective valuation of NBS accounts and take-up of Pafupi accounts

	(1)	(2)	(3)	(4)
	Opened Pafupi account (1=Yes)			
Old subject (2012 account holder) (*Old*)	-0.153**	-0.127*	-0.157**	-0.198**
	(0.058)	(0.070)	(0.057)	(0.081)
Transfer (2012) (*T*)	0.141**	0.142**	0.137**	0.137**
	(0.049)	(0.049)	(0.049)	(0.049)
Direct deposit (2015) (*DD*)	0.074	0.073	0.070	0.069
	(0.049)	(0.049)	(0.049)	(0.049)
Show-up bonus (2016) (*B*)	0.074	0.073	0.076	0.078
	(0.058)	(0.058)	(0.057)	(0.057)
High show-up bonus (2016) (*HB*)	0.110**	0.111**	0.105**	0.105**
	(0.039)	(0.039)	(0.039)	(0.039)
Delayed visit (2016) (*D*)	0.017	0.016	0.013	0.013
	(0.042)	(0.042)	(0.042)	(0.042)
Additional bonus at branch (2016) (*AB*)	-0.038	-0.037	-0.029	-0.030
	(0.039)	(0.039)	(0.039)	(0.039)
Expected withdrawals (next 3 months)	-0.007	0.002		
	(0.012)	(0.018)		
Old subject * expected withdrawals		-0.016		
		(0.024)		
Willingness to pay (MK 1000s)			0.022**	0.015
			(0.007)	(0.013)
Old subject * WTP				0.011
				(0.015)
Covariates	Yes	Yes	Yes	Yes
Observations	810	810	810	810
R-squared	0.08	0.08	0.09	0.09
Mean dep. var. control group	0.40	0.40	0.40	0.40
SD dep. var. control group	0.49	0.49	0.49	0.49
P-value of t-test: Old + T = 0	0.84	0.84	0.72	0.45
P-value of t-test: Old + T + DD = 0	0.28	0.20	0.38	0.92

Notes: In this table, we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the large transfer treatment in 2012; *DD* is a dummy if the large transfer was directly deposited into the account; *B* (*HB*) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; *D* is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term. Dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. In column 1, we also include EW_{iv}, the number of withdrawals a individual expects to make in the following 3 months. In column 2, we include EW_{iv} and its interaction with Old. In column 3, we include individual willingness to pay for a NBS account in MK 1,000s (WTP). Finally, in column 4, we include the WTP and the interaction between the WTP and Old subject. OLS regressions. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus. See Appendix Table A1 for definition of each variable.

Table 6: Effect of induced account usage on take-up of Pafupi accounts, trust, and knowledge (2SLS)

	(1) First Stage	(2)	(3) IV	(4)	(5) First Stage	(6)	(7) IV	(8)
		Take-up	Trust	Knowledge		Take-up	Trust	Knowledge
Transfer (2015) (T)	0.944***				1.513**			
	(0.290)				(0.556)			
Number of transactions (6 months)		0.181**	0.056*	0.039*				
		(0.073)	(0.030)	(0.022)				
Number of transactions (12 months)						0.113**	0.035*	0.024*
						(0.051)	(0.020)	(0.014)
Observations	594	594	594	594	594	594	594	594
R-squared	0.01				0.01			
Mean dep. var. control group	2.01	0.34	0.94	0.06	3.18	0.34	0.94	0.06
SD dep. var. control group	4.18	0.48	0.25	0.25	6.85	0.48	0.25	0.25
F-statistic	10.57				7.42			

Notes: In this table, we show IV estimates of the following specification: $Y_{iv} = \gamma + \omega \text{Number of transactions}_{iv} + \epsilon_{iv}$, where the number of transactions made by a existing account holder is instrumented with the large windfall transfer made in 2012. Columns 1 and 5 report first stage (OLS) regressions where the dependent variable is the total number of transactions in the customer's NBS account in the six (column 1) or 12 (column 5) months following the windfall transfer. See text for a discussion of how a counterfactual transfer date is constructed for the control group. Columns 2–4 and 6–8 report IV results, instrumenting for the number of transactions six (columns 2–4) or 12 (columns 6–8) months following the transfer with an indicator for receiving the transfer. In columns 2 and 6, the dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. In columns 3 and 7, the dependent variable equals 1 for respondents who reported trusting NBS and 0 otherwise. In columns 4 and 8, the dependent variable equals 1 for respondents who correctly reported that regular fees are between MK 350 and MK 450 and 0 otherwise. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus. See Appendix Table A1 for definition of each variable.

