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GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

# Seoul Hope Plus Savings Accounts

Asset-Building Program for Low-Income Households in Seoul  
(Third-year Collaborative Research Report)

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## Preface

This report is prepared for Seoul Welfare Foundation (SWF) by a research team from SWF and the Center for Social Development (CSD) at Washington University in St. Louis. Many people, both at SWF and CSD, contributed to this report. Youngmi Kim and Soonsung Lee take the main responsibility of writing the third-year collaborative research report conducted in September 2011 through June 2012, entitled *Evaluation of Asset-building Program for Low-income Households*, at their respective institutions. This report is written, following the previous two-year collaborative research reports.

We are especially appreciative of qualitative and quantitative study participants. We appreciate excellent edits of Julia Stevens and Carrie Freeman. We especially thank Yeongsil Kwon for helping the entire research process and translating the qualitative study from Korean into English.

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# Seoul Hope Plus Savings Accounts: Asset-Building Program for Low-Income Households in Seoul

## INTRODUCTION

The effects of the economic recession along with unequal distribution of economic resources have been serious concerns in Korea, as in other countries. For the last 15 years, in particular, poverty issues have worsened as a result of the massive Asian financial crisis, the credit market collapse, and the decline in the global economy. Recent changes in the economy have resulted in more skewed income distribution, limited job opportunities, unstable employment status, and increases in the number of people in poverty. The traditional belief that an individual's hard work will always be rewarded is no longer reflected by reality.

In particular, the decline in the global economy is likely to hit working poor individuals and households hardest. For this population, limited education and skills often act as barriers to earning a decent income and having job stability and benefits. Further, the risk of poverty is much higher for poor households with children, especially female-headed single parent households.

To respond to the challenges experienced by the working poor, the Seoul Welfare Foundation, with support from the Seoul Metropolitan Government, launched a pilot asset-development program for the poor in December 2007. Following the completion of this pilot program—the Hope Accounts program—the Seoul Welfare Foundation expanded the scope of the program. In March 2009, the Seoul Welfare Foundation launched the Seoul Hope Plus Accounts program as part of the Seoul Hope Dream project. As of November, 2011, approximately 15,000 participants were in the program.

Although there is increasing interest in asset-building programs in Korea, little is known about program implementation and potential impacts on working poor households. To address this knowledge gap, this report presents results of a quantitative survey and qualitative in-depth interviews conducted in 2011. Findings from the 2011 research are then compared to findings from research conducted in 2009 and 2010.

## BACKGROUND

### Asset-building Policies and Programs for Low- and Moderate- Income Households

While income maintenance programs historically have been the main focus of anti-poverty strategies in Korea as well as the US, asset-building policies and programs have gained increasing attention and interest from both policymakers and academic scholars within the last decade. Current asset-based policies exclusively benefit middle and upper class households through tax subsidies for asset-owners. Redistributive asset policies shift tax burdens to the wealthy and facilitate social transfers, but historically they have received less attention compared to income support programs, especially for lower-income households.

According to Michael Sherraden (1991), assets play an important role in promoting individual and household development in the long-term. First, assets increase household stability by providing a cushion for unexpected economic risks leading to loss of income, such as illness, unemployment, or family breakup. Second, assets create a future orientation, encouraging individuals to think beyond day-to-day survival. Third, assets increase development of other financial assets and stimulate human capital development. With assets, people can invest in a better education. Asset holding in itself is also an educational process that encourages people to learn how to invest and maintain their assets. Fourth, assets enable people's capacity building. Fifth, assets provide a foundation for risk taking so that people can better buffer psychological and social problems. Sixth, assets increase personal efficacy about the future and a sense of control. Seventh, assets increase social capital through wider networking and information. Eighth, assets increase political participation because people with assets are more likely to protect their property. Ninth, assets ensure continuous security of subsequent generations.

Unlike traditional asset-building programs that favor the wealthy, asset building as envisioned by Sherraden (1991, 2001) is inclusive and progressive. In this vision, asset-building strategies complement traditional income maintenance programs by encouraging individuals and households to control and plan their life in the long-term by means of savings and investment. Asset-based policy is a social investment strategy that supports individuals and households to save and invest for their long-term development.

Asset-building policies and programs for low- and moderate-income individuals and households have been designed and implemented in the form of matched savings account programs: Individual Development Accounts and Child Development Accounts. Individual Development Accounts (IDAs) are matched savings accounts for adults and their households, while Child Development Accounts (CDAs) are accounts that benefit children. Both types of savings accounts promote saving for particular purposes among low- and moderate-income households such as education, home ownership, and microenterprise. Participants' savings are matched when their income is eligible. Savings matches can be funded by public sources of federal/state government and/or private sources. Generally, in the US, nonprofit community-based organizations are responsible for the administration of IDA programs with a coalition of local financial institutions (Boshara, 2001) and in partnership with local governments. Thus, public and private sectors work together to provide institutional access to disadvantaged populations who are traditionally excluded from asset-based policy and long-term economic investment.

By design, when participants save in their IDAs accounts and receive financial subsidies (e.g. matching funds), their savings are not counted toward assets (e.g. financial assets) in order to prevent account holders being disqualified from public assistance program benefits due to an increase in their assets (CFED, 2004). In general, TANF-funded IDAs and federally-funded Assets for Independence Act (AFIA) IDAs are exempt from public assistance program asset limits (CFED, 2004), although there are some variations in IDA program administration by TANF rules across states (Edwards, 2005).<sup>1</sup> Therefore, IDAs are designed and implemented in various ways by region, but progressive policy characteristics are an important feature for all IDAs.

### **Empirical Findings from Asset-building Research**

Empirical studies have examined the impacts of IDA programs on participants' savings outcomes (e.g. monthly or total savings, frequency of savings, types of assets purchased after program graduation), program participation (e.g. account holding, program dropout), saving behavior and attitude/perception, financial knowledge, future orientation, and other non-financial outcomes including family relationships, and community involvement.

In examining IDA program effects and feasibility as an asset-building strategy, most studies have employed data from the American Dream Demonstration (ADD), the first large-scale research project on IDAs in the United States.<sup>2</sup> Partnering with CFED and Abt Associates Inc., CSD led three waves of longitudinal research between 1998 and 2003 on 2,364 participants at 14 community-based program sites across the nation, including one experimental site. ADD findings prove that low-income IDA participants are able and willing to save when provided structured opportunities to accumulate assets. Program participants saved fairly low amounts, but the poorest participants were more likely to save than participants with higher incomes.

Asset ownership is not an easy goal to achieve for low-income families because low-income populations have limited income and financial knowledge regarding how to save and prepare for such a large asset purchase (Schreiner & Sherraden, 2007). Reflecting the challenge and long-time desire, approximately half of the ADD study participants indicate that home-ownership is their savings goal; about 17% were interested in investing in micro-enterprise, and another 17% in postsecondary education (Grinstein-Weiss, 2008; Sherraden, 2001). Thus, several studies examine whether IDAs have positive impacts on homeownership.

Grinstein-Weiss and her colleagues (2008) investigate whether the IDA participation increases homeownership rates and clearing of old debts, using data collected from the ADD experimental site. Homeownership by program participants is measured after program completion at 48 months (wave 3), while paying off old debts is measured after 18 months of program participation (wave 2). The study finds that the odds of clearing old debts at wave 2 is significantly higher for IDA participants than the control group and that IDA participation significantly increases homeownership after program completion at wave 3: the treatment group is 75% more likely to be a

<sup>1</sup> More information on IDA, for example, different types of IDAs by fund, TANF IDAs, Assets for Independence Act IDAs, and other IDAs, can be found in Boshara (2003), CFED (2004), and Edwards & Bailey (2006).

<sup>2</sup> The ADD study design is well described in Schreiner & Sherraden (2007).



homeowner compared to the control group. In addition, treatment participants who were able to clear debts during their program participation show the highest probability of becoming homeowners after completing the program.

Mills and his colleagues (2008) study IDA utilization patterns, such as how assets (homeownership, other subsidized assets, net worth) are purchased and how participant financial status changes after program completion. Similar to the findings from Grinstein-Weiss and et al. (2008), Mills et al. find that IDAs have a significantly positive effect on homeownership for those who were renting at baseline. IDA participants who were renters at baseline have a statistically significant higher likelihood of homeownership after 4 years of program participation when compared with the control group.

Building on previous studies of overall positive effects of IDAs on homeownership, Grinstein-Weiss and her colleagues (2010) further identify what individual and, in particular, institutional characteristics explain program participation and savings for IDA participants whose goal is the purchase of a home. The study selects participants who saved for a home, a group that comprised about half of all ADD study participants. The outcome variables of interest are two savings outcomes in IDAs: savings amount measured by average monthly net deposit (participant's net deposit per month) and deposit frequency measured by the number of months with actual deposits into IDAs divided by the number of months of participation. Program characteristics in the analysis include direct deposit, match rate, total hours of financial education classes taken by participants, and monthly savings target (participant's deposits divided by the number of months). Program requirements are generally similar but the 14 ADD program sites have flexibility to determine their own rules to some degree, in particular regarding financial education. Therefore, the study measures all program characteristics at the individual level and also includes a program site indicator.

Results from the study suggest important evidence consistent with the institutional theory of saving. It finds that institutional variables and the program indicator variable are significantly associated with savings outcomes. As the number of financial education hours increase, participants tend to save more frequently. Also, higher monthly savings targets increases size of savings and frequency of saving.

As expected, when participants set up direct deposit, participants are able to save with greater regularity, which may prevent them from missing a deposit or being discouraged from monthly saving by other consumption demands. This finding is consistent with the institutional view of saving, which holds that a simple and convenient method of saving will promote individual's savings and help them more easily manage money (Beverly & Sherraden, 1999; Sherraden, 2001). The direct deposit set-up is likely to increase savings amounts but, more importantly, will encourage a regular pattern of saving.

Findings on match rates are interesting. A higher match rate, such as 1:3 compared to 1:1, significantly increases participant's saving frequency, but not the amount of savings. Other quantitative and qualitative ADD studies also suggest (Schreiner, 2005; Sherraden, 2008, Sherraden et al., 2003), that while it is intended to serve as an incentive for low-income populations to save, match rate appears to be more effective to increase savings behavior (enrollment or participation) but not necessarily greater savings.

IDAs are not only about saving but also educational process. Financially disadvantaged individuals and families are more likely to lack financial knowledge and skills (Zhan, Anderson, & Scott, 2006, 2009). This lack of knowledge discourages rational and optimal decision-making on financial practices, spending, and planning. Sherraden (2010) suggests that financial capability is achieved by individual ability and the institutional opportunity to act. Individual ability refers to knowledge, skills, confidence, and motivation, while the opportunity indicates institutional access to financial products and services. Agreeing with this proposition, several empirical studies find that financial education programs contribute to fostering financial literacy and skills as well as financial planning orientation (Anderson, Zhan, & Scott, 2004; Scanlon & Adams, 2009; Zhan, Anderson, & Scott, 2006; 2009). In particular, program components related to financial education in IDAs are associated with positive savings outcomes and future orientation (Clancy, Grinstein-Weiss, & Schreiner, 2001; Curley, Ssewamala, & Sherraden, 2009). This empirical evidence suggests that limited financial stability of lower-income households is more attributable to lack of access to mainstream financial services and institutions, rather than to individual constraints (Beverly & Sherraden, 1999).

### **Asset-building Policies and Programs in Korea**

Interest in asset-building policies and programs for low- and moderate-income households has increased in Korea as growing income inequality and asset poverty have revealed the limitations of the current public assistance system. Kim & Kim (2012) estimates asset poverty in Korea by applying Wolff's asset-poverty definition and using data from the Korea Welfare Panel Study collected in 2007. The asset-poor in Korea consists of about 12.7 (120% poverty line)-13.2% (150% poverty line) and 32.8 (120% poverty line)-36.5% (150% poverty line) when considering net worth and liquid assets. While it is quite similar to general poverty profile that asset poverty is dominantly found in female, younger, unmarried, or those with low education or unstable employment status, asset poverty rate is significantly high, especially in liquid asset poverty and four types of asset-poverty show a bit different pattern by age group. According to another similar study examining characteristics of the asset-poor in Korea (Suk, 2010), the wealth gap has widened between low- and high-income groups, and the proportion of the population that is asset-poor is larger than the proportion that is income-poor. The working poor who receive public assistance often continue to face unemployment, job instability, and work disincentives in spite of supplementary job training and employment programs (Shin, 2009). In addition, lack of assets can increase the transmission of intergenerational poverty (Lee, Noh, & Hwang, 2004), a growing problem in Korea. Thus, asset-building policies and programs have been adopted and discussed as a social investment policy in Korea to ameliorate this vicious cycle of intergenerational poverty and provide a policy alternative to existing public assistance programs. Asset development for lower-income households was first discussed at the 56th Korean National Meeting in November 2004.<sup>3</sup>

In October, 2008, the Seoul Metropolitan government announced the Seoul Hope Dream Project and launched two main savings account programs for Seoul Metropolitan residents—the Seoul Hope Plus Accounts (IDAs) and Kumnarae Accounts (CDAs)—to be implemented and coordinated by the Seoul Welfare Foundation.

<sup>3</sup> More information on asset-based policies in Korea is found in Kim, Y., Zou, L., Joo, Y. S., & Sherraden, M. (2011).

In addition, the Korean Ministry of Health and Welfare started CDAs nationwide in 2009. The program, officially named the Didim Seed Accounts program, provides CDAs for children aged 0-17 in the child welfare system and institutional care for the disabled. In April 2010, program eligibility was expanded to children aged 12 in families receiving public assistance benefits and living outside Seoul. Also, the Korean Ministry of Health and Welfare launched two IDA programs: Haengbok Kium Accounts in November 2009 and Heemang Kium Accounts in 2010. Haengbok Kium Accounts are a three-year pilot program for working poor households with dependent children whose head is 18-34 years old. The program is currently implemented in partnership with local governments in four regions: Incheon, Gyeonggi, Jeonbuk, and Pusan. Heemang Kium Accounts target working poor households currently receiving public assistance, and the program provides savings matches and additional work incentive.

## HOPE PLUS ACCOUNTS PROGRAM

The Seoul Welfare Foundation designed an asset-building demonstration program, the Hope Accounts, to test the idea of IDAs in the context of Korea and encourage working poor households to accumulate savings and gain long-term financial capability. The Hope Accounts program began with 100 low-income participants in 2007. In 2008, the program name was changed to the Seoul Hope Plus Accounts program,<sup>4</sup> and in 2009, the program was expanded to recruit more participants.

Out of 100 participants recruited in December 2007 for the pilot program, 98 graduated in December 2010. As of November 2011, the Hope Plus Accounts had recruited seven cohorts, totaling approximately 15,374 participants; of these, 14,470 participants remain in the program as of November 2011. Table 1 presents the number of those who enrolled and still participate in the program by income status, saving goal, and program cohort.

**Table 1. Hope Plus Accounts participants<sup>5</sup> as of November 2011**

Cohort	Enrollee	Participant	Income status		Savings Goal		
			Welfare recipients	Working-poor below 150%	Housing	Education	Business start-up
Hope (pilot)	100	98	0	98	58	18	22
Hope Plus 1	956	876	320	556	608	184	84
Hope Plus 2	4972	4584	924	3660	2876	1405	303
Hope Plus 3	4049	3760	558	3202	2476	1025	259
Hope Plus 4	1428	1371	244	1127	907	384	80
Hope Plus 5	1505	1457	269	1188	969	357	131
Hope Plus 6	1810	1770	282	1488	1219	414	137
Hope Plus 7	654	652	142	510	461	163	28
Total		14470	2739	11731	9516	3932	1022
(%)	15374	(100.0)	(18.9)	(81.1)	(65.8)	(27.2)	(7.3)

Individuals are eligible for the program if they are Seoul metropolitan residents, 18 years or older, and either welfare recipients or working poor with assets and income below 150% of the official poverty line. Table 1 shows that welfare recipients constitute about 19% of all participants, while the majority (about 81%) are working poor living just above the poverty line.

In addition to residence, age, and income poverty status, other eligibility requirements include active participation in the labor market for more than 10 months, holding debts less than 50,000,000 KRW (about US\$50,000 when calculated in US\$1: KRW 1,000 exchange rate), and having an acceptable credit score (e.g., no bankruptcy). Program participants are recommended by each community

<sup>4</sup> In this report, unless clear distinction is required, the Hope Accounts program often broadly indicates both programs, the Hope Account and the Hope *Plus* Accounts.

<sup>5</sup> This report calls participants of Hope pilot program and Hope Plus 2 “pilot program participants” and “second cohort participants” respectively. In reports previously published by CSD or/and Seoul Welfare Foundation, they may be named “first cohort” and “third cohort” respectively. Readers should note this.

public office, and the Seoul Welfare Foundation interviews and selects the final participants. Therefore, it is likely that the program participants are more motivated to save and complete the demonstration program. Other program features are described in Table 2.

**Table 2. Program characteristics of the Hope Accounts**

	Description
Eligibility	Seoul residents; 18 years or older; welfare recipients or working poor with income below 150% poverty line; actively participating in the labor market; debts less than 50,000,000 KRW; without bad credit score
Deposit Amounts	- Welfare recipients choose either 50,000 KRW or 100,000 KRW. - The working poor below 150% poverty line choose either 150,000 KRW or 200,000 KRW.
Savings Match	1:1 for Hope Plus Account participants 1:1.5 for Hope Account (pilot) participants
Participation Length	3 years
Saving Goal	Housing, education, business start-up
Support Programs (either required or optional)	Financial education (three time a year; required); financial consultation; case management; support group meetings; extra cultural events
Funding	- Seoul Metropolitan Government - Private sector funding through the Community Chest of Korea

Program participants commit to a monthly deposit amount at the beginning of the program. Welfare recipients can choose either 50,000 KRW (about USD 50)<sup>6</sup> or 100,000 KRW (about USD 100) for their monthly deposit amount, while working poor individuals living below 150% of the poverty line and without public assistance cash benefits can choose either 150,000 KRW (about USD 150) or 200,000 KRW (about USD 50).

Participants also choose their savings goal at the beginning of the program—housing, education, or business start-up—and save money for that particular purpose. The program requires participants to spend their savings toward this goal after completing the program. The saving goal helps participants to be motivated to continue to save and make a planned purchase with the lump sum they have saved. As Table 1 indicates, the majority of participants (over 65%) target housing-related expenses for their saving goal, while smaller proportions target education/training (27%) and business start-up (7%).

Participants save in the program for three years. One of the unique program features of the Hope Accounts is that participants are required to set a fixed amount of monthly deposit at the beginning

<sup>6</sup> Note that one USD is equal to about 1170 KRW, but for simplicity and fluctuation in foreign currency, one USD is estimated to 1000 KRW in this report.

of the program and deposit it into their Hope Account every month. If participants encounter economic difficulties, such as job loss or illness, they are allowed to skip deposits for up to six months with permission. However, if participants fail to make deposits for three consecutive months without permission, they may be dismissed from the program.

Deposits made by participants are matched. Those who enrolled in the pilot receive a match rate of 1:1.5; those who enrolled after the pilot receive a match rate of 1:1. After three years, participants can withdraw accumulated savings including their own deposits and savings match and use the funds to meet their saving goal. If participants choose to use the accumulated savings for another purpose, they may withdraw only their own deposits and interest earned and must forfeit the savings matches.

Financial education is required for participants three times a year, for a total of nine classes over three years. The financial education program is designed to promote knowledge and capability in asset management and economic consumption. The required financial education curriculum includes content on (1) financial investment products and services, (2) loans available for low-income households and debt payment, and (3) budgeting and asset management for each life cycle and saving goal (housing, child's education, business start-up, and retirement). Financial education is offered at each community-based organization that refers participants to the Seoul Welfare Foundation. Also, participants are free to take more classes. Additional classes may be offered on housing information (e.g. savings account for housing, housing options, individual financial counseling) or microenterprise business know-how. The supplementary financial education courses vary by region and the needs of participants.

At the same time, the program provides other types of diverse support services, such as case management and both online and offline support group meetings, and provides opportunities to enjoy cultural events with their own family and other families.

The Hope Accounts program is implemented in close collaboration with the Seoul Metropolitan Government, the Seoul Welfare Foundation, the Community Chest of Korea (an organization resembling the United Way), local welfare offices, community social service agencies, and Woori Bank. While Seoul Welfare Foundation is responsible for selecting program participants and coordinating/implementing the program, the Seoul Metropolitan Government provides administrative support and funding. The Community Chest of Korea also provides funding from private donations for savings matches. Local welfare offices work together to identify poverty status and welfare records of participants. Community agencies work with individual participants to monitor their program participation and savings performance. Both local welfare offices and community agencies are the main sources for referring potential program participants to the Seoul Welfare Foundation. Financial account monitoring and account management are taken care of by Woori Bank.

**QUANTITATIVE RESEARCH ON HOPE PLUS ACCOUNTS**

This section presents findings from quantitative research on Hope Plus Accounts. The Seoul Welfare Foundation collected survey data for three years, 2009 to 2011, from Hope Plus Accounts program participants (treatment group) and a comparison group. Data include demographic and economic characteristics of individuals and households; participants’ financial views, behaviors, and attitudes; and participants’ program evaluations. The quantitative research aims to better understand the characteristics and emerging needs of Hope Account program participants (low-income working poor) and examine the feasibility of progressive asset-based policy in Korea. This section mainly employs data collected in 2011; these data are compared to findings from data collected in 2009 and 2010.

**Quantitative Research Methodology**

**Data Collection<sup>7</sup>**

Quantitative surveys were administered in 2009, 2010, and 2011 to a treatment group and a comparison group. Treatment group respondents were selected from the second cohort of the Hope Plus Accounts program (Hope Accounts program thereafter). Comparison group respondents were drawn from a sample of another survey study conducted by the Seoul Welfare Foundation (SWF): the Seoul Panel Study of Welfare (SPSW). In this section, Wave 1 (W1) refers to the baseline survey data conducted in 2009, Wave 2 (W2) to the second year survey data from 2010, and Wave 3 (W3) to the third year data collected in 2011.

Survey data were collected for the past three years from 802 respondents in 2009, 598 respondents in 2010, and 570 respondents in 2011 (see Table 3). Some participants completed all three years of the survey, but there are also participants who participated in only two of the three waves. In addition some responses were collected from other household members living with the study participant; for example, a treatment participant completed the W1 survey but the spouse of the treatment participant responded to the W3 survey. This section will focus on the findings from the W3 survey.

**Table 3. Number of participants in quantitative surveys by year**

	2009 (W1)	2010 (W2)	2011 (W3)
Second cohort participants	N=802 (477 treatment; 325 control)	N=598 (427 treatment; 171 control)	N=570 (391 treatment; 179 control)

In all three years, a structured survey questionnaire with very similar content was used. The 2011 questionnaire consisted of two parts: (1) questions asked to both treatment and comparison groups on individual and household characteristics, economic status, financial behaviors and attitudes,

<sup>7</sup> The quantitative study design and procedure are also found in the reports written by Seoul Welfare Foundation: Kim et al. (2010) and Lee, Ju, & Chung (2012).

family interactions, and life satisfaction; and (2) questions asked only to the treatment group on saving strategies, expectations of the Hope Accounts program, and recommendations for program improvement.

## **Analyses**

In the primary analysis, descriptive and bivariate tests were employed to analyze 2011 survey responses and measure changes since the 2009 and 2010 surveys. For statistical bivariate tests, chi-square tests were used for categorical variables and t-tests for continuous variables. Data analyses were conducted without any weight application.

First, key demographic and economic characteristics were compared between treatment and comparison groups: individual and household characteristics, objective economic status and subjective economic assessment by study participants, and financial behaviors and attitude toward savings. A series of bivariate analyses were employed to show whether there were statistically significant differences in the various characteristics by treatment group status.

Second, saving outcomes were examined using responses from treatment group participants. The comparison group was not included because, by definition, they did not have a Hope Account. Savings outcomes were measured as the average monthly deposit into the Hope Account, the average monthly deposit into other bank account(s), and a ratio of monthly deposits in the Hope Account to deposits in other bank account(s). In examining savings outcomes, treatment participants were categorized into two saver groups (saver groups A and B) by monthly savings amount. The two saver groups were compared on various savings measures using univariate analyses.

Third, the two saver groups in the treatment group were then compared on their demographic and household characteristics, household economic conditions, financial behavior, and attitudes toward savings. As done in the comparisons by treatment group status, a series of bivariate analyses were employed to determine any statistical differences by saver group status.

Fourth, univariate analyses were employed to better understand the treatment group's major savings strategies, attitudes and expectations toward the accounts, and suggestions on how the program could be improved.

Next, quantitative results from the 2011 survey were compared to results of the 2009 and 2010 quantitative studies. Responses were compared by survey year on household economic condition, subjective economic assessment, and financial behaviors and attitudes toward savings. Descriptive comparisons were used to present the results.

The first section below shows findings on all participants in the third-year quantitative survey: both treatment and comparison groups. The second, third, and fourth sections present results from the treatment group only. The last section compares the 2011 survey findings with previous findings using 2009 and 2010 survey data.



## Quantitative Findings

### Comparison by Treatment Group Status

Demographic and household characteristics by treatment group status are shown in Table 4. Both groups are similar in the gender distribution, with female participants constituting about 64% of the treatment group and 72% of the comparison group. Average age is higher for the comparison group (59 years old) than in the treatment group (48 years old) ( $t=10.86$ ,  $p<0.001$ ). Treatment participants have a significantly higher educational level ( $\chi^2=81.33$ ,  $p<0.001$ ), with larger proportions having a college education (25.83%) or a high school education (56.01%).

Marital status significantly differs between the two groups ( $\chi^2=12.98$ ,  $p=0.002$ ). Never-married participants are much smaller in proportion in the treatment group (3.84% vs. 11.73%). Married participants constitute 51.41% of the treatment group and 48.04% of the comparison group, while respondents who are divorced, separated, or widowed constitute 44.76% of the treatment group and 40.22% of the comparison group.

The two groups are also significantly different in working status ( $\chi^2=147.08$ ,  $p<0.001$ ). More than nine out of ten treatment participants work in the labor market, in contrast to less than 50% of comparison group. Employment status is significantly different between the treatment group and the comparison group ( $\chi^2=166.45$ ,  $p<0.001$ ). Almost half of the treatment participants (49.10%) are full-time workers in comparison to only about 12% of the comparison group.

The treatment group is also found to be significantly different in health status ( $\chi^2=69.96$ ,  $p<0.001$ ). Whereas about 46% of the comparison group reports that they are unhealthy, more than two-thirds of the treatment group assess themselves as healthy. Similar to their general health status, the treatment group includes a lower proportion of people with disability (5.63%) relative to the comparison group (13.97%) ( $\chi^2=11.29$ ,  $p<0.001$ ).

Some household characteristics differ by treatment group status. The two groups are statistically different in terms of household size ( $t=-8.37$ ,  $p<0.001$ ). The average number of household members is slightly higher for the treatment group (3.50) than the comparison group (2.53). As to internet use, the average level of use for information-seeking is significantly higher for the treatment group than the comparison group ( $t=-11.11$ ,  $p<0.001$ ).

**Table 4. Demographic and household characteristics by treatment group status**

	Comparison Group	Treatment Group	Total
<i>Demographic Characteristics</i>			
Age (year) ***			
Mean	58.79	44.75	49.16
Gender (%)			
Female	72.07	63.94	66.49
Male	27.93	36.06	33.51
Education (%) ***			
No High School	55.31	18.16	29.82
High School	32.40	56.01	48.60
Some College education or above	12.29	25.83	21.58
Marital Status (%) **			
Never-Married	11.73	3.84	6.32
Married	48.04	51.41	50.35
Divorced, Separated, Widowed	40.22	44.76	43.33
Working Status (%) ***			
No	45.81	4.35	17.37
Yes	54.19	95.65	82.63
Employment Status (%) ***			
Not employed or Housewife	45.81	4.35	17.37
Not full-time(temporary or daily employment) or Self Employment	41.90	46.55	45.09
Full-time	12.29	49.10	37.54
Health Status (%) ***			
Healthy	36.87	70.08	59.65
So-So	23.46	17.90	19.65
Unhealthy	39.66	12.02	20.70
Disability Status (%) ***			
No	86.03	94.37	91.75
Yes	13.97	5.63	8.25
<i>Household Characteristics</i>			
Number of family members (Mean)***	2.53	3.50	3.20
To what extent do you surf the internet for information? (Mean) ***	3.09	6.06	5.13
N	179	391	570

Note: Percentages may not sum to 100% due to rounding.

\* p<0.05; \*\*p<0.01; \*\*\*p<0.001

Table 5 presents household economic conditions for the past year by treatment group status: total household annual income, material hardship experience, and debt holding. Household income level is significantly different between the two groups. The average amounts of total household income

for the last year<sup>8</sup> are much higher for the treatment group (17,246,000 KRW) than the comparison group (12,612,000 KRW) ( $t=-5.48$ ,  $p<0.001$ ). Consistent with this, the rate of financial hardship is higher in the comparison group ( $\chi^2=5.05$ ,  $p=0.02$ ) than in the treatment group. About 86% of the comparison participants and 78% of the treatment participants report that they had experienced lacking money to cover basic living expenses. However, a higher percentage of the treatment group (66.75%) reports they have debt liability, compared to comparison group (50.28%), a statistically significant difference ( $\chi^2=14.08$ ,  $p<0.001$ ).

**Table 5. Household economic condition by treatment group status**

	Comparison Group	Treatment Group	Total
<i>Objective Economic Measures</i>			
Total household income in the past year (in ten thousand KRW) <sup>9</sup> ***			
Mean	1261.2	1724.6	1580.18
Have you lacked money for covering basic living expenses in the previous year (%) *			
No	13.97	21.99	19.47
Yes	86.03	78.01	80.53
Any debts? (%) ***			
No	49.72	33.25	38.42
Yes	50.28	66.75	61.58
N	179	391	570

Note: Percentages may not sum to 100% due to rounding.

\*  $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

In addition to objective household economic status, perceived economic status is asked (Table 6). The treatment group shows statistically significant differences in subjective responses on their household economic condition. Reflecting their working poor status, the majority of each group perceives their economic status to be generally low. However, a higher percentage of comparison participants consider themselves very low (42.46%) in overall economic status, while a higher percentage of treatment group participants identify themselves as lower-middle class (30.69%) or low class (47.31%) ( $\chi^2=43.33$ ,  $p<0.001$ ).

<sup>8</sup> The total amounts of household income are calculated by summing incomes earned from different sources in the past year: the main job, a secondary job, and any other sources.

<sup>9</sup> Two cases are excluded from analysis because of missing information.

**Table 6. Household perceived economic status by treatment group status (%)**

	Comparison Group	Treatment Group	Total
Perceived economic status ***			
Middle-class or higher	5.59	4.60	4.91
Lower-middle class	17.88	30.69	26.67
Low class	34.08	47.31	43.16
Very-low class	42.46	17.39	25.26
N	179	391	570

Note: Percentages may not sum to 100% due to rounding.

\*  $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

Treatment participants generally report more positive evaluations on the other three subjective measures. Views on the past year's economic conditions are statistically different ( $\chi^2=8.41$ ,  $p=0.015$ ). A much larger share of the treatment group (26.85%) relative to the comparison group (10.06%) think that their economic condition became better in the past year ( $\chi^2=20.66$ ,  $p < 0.001$ ). A lower proportion of treatment participants is dissatisfied with their current economic condition (47.57% versus 55.87%). More importantly, treatment participants are much more positive about their future financial circumstances than the comparison group ( $\chi^2=56.99$ ,  $p < 0.001$ ). Almost two-thirds of treatment participants are hopeful about their future economic condition (67.26% versus 33.52%). Only about 13% of treatment participants are not hopeful compared to 28% of the comparison group.

**Table 7. Subjective view on household economic condition by treatment group status (%)**

	Comparison Group	Treatment Group	Total
Household's economic condition in the past 1 year? ***			
Got better	10.06	26.85	21.58
Neither better or worse	51.96	43.73	46.32
Got worse	37.99	29.41	32.11
The level of satisfaction with current economic condition*			
Satisfied	5.59	13.30	10.88
So So	38.55	39.13	38.95
Dissatisfied	55.87	47.57	50.18
Expectation for future economic condition***			
Hopeful	33.52	67.26	56.67
So-So	38.55	19.44	25.44
Not Hopeful	27.93	13.30	17.89
N	179	391	570

Note: Percentages may not sum to 100% due to rounding.

\*  $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$

Table 8 demonstrates financial behavior by treatment group. The two groups show a statistical difference in educating their children about basic financial management ( $\chi^2=22.51, p<0.001$ ). About 85% of the treatment group report that they educate their children about how to save and spend money compared to about 64% of the comparison group. The treatment group significantly differs from the comparison group in terms of financial planning ( $\chi^2=60.21, p<0.001$ ). Treatment group members are more likely to plan ahead before spending money than comparison group members. Greater proportions of treatment group members “usually” (81.33%) or “always” (11.76%) plan ahead, compared to 66.48% and 6.15%, respectively, of comparison group members. Similarly, the treatment group (6.51 points) is significantly different from the comparison group (5.49 points) in the extent to which they discuss income and spending with their household members ( $t=-3.93, p<0.001$ ).

**Table 8. Financial behavior by treatment group status**

	Comparison Group	Treatment Group	Total
Do you educate your child(ren) about how to save and spend money? <sup>10</sup> (%) ***			
Yes, I often do	14.55	25.07	22.60
Yes, I sometimes do	50.00	59.61	57.36
No, I rarely do	35.45	15.32	20.04
Financial Planning (%) ***			
I always plan ahead to spend money	6.15	11.76	10.00
I usually plan ahead to spend money	66.48	81.33	76.67
I rarely plan ahead to spend money	13.97	6.39	8.77
I never plan ahead to spend money	13.41	0.51	4.56
To what extent do you discuss income and spending with your household members? <sup>11</sup> (Mean) **	5.49	6.51	6.26
N	171	391	570

Note: Percentages may not sum to 100% due to rounding.

\* $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

Table 9 compares attitudes/perceptions of saving by treatment group status. Overall, the two groups have positive attitudes and perceptions of saving. In both groups, almost all respondents agree that “saving is very important.” About one-third of each group do not agree that “savings would not make a difference in my economic condition.” Less than 10% of each group have concerns regarding the possibility that family members or friends will ask to borrow their money if they have savings.

However, some measures reveal statistical differences in attitudes/perceptions regarding saving by treatment group status. A higher percentage of treatment participants (96.83% versus 91.06%) think that they should save money into a bank account no matter what their current circumstances ( $\chi^2=9.06, p=0.003$ ). The treatment group is more likely to agree with the statement “savings will change my future” (98.72%) than the comparison group (96.09%) ( $\chi^2=4.13, p=0.04$ ), and to report

<sup>10</sup> Those who reported not to have a child were excluded for this analysis.

<sup>11</sup> 67 study participants who did not answer were excluded for this analysis.

saving for unexpected economic costs (75.70%) than the comparison group (45.81%) ( $\chi^2=49.12$ ,  $p<0.001$ ). Also, the treatment group is less likely to agree to the statement “I do not have money to save” (61.13%), compared to the comparison group (82.12%) ( $\chi^2=24.77$ ,  $p<0.001$ ). A higher percentage of the treatment group (15%) is concerned about the possibility that they may lose government public benefits because of savings ( $\chi^2=5.81$ ,  $p=0.016$ ).