Appendix Table A1: Description of variables

Variable	Description
Individual characteristics	
Male	Equal to 1 if respondent is male, 0 if female
Household size	Number of household members at baseline
Age	Age of respondent at baseline
Education	Years of schooling of respondent at baseline
Housing quality score	PCA score on house quality at baseline, based on answers to the following questions: (i) Do you own the house you currently live in?; (ii) How many rooms does your house / compound have?; (iii) Does your house have a working connection to electricity?; (iv) Does your house have running water in the house?
Asset value (MK 000s)	Total value of household assets at baseline (thousands of MK)
Animal value (MK 000s)	Total value of household animals at baseline (thousands of MK)
Acres owned	Total acres of land owned by household at baseline
Savings-related behavior	
Willingness to pay (MK 000s)	Willingness to pay (thousands of MK) for a basic NBS account based on individual answers to 6 hypothetical questions with two options, A and B. By choosing option A, the respondent prefers a fully subsidized NBS account for 6 months and the following amounts deposited to the account: MK 6,600, MK 4,950, MK 3,300, MK 1,650 and MK 825. By choosing option B, the respondent prefers receiving MK 6,600 in cash rather than having an NBS account.
Total value of informal savings	Total value of household informal savings (MK) at baseline
Total value of formal savings	Total value of household formal savings (MK) at baseline
Owns an NBS account	Equal to 1 if individual owns any NBS account at baseline, 0 otherwise
Trust NBS	Equal to 1 if individual trusts NBS branch he or she visits at baseline, 0 otherwise
Self-reported correct, regular fees	Equal to 1 if individual correctly reported at baseline that monthly fee for basic account ranges between MK 350 and MK 450, 0 otherwise. The correct answer is MK 400.
Expected withdrawals (in the next 3 months)	Number of withdrawals an individual is expected to make in the 3 months following the baseline interview. For individuals without an account, the questions was framed in a hypothetical way (e.g., if you had an account, how many transactions would you make...?)
Total amount in fees, based on expected use in the next 3 months	Total amount in fees based on expected use in the 3 months following the baseline interview if individual holds a Pafupi account (MK 150 per transaction)
Savings of holding Pafupi relative to basic account	Difference in total cost of transactions expected to be made in the 3 months following the baseline interview if individual holds a basic account (MK 150 per transaction) relative to a regular account (monthly maintenance fee of MK 400)
Current balance (NBS administrative data)	Account balance (MK) at baseline
Error in self-reported balance	Difference between self-reported account balance and actual account balance at baseline (MK)
Number of deposits to formal savings (previous month)	Number of deposits made to any formal savings account or instrument in the month prior to baseline interview
Number of transactions (6 months, administrative data)	Total number of transactions made by an individual in the 6 months following the windfall transfer (starting one week after the transfer)
Number of transactions (12 months, administrative data)	Total number of transactions made by an individual in the 12 months following the windfall transfer (starting one week after the transfer)

Appendix Table A2: Determinants of visiting the NBS branch (with village fixed effects)

	(1)	(2)	(3)
	Visit to NBS branch (1=Yes)		
Old subject (2012 account holder) (*Old*)	0.094**	0.005	0.034
	(0.037)	(0.045)	(0.053)
Transfer (2015) (*T*)		0.073*	0.064
		(0.043)	(0.044)
Direct deposit (2015) (*DD*)		0.118**	0.123**
		(0.038)	(0.040)
Show-up bonus (2016) (*B*)		0.261***	0.251***
		(0.052)	(0.053)
High show-up bonus (2016) (*HB*)		0.083**	0.095**
		(0.032)	(0.032)
Delayed visit (2016) (*D*)		-0.018	-0.029
		(0.034)	(0.035)
Additional bonus at branch (2016) (*AB*)		-0.021	-0.016
		(0.032)	(0.032)
Covariates	No	No	Yes
Observations	810	810	810
R-squared	0.03	0.13	0.15
Mean dep. var. control group	0.50	0.50	0.50
SD dep. var. control group	0.50	0.50	0.50
P-value of t-test: Old + T = 0		0.08	0.06
P-value of t-test: Old + T + DD = 0		0.00	0.00

Notes: In this table we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2012; DD is a dummy if the transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term. Dependent variable equals 1 for respondents who visited the NBS branch and 0 otherwise. We also include village fixed effects in all regressions. When indicated, covariates are male, HH size, age, education of HH head, housing quality score, asset score, animal score, acres owned, number of informal savings strategies, total value of informal savings, number of deposits into informal savings, number of formal savings accounts, total value of formal savings accounts, and number of deposits into formal savings accounts. OLS regressions. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus.