**Table 9. Attitude toward savings by treatment group status**

	Comparison Group	Treatment Group	Total
Saving is very important (%)			
Disagree	1.12	0.51	0.70
Agree	98.88	99.49	99.30
I should save money into a bank account at any circumstance (%) *			
Disagree	8.94	3.07	4.91
Agree	91.06	96.83	95.09
Savings will change my future (%)*			
Disagree	3.91	1.28	2.11
Agree	96.09	98.72	97.89
I tend to save for unexpected economic costs (%) ***			
Disagree	54.19	24.30	33.68
Agree	45.81	75.70	66.32
Savings would not make a difference in my economic condition (%)			
Disagree	71.51	67.52	68.77
Agree	28.49	32.48	31.23
I do not have money to save (%) ***			
Disagree	17.88	38.87	32.28
Agree	82.12	61.13	67.72
I am concerned that family members or friends will ask me to lend them money if I have savings (%)			
Disagree	94.41	93.61	93.86
Agree	5.59	6.39	6.14
I am concerned that savings might disqualify me from public benefits (%) *			
Disagree	92.18	84.91	87.19
Agree	7.82	15.09	12.81
N	171	391	570

Note: Percentages may not sum to 100% due to rounding.

\* $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

**Savings by Treatment Participants**

The main purpose of the Hope Accounts program is to provide an institutional mechanism that will encourage greater savings, advances in financial knowledge, and pursuit of long-term development among working poor households. The program requires treatment participants to commit to a fixed monthly deposit amount at the beginning of the program and continue to make this deposit every month for three years. This section analyzes the savings by treatment participants.

Table 10 presents the number and proportion of treatment participants by monthly deposit amount into their Hope Accounts. The majority, 266 treatment participants (68.03%) deposit 200,000 KRW (about \$200); about 1% (n=5) deposit 50,000 KRW, and about one-third (n=120) deposit 100,000 KRW. Although Hope Account participants have the option of saving 150,000 KRW per month, no participant reported saving this amount in the 2011 survey.

**Table 10. Savers in Hope Account: Treatment participants**

Monthly deposit amount <sup>1</sup> in Hope Plus Account	n	%
50,000 KRW	5	1.28
100,000 KRW	120	30.69
200,000 KRW	266	68.03
Total	391	100.00

This section categorizes treatment participants into two groups of savers based on monthly deposit amount. Those making a monthly deposit of 50,000 or 100,000 KRW into their Hope Plus Account constitute saver group A, and those making a monthly deposit of 200,000 KRW constitute saver group B. Saver group A includes about 32% (n=125) of treatment participants and saver group B about 68% (n=266).

Table 11 demonstrates savings by treatment participants in other bank accounts as well as the Hope Account. Monthly savings are presented for all treatment participants, saver group A, and saver group B for each measure.

The mean monthly savings in the Hope Account across both saver groups is about 167,400 KRW. Saver group A has an average deposit amount of about 98,000 KRW and saver group B has one of about 200,000 KRW. In addition, treatment participants across both groups report that they make an average monthly deposit of 143,900 KRW in other bank account(s). Consistent with their saving in the Hope Account, saver group A accumulates, on average, a lower amount of deposit in their other account(s) (116,000 KRW) compared to saver group B (157,000 KRW).

Total savings are calculated by summing the average deposit amounts in the Hope Account and other bank account(s)<sup>12</sup> in order to estimate how much treatment participants generally save each month in any type of bank account. The average amount of total savings is 311,300 KRW for all treatment participants. Consistent with the findings above that show saver group B making higher

<sup>12</sup> Bank accounts includes any financial accounts, such as in private insurance.

average deposits in the previous two measures, saver group A accumulates a lower average amount in all accounts combined (214,000 KRW) each month than saver group B (357,000 KRW).

A ratio of monthly deposits in the Hope Account to those other bank account(s) is calculated to see what proportion of total household savings the Hope Accounts savings represents. On average, monthly deposits to the Hope Account comprise 65% of total monthly savings in all treatment group households. The proportion is a little bit higher for saver group B (67%) relative to saver group A (61%). The high proportions in both groups indicate that savings in the Hope Account is a critical saving activity for all treatment participants.

**Table 11. Monthly savings: Treatment participants**

	n	Mean	Median	Min	Max
Amount <sup>1</sup> in Hope account (KRW)					
Total	391	16.74	20.00	5.00	20.00
Saver Group A	125	9.80	10.00	5.00	10.00
Saver Group B	266	20.00	20.00	20.00	20.00
Amount <sup>1</sup> in other bank account(s) (KRW)					
Total	391	14.39	10.00	0.00	120.00
Saver Group A	125	11.60	10.00	0.00	100.00
Saver Group B	266	15.70	10.00	0.00	120.00
Amount <sup>1</sup> in Hope account and other bank account(s) (KRW)					
Total	391	31.13	30.00	10.00	140.00
Saver Group A	125	21.40	20.00	10.00	110.00
Saver Group B	266	35.70	30.00	20.00	140.00
Ratio of deposit amounts in Hope Account to other bank account(s)					
Total	391	0.65	0.67	0.09	1.00
Saver Group A	125	0.61	0.50	0.09	1.00
Saver Group B	266	0.67	0.67	0.14	1.00

Note: Monthly deposit amount in ten thousand KRW.

**Comparison by Saver Group Status: Treatment participants**

In addition to savings outcomes, Table 12 compares saver groups on demographic and household characteristics of treatment participants. Saver groups A and B are similar in household size and gender composition but are significantly different in age, education, marital status, employment status, and household type.

Saver group B is younger (43.97 yrs) than saver group A (46.98 yrs), and group B participants are more educated ( $\chi^2=6.26$ ,  $p=0.0124$ ) with a greater proportion reporting some college education and high school graduation in saver group B (29% and 56%) than in saver group A (19% and 57%) ( $\chi^2=6.60$ ,  $p=0.0369$ ). Those who did not complete high school are more common in saver group A (24%) compared to saver group B (15%). The two groups differ in marital status ( $\chi^2=23.32$ ,  $p<0.001$ ), with a higher percentage of married individuals in saver group B (59.77%) than saver



group A (33.60%). Employment status is also significantly different by saver group ( $\chi^2=26.45$ ,  $p<0.001$ ), with over half of saver group A (62.40%) employed on a temporary or daily basis (including self-employment), in contrast to the majority of saver group B (57.89%), which is employed full-time. This result suggests that saver group A is more likely to hold less stable employment, which may lead to income fluctuations and frequent job loss. Family size is significantly different between the two groups ( $t=-2.67$ ,  $p=0.008$ ), with an average family size of 3.29 for saver group A and 3.6 for saver group B.

Differences in most demographic and household characteristics suggest that saver group A has more disadvantages in socio-economic status compared to saver group B. These disadvantages may partially explain saving group A’s choice of a lower monthly savings amount and suggest that this group may have greater challenges to maintain regular savings.

**Table 12. Demographic and household characteristics by saver group: Treatment participants**

	Saver Group A	Saver Group B	Total
<i>Demographic Characteristics</i>			
Age (year) ***			
Mean	46.98	43.97	44.93
Gender (%)*			
Female	72.80	59.77	63.94
Male	27.20	40.23	36.06
Education (%) *			
No High School	24.00	15.41	18.16
High School	56.80	55.64	56.01
Some College education or above	19.20	28.95	25.83
Marital Status (%) ***			
Unmarried	66.40	40.23	48.59
Married	33.60	59.77	51.41
Employment Status (%) ***			
Not employed or Housewife	7.20	3.01	4.35
Not full-time(temporary or daily employment) or Self Employment	62.40	39.10	46.55
Full-time	30.40	57.89	49.10
<i>Household Characteristics</i>			
Number of family members (Mean)	3.29	3.61	3.50
N	125	266	391

\*  $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

Table 13 illustrates household economic status by saver group using three indicators: household income, material hardship experience, and debt-holding. The two groups have significantly different total household income in the past year ( $t=-3.75$ ,  $p=0.0002$ ). Saver group B has a higher annual income (mean=18,284,000 KRW) than saver group A (mean=15,036,000 KRW). Compared to saver group B (75.94%), a higher percentage of participants in saver group A (82.40%) report that

they have experienced lacking enough money to cover basic living expenses in the previous year. However, the difference is not statistically significant. The two groups have a significantly different fraction of debt holders ( $\chi^2=4.72$ ,  $p=0.0298$ ). About 70 % of saver group B report they have debt compared to 59% of saver group A.

**Table 13. Household economic status by saver group: Treatment participants**

	Saver Group A	Saver Group B	Total
Total household income in the past year (in ten thousand KRW) <sup>13</sup> ***			
Mean	1503.60	1828.4	1724.58
Have you lacked money for covering basic living expenses in the previous year (%)			
No	17.60	24.06	21.99
Yes	82.40	75.94	78.01
Any debts? *			
No	40.80	29.70	33.25
Yes	59.20	70.30	66.75
N	125	266	391

\*  $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

Table 14 presents economic status by saver group status. Overall, most treatment participants in both groups think their economic status is rather low, but saver group B’s assessment of their subjective economic status is somewhat more positive, a statistically significant difference ( $\chi^2=20.81$ ,  $p=0.0001$ ). A larger proportion of saver group B thinks their economic status is either lower-middle class (36.84%) or lower class (45.86%), in comparison to saver group A (50.40% and 27.20% respectively). The subtle difference in perception of economic status appears to reflect objective economic status, given that saver group A is comprised of welfare recipients with lower household income and saver group B is mostly working poor living around or below 150% of the poverty line.

**Table 14. Household perceived economic condition by saver group: Treatment participants**

	Saver Group A	Saver Group B	Total
Perceived economic status (%) ***			
Middle-class or higher	4.80	4.51	4.60
Lower-middle class	17.60	36.84	30.69
Low class	50.40	45.86	47.31
Very-low class	27.20	12.78	17.39
N	125	266	391

\*  $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

Table 15 compares views of household economic conditions by saver group status. Saver group B has a slightly more positive rating of their household economic conditions for the past year, which is

<sup>13</sup> Three cases are excluded from analysis because of missing information.

marginally significant at the 0.1 significance level ( $\chi^2=5.929$ ,  $p=0.0516$ ). A higher proportion of saver group B vs. saver group A reports that in the previous one year their household’s economic state became better (30.08% vs. 20%) or neither better nor worse (43.61% vs. 44%). More respondents in saver group A than saver group B (36% vs. 26%) report that their household had a worse economic condition than in the previous year.

Both saver groups A (10%) and B (15%) are alike in assessing their level of satisfaction with their current economic state. Much bigger proportions in saver group A (51.20%) and B (45.86%) report dissatisfaction rather than satisfaction with their economic status. Despite these rather negative assessments of current economic conditions, a majority of treatment participants are not skeptical about their future economic condition, although there is a difference by saver group ( $\chi^2=7.82$ ,  $p=0.02$ ). About 72% of saver group B reports that their future economic condition is hopeful, in comparison to 58% of saver group A. Those who are not hopeful about their future economic condition are quite small in the both groups: 17.6% in saver group A and 11.28% in saver group B.

**Table 15. View on household economic condition by saver group: Treatment participants (%)**

	Saver Group A	Saver Group B	Total
Household’s economic condition in the past 1 year?			
Got better	20.00	30.08	26.85
Neither better or worse	44.00	43.61	43.73
Got worse	36.00	26.32	29.41
The level of satisfaction to current economic situation			
Satisfied	10.40	14.66	13.30
So So	38.40	39.47	39.13
Dissatisfied	51.20	45.86	47.57
Expectation for future economic conditions *			
Hopeful	57.60	71.80	67.26
So-So	24.80	16.92	19.44
Not Hopeful	17.60	11.28	13.30
N	125	266	391

\*  $p<0.05$ ; \*\* $p<0.01$ ; \*\*\* $p<0.001$

Table 16 presents financial behavior by saver group status. Both groups have similar characteristics in financial behavior, with no statistically significant differences in any of these variables. Most respondents, regardless of saver group status group (88.89% in saver group A and 82.65% in saver group B), either often or sometimes educate their children on saving and spending, and over 90% of all respondents (94.4% in saver group A, 92.48% in saver group B) plans ahead to spend money, either always or usually. Although the two groups are not statistically different in the extent to which they discuss income and spending with their household members, saver group B (6.61) is more likely than saver group A (6.29) to have conversations on these subjects.

**Table 16. Financial behavior by saver group: Treatment participants**

	Saver Group A	Saver Group B	Total
Do you educate your child(ren) about how to save and spend money? <sup>14</sup> (%)			
Yes, I often do	27.35	23.97	25.07
Yes, I sometimes do	61.54	58.68	59.61
No, I rarely do	11.11	17.36	15.32
Financial Planning (%)			
I always plan ahead to spend money	17.60	9.02	11.76
I usually plan ahead to spend money	76.80	83.46	81.33
I rarely plan ahead to spend money	4.80	7.14	6.39
I never plan ahead to spend money	0.80	0.38	0.51
To what extent do you discuss income and spending with your household members? <sup>15</sup>	6.29	6.61	6.51
N	125	266	391

\* p<0.05; \*\*p<0.01; \*\*\*p<0.001

In addition, as presented in Table 17, the two groups generally have similar attitudes toward savings. Everyone in saver group A and 99% of saver group B agree that saving is very important. Saver group B reports a higher percentage of agreement with the statement, “I should save money into a bank account at any circumstance” (97.37%), compared to saver group A (96%), indicating that the both groups are ready to save on a regular basis. Similarly, almost everyone in the two groups agrees with the statement “savings will change my future”: 98.4% in saver group A and 98.87% in saver group B. Consistent with these findings, a large proportion of both groups agrees with the statement “I tend to save for unexpected economic costs”: 72.8% in saver group A and 77.07% in saver group B. In both groups, much smaller proportions of respondents report that they save for unexpected economic emergencies.

More than the half of each group (65% for A vs. 59% for B) thinks that they do not have money to save. In addition, similar proportions in both groups disagree that family members or friends will ask to borrow money if they have savings (94.4% for A vs. 93.23% for B).

While the two groups are very similar on most measures of attitudes toward savings, there is a statistically significant difference found in two measures. In response to the statement “savings would not make a difference in my economic condition,” a higher percentage of saver group B than A disagrees (70.68% vs. 60.8%), a marginal difference at a 0.1 significance level ( $\chi^2=3.78$ ,  $p=0.052$ ). Relative to saver group B (12.41%), a statistically higher proportion of saver group A (20.80%) is concerned that savings might disqualify them from public benefits ( $\chi^2=4.68$ ,  $p=0.03$ ).

<sup>14</sup> About 8% (32/391) of cases were excluded from analysis because they did not have a child.

<sup>15</sup> About 2.81% (11/391) of cases were excluded due to missing information.

**Table 17. Attitude toward saving by saver group: Treatment participants**

	Saver Group A	Saver Group B	Total
Saving is very important (%)			
Disagree	0.00	0.75	0.51
Agree	100.00	99.25	99.49
I should save money into a bank account at any circumstance (%)			
Disagree	4.00	2.63	3.07
Agree	96.00	97.37	96.93
Savings will change my future (%)			
Disagree	1.60	1.13	1.28
Agree	98.40	98.87	98.72
I tend to save for unexpected economic costs (%)			
Disagree	27.20	22.93	24.30
Agree	72.80	77.07	75.70
Savings would not make a difference in my economic condition (%) <sup>16</sup>			
Disagree	60.80	70.68	67.52
Agree	39.20	29.32	32.48
I do not have money to save (%)			
Disagree	35.20	40.60	38.87
Agree	64.80	59.40	61.13
I am concerned that family members or friends will ask me to lend them money if I have savings (%)			
Disagree	94.40	93.23	93.61
Agree	5.60	6.77	6.39
I am concerned that savings might disqualify me from public benefits (%) *			
Disagree	79.20	87.59	84.91
Agree	20.80	12.41	15.09
N	125	266	391

\* p<0.05; \*\*p<0.01; \*\*\*p<0.001

### Evaluations of Hope Accounts by Treatment Participants

To assess participant views of the Hope Accounts program, some survey questions were asked only of the treatment group. The responses to these questions are reported below.

<sup>16</sup> It is statistically significant at 0.1 level (p=0.052).

***Saving strategies for Hope Plus Accounts: Treatment participants***

One question invited treatment participants to share between one and three saving strategies they use to make monthly deposits into their Hope Accounts (Table 18).

The most common saving strategy is to economize food expenditures, a strategy reported by more than half of the treatment participants (62.92%). Another common strategy is to reduce various types of living expenses. For example, about 43% tried to reduce essential living expenses (42.46%) or spending on clothing or household durable goods such as electronics and furniture (45.52%). Similarly, about 26% chose to reduce housing-related monthly expenditures such as monthly rental fees or utility bills (25.58%), spending on transportation or telecommunications (24.55%), or other personal expenses of family members (21.48%).

The results suggest that a considerable number of treatment participants are likely to make deposits by reducing the size of essential living expenditures in food, housing, and clothing. The main strategies are almost identical to those reported in the past two surveys, although increasing work efforts (24.55%) is a strategy mentioned by Wave 3 respondents that was not mentioned in Waves 1 and 2. This is not surprising, given that the Hope Accounts program participants are either welfare recipients or working poor living just above the poverty line, facing a lack of economic resources.

**Table 18. Saving strategies for Hope Accounts: Treatment participants**

	%
<i>(up to 3 choices allowed):</i>	
By increasing work (second or part-time job)	24.55
By borrowing money	2.30
By reducing food expenditures	62.92
By reducing educational expenditures	13.04
By reducing transportation or telecommunication expenditures	24.55
By reducing vehicle maintenance expenditures	3.84
By reducing housing expenses (e.g., rent)	25.58
By reducing clothing, electronics, and furniture expenditures	45.52
By reducing other essential living expenses	42.46
By reducing alcohol/cigarette spending	6.65
By reducing donations to charity	1.53
By reducing other personal expenses	21.48
Subsidy from work	0.51
From parent's help	0.26
N	391

***Attitudes/Expectations toward Hope Plus Accounts: Treatment participants***

Table 19 presents treatment participants’ attitudes and expectations regarding Hope Accounts. Almost all participants (98.72%) believe that the Hope Accounts will help them (and their families) to learn better saving behavior. Participants (99.23%) largely agree that the Hope Accounts will result in positive effects on their lives, and a similarly large proportion (96.93%) agree that Hope Account will help them (and their families) become self-sufficient.