Appendix Table A3: Determinants of owning a Pafupi account (with village fixed effects)

	(1)	(2)	(3)	(4)	(5)	(6)
	Opened Pafupi account (1=Yes)					
Old subject (2012 account holder) (*Old*)	-0.074*	-0.190***	-0.144**	-0.209***	-0.244***	-0.165***
	(0.039)	(0.048)	(0.057)	(0.052)	(0.064)	(0.043)
Transfer (2015) (*T*)		0.138**	0.139**	0.147**	0.141**	0.102**
		(0.049)	(0.049)	(0.049)	(0.058)	(0.041)
Direct deposit (2015) (*DD*)		0.064	0.072	0.062	-0.019	0.002
		(0.049)	(0.049)	(0.049)	(0.052)	(0.043)
Show-up bonus (2016) (*B*)		0.081	0.069	0.062		
		(0.057)	(0.058)	(0.058)		
High show-up bonus (2016) (*HB*)		0.088**	0.108**	0.089**		
		(0.039)	(0.039)	(0.039)		
Delayed visit (2016) (*D*)		0.042	0.019	0.049		
		(0.042)	(0.042)	(0.042)		
Additional bonus at branch (2016) (*AB*)		-0.036	-0.038	-0.042	-0.051	-0.035
		(0.039)	(0.039)	(0.039)	(0.038)	(0.031)
Covariates	No	No	Yes	Yes	Yes	Yes
Observations	810	810	810	805	590	810
R-squared	0.03	0.07	0.10	0.08	0.12	0.43
Mean dep. var. control group	0.40	0.40	0.40	0.40	0.80	0.40
SD dep. var. control group	0.49	0.49	0.49	0.49	0.40	0.49
P-value: Old + T = 0		0.28	0.93	0.22	0.09	0.16
P-value: Old + T + DD = 0		0.80	0.24	0.99	0.03	0.23

Notes: In this table we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2012; DD is a dummy if the transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term.Dependent variable equals 1 for respondents who visited the NBS branch and 0 otherwise. Dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. We also include village fixed effects in all regressions. When indicated, covariates are male, HH size, age, education of HH head, housing quality score, asset score, animal score, acres owned, number of informal savings strategies, total value of informal savings, number of deposits into informal savings, number of formal savings accounts, total value of formal savings accounts, and number of deposits into formal savings accounts. Columns 1–5 are OLS regressions. In column 4, we use a sample matched on observable characteristics selected by a LASSO model among X_i, restricting to the common support of the estimated propensity score. In column 5, the sample is restricted to individuals who made a visit to the branch. Column 6 is a 2SLS regression, using 2016 treatments as instruments for visiting the bank branch. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus.

Appendix Table A4: Selection among old subjects

	(1)	(2)
	Opened Pafupi account (1=Yes)	
	Predicted	Residuals
Old subject (2012 account holder) (Old)	0.028	-0.216***
	(0.022)	(0.052)
Transfer (2015) (T)	-0.000	0.139**
	(0.022)	(0.051)
Direct deposit (2015) (DD)	0.026	0.043
	(0.020)	(0.049)
Show-up bonus (2016) (B)	0.024	0.061
	(0.024)	(0.059)
High show-up bonus (2016) (HB)	0.003	0.085**
	(0.017)	(0.040)
Delayed visit (2016) (D)	0.010	0.032
	(0.018)	(0.043)
Additional bonus at branch (2016) (AB)	-0.036**	0.002
	(0.017)	(0.040)
Observations	810	810
R-squared	0.02	0.04
Mean dep. var. control group	-0.04	0.44
SD dep. var. control group	0.21	0.51
P-value of t-test: Old + T = 0	0.19	0.12
P-value of t-test: Old + T + DD = 0	0.01	0.50

Notes: In this table we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the transfer treatment in 2012; DD is a dummy if the transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The variable ϵ_{iv} is a mean-zero error term. In column 1, the dependent variable is the predicted probability of opening the Pafupi account, estimated using the sample of new NBS customers and covariates in $X_i v$ selected by a LASSO model. In column 2, the dependent variable is the residual of the estimation of the same probability. OLS regressions. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus.

Appendix Table A5: Relationship between subjective valuation of NBS accounts and take-up of Pafupi accounts (with village fixed effects)

	(1)	(2)	(3)	(4)
	Opened Pafupi account (1=Yes)			
Old subject (2012 account holder) (*Old*)	-0.149**	-0.117*	-0.154**	-0.195**
	(0.058)	(0.069)	(0.057)	(0.080)
Transfer (2012) (T)	0.140**	0.141**	0.135**	0.135**
	(0.049)	(0.049)	(0.049)	(0.049)
Direct deposit (2015) (DD)	0.071	0.069	0.066	0.065
	(0.049)	(0.049)	(0.049)	(0.049)
Show-up bonus (2016) (B)	0.068	0.067	0.069	0.071
	(0.058)	(0.058)	(0.057)	(0.057)
High show-up bonus (2016) (HB)	0.108**	0.109**	0.103**	0.103**
	(0.039)	(0.039)	(0.039)	(0.039)
Delayed visit (2016) (D)	0.019	0.019	0.016	0.015
	(0.042)	(0.042)	(0.042)	(0.042)
Additional bonus at branch (2016) (AB)	-0.037	-0.037	-0.028	-0.029
	(0.039)	(0.039)	(0.039)	(0.039)
Expected withdrawals (next 3 months)	-0.006	0.005		
	(0.012)	(0.018)		
Old subject * expected withdrawals		-0.020		
		(0.023)		
Willingness to pay (MK 1000s)			0.024**	0.016
			(0.007)	(0.013)
Old subject * WTP				0.011
				(0.015)
Observations	810	810	810	810
R-squared	0.10	0.10	0.12	0.12
Mean dep. var. control group	0.40	0.40	0.40	0.40
SD dep. var. control group	0.49	0.49	0.49	0.49
P-value of t-test: Old + T = 0	0.87	0.74	0.75	0.46
P-value of t-test: Old + T + DD = 0	0.28	0.18	0.40	0.96

Notes: In this table we show estimates of the following specification: $Y_{iv} = \alpha + \beta_O \text{Old}_{iv} + \beta_T \text{T}_{iv} + \beta_{DD} \text{DD}_{iv} + \beta_B \text{B}_{iv} + \beta_{HB} \text{HB}_{iv} + \beta_D \text{D}_{iv} + \beta_{AB} \text{AB}_{iv} + X_{iv}\prime\gamma + \epsilon_{iv}$, where Old is a dummy that takes value 1 if the individual is an existing NBS account holder; T is a dummy that takes value 1 if the individual received the large transfer treatment in 2012; DD is a dummy if the large transfer was directly deposited into the account; B (HB) is a dummy that takes value 1 if the individual was promised a show-up bonus of MK 500 (MK 1,000) for visiting the bank; D is a dummy that takes value 1 if the one-week window to visit the bank was delayed by three weeks; and AB is a dummy that takes value 1 if the individual received the extra cash during the branch visit. The vector X_i contains individual-level covariates measured during the 2016 survey. The variable ϵ_{iv} is a mean-zero error term. Dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. We also include village fixed effects in all regressions. In column 1, we also include EW_{iv}, the number of withdrawals a individual expects to make in the following 3 months. In column 2, we include EW_{iv} and its interaction with Old. In column 3, we include individual willingness to pay for a NBS account in MK 1,000s (WTP). Finally, in column 4, we include the WTP and the interaction between the WTP and Old subject. OLS regressions. Robust standard errors. * p<0.10, ** p<0.05, *** p<0.01. Control group corresponds to new subjects offered no show-up bonus. See Appendix Table A1 for definition of each variable.

Appendix Table A6: Effect of induced account usage on take-up of Pafupi accounts, trust in NBS, and knowledge of regular fees (LIML)

	(1)	(2)	(3)	(4)
Panel A: Take-up				
Number of transactions (6 months)	0.181**	0.195**		
	(0.073)	(0.076)		
Number of transactions (12 months)			0.113**	0.126**
			(0.051)	(0.061)
Mean dep. var. control group	0.34	0.34	0.34	0.34
SD dep. var. control group	0.48	0.48	0.48	0.48
Anderson-Rubin	[0.076,	[0.068,	[0.044,	$[-\infty,$
confidence interval	0.664]	1.643]	0.889]	$\infty]$
Panel B: Trust				
Number of transactions (6 months)	0.056*	0.057*		
	(0.030)	(0.033)		
Number of transactions (12 months)			0.035*	0.037*
			(0.020)	(0.022)
Mean dep. var. control group	0.94	0.94	0.94	0.94
SD dep. var. control group	0.25	0.25	0.25	0.25
Anderson-Rubin	[0.010,	[0.002,	[0.006,	$[-\infty,$
confidence interval	0.210]	0.450]	0.267]	$\infty]$
Panel C: Knowledge				
Number of transactions (6 months)	0.039*	0.044		
	(0.022)	(0.029)		
Number of transactions (12 months)			0.024*	0.030
			(0.014)	(0.020)
Mean dep. var. control group	0.06	0.06	0.06	0.06
SD dep. var. control group	0.25	0.25	0.25	0.25
Anderson-Rubin	[-0.004,	[-0.007,	[-0.003,	$[-\infty,$
confidence interval	0.157]	0.297]	0.188]	$\infty]$
Observations	594	594	594	594
F-stat (first stage)	10.67	6.08	7.40	4.19