On the other hand, some participants (13.55%) report that they feel economic and psychological pressure as a result of program participation. Also, less than 10% of participants (9.21%) are not sure whether they can successfully complete the three years of the Hope Accounts program. In comparison to prior surveys, the proportion of respondents holding both concerns decreased; in 2010, 30.68% reported experiencing pressure and 28.57% reported concern over completing the program.

**Table 19. Attitudes/Expectations toward Hope Plus Accounts: Treatment participants (%)**

	Disagree	Agree
Hope Plus Accounts will help me and my family have better saving behavior.	1.28	98.72
Hope Plus Accounts will have positive effects on my family.	0.77	99.23
Hope Plus Accounts will help my family become self-sufficient	3.07	96.93
I (my family) feel economic and psychological pressure due to the Hope Plus Accounts	86.45	13.55
I am not sure whether I will successfully complete the Hope Plus Accounts (saving for 3 years)	90.79	9.21
N	391	

***What can be improved in Hope Plus Accounts: Treatment participants***

Treatment participants were also asked to suggest one or two improvements to the Hope Accounts program (Table 20) shows opinions for program improvement from their experiences. Using the multiple responses, 16 indicators are created to demonstrate how many participants make each suggestion.

The majority of participants (57.29%) indicate that they would like to have more diverse options for monthly savings amounts. It is likely that participants are challenged to meet their monthly savings commitment every month and would like to have some degree of flexibility in monthly deposit each month or be able to set a monthly deposit of a different amount than the four options offered by the program. Over 45% of participants would prefer that their savings goals were not limited to the three offered by the program. About 29% express a desire to extend their program participation beyond the three-year period. A non-trivial proportion of participants points out that they need various educational programs (13.55%), support services (15.35%), various options for financial education with flexibility in meeting hours and location (9.21%), and more advanced educational

programs (6.65%). About 9.46% indicate that the strict rule on how many monthly deposits can be missed should be relaxed.

Therefore, the responses generally suggest that most participants would like to have a more flexible program design and also are eager to have a wide range of supportive services and programs.

**Table 20. What can be improved in Hope Accounts: Treatment participants**

	%
<i>(up to 2 choices allowed):</i>	
Nothing	2.56
Need diverse options of savings amounts	57.29
Need various educational programs	13.55
Need more professional information of educational programs	6.65
Need to relax a strict rule on the minimum number of monthly deposits	9.46
Need to extend the entire period of savings	28.90
Need more diverse support services	15.35
Need various options of savings goals	45.78
Need various options for financial education (hours and location)	9.21
too many hours of education	0.77
Need easier explanation in education session	0.26
want to increase savings \$	0.26
increase hours(#) of education	0.26
would like to get bank loans while in program	0.26
Additional interest rate	0.26
Like to get accumulated savings as a lump-sum	0.26
allow to re-enter the program after exit/drop out	2.05
N	391

**Treatment Group Comparison by Wave**

As detailed above, survey data were collected for the past three years from 477 treatment participants in 2009, 427 treatment participants in 2010, and 391 treatment participants in 2011. In this section, Wave 1 (W1) refers to the baseline survey data conducted in 2009, Wave 2 (W2) to the second year survey data from 2010, and Wave 3 (W3) to the third year data collected in 2011. This section presents comparisons among the three waves. (Refer to the Appendix for data on all findings)

Comparisons are based on overall group responses, not necessarily individual changes over time, primarily because of two reasons. There is some degree of sample attrition. The total number of treatment participants varies across the three years. There were 477 treatment participants who completed the baseline survey in 2009 (W1). In 2010, out of the 477 participants, 427 treatment



participants participated in the second year survey (W2). In 2011, 391 treatment participants, from the 477 participants included in 2009, completed the third year survey (W3). Some participants completed all three years of survey, but there are also participants who participated in W1 and W2 only or W1 and W3. In addition some responses were collected from other household members living with the study participant; for example, a treatment participant completed the W1 survey but the spouse of the treatment participant responded to the W3 survey. Because of the limitations in the process of data collection, responses of treatment group are compared by survey year as a group. Also, comparisons are reported by using descriptive distribution, not statistical tests.

This section compares responses from the treatment group over the three waves on the following measures: economic characteristics, view of household economic conditions, financial behavior, and attitudes toward saving.

***Household economic conditions of treatment participants: By wave***

Figure 1 shows total household annual income of the treatment group by wave. The treatment group reports a higher average household income in W3 (17,245,800 KRW) than in W2 or W1 (15,000,000 KRW). The average household income slightly decreases between W1 and W2 and increases steeply in W3.

**Figure 1. Total household income in the past 1 year**

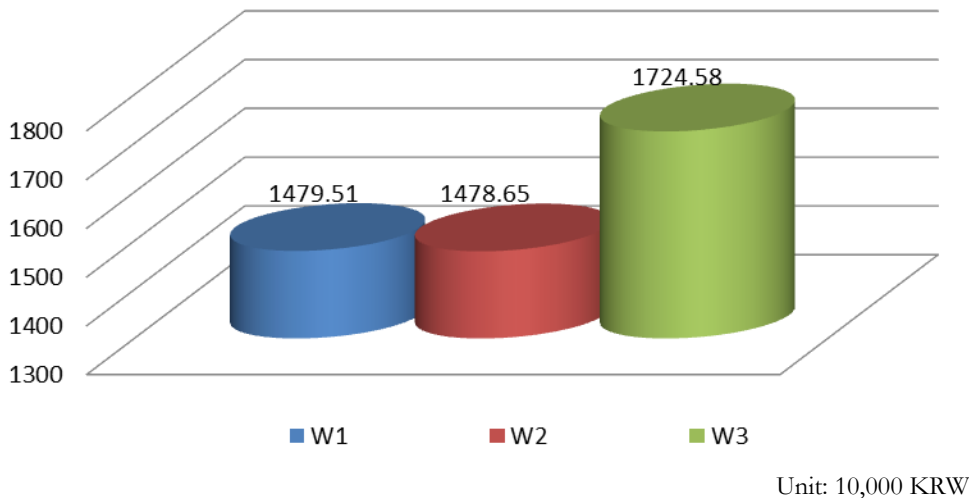
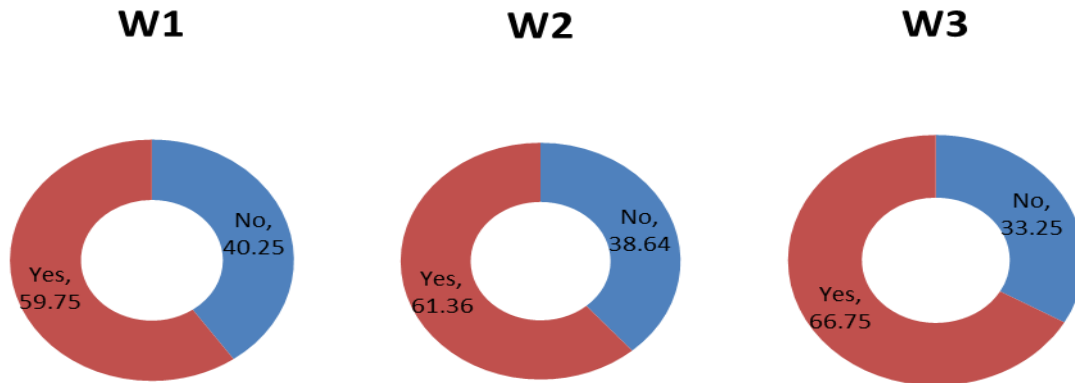


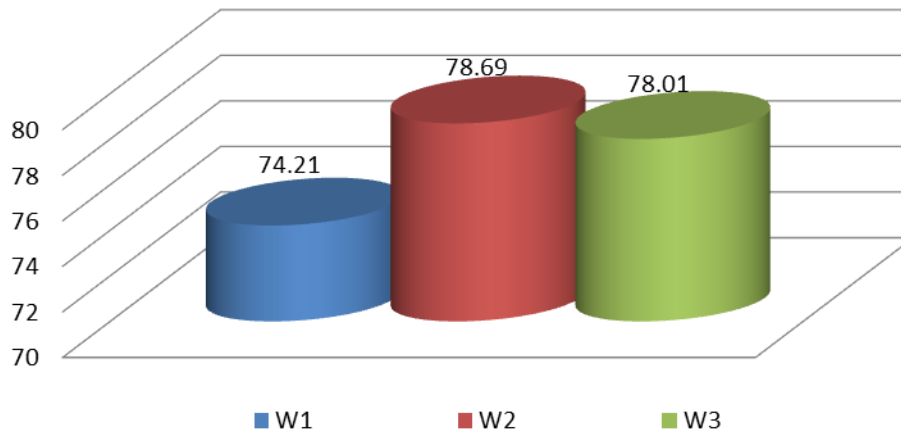
Figure 2 presents whether treatment participants experienced material hardship during the last year. Higher percentages of treatment participants report material hardship in W2 (61.36%) and W3 (66.75%) than in W1 (59.75%). It is interesting to note that both material hardship and household income increased over the three waves.

Figure 2. Material hardship in the previous year (%)



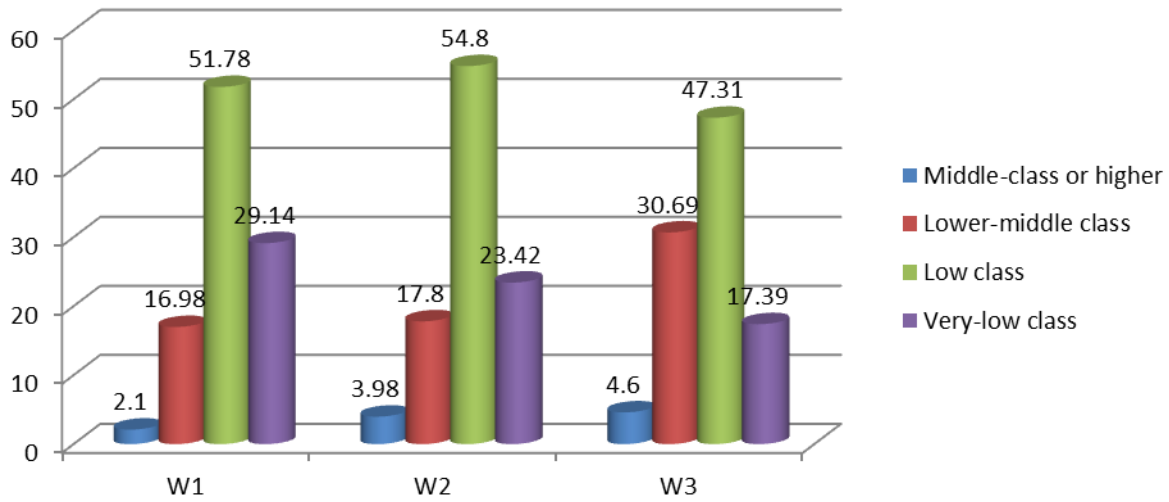
Along with income and material hardship experience, we also compare debt holding. Debt-holders increase from W1 to W2 (74.2% to 78.69%) and then remain at a similar level (78.01%) in W3. The results on both material hardship and debt holding suggest that the treatment group still faces economic difficulties despite their involvement in the Hope Accounts program.

Figure 3. Any debt-holding? (%)



As shown in Figure 4, approximately half of the treatment group identifies themselves as either low or very low class in economic status across the three waves: 52% in W1, 55% in W2, and 47% in W3. However, a much greater proportion of the treatment group in W3 (30.69%) considers themselves lower-middle class, compared to W1 (16.98%) and W2 (17.8%).

**Figure 4. Perceived economic status (%)**



The next three figures demonstrate subjective views of past, current, and future household economic conditions. Figure 5 shows that the proportion of those who think their economic condition improved in the past year decreased from W1 (27.04%) to W2 (15.69%), before increasing in W3 (26.85%) to nearly W1 levels. Accordingly, the proportion of those who think their economic condition worsened is highest in W2 (35.13%), and fairly similar in W1 (28.72%) and W3 (29.41%).

**Figure 5. Household’s economic condition in the past 1 year (%)**

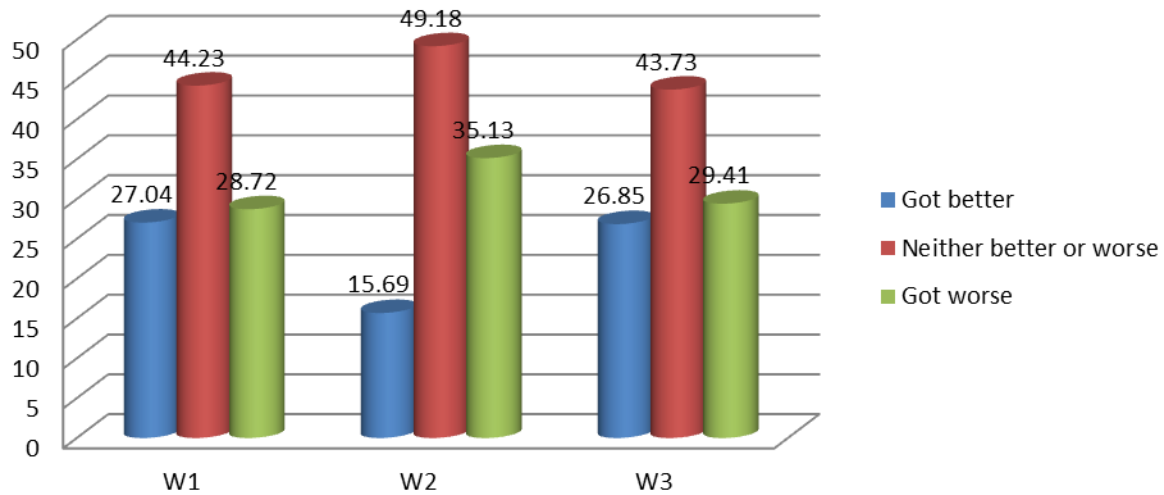
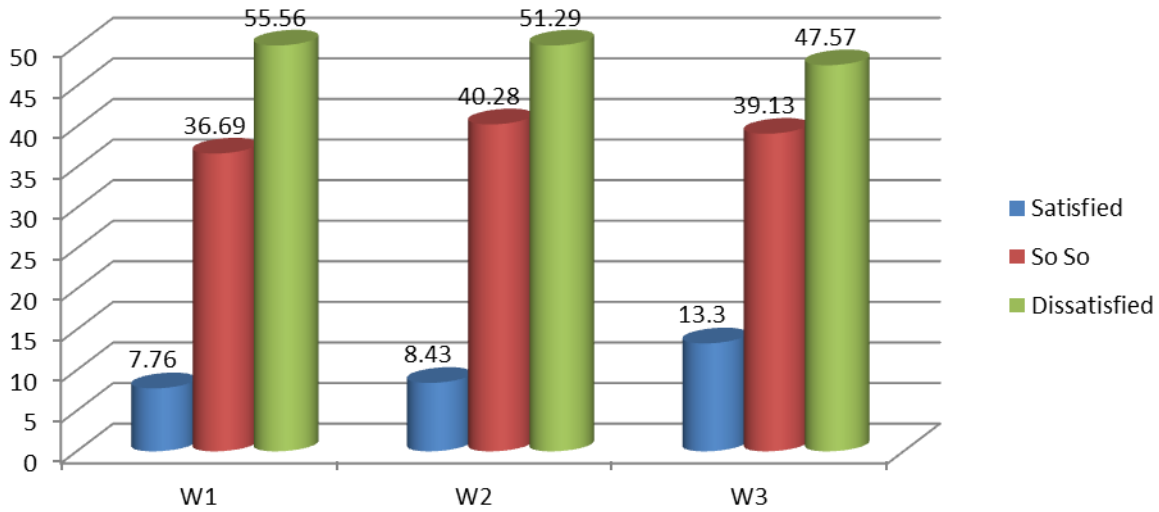


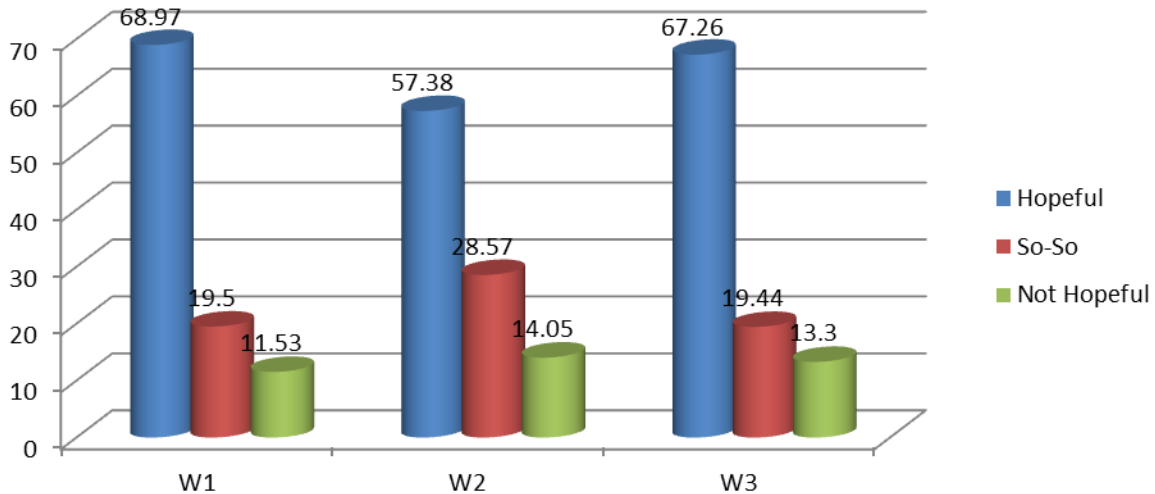
Figure 6 demonstrates that, on average, the treatment group becomes more satisfied with their current economic condition over three waves. The proportion of respondents reporting that they are satisfied with their current economic condition is higher in W3 (13.3%) than in W2 (8.43%) and W1 (7.76%). Accordingly, the percentage of those who are dissatisfied is lower in W3 (47.57%) than in W2 (51.29%) and W1 (55.56%).