Notes: In this table we show LIML estimates of the following specification: $Y_{iv} = \gamma + \omega \text{Number of transactions}_{iv} + \epsilon_{iv}$, where the number of transactions made by a existing account holder in columns 1 and 3 is instrumented with the large windfall transfer made in 2012, while in columns 2 and 4 we also use the direct deposit as instrument. In panel A, the dependent variable equals 1 for respondents who opened Pafupi accounts and 0 otherwise. In panel B, the dependent variable equals 1 for respondents who reported trusting NBS and 0 otherwise. In panel C, the dependent variable equals 1 for respondents who correctly reported that regular fees are between MK 350 and MK 450 per month, and 0 otherwise. Robust standard errors clustered at the village level. Anderson-Rubin confidence intervals calculated from condivreg in Stata 14. * p<0.10, ** p<0.05, *** p<0.01. See Appendix Table A1 for definition of each variable.

Appendix: Experimental scripts

A Returning Control Subjects

Read: Thank you for participating in our program. After two years, our research project is close to finishing. NBS usually charges fees of MK 400 per month for the type of savings account you have. The research project has been paying those fees on your behalf since you opened the account. Now, that subsidy is ending. Starting in May, we will no longer pay your account fees. That means that NBS will begin to deduct MK 400 from your balance every month. If your balance gets below MK 500, NBS will close the account. If you close your account before May 15th, no fees will be deducted. You need to visit the bank to close the account. After you close the account, you will receive any money that was in your account.

Read: Zikomo kwambiri pakutenga nawo mbali mukafukufuku wathu. Patadutsa zaka ziwiri, kafukufuku wathu akupita kumapeto. NBS imadula ndalama ya pa mwezi yokwana MK 400 mwezi uli wonse pa mtundu wa akaunti mulinayoyi. Ngati mbali yaka fukufuku wathu tankhala tikukupelekerani ndalama imeneyi mmalo mwanu kuchokera nthawi imene tinakutsekulirani akauntiyi. Tsopano, kukulipirirani ndalama kumeneku tikusiya. Kuyambira mwezi wa May sitidzakulipiriraninso ndalama imene NBS imadula pa mwezi. Kutanthawuza kuti NBS idzayamba kukudulani ndalama yokwana MK 400 pa ndalama yanu yotsala mu akaunti mwanu mwezi uliwonse. Ngati ndalama yotsala idzachepele MK500, NBS idzatseka akaunti yanu. Ngati mutseke akaunti yanu pasanafike pa15 May, palibe ndalama ili yonse imene itadzadulidwe. Mukuyenera kupita ku banki kukatseka akaunti yanu. Mukamaliza zonse zofunikira kutseka akaunti yanu, adzakupatsani ndalama yanu yonse imene inatsala mu akaunti mwanu.-

You have three choices. The first option is to keep your account, and pay the fees. You could still keep money in your account, and make withdrawals and deposits without paying anything extra. Make sure that your balance does not get below MK 500, because then NBS would close your account. If you choose this option, you do not need to do anything. Your account will stay open, but fees will be deducted starting in May.

Muli ndi zisankho zitatu. choyamba, ndi kusungabe akaunti yanu ndikumapitiliza kulipira ndalama ya pa mwezi. mukhonza kumasungitsabe ndalama mu akaunti yanu, ndikupatapa, kusunga osalipira kena kalikonse kapamwamba. Mungowonetsetsa kuti ndalama yotsala mu akaunti yanu isachepele MK 500 chifukwa ikatero ndekuti NBS idzatseka akaunti yanu. Mukasankha chisankho choyambachi simukuyenera kuchita chili chonse. akaunti yanu idzakhalabe ikugwirabe ntchito, koma kuyambira mu mwezi wa May NBS idzayamba kumakudulani ndalama yapa mwezi.

The second option is to close your account. So long as you close your account before May

15th, no fees will be deducted. You need to visit the bank to close the account. Someone from IPA will be at the branch until May 15th to help you with the paperwork. After you close the account, you will receive any money that was in your account.

Chachiwiri ndi kutseka akaunti yanu. Pokha pokha ngati mwatseka akaunti yanu pasanafike pa May 15, NBS sidzakudulani ndalama yapamwezi. Mukuyenera kudzapita ku banki kukatseketsa akaunti yanu. Mmodzi mwa wogwira naye ntchito azidzakhala panja pa NBS banki mpaka pa 15 May kudzakuthandizani. Mukadzamaliza zonse, muzalandira ndalama yonse imene inatsala mu akaunti.

The third option is to switch to a different type of account. NBS recently created an account called Pafupi. This account does not have any monthly fees, but there are charges for transactions. If you switch to this type of account before May 15th, you will not be charged any monthly fees for keeping your money in the bank. However, you will be charged MK 150 every time you withdraw money from the account. You can still switch after May 15th, but NBS will charge monthly fees until you complete the paperwork to switch account types. If you want to change to the Pafupi account, you need to come to the branch. You will need to pay a fee of MK 200 to open a Pafupi account, and pay MK 1100 for an ATM card to use with the account. Someone from IPA will be there until May 15th to help you with the paperwork.

Chisankho cha chitatu ndi kusinthira ku mtundu wina wa akaunti. NBS posachedwapa inayambitsa mtundu wa akaunti wina wotchedwa Pafupi. Akaunti imeneyi, simakhala ndi ndalama yodulidwa pa mwezi, koma pali ndalama imene amadula ukamagwiritsa ntchito. Mukasintha kupita ku akaunti imeneyi pasanafike pa 15 May, simuzadulidwa ndalama ya pa mwezi chifukwa chosunga ndalama ku banki. Komabe muzadulidwa MK150 nthawi iliyonse muzikatapa ndalama ku akauntiyi. Mukhozabe kuzasintha patadutsa pa 15 May, koma dziwani kuti NBS izakudulani ndalama ya pa mwezi mpaka mutazamaliza zonse zofunikira kusintha akaunti. Ngati mukufuna kusinthira ku Pafupi akaunti, mukuyenera kubwera ku banki. Mudzapeleka MK200 kuti mutsekure akaunti ya pafupi, ndikupereka MK1,100 ya khadi ya ATM yomagwiritsira ntchito. Ndipo m'modzi mwa ogwira naye ntchito wochokera ku IPA azakhala ali kumeneko mpaka pa 15 May kuti akuthandizeni.

Do you have any questions? (Pause)

Ok. Then, I would like to know a little bit about your plan. You can change your mind.

If you visit the bank, will you leave your account open, change to a Pafupi account, or close your account entirely?

Muli ndi funso? (pause)

Chabwino. tsopano, ndikufuna kudziwa pang'ono za ma pulani anu. Mukhonza kusintha maganizo.

Ngati mungapite ku banki, mukasiyabe akaunti yanu ikhale yotsekula, kusintha ndikut-

sekula ya pafupi, kapena kutsekelatu akaunti?

B Returning Treatment Subjects

Read: Thank you for participating in our program. After two years, our research project is close to finishing. NBS usually charges fees of MK 400 per month for the type of savings account you have. The research project has been paying those fees on your behalf since you opened the account. Now, that subsidy is ending. Starting in May, we will no longer pay your account fees. That means that NBS will begin to deduct MK 400 from your balance every month. If your balance gets below MK 500, NBS will close the account.

Read: Zikomo kwambiri pakutenga nawo mbali mukafukufuku wathu. Patadutsa zaka ziwiri, kafukufuku wathu akupita kumapeto. NBS imadula ndalama ya pa mwezi yokwana MK 400 mwezi uli wonse pa mtundu wa akaunti mulinayoyi. Ngati mbali yaka fukufuku wathu tankhala tikukupelekerani ndalama imeneyi mmalo mwanu kuchokera nthawi imene tinakutsekulirani akauntiyi. Tsopano, kukulipirirani ndalama kumeneku tikusiya. Kuyambira mwezi wa May sitidzakulipiriraninso ndalama imene NBS imadula pa mwezi. Kutanthawuza kuti NBS idzayamba kukudulani ndalama yokwana MK 400 pa ndalama yanu yotsala mu akaunti mwanu mwezi uliwonse. Ngati ndalama yotsala idzachepele MK500, NBS idzatseka akaunti yanu. Ngati mutseke akaunti yanu pasanafike pa15 May, palibe ndalama ili yonse imene itadzadulidwe. Mukuyenera kupita ku banki kukatseka akaunti yanu. Mukamaliza zonse zofunikira kutseka akaunti yanu, adzakupatsani ndalama yanu yonse imene inatsala mu akaunti mwanu.-

You have three choices. The first option is to keep your account, and pay the fees. You could still keep money in your account, and make withdrawals and deposits without paying anything extra. Make sure that your balance does not get below MK 500, because then NBS would close your account. If you choose this option, you do not need to do anything. Your account will stay open, but fees will be deducted starting in May.

Muli ndi zisankho zitatu. choyamba, ndi kusungabe akaunti yanu ndikumapitiliza kulipira ndalama ya pa mwezi. mukhonza kumasungitsabe ndalama mu akaunti yanu, ndikupatapa, kusunga osalipira kena kalikonse kapamwamba. Mungowonetsetsa kuti ndalama yotsala mu akaunti yanu isachepele MK 500 chifukwa ikatero ndekuti NBS idzatseka akaunti yanu. Mukasankha chisankho choyambachi simukuyenera kuchita chili chonse. akaunti yanu idzakhalabe ikugwirabe ntchito, koma kuyambira mu mwezi wa May NBS idzayamba kumakudulani ndalama yapa mwezi.