**Figure 6. The level of satisfaction to current economic situation (%)**



Regarding expectations for their economic situation in the future, comparable proportions are hopeful in W1 (68.97%) and W3 (67.26%), with a dip in W2 (57.38%). The proportion of respondents who are not hopeful for the future remains fairly similar—12-14%—over three waves.

**Figure 7. Expectation for future economic conditions (%)**



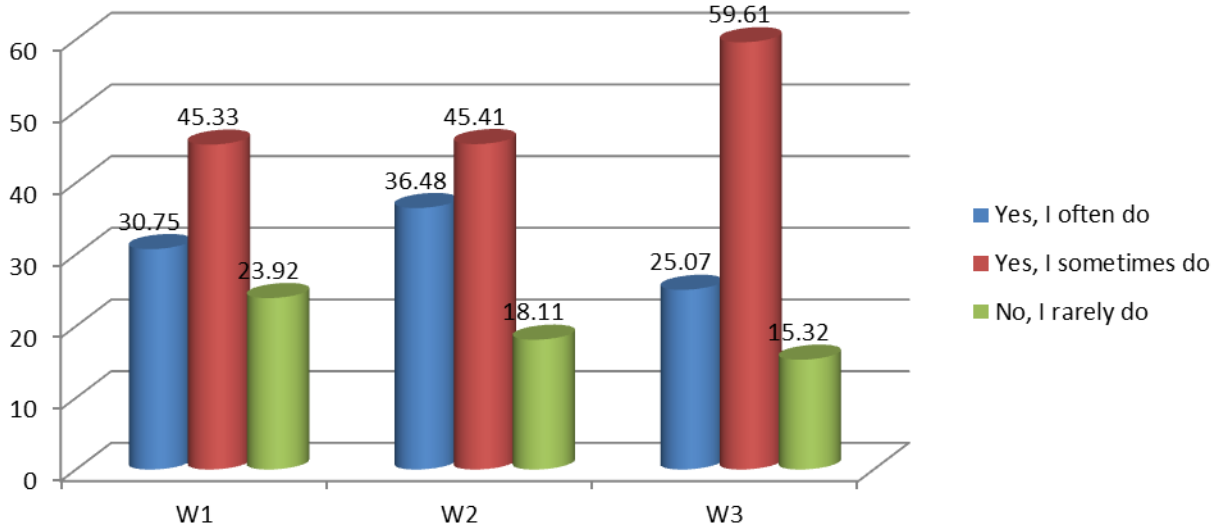
***Financial behavior and attitude of treatment participants: By Wave***

The following three figures illustrate behaviors of the treatment group regarding financial planning and consumption over three waves.

Figure 8 shows that the proportion of treatment participants who report that they educate their children on saving and money use increases overall over the three waves. Although those who

report they often educate declines from 30.75% in W1 and 36.48% in W2 to 25.07% in W3, the total of those who do so either often or sometimes increases over time, from 76.08% in W1, to 81.81% in W2, to 84.68% in W3. Accordingly, the proportion of those who rarely educate decreases from 23.92% in W1 to 15.32% in W3.

**Figure 8. Do you educate your child(ren) about how to save and spend money? (%)**



As shown in Figure 9, about 86% of the treatment group report that they “always” or “usually” plan ahead to spend money in W1 (17.19% and 68.97%) and W2 (14.99% and 71.66%), with an increase to 93.09% (11.76% and 81.33%) in W3. It is notable that, although overall planning increases in W3, those who report that they “always” plan ahead decreases.

**Figure 9. Financial planning (%)**

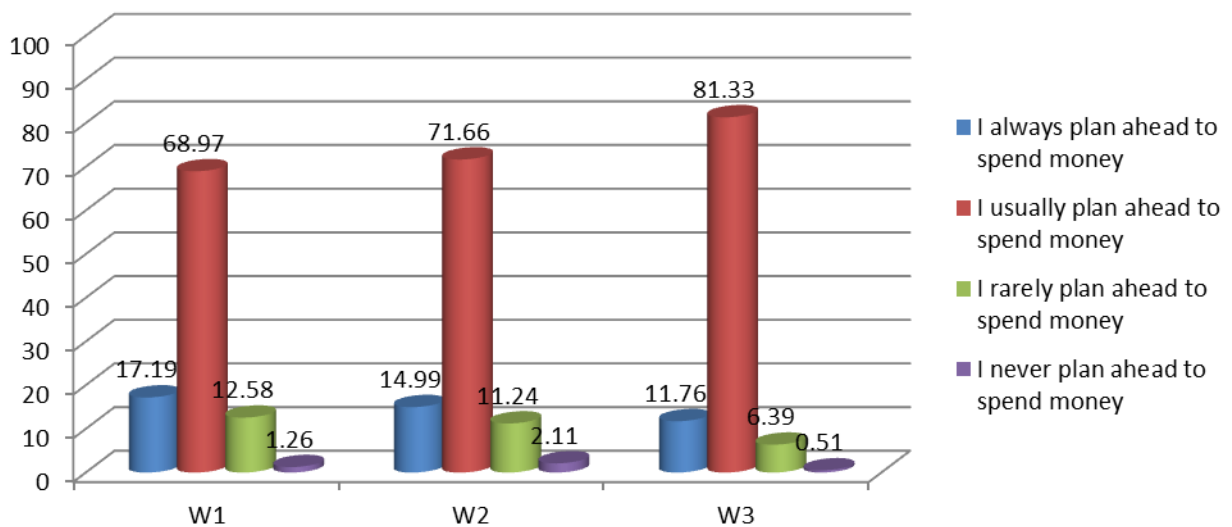
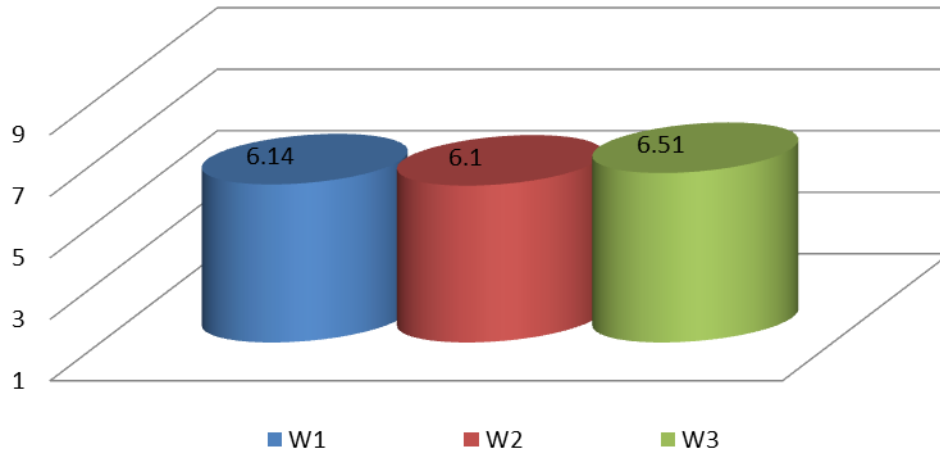


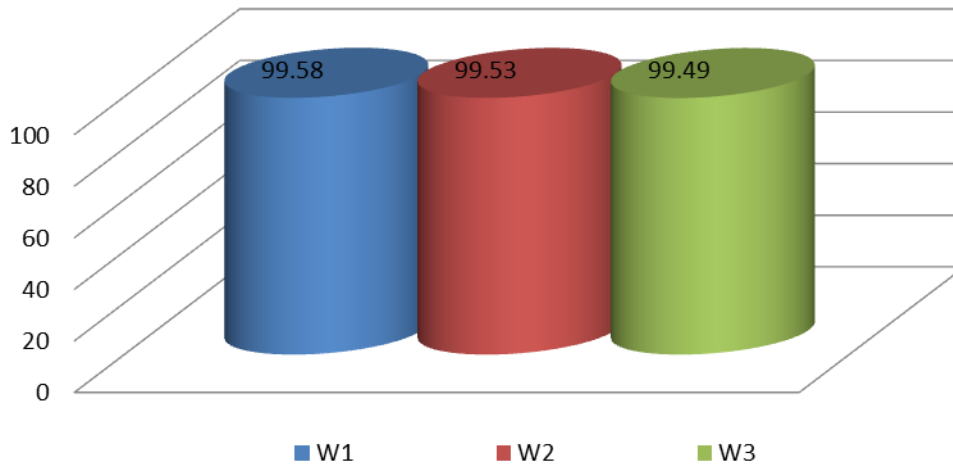
Figure 10 compares the treatment group over three waves on the extent to which they discuss income and spending with their household members on a rating scale of 1-10. The score remains fairly similar between W1 (6.14) and W2 (6.1), and increases slightly in W3 (6.51), indicating that respondents are more willing to share and discuss household economic issues with household members.

**Figure 10. To what extent do you discuss income and spending with your household members? (%)**



The next eight figures show general attitudes toward saving reported by treatment participants over the past three waves. By and large, treatment participants have a positive orientation to saving. For example, Figure 11 shows that treatment participants consistently agree with the statement “saving is very important”: approximately 99.5% agree over the three waves.

**Figure 11. Saving is very important (%)**



In the second measure of saving attitude, “I should save money into a bank account under any circumstances,” there are some changes over time. Between W1 and W2, this proportion dropped from 94.54% to 91.80% in W2, but increased in W3 to 96.83%.

**Figure 12. I should save money into a bank account under any circumstances (%)**

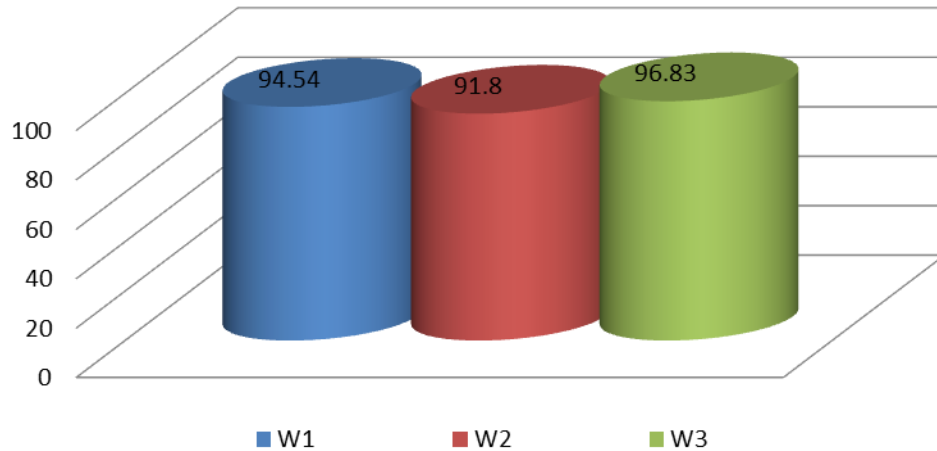
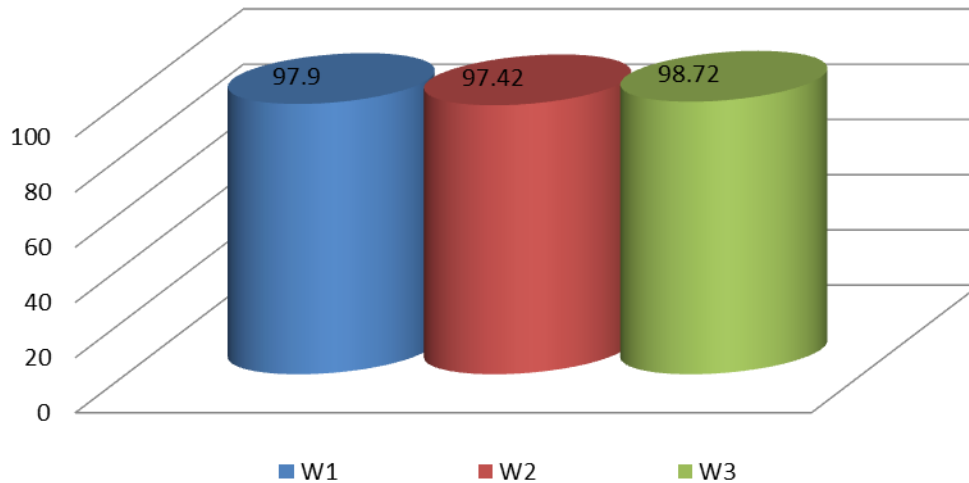


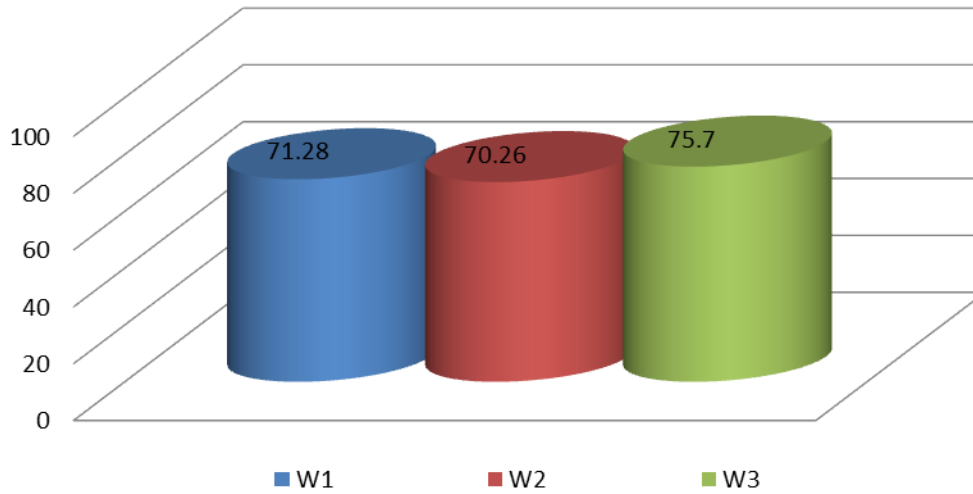
Figure 13 shows that treatment participants are fairly firm in their belief that savings will change their future. This proportion remains at 97%-99% over the three waves.

**Figure 13. Savings will change my future (%)**



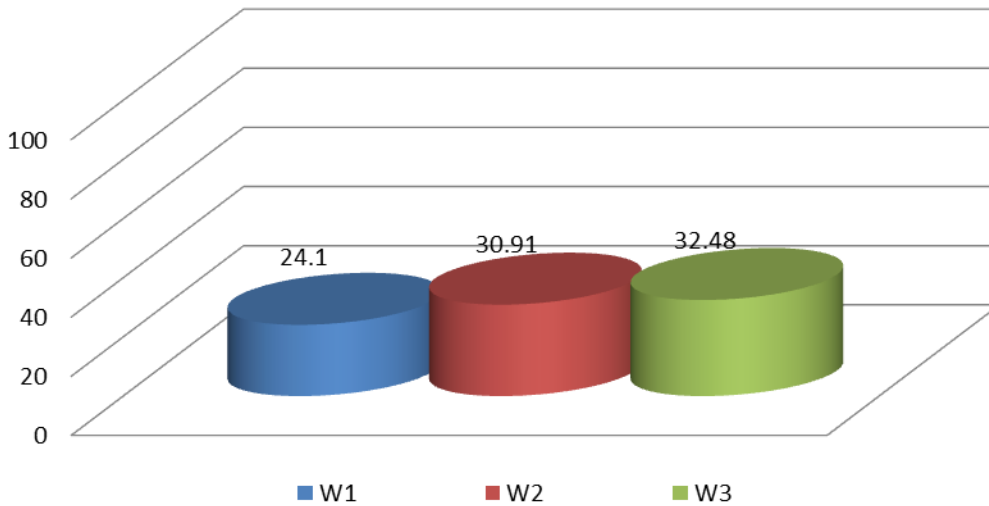
For the statement, “I tend to save for unexpected economic costs,” responses remain fairly flat between W1 (71.28%) and W2 (70.26%), and increase in W3 (75.7%). Although measures of saving attitude detailed above indicate that treatment participants appreciate the importance of saving, their responses regarding unexpected costs suggests that they may not be able to save as much as they would like.

**Figure 14. I tend to save for unexpected economic costs (%)**



For the statement, “saving would not make a difference in my economic condition,” the proportion agreeing increases steadily from 24.1% in W1 to 30.91% in W2 to 32.48% in W3. It appears that even as positive attitudes toward saving increase over time, pessimistic attitudes increase as well.

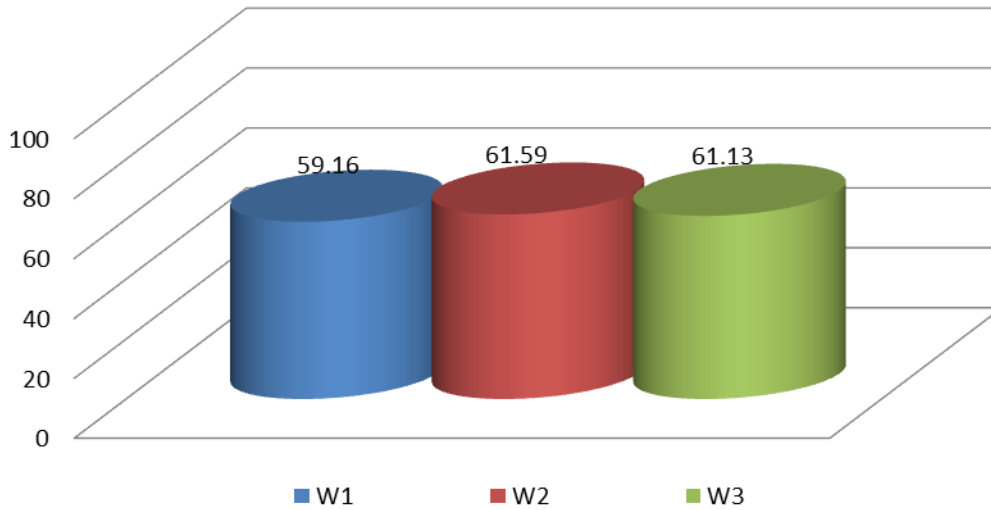
**Figure 15. Saving would not make a difference in my economic condition (%)**



Consistent with Figure 15, the proportion of treatment participants who perceive that they do not have money to save remains fairly flat over the three waves: 59% in W1, 61.59% in W2, and 61.13% in W3.