The second option is to close your account. So long as you close your account before May 15th, no fees will be deducted. You need to visit the bank to close the account. Someone from IPA will be at the branch to help you with the paperwork. After you close the account,

you will receive any money that was in your account.

Chachiwiri ndi kutseka akaunti yanu. Pokha pokha ngati mwatseka akaunti yanu pasanafike pa May 15, NBS sidzakudulani ndalama yapamwezi. Mukuyenera kudzapita ku banki kukatseketsa akaunti yanu. Mmodzi mwa wogwira naye ntchito azidzakhala panja pa NBS banki mpaka pa 15 May kudzakuthandizani. Mukadzamaliza zonse, muzalandira ndalama yonse imene inatsala mu akaunti.

The third option is to switch to a different type of account. NBS recently created an account called Pafupi. This account does not have any monthly fees, but there are charges for transactions. If you switch to this type of account before May 15th, you will not be charged any monthly fees for keeping your money in the bank. However, you will be charged MK 150 every time you withdraw money from the account. You can still switch after May 15th, but NBS will charge monthly fees until you complete the paperwork to switch account types. If you want to change to the Pafupi account, you need to come to the branch. You will need to pay a fee of MK 200 to open a Pafupi account, and pay MK 1100 for an ATM card to use with the account. Someone from IPA will be there to help you with the paperwork.

Chisankho cha chitatu ndi kusinthira ku mtundu wina wa akaunti. NBS posachedwapa inayambitsa mtundu wa akaunti wina wotchedwa Pafupi. Akaunti imeneyi, simakhala ndi ndalama yodulidwa pa mwezi, koma pali ndalama imene amadula ukamagwiritsa ntchito. Mukasintha kupita ku akaunti imeneyi pasanafike pa 15 May, simuzadulidwa ndalama ya pa mwezi chifukwa chosunga ndalama ku banki. Komabe muzadulidwa MK150 nthawi iliyonse muzikatapa ndalama ku akauntiyi. Mukhozabe kuzasintha patadutsa pa 15 May, koma dziwani kuti NBS izakudulani ndalama ya pa mwezi mpaka mutazamaliza zonse zofunikira kusintha akaunti. Ngati mukufuna kusinthira ku Pafupi akaunti, mukuyenera kubwera ku banki. Mudzapeleka MK200 kuti mutsekure akaunti ya pafupi, ndikupereka MK1,100 ya khadi ya ATM yomagwiritsira ntchito. Ndipo m'modzi mwa ogwira naye ntchito wochokera ku IPA azakhala ali kumeneko mpaka pa 15 May kuti akuthandizeni.

We will give you a cash payment of MK YYYY (individual fee) in cash if you visit the IPA staff person at the NBS branch starting XXX. You will have 5 business days (days that the branch is open) to visit starting XXX. You should arrive in the morning. You do not have to make any changes to your account to get this payment. We will give you the cash even if you come to the branch but do not make any changes to your account. But, the IPA employee will be happy to help you with the paperwork at that time if you want to close or change your account. To get the payment, you have to come yourself, not send someone on your behalf. You also have to come during your appointment window, not before or after. If you come at another time, you will not get the payment.

Tidzakupatsani ndalama yokwana MK YYYY (individual fee) pa manja ngati mudzafike pa NBS kwa m'modzi mwa amene tikugwira naye ntchito kuyambira pa XXX. Muli ndi

masiku 5 ogwira ntchito amene bulanchi imakhala yotsegula kuti muzapite ku banki. Ndipo muzapite m'mawa. Simukuyenera kusintha china chilichonse pa akaunti yanu kuti mulandire ndalama imeneyi. Tidzakupasani ndalama pa manja ngakhale mutabwera ku bulanchi koma osadzasintha chilichonse ku akaunti yanu. Kuti mulandire ndalama imeneyi mukuyenera kuzabwera nokha, osatuma wina m'malo mwanu. Mukuyenera kuzabwera nthawi imene munauzidwa, musazachedwe kapena kufulumira. Mukazabwera nthawi ina, simuzalandira ndalamayi.

Please consider these options, and then decide what is best for you.

Ok. Then, I would like to know a little bit about your plan. You can change your mind, but knowing your plan helps us prepare the paperwork to make the process easier for you. Please tell me what you expect to do. Will you visit the bank, or no?

Chonde tengani nthawi yanu poganizira zisankho zanu. Muli ndi funso? (pause)

Chabwino. tsopano, ndikufuna kudziwa pang'ono za ma pulani anu. Mukhonza kusintha maganizo, kungoti kudziwa ma pulani anu kutithandiza kuti tikonzekere kudzakuthandizani mosavuta. Chonde ndiwuzeni chimene mukuwona kuti mupanga? Kodi mupita ku banki kapena ayi?