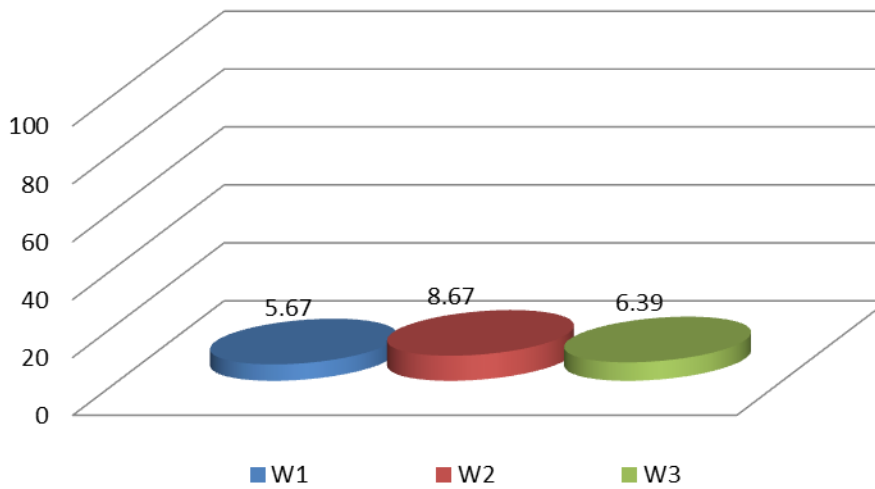


**Figure 16. I do not have money to save (%)**



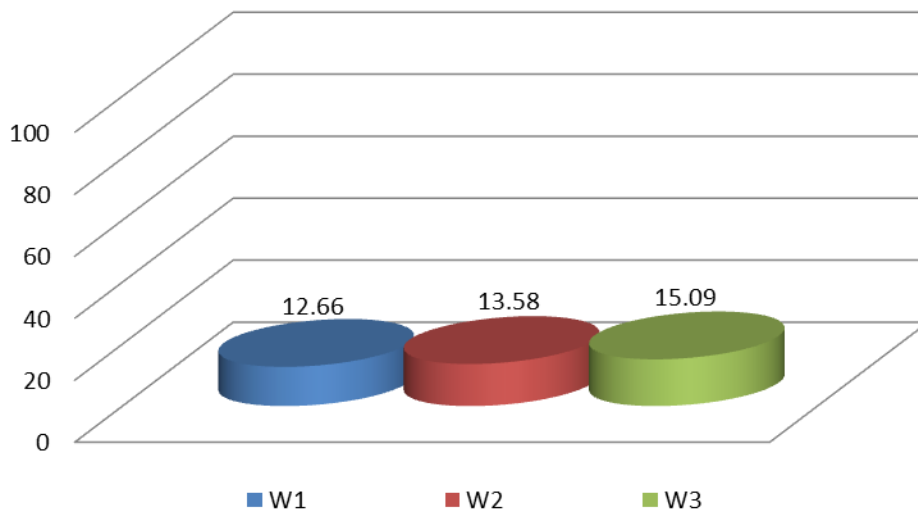
The proportion of treatment group participants who are concerned that family members or friends will ask them to borrow money if they have savings increases from 5.67% in W1 to 8.67% in W2, but decreases a bit to 6.39% in W3.

**Figure 17. I am concerned that family members or friends will ask me to lend them money if I have savings (%)**



The proportion agreeing with the statement “I am concerned that savings might disqualify me from public benefits” increases slightly over time from about 13% in W1, to about 14% in W2, to 15% in W3. This increase may be due to participants’ concern that the savings they have accumulated in the Hope Accounts increases their risk of losing public benefits.

**Figure 18. I am concerned that savings might disqualify me from public benefits (%)**



Overall, treatment participants seem to believe that savings are important to prepare for future expenditures and weather unexpected costs. At the same time, the results signal that some treatment participants have become skeptical of savings.

### Summary

The quantitative research examines differences between the treatment and comparison groups, two saver groups within the treatment group, and changes over time in the treatment group on savings outcomes, economic characteristics, and financial behavior and saving attitudes/perceptions.

Savings in the Hope Accounts constitute more than the half of respondents’ household savings, on average. Although treatment participants are working poor with low incomes, it should be noted that they are strong savers and the Hope Accounts program features promote additional savings than usual. In addition, treatment participants show positive attitudes toward saving and motivation to make a financial plan before consumption, especially compared to the comparison group. It is possible that the treatment group has become more optimistic about their economic status as a result of their participation in the Hope Accounts program participation and their experience of accumulating savings.

Overall, program participants offer positive evaluations of the Hope Accounts program. Most participants expect that the savings program will help their families live better in many ways, although some experience financial pressure to set aside money for monthly deposit and worry whether they can complete the program. Feedback and suggestions from program participants indicate that the program needs to consider implementing more flexible rules regarding savings amounts and saving goals and offer a choice of additional educational programs.

## IN-DEPTH INTERVIEWS WITH PROGRAM PARTICIPANTS

This chapter reports on qualitative research conducted as part of the evaluation of the Hope Accounts<sup>17</sup>. Major findings from the qualitative assessment are summarized<sup>18</sup> on the extent to which program participants experienced changes in psychological well-being, family relationships, attitude, and behavior.

### Qualitative Research Methodology

Qualitative research was conducted in 2009, 2010, and 2011. The qualitative research conducted in 2009 analyzed program outcomes reported by participants who had entered the Hope Accounts pilot program. The 2010 qualitative research investigated longitudinal changes experienced by pilot program participants and second cohort participants. In 2011, an additional qualitative study using in-depth interviews examined longitudinal changes experienced by pilot program participants and second cohort participants. In this section, Wave 1 (W1) refers to the qualitative research conducted in 2009, Wave 2 (W2) to the qualitative research conducted in 2010, and Wave 3 (W3) to the in-depth interviews conducted in 2011.

The Wave 3 qualitative study interviews two different groups, as in the second year (2010) qualitative study: (1) one group consisting of program participants selected from the very first pilot demonstration program and (2) the other group selected from the second cohort of the Hope account program. The two groups entered the Hope Account program at different points in time, and thus the length of program participation differs (Table 21). The study intends to take into account different experiences and assessments by group. Pilot program participants are chosen primarily for the purpose of examining the participants' evaluation after graduating from the program, while the second cohort participants are selected to explore intermediate changes/experiences by participants after two years of program participation.

**Table 21. In-depth Interviews by group and wave (Year)**

	W1 (2009)	W2 (2010)	W3 (2011)
Pilot program participants	First evaluation (After 1.5 years of participation)	Second evaluation (After 2.5 years of participation)	Third evaluation (After program graduation)
Second cohort participants		First evaluation (After 1 year of participation)	Second evaluation (After 2 years of participation)

<sup>17</sup> The name of asset-development program led by Seoul Welfare Foundation was changed from Hope Accounts (pilot program) to Hope Plus Account in 2009. Since then, even for the first pilot program participants who started in December 2007, their account was re-named to Hope Plus Accounts. This chapter uses Hope Accounts instead of Hope Plus Accounts.

<sup>18</sup> This chapter is a short translated version of the original second-year qualitative study. Please find the original study in the chapter 4 of the report by Seoul Welfare Foundation (2012).

The 2011 qualitative research uses a sample of 20 participants (N=20). Ten participants are randomly selected from 20 participants of the pilot program who were interviewed in the 2009 and 2010 qualitative research. In addition, ten participants are randomly selected from 20 participants in the second cohort who were interviewed in the 2010 qualitative research.

The demographic and economic characteristics of the ten pilot program participants are presented in Table X2. Most of them are in their 40s and 50s, female, and less educated with a high school diploma or lower. Occupation types are largely in the service sector, (e.g., medical care-giver, housekeeper, office assistant), which indicates a temporary or daily employment status. Reflected in their occupation, all interviewees are working poor with income around the poverty line and have high odds of receiving public assistance.

**Table 22: Characteristics of the 2011 qualitative study participants from the pilot program**

ID	Gender	Age	Education	Occupation	Income and Welfare Status	Household characteristics
1	Male	50	High School	Taxi driver	Low income <sup>1</sup>	Two-parent
2	Female	50	High School	Medical care-giver	Low income	Single-parent
3	Female	41	High School	Nurse assistant	Lowest income <sup>3</sup>	Single-parent
4	Female	46	Middle School	Housekeeping	Low income	Two-parent
5	Female	53	High School	Maternal care-giver	Low income	Single-parent
6	Female	61	Middle School	Welfare office assistant	Lower income <sup>2</sup>	Married without children
7	Female	38	High School	Housekeeping/ Hospital care-giver	Lower income	Two-parent
8	Female	49	High School	Social service office (Disability) assistant	Lower income	Two-parent
9	Female	47	College	Cook	Lower income	Single-parent
10	Male	46	High School	Delivery service	Lower income	Two-parent

Note: 1. Low income indicates those with income with 150% poverty line.

2. Lower income indicates those with income with 120% poverty line.

3. Lowest income indicates those with income at or below 100% poverty line and receive public assistance benefit from government.

Table 23 shows demographic and economic characteristics of the ten participants from the second cohort. Similar to those from the pilot program, they are mostly in their 40s with a few in their 60s, female, and with low income. Educational level and occupation types vary.

**Table 23: Characteristics of the 2011 qualitative study participants from the second cohort**

ID	Gender	Age	Education	Occupation	Income and Welfare Status	Household characteristics
1	Male	40	Elementary school	Sales	Low income <sup>1</sup>	Multicultural
2	Female	45	College	Gardening instructor	Low income	Two-parent
3	Male	43	High School	Skilled-technical work	Lower income <sup>2</sup>	Two-parent
4	Female	64	Middle School	Medical Care-giver	Lower income	Household with the Elderly
5	Female	43	College	Office work	Lowest income <sup>3</sup>	Two-parent
6	Female	42	College	Sales	Lower income	Single-parent
7	Female	40	College	Others	Low income	Single-parent
8	Female	unk now n	High School	Business/Professional	Low income	Household with people with disability
9	Female	44	High School	Office work	Low income	Single-parent
10	Male	65	College	Daily labor	Low income	Single-person

Note: 1. Low income indicates those with income with 150% poverty line.

2. Lower income indicates those with income with 120% poverty line.

3. Lowest income indicates those with income at or below 100% poverty line and receive public assistance benefit from government.

In-depth interviews were conducted in October 2011 by five interviewers who have qualitative research skills. Each researcher met four participants and interviewed each participant once for approximately 55 minutes to 2 hours.

Data collected from the in-depth interviews were analyzed following a standard qualitative procedure. The recorded interviews were transcribed word for word and then analyzed using line-by-line analyses. After the initial analysis, the contents were categorized into four main topics: psychological well-being, relationships, attitudes/perceptions, and behaviors.

Results from the in-depth interviews are presented separately for the pilot program graduates and the second cohort participants. Findings from interviews with the second cohort are presented first, followed by results from interviews with pilot program graduates.

Finally, findings from a Focus Group Interview (FGI) with case managers who work with Hope Account participants are presented. A total of 19 case managers participated in the FGI; they have provided case management services to Hope Accounts program participants for about one or two years on average.

## Findings from the Second Cohort

The 2010 qualitative research interviewed second cohort participants about one year after they had started the Hope Accounts program. The qualitative interviews focused on participants' changes in attitude, behaviors, and daily life over the prior year, as well as their assessment of the Hope Accounts program. The 2011 research was conducted with second cohort participants when they were in their second year of the program. The 2011 interviews investigate similar topics as the 2010 interviews, such as changes experienced by the participants over the past year, the meaning they ascribe to the Hope Account program, and their assessment of the program. Thus, the 2010 and 2011 in-depth interviews provide important insight into the second cohort's experiences over two years of participation in the Hope Accounts program.

### Changes in Attitude toward Savings and Financial Planning

When participants open a Hope Account, they establish a specific savings goal. In general, participants report in 2011 interviews that setting a goal helped them build their own idea/plan about saving, continue to save, and not to drop out of the program. In addition, participants express accomplishment and confidence, which has helped them to actively make specific plans for after program completion. On the other hand, some participants are concerned that the matching funds might be not enough to meet the personal savings goal or did not know what to do after completing the program. Important findings are demonstrated with direct quotations from the interviews with participants.

#### *Specific (financial) plans for the future*

When they started the Hope Accounts program, participants had expectations about the future but not necessarily with a clear plan or idea. While accumulating savings and having financial management education in the program, they have become more willing to make an "objective" assessment of their assets (ownership) status. "It is important that I perceive reality accurately," noted one participant. They also expressed willingness to establish a specific (financial) plan" that would play a foundational role in their preparation for a better life.

*Since we began this program, we've been working on what to do with this... You know, it is difficult to make a plan when you have nothing. So (because we will have accumulated savings with matched funds) we began to think about how we can use this large amounts of money well upon receiving it.*

*Next year my Hope Account will end ... Then (I think) my initial step would be made well... Based on the achievement, I am (making a plan) preparing for the second step... my second step would be... (probably) money for my children's education because they (will) go to middle and high schools (soon)...*

#### *Foster a better habit of saving*

By experiencing accumulation of savings in the Hope Accounts, participants learned about the importance of saving. They also have come to believe that saving is possible (even for those with

limited resources), and are encouraged to develop a better saving habit. Participants state that their personal savings goal has helped them to continue to participate in the program and get used to saving.

*I will (continue to) save money step by step (with a savings goal).*

*(When a person starts to save with a specific goal...) this leads to productive outcomes clearly. Without it (plan/goal), we would not have no idea where my money goes and is spent for.*

*I have small earnings, (but) my children are doing well... if I complete the program next year, I plan to continue to save 200,000 won every month (as I've done). I really mean... constantly and continuously...*

**Not enough savings**

Participants have begun to make a specific and realistic plan on how to use their savings after graduating from the program. However, they also note that, while the lump sum represents a large amount for them, it is not sufficient to meet their savings goals, such as housing or microenterprise.

*20,000,000 won is a lot of money for individuals, but it is also not enough to make a big change in my life.*

**Table 24. Qualitative findings from the second cohort participants: Attitude**

	Changes	Common
2010	<ul style="list-style-type: none"> <li>▪ Consider the Hope Account as the first priority and strive to keep the required monthly savings</li> <li>▪ Have objective view toward own reality</li> <li>▪ Realize the importance of a large sum of money</li> <li>▪ Bear liabilities in mind, try not to have debt</li> <li>▪ No change in perception compared to pre-participation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establish goal, and plan and prepare for future</li> <li>▪ Have concept of saving and build strong willingness to save</li> <li>▪ Hope Account has become a support and cornerstone</li> <li>▪ Recommend other people to participate in Hope Account</li> <li>▪ Will participate in volunteer work</li> <li>▪ Feel that matching fund is not enough to meet the goal</li> </ul>
2011		

**Changes in Behaviors**

In terms of savings and consumption patterns, participants report that they have reduced spending and economized and begun to set up long-term financial goals and make plans for spending. Some participants report they have started to participate in cultural activities, make donations, or volunteer. In addition, some participants report they have begun to educate their children about financial planning.

In comparison to their responses in the 2010 interviews, participants in the 2011 interviews indicate that they use more detailed behaviors and strategies when saving and spending money. In addition, some participants have tried to find better employment and stable living arrangements. Still, saving remains difficult for some participants, and some struggle to pay off debts.

### ***Planning***

Participants are beginning to work on their own long-term financial plans, such as planning to open a savings account following their graduation from the Hope Account. Others make their own saving strategies, such as “fewer social meetings with friends,” or “less eating out,” to reduce unnecessary spending. Regular saving to the Hope account also motivates participants to save and become used to placing money into a bank account.

*(After the program completion) I plan to open a savings account and place (cumulative money from the Hope Account) for one year (to decide what to do).*

*I meet friends less and try to eat at home rather than eating out.*

*I think it (the program participation) is a message to me to do my best.*

### ***Asset building***

Some participants report that they saved for the first time through the Hope Accounts and have developed a better saving habit. In addition, some report that they tried and found additional or better job opportunities so that they could make deposits every month and increase their earnings.

*At first, I worried a lot whether I would be able to save every month, but after one year, being much motivated to have to save... now I've made it... It was not that difficult to put aside each month.*

### ***Expanding interests***

Through the Hope Accounts program, participants have started to participate in activities such as making donations, volunteering, and becoming involved in cultural activities. More importantly, more participants have begun to educate their children about financial planning and savings.

*(Donation) 10,000 won per month may be such a small amount for a cup of coffee to some people... but (I thought) it could mean a lot for some children (in need)... (I donated).*

*I used to throw my old clothes away... I mean, I used to put them into a recycling can. But now, I wash them clean and donate frequently (for those who can need).*



**Table 25. Qualitative findings from the second cohort participants: Behavior**

	Changes	Common
2010	<ul style="list-style-type: none"> <li>▪ Save to have a large sum of money for the first time</li> <li>▪ Find (profitable) side work</li> <li>▪ Economize regardless</li> <li>▪ No change in consumption habits</li> <li>▪ Have difficulties in planned spending</li> </ul>	<ul style="list-style-type: none"> <li>▪ Established long-term plan and spend accordingly</li> <li>▪ Reduce expenditure and make habits for a frugal life</li> <li>▪ Try to keep working</li> <li>▪ Participate in cultural activities</li> <li>▪ Participate in volunteer work and donation</li> <li>▪ Develop a better saving habit</li> </ul>
2011	<ul style="list-style-type: none"> <li>▪ Find job and able to get better job</li> <li>▪ Increase in income</li> <li>▪ Attain stable dwelling and improved life</li> <li>▪ Educate children about spending</li> <li>▪ Make change in goals</li> <li>▪ With increase in spending, clearing debts becomes difficult and burdensome</li> </ul>	

### Changes in Psychological Well-being

The second cohort participants report experiencing positive feelings, such as feeling thankful, pleasant, energetic, and happy, as they participate in the Hope Accounts. Also, participants express a sense of accomplishment, confidence, self-respect, and self-esteem because they are moving forward to achieve their savings goals. They also report hopeful and positive expectations about their future. Concerns and worries, however, are also reported. Some participants express shame that they participate in the program (in the same group with the working poor) and report distress regarding their current situation, a sense of being a loser, and anxiety about the future. Also, they express that they are not free from financial pressure to save every month. These positive and negative findings are largely consistent with 2010 findings. One difference, however, is that, in 2011, many participants report that, in addition to feeling lucky, they perceive themselves as gaining more responsibility and receiving help and benefit from the program. Major findings from the 2011 interviews are presented below with participant’s comments.

#### *Feel lucky*

Overall, the participants describe their selection for the Hope Accounts program as “lucky” or as if they “won the Lotto.” They regard the program as an “opportunity,” and report that they did not expect that they would be “fortunate to have this kind of blessing.”

*I felt like life did not abandon me.*

*This is just as good as the lottery to us. It really is like winning a Lotto.*

***Positive feelings***

Study participants report feeling “thankful,” “delighted,” “energetic,” or “happy” about their Hope Accounts program participation. In addition, they have gained a feeling of being “cared about” by someone and felt “self-fulfilled with pride” about the fact that they are able to save.

*Who would give such help to me?*

*For me, it is such precious money and it (program participation and savings) is my great pleasure.*

*Thanks to Hope Accounts, I feel like that everything would be better as time goes by and it makes me inspired with some kind of (happy) imagination.*

*Whenever I make deposits of 200,000 won (into the Hope Account) and save to 3 bank accounts... putting money for housing, this and that... I cannot stop smiling. (Interviewer: Are you feeling proud?) I am proud.*

***Better life***

With the Hope Accounts, participants feel “secure” in life and psychologically “comfortable.” Also, they experienced less stress and reported a sense of “psychological well-being.” Regardless of their economic situation, they are able to take a look at “various life options (opportunities)” and note increased “feelings of accomplishment,” “confidence,” and “self-esteem” because of the fact that they can save.

*I feel secure in my life.*

*It is just like energy drink to me. (I mean) the Hope Plus Accounts.*

*Regardless of my economic and monetary issues, (I feel like) I have various chances and options in my life.*

*As time goes by, I feel like I am achieving (something).*

***Expectations for the future***

The Hope Account provides participants an opportunity to accumulate a large sum of money and form expectations about the future. Participants say that the Hope Accounts program is like a “dream” for them and a significant stepping-stone to accumulated savings. It makes them feel they are “moving one step forward” and “hopeful” about their future.

*Hope Accounts are, as the name describes, a dream (for us).*

*Although it is hard, because I have hope, because I have tomorrow, I am less tired.*

***Negative feelings***

Whereas many show positive feelings and changes in psychological well-being as a result of their Hope Account participation, some participants also have concerns and anxiety about their lives following program graduation. Besides, some participants feel ashamed about their participation in the Hope Accounts program and experience saving regularly as a burden.

*At the beginning, I worried about where I could find money for monthly savings because I had little money... When I think back now, things go on anyway (I was able to do in any way)... I was not hungry (had no problem although I had to save out of limited resources).*

*There are lots of people who are poorer than me. They are not educated. I am educated... have a college degree, why am I doing this... (feel shame)*

Findings related to psychological well-being are summarized in the following Table 26.

**Table 26. Qualitative findings from the second cohort participants: Psychological well-being**

	Changes	Similarities
2010	<ul style="list-style-type: none"> <li>▪ Find enjoyment in saving</li> <li>▪ Think that something is being accumulated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Feel thankful, delight, vitality, happiness</li> <li>▪ Develop accomplishment, confidence, self-respect, self-esteem</li> </ul>
2011	<ul style="list-style-type: none"> <li>▪ Lucky</li> <li>▪ Increase in responsibility</li> <li>▪ Have space in mind to think about health</li> <li>▪ Thankful for what one gained, and wish to help others based on that</li> </ul>	<ul style="list-style-type: none"> <li>▪ Feel reliable and filled with pride</li> <li>▪ Have hope and positive expectation about the future</li> <li>▪ Feel burden on required monthly savings</li> <li>▪ Have shameful feeling on participating in Hope Accounts</li> <li>▪ Distress regarding current situation and have concerns, sense of loss, heavy-hearted, anxiety</li> </ul>

**Changes in Family and Social Relationships**

The 2011 interviews suggest that family relationship and conversations among family members are highly improved. Similarly, positive changes are observed in active participation in social relationships and confidence in meeting people. Interestingly, however, some participants have reduced going out socially in order to maintain a budget. Important findings are presented with participants’ responses directly quoted.

***Positive family relations***

The Hope Accounts contribute to positive changes in participants’ family relations. Through education and cultural programs offered by the Hope Accounts program, participants have more

opportunities to spend time with their children. Also, participants are more willing to engage in conversation with family members, which is helping them understand each other better and is reducing conflicts.

*Currently, I feel like the conflicts are reduced greatly with my wife.*

*Cultural programs (and other extracurricular programs offered by the Hope Accounts Program), hard to participate in ... I usually have no time to spend with children..... it is not only about (bank) accounts to save money, but it also connects (with my kids, through those extracurricular programs), (I feel we are getting closer) which is nice.*

*I have (more) outings with family (than before). We go together even when we go to a grocery market. (Even) They are (important) cultural activities to me.*

### **Focus on children**

Study respondents are positive about their program participation and feel more hopeful about the future because of their sense of financial security. Participants report that these positive feelings help them to have greater “expectations for their children’s future,” and they have “deeper interests in children’s education.” Thus, they are more likely to talk with their children and “make greater efforts to become a proud parent for their children.”

*I now talk about Hope Plus Accounts often (to my children). (It is) Financial education. Due to these kinds of programs, I learned things that I did not know, so I explain (to them) that there are these programs...*

*(I believe) Parents smoking has impacts on my children indirectly and directly... they might (learn and) smoke later... I have been thinking (about influences on my children) and decided to quit. The Hope Plus Account helped me make the decision.*

### **Reduce social meetings to decrease spending**

The program participants generally are more interested in “expanding” social networks and make efforts to maintain social relationships. At the same time, however, some participants report that they try to “limit social relationships” as a way of reducing spending.

*(When I meet people,) I also need to treat (buy food or things) them as well. So when I feel I need to spend for social meetings, then I would not go...*

*I meet friends less, or I don't meet them.*

**Table 27. Qualitative findings from the second cohort participants: Relationship**

	Changes	Common
2010	<ul style="list-style-type: none"> <li>▪ Through participating in Hope Account, form positive relationship</li> <li>▪ Sympathize with other participants and talk about their hardship</li> <li>▪ Reduce social phobia</li> <li>▪ Do not tell others about their enrollment in the Hope Account</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in family fellowship and conversation increased</li> <li>▪ Children begin to think positively</li> <li>▪ Hope Account is fruitful and assists economically</li> </ul>
2011	<ul style="list-style-type: none"> <li>▪ Save face to family members and try to be of some help to the children</li> <li>▪ People around envy and think positively about participating in Hope Account</li> <li>▪ Try not to meet acquaintances (In order to reduce spending)</li> </ul>	

**Highlights and Implications**

This section highlights and discusses important findings from the 2010 and 2011 qualitative research with second cohort participants. These findings indicate longitudinal changes experienced by the participants.

***From gratitude to caring for others***

In the 2010 interviews, participants reported that they were primarily thankful about the fact that they would receive 20,000,000 won including their own deposits and matching funds, which is a large sum of money for them. Although the total amount may not be enough to meet their savings goal, most participants were thankful (or felt lucky) to receive this benefit and become more financially secure. In the 2011 interviews, the feeling of “thankfulness” has evolved one step further into concern for others who might need help.

*When I was confirmed to participate (in the Hope Account program), I was happy and thankful. (2010)*

*While I’ve been benefitting from the program... although I can’t be of a big help, I’d also like to help those in need... (it seems a way to) share what I’ve received with them. <2011>*

***Family as assets***

In 2010 and 2011, respondents report that the Hope Accounts program has contributed to building positive relationships among family members and significant others. Participants have increased their conversations with family, which facilitates more opportunities to understand, care for, and

trust each other. As they work on particular financial plans for the future, bonds among family members have increased.

*For me, the biggest change is that I became less angry (was able to control my temper) when I am angry about my children. (2010)*

*As we save over time, I feel like we are more bonded to each other (between husband and wife). (2010)*

*Really, I see this is a critical point where my three family members can start firm. <2011>*

*That 200,000 won is not simply just 200,000 won... for my family of three... (it means more than that)... it is a cornerstone for our family to move forward from now on. <2011>*

### ***Seed money for my life***

Participants are generally excited to get the accumulated savings upon program completion. As they participate in the Hope Accounts program, they recognize the importance of the savings and become hopeful about what they could do with the seed money. Accordingly, participants make financial plans and worked hard to realize their goals.

At the beginning of the program in 2010, participants were somewhat worried about monthly savings and economic pressure. In 2011, participants had become more confident as a result of their own experience of being able to save over two years. Particularly in the 2011 research, participants report that they consider the Hope Accounts as representing hope for a new start.

*The biggest effect of the Hope Plus Accounts is that I set up a specific goal in life and work hard step by step, instead of merely wishing "I will earn a lot of money". (2010)*

*Still it is challenging for me to make monthly savings every time, but I put the Hope Account as my priority because I promised (to be committed/work on it) with the (Seoul) city (government). (2010)*

*The amount of 20,000,000 won, that is my hope... <2011>*

*It would be great if I can start something with that seed money... I still have a hope that I can do something else. <2011>*

*Even after I complete the program next year, I will continue to save 200,000 won. I will save really constantly and continuously... <2011>*

### ***Move forward with individual strategies step by step***

In the 2010 research, many participants said that they lowered spending in order to put aside money to save, such as reducing expenditures for eating out, education, cultural activities, or even electricity or gas bills. In 2011, participants have attempted to develop their own strategies and plans for

savings and consumption. Participants report that they do their best to move step by step to save money by being more cautious with their own plan and strategy.

*We try to reduce the electricity or gas bills, and during winter, since we have to use gas if we stay home, we tend not to stay at home. (2010)*

*We try to eat at home rather than eating out. (2010)*

*Reduced tutoring expenditure for my children. (2010)*

*To put aside money to save, I don't go to cultural activities and I try to find a cheaper market for my child's clothing. I am doing my best to live as frugal as possible. (2010)*

*So I am glad I don't waste my money (by economizing her/his unnecessary consumption). <2011>*

*Now, we plan to move next year... Moving brings a lot of additional costs... so now I opened a savings account to prepare for it. <2011>*

### **Findings from the Pilot Program Participants**

Qualitative research was conducted with pilot program participants in 2009, 2010, and 2011. In 2011, ten participants are randomly selected from 20 pilot program participants who were interviewed in the 2009 and 2010 qualitative research. The 2009 research investigated changes in perception and daily life after participating in the Hope Accounts program for about one and half year and explored participants' evaluation of the program. The 2010 research investigated changes in participants after the second year of the program. At the time the 2011 qualitative research was conducted, pilot participants had completed the program. The 2011 qualitative research, therefore, focused on changes in participants following the completion of the program.

Although much of the content remained the same in the three qualitative studies, additional questions were added to the 2011 interview questionnaire to elicit information on receiving the savings through the Hope Accounts program, achieving goals, as well as changes in life following completion and participants' plans for the future. To facilitate comparison among the 2009, 2010, and 2011 interviews, information collected in 2009 and 2010 was reanalyzed based on the 2011 interview framework. Below, we explore longitudinal changes in the pilot participants, and discuss their implications.

One thing that should be kept in mind is that the pilot program differed from the program that started in March 2009, both in program management and in participant characteristics.

### **Changes in Attitude toward Savings and Financial Planning**

Throughout the three-year research period, participants have consistently established specific financial goals and plans and remembered the importance of saving.

When longitudinal changes are explored, participants attained a concept of saving and decided to save in Hope Plus Accounts in 2009. Although there were some occasions that they had concerns since their final goals changed frequently, they were still determined to live life actively. In 2010, they were inspired to work, felt responsibilities to the program, and thought that they should convey positive changes that they acquired to their family members. In 2011 following completion of the program, as participants attended financial education, humanities classes, and the like, they demonstrate passion for learning. They also recognize the importance of the large sum of money they have saved, and are determined to continue to save in the future. However, some feel that the matching fund is not enough to allow them meet their goal, and others report difficulty saving after completing the program.

***Established specific goals and always kept savings in mind***

Through participating in the program for three years, participants were able to plan specifically for the future, tried to achieve their goals, and remembered that they should save.

*I received hope, continued to hope, and realized the hope. And then... Though I don't put money into an account now, I have goals in my own way. It is making that goal.*

*I still do save these days. Definitely, try to deposit 200,000 won.*



**Table 28. Qualitative findings from the pilot program participants: Attitude**

	Changes	Common
2009	<ul style="list-style-type: none"> <li>▪ Attain a concept of saving and thought that they were likely to save</li> <li>▪ Are determined to live life actively</li> <li>▪ Wish to avoid transferring poverty to their children</li> <li>▪ Have concerns as their final goals changed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establish specific financial goals and plans</li> <li>▪ Find pleasure in saving</li> <li>▪ Always keep savings in mind and remember its importance</li> <li>▪ Hope Plus Accounts has become a cornerstone of life and strong support</li> <li>▪ Would like to repay what they received by helping others</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ Have active attitude</li> <li>▪ Try to convey positive changes to other family members</li> <li>▪ Expect that things would get better</li> <li>▪ Feel responsibility for Account program</li> <li>▪ Have burden about preparing monthly savings</li> <li>▪ Have concerns about financial problems</li> <li>▪ Have anxiety and concerns about the future</li> <li>▪ Feel that the sum of money they received upon completion was not enough</li> <li>▪ Feel the necessity of institutional assistance for self-reliance</li> </ul>	
2011	<ul style="list-style-type: none"> <li>▪ Had passion for learning after taking financial education and humanities class</li> <li>▪ Set specific goals for the future after completion</li> <li>▪ Realize that they can save, and now determined to save always</li> <li>▪ Recognize the importance of a large sum of money</li> <li>▪ Feel that the matching fund is not enough to meet the goal</li> <li>▪ Face difficulties saving voluntarily after program completion</li> </ul>	

**Changes in Behaviors**

Last, as far as behavioral changes, participants, irrespective of their duration of participation in the program, established goals, made plans, and endeavored to live frugally and to save. Also they found jobs, looked for better jobs or side work, and strived to live more diligently and actively than before

participating in the program. They recommended the Hope Plus Accounts program to friends or relatives and engaged themselves in voluntary service.

A look at longitudinal changes suggests that participants in 2009 saved with the purpose of having a large sum of money for the first time and made efforts to foster a saving habit. In 2010, participants' areas of interest expanded, as they gave more attention to their children's education and health management. They also increased personal savings and paid off debts. In 2011, participants report that they have attained stable dwellings or put effort into arranging better housing. On the other hand, some participants have failed to save because of increases in costs, such as educational fees for their children.

***Attained stable dwellings***

Based on the knowledge that they obtained through financial education, participants have moved from monthly-rental housing to a lump-sum deposit lease, or at least to a place where they could reduce their monthly rental fee with a long-term lease.

*Before participating, I lived here as monthly-rental housing... So right after the completion, I altered it to a long-term lease. <2011>*

*I used to live in a rental house on a private lease, now I live in a national housing rental house... which is arranged by SH Corporation. I was able to move to this place through the information I got from the Hope Plus Accounts education program. <2011>*

**Table 29. Qualitative findings from the pilot program participants: Behavior**

	Changes	Common
2009	<ul style="list-style-type: none"> <li>▪ Save to have a large sum of money for the first time</li> <li>▪ Search for experiences and knowledge that help to achieve goals</li> </ul>	<ul style="list-style-type: none"> <li>▪ Live frugal life by cutting personal spending</li> <li>▪ Set financial goals and consume in planned way</li> <li>▪ Make habits for frugal and saving life</li> <li>▪ Found jobs and look for a better job or sideline work</li> <li>▪ Recommend the Hope Plus Accounts program to friends or relatives</li> <li>▪ Participate in cultural activities and volunteering</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ Increase personal savings and pay off debt</li> <li>▪ Give attention to children education</li> <li>▪ Expand area of interest (health management, financial consultant, insurance, etc.)</li> </ul>	
2011	<ul style="list-style-type: none"> <li>▪ Try to attain stable dwelling</li> <li>▪ Failed to save with the increase in spending such as child education fee</li> </ul>	

## Changes in Psychological Well-being

In terms of psychological changes, participants have built willingness to live more ardently as they attained hope and expectation for the future through the Hope Accounts regardless of their duration of participation. Also there have positive changes such as feeling greater comfort, vitality, cheerfulness, and experiencing more relaxation. In particular, participants are thankful for what they received from the program.