C New Treatment Subjects

Read: Thank you for participating in our survey. If you are interested in opening an NBS savings account, there are two options.

Read: Zikomo pakutenga nawo mbali pa kafukufuku wathu. Ngati muli wosangalatsidwa kutsekula akaunti ya NBS, tili ndi zisankho ziwiri.

The first option is to open a traditional savings account, and pay MK 400 fees for the account each month. You can keep money in your account, and make withdrawals and deposits without paying anything extra. Make sure that your balance does not get below MK 500, because then NBS would close your account. If you want to open a traditional savings account, you will need to the NBS branch bank. Someone from IPA will be there to help you with the paperwork.

Chisankho choyamba ndi kutsegula savings akaunti ndikumadulidwa ndalama yokwana MK400 mwezi ulionse. Mukhoza kumasunga ndalama mu akaunti yanuyi ndi kumatapa kapena kuyika opanda kudulidwa ndalama ina yowonjezera. Munguonetsetsa kuti ndalama yotsala mu akaunti mwanu isachepele MK500, chifukwa chakuti NBS izatseka akaunti yanu. Ngati musankhe chisankho chimenechi mukuyenera kuzapita ku NBS. M'modzi mwa wogwira naye ntchito azakuthandizani kapangidwe kake.

The second option is to open a different type of account. NBS recently created an account called Pafupi. This account does not have any monthly fees, but there are charges for

transactions. However, you will be charged MK 150 every time you withdraw money from the account. If you want to open the Pafupi account, you also need to come to the branch. You will need to pay a fee of MK 200 to open a Pafupi account, and pay MK 1100 for an ATM card to use with the account. Someone from IPA will be there to help you with the paperwork.

Chisankho chachiwiri ndi kutsekula akaunti yosiyana ndi ya savings. NBS posachedwapa inayambitsa mtundu wa akaunti ina yotchedwa Pafupi. Akaunti imeneyi simakhala ndi ndalama yodulidwa pa mwezi koma pali ndalama imene amadula ukamayigwiritsa ntchito. Komabe muzidulidwa MK150 nthawi ina iliyonse mwatapa ndalama mu akauntiyi. Ngati mukufuna kutsegula akaunti ya Pafupi, mukuyenera kufika ku NBS. Mudzapeleka MK200 kuti mutsekure akaunti ya pafupi, ndikupereka MK1,100 ya khadi ya ATM yomagwiritsira ntchito. M'modzi mwa wogwira naye ntchito azakuthandizani kapangidwe kake.

We will give you a cash payment of MK YYYY (individual fee) in cash if you visit the IPA staff person at the NBS branch starting XXX. You will have 5 business days (days that the branch is open) to visit starting XXX. You should arrive in the morning. You do not have to open an account to get this payment. We will give you the cash even if you come to the branch but do not open an account. But, the IPA employee will be happy to help you with the paperwork at that time if you want to open an account. To get the payment, you have to come yourself, not send someone on your behalf. You also have to come during your appointment window, not before or after. If you come at another time, you will not get the payment.

Tidzakupatsani ndalama yokwana MK YYYY (individual fee) pa manja ngati mudzafike pa NBS kwa m'modzi mwa amene tikugwira naye ntchito kuyambira pa XXX. Muli ndi masiku 5 ogwira ntchito amene bulanchi imakhala yotsegula kuti muzapite ku banki kuyambira XXX mudzafike ku m'mawa. Simukuyenera kutsekura akaunti kuti mulandire ndalama imeneyi. Tidzakupasani ndalama pa manja ngakhale mutabwera ku bulanchi osatsekura akaunti. Kuti mulandire ndalama imeneyi mukuyenera kuzabwera nokha, osatuma wina m'malo mwanu. Mukuyenera kuzabwera nthawi imene mwauzidwa, musazachedwe kapena kufulumira. Mukazabwera nthawi ina, simuzalandira ndalamayi.

Please consider these options, and then decide whether a savings account is right for you.

Ok. Then, I would like to know a little bit about your plan. You can change your mind, but knowing your plan helps us prepare the paperwork to make the process easier for you. Please tell me what you expect to do. Will you visit the bank, or no?

Chonde tengani nthawi yanu poganizira zisankho zanu.Muli ndi funso? (pause)

Chabwino. tsopano, ndikufuna kudziwa pang'ono za ma pulani anu. Mukhonza kusintha maganizo, kungoti kudziwa ma pulani anu kutithandiza kuti tikonzekere kudzakuthandizani mosavuta. Chonde ndiwuzeni chimene mukuwona kuti mupanga? Kodi mupita ku banki

kapena ayi?