Differences among 2009, 2010, and 2011 findings are identified through analysis of longitudinal psychological changes. In 2009, when the interviews were conducted, participants had negative feelings toward their current situation (felt that the effort was in vain, felt that receiving help hurt pride, etc.) However, in 2010, they accepted their situation calmly, although their circumstances did not change dramatically. In 2011, they have fewer negative emotions (such as concern, anxiety, and burden), as well as less stress, showing that they have experienced positive psychological changes as a result of participating in the program. Some participants who reported in 2009 that they experienced the account as inconvenient or a burden, and felt fear, anxiety, and concern about completion reported in 2011 that their negative emotions have decreased greatly. In particular, they feel a sense of achievement after accomplishing their goals. Despite these positive changes, anxiety about not being able to save voluntarily after the completion of the program remains for some participants in 2011.

### *Decrease in negative emotions and stress*

Compared to their 2009 and 2010 responses, pilot participants in 2011 report decreased negative emotions such as stress, concerns, and worries, especially as they reached their financial goals at completion.

*I was able to obtain some space in my mind. Well, since now I have a long-term lease on my house I live in, I have finally got rid of burden about monthly rent. There was always 145,000 won of monthly payment for rent, but I there is no such fee... For nowadays, those are more stabilized.*

*(I became a self-employed taxi driver after the completion)... so now it is getting better. In home, as well, it is comfortable, compared to previously... I mean, things like how I think, may have changed... I am less tired, first of all, and less bothered.*

**Table 30. Qualitative findings from the pilot program participants: Psychological well-being**

	Changes	Common
2009	<ul style="list-style-type: none"> <li>▪ Although there is no distinct change in the situation, became relaxed with the fact that they were selected for the Hope Accounts</li> <li>▪ Have negative feelings toward current situation (receiving help hurts pride, feel that the effort is in vain, regret their life so far etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Had positive changes such as comfort, delight, vitality, cheerfulness, and relaxation</li> <li>▪ Had sense of achievement, self-confidence, and self-esteem</li> <li>▪ Had will to live to the fullest</li> <li>▪ Had hope and expectation for the future</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ Accept calmly, although the current situation did not have dramatic changes</li> <li>▪ Increased in satisfaction about their current life and accept life situation</li> <li>▪ Feel anxiety, have concerns with the upcoming completion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Feel thankful</li> <li>▪ Feel lucky</li> </ul>
2011	<ul style="list-style-type: none"> <li>▪ Lessened negative emotions such as concern, anxiety, and burden, and have less stress</li> <li>▪ Through participating in the Hope Accounts program, feel more secure</li> <li>▪ Feel rewarded, sense of achievement after accomplishing goals</li> <li>▪ (After completion) feel anxiety about not being able to save</li> </ul>	

### Changes in Family and Social Relationships

In general, positive changes have arisen among family members in terms of relational changes such as understanding and consideration, and having more conversation, regardless of duration of participation in the program. Also, participants reported that they have built confidence in personal relations and recovered relationships with friends.

Regarding longitudinal changes in family interaction, participants in 2009 felt sorry for their children and tried not to transfer their poverty to the children. In 2010, participants made an effort to become a role model to their spouse and children. They also became active in teaching their children based on what they learned in financial education class. Furthermore, there was more positive progress in overall family relationships corresponding to changes in the family's financial habits. Regarding personal interactions, participants in 2009 had limited interactions with others due to the hardships they experienced, or had strong tendency to isolate themselves from the outside world. In 2010, however, they formed supportive relations with relatives and friends, and participated in

meetings or other family events that they had been cut off from for a while. In 2011, they have become able to talk about themselves to others, and able to ask for help.

On the other hand, some participants did not tell others about their enrollment in the Hope Plus Accounts in 2009, or narrowed social meetings to reduce spending. However, this trend is not obvious in 2011.

***Positive changes in spouses and children***

The Hope Plus Accounts program has not only fostered changes in program participants but also in their family members. As the participants have experienced positive psychological changes, the family has become more relaxed and comfortable.

*Ever since we collapsed, my husband had very miserable days, always fighting and living as if there is nothing to lose... now, we have more conversations, try to live, and feel thankful.*

*My daughter as well, through this, she had more positive thoughts... She has become much more cheerful in her personality and does more activities ...*

**Table 31. Qualitative findings from the pilot program participants: Relationship**

	Changes	Common
2009	<ul style="list-style-type: none"> <li>▪ Children accept the difficult situation positively as well</li> <li>▪ Feel sorry for children</li> <li>▪ Isolate self from the outside world</li> <li>▪ Do not tell others about their enrollment in the Hope Plus Accounts</li> <li>▪ Due to their hardships of life, have exclusive/ closed/ unsociable relations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Positive factors arose among family members such as understanding, consideration, trust, compliment, and etc.</li> <li>▪ Had more conversation with family members and increased in the level of closeness</li> <li>▪ Recover confidence in personal relations</li> <li>▪ Recover and have good interpersonal skills</li> <li>▪ Family, friends, relatives perceived participating in the Hope Accounts program as good</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ Put effort to be a role model to children</li> <li>▪ Gave financial education to their children</li> <li>▪ See it as a support to the family</li> <li>▪ Participated in the meetings or other family events which have been cut off for a while</li> <li>▪ Form supportive relations with relatives and friends</li> <li>▪ (To reduce spending) narrowed social meetings</li> </ul>	
2011	<ul style="list-style-type: none"> <li>▪ Children became more cheerful and had positive mind</li> <li>▪ Changed the family's saving habits and started to be frugal</li> <li>▪ Gained the will to live and live enthusiastically</li> <li>▪ Became able to talk about themselves to others</li> </ul>	

### Highlights and Implications

In this section, several characteristics that stand out among the longitudinal changes are explored and discussed.

#### *From anxiety to the feeling of reward and accomplishment*

In the first year of the program (2009), participants had hope and expectation for a better future. They regarded themselves as very lucky to have been selected for the program, with some participants comparing their selection to winning the lottery. Furthermore, the Hope Accounts served as the driving force to go forward tirelessly and confidently.

*Ah, in those days gone by, if I were to be selected from all these people, as one of the 100 participants in Seoul, this is truly the same as winning the Lotto. [2009]*

*This gives me confidence and I can see hope that I can do something. [2009]*

In the second year of the program (2010), participants were still hopeful about their future, but there were also negative emotions as they approached completion, such as vague feelings of insecurity about the days following completion, concerns about being separated from everything, and uncertainty about whether they could achieve their goals or not, along with the sense that they would like to continue and not graduate from the program.

*Now that the time for the completion actually approaches, I have a burden and anxiety about which path I should take... (2010)*

*I thought I could start a business with this 20,000,000 won, but I figured out that the reality is different. To be self-reliant, this is too little capital. (2010)*

After their graduation from the program in 2011, participants have experienced another positive change. Although they still feel that the money is not enough to achieve their goals, they realize that the 20,000,000 won is precious to them. After completion, participants feel a sense of satisfaction as well as reward for having accomplished their initial goals such as arranging more stable housing, establishing a business, and so forth.

*And for others, that 20,000,000 won can be a small bit of money, but it was a sizable sum of money for me. <2011>*

*I am very happy, feel rewarded and secure, like that. <2011>*

*So when I reached the goal that I had in the beginning, the sense of accomplishment was beyond description and added to the enthusiasm of life. I achieved what I said initially. I had that purpose from the beginning, and I accomplished it later. This is so valuable to me. <2011>*

### ***“My changes in financial habits led to my family’s changes”***

Participants in 2009 felt sorry for and had pity on their children. Children stayed home all day alone, as participants went out for work and returned home late at night. Giving the children private education was hardly thinkable due to prohibitive fees. Participants had to explain to their children about their financial circumstances, since it was difficult to overcome their economic hardship without the help of family members. They were thankful to their understanding children, but at the same time, felt sorry for them. Participants wished to avoid transferring their poverty to their children.

*The father died when my child was nine years old, so I went out for work and came back late at night, and my child had to stay home alone all day... [2009]*

*Since I work till late in the evening, once I leave home in the morning, my kid changed briquettes before school... This kid accepted the reality very positively... [2009]*

*I really don't want to hand over to my children such poverty, never. It's like, if it is a tough thing for me, it will be the same for my children... That's the way for any parent. [2009]*

As a year went on, participants began to plan their consumption, reduced spending, and made savings a habit. They conveyed what they learned from their financial education to their spouses and children.

*Now I began to make plans before spending (2010)*

*Every month, habitually, I had money ready (to save) beforehand when the date comes (2010)*

*Regarding savings, I teach my children. And since it helps me to live better, I will live well in return, and repay for sure. I should not be greedy. (2010)*

It is observed in 2011 that participants' efforts have gradually affected their family members and changed them as well. Children have begun to respect their mothers who were striving to live and taking financial classes despite their difficult lives. And children have become more mature. In addition, as participants have delivered the knowledge they learned from the education programs and practiced frugality, their family members have understood and followed, resulting in changes in their financial lifestyle.

*My children say that their mom alone is working... has other part-time jobs... works so hard ... thus... deserves respect... Coming back from the part-time job, I told them I will go to class in the middle of all these things; they say they are respectful... And as I live cheerfully like this, my children do not seem to get into trouble and they mature earlier. <2011>*

*At first, my children didn't understand what it meant. But then, as I kept showing them how to live frugally, they came to understand, like, ah, we don't have money at hand since we saved it. <2011>*

*As I began the Hope Account, I told my sons that their mother is saving monthly like this and like this... they as well... I think that is the biggest change. For my children... And also, you know I go to education classes... I tell them all these things [I learn]. <2011>*

### ***From future-orientation to specific plans for the future***

In the first year, participants established plans for the future after the completion of three years of saving, as well as specific plans for the money that they would receive. They started saving to carry out their plans, endeavored to find jobs related to the goal, and earned money as well as built up their experience. Compared to the past when they lived from hand to mouth and were not even able to think about their future, they made considerable changes.



*I have been moving from one monthly-rented housing to another, but as time passes, I got a dream that perhaps I can also think about living in long-term lease housing. [2009]*

*So the reason I have my part-time job in the chicken store... I went there on purpose to have experience. Before I started, I told them I wanted to do this business as well. [2009]*

In 2010, as they mapped out their specific future, participants made efforts to achieve their goals more actively. They collected information to accomplish the purpose, planned their consumption, saved regularly, and managed their assets.

*I searched for online classes, news related to my business, career fairs for starting a business. From those, I tried to set specific plans. (2010)*

*I have gathered pamphlets, and I am receiving education regarding after-school classes. (2010)*

*I became enabled to save, to do financial planning, and to do account management. (2010)*

Along with accomplishing their goals after graduation, participants have continued to set plans for the future, kept saving, and cut down expenses voluntarily. They are able to foster these positive habits through participating in the program for three years.

*(My next goal) Now it is moving. <2011>*

*Accumulating little by little, considering the money as if I don't have it, I am still doing it. <2011>*

*(Before, I felt sorry that I couldn't give them something better to eat.) Now I don't feel sorry about that at all, rather, I go to some place where things are cheaper and buy economically... Sweet potatoes in the fall, and in-season food for spring, so that's why I don't feel sorry for them. <2011>*

### **Three years of efforts bear fruit**

Participants could not think about saving before the Hope Accounts program. They were busy living from hand to mouth, and there were always more expenditures. But since beginning the Hope Accounts program in 2009, they were able to set goals and plans for the first time, and kept saving to accumulate a large sum of money.

*Through the Hope Plus Accounts program, I could save, though it is a small amount of money, and that was very uplifting to me... I could not (save before at all). [2009]*

*Without the Hope Plus Accounts program, not to mention the 20,000,000 won of money that I received, I would not have thought about saving monthly in an account in these difficult circumstances. Rather than doing something by splitting money like that, I was just busy trying to meet basic needs. [2009]*

In the second year (2010), participants endeavored to consume in a planned manner and gradually found pleasure in saving. They increased their individual savings for the larger sum of money and worked off debts.

*(The Hope Plus Accounts required monthly savings) Not only that, I have begun to save even more. I stopped buying things on impulse, made only planned purchases, worked more enthusiastically. And then, these were possible. (2010)*

*Little by little, gradually, I have been paying off the debt and it has been reduced. I now have almost paid it back. (2010)*

Finally, after completing the program in 2011, participants have received the lump sum of money they had saved. Although the amount is not enough to achieve all of their savings goals, they have used the funds for long-term leases, starting businesses, and children's educational expenses. The total amount of savings means more than that. Three years of living frugally and patiently has allowed them a sense of accomplishment in, as well as hope, confidence, and strong motivation for better life.

*I have accomplished what I set as my goals when I started this Hope Plus Accounts program. <2011>*

*Thus, we have to consider this 20,000,000 won, not just as an amount of money; rather, we should consider it as hope. <2011>*

*Even though it is the money I accumulated with my efforts, this has given me such opportunities that I never even imagined and has allowed me to have 20,000,000 won... So, I think I can overcome more difficult circumstances. It is possible, if I try; I only need to do it. <2011>*

*It is, of course, great. And also, isn't it for three years? There is a sense of accomplishment from the fact that I have been living like this for three years. <2011>*

### **Findings from Interview with Case Managers**

A Focus Group Interview (FGI) was conducted with 19 case managers who worked with the Hope Accounts program participants. At the time of the interview, these practitioners had one to two years of work experience with case management in the Hope Accounts program. They had become knowledgeable about program management and had worked closely with participants. The FGI was conducted primarily to explore their experiences with the program participants, particularly noticeable changes they observed after the program start, in addition to challenges and areas of program improvements.

#### **Changes in Participants**

According to the case managers, participants become more satisfied and gained a sense of achievement in the process of setting their own savings goal, increasing savings amounts, and

making a financial plan for how to spend their money. Although high caseloads for each case manager made it hard to follow every change experienced by participants, notable changes were clearly observed in participants who communicated frequently with case managers. Important findings are presented below, with a summary in Table X.

### ***Increase in work motivation***

Participants often asked their case management workers advice and assistance to find a new job when they became unemployed. Participants appeared to put more effort into searching for a better job compared to the past, largely so that they would not have to drop out of the program and could meet their savings goal. Participation in the program motivated them to work. At the beginning, some confessed that they might borrow money to make deposits into the Hope Account, but recently, participants have been less likely to have such an idea and instead show a strong willingness to find a job and save from their own earned income.

### ***Share information and experiences through self-help groups***

Up until last year, neither case managers nor participants were optimistic about self-help groups. However, as case managers and participants began to form closer relationships, many participants have voluntarily organized self-help groups focused on shared interests: living in the same neighborhood, for example, or having children of a similar age. With other members of their self-help groups, participants shared practical information and experiences on common topics such as infant care, child education, or parent education, and made friendships. The self-help group activities varied by regions in range and scope, but have been great channels for participants to expand their social networks.

### ***Inter-organizational resource-sharing***

Case workers and their organizations have made efforts to connect program participants with various resources and social services in the community. While saving in the Hope Account program was highly encouraged, case managers also identified needs, both general or/and participant-specific, and linked participants to relevant social services outside their organization. For example, when participants were in need of health care or natural disaster services, case workers tried to find the necessary resources for them. Likewise, case workers at community-based organizations provided relevant resources when participants needed job-related information or child education resources, which were common to Hope Account program participants.

**Table 32. Hope Accounts participants observed by case managers**

Sections	Contents	Details
Increase in work motivation	Actively ask for help	Tend to maintain their unemployed status and relied on unemployment benefits when they lost jobs in the past, but recent participants actively try to consult with case managers in order to find jobs
	Try to maintain work	Establish plans and try to maintain their work in order to accomplish their goals or at least to set aside required monthly savings
	Make efforts to make savings from their own earnings	When laid off, they try to save with borrowed money in the past, but the pattern decreases; Try to earn and save from working
Voluntary self-help group	Organize voluntary self-help group	Organize voluntary self-help groups based on the same residential areas or the same ages of children; Supported by the agency and case managers
	Share information on the common topic	Share information on infant care, parent/child education, etc.
Inter-organizational resource-sharing	Receive assistance to be self-reliance through service referrals	Provide relevant support services and social work services

**What can be improved in the Hope Accounts program**

Overall, case managers made positive assessments of the Hope Accounts program. They have become more knowledgeable and confident about program implementation over time, and have built trust with program participants while working together. Case managers also suggested improvements to the program in three main areas (Table 33).

***Financial education with more practical information***

Many participants reported that the required financial education is too much and often not very helpful. Even after three years of the program management, there are still common complaints and a low level of satisfaction by participants. Case managers pointed out that financial education should not be forced but should be organized to provide more practical information and should use a better curriculum. Also, case managers suggested communicating with the Seoul Welfare Foundation to reach a compromise on a more reasonable policy regarding the financial education requirement.

***Intensive financial counseling and education for each savings goal***

Case managers reported that current financial education was far from enough for participants to accomplish their target savings goals. They found it very important for participants to have advanced financial education and counseling before program graduation so that they could independently collect useful information and make sound financial decisions. Case managers also

suggested that the program should have an exit interview that would ensure all participants are ready to accomplish their savings goal.

***Follow-up Case management after graduation***

Case managers agreed that continuous and systematic follow-up programs are necessary for a certain period of time after program completion. Otherwise, participants may be likely to spend most of their income on essential living expenses and would let their saving habit lapse. In addition, they need support from a wide range of social services for needs such as employment, housing, and microenterprise business as well as cultural, educational and counseling programs. Therefore, they recommended continuous follow-up programs.

**Table 33. What can be improvements in the Hope Accounts: From case managers’ perspective**

Section	Contents	Details
Financial education	Practical education	<ul style="list-style-type: none"> <li>▪ Provide information angled towards participants</li> <li>▪ Invite lecturer who understands the circumstances of the participants</li> </ul>
	Prepare guideline for additional education	<ul style="list-style-type: none"> <li>▪ Prepare guidelines for additional education consistent with the foundation and agency (the number of education sessions, schedules, etc.) and its observance</li> <li>▪ Amicable conversations between the foundation and agency are required for carrying out additional education</li> </ul>
Intensive education based on the savings goal before completion	Education from professionals	<ul style="list-style-type: none"> <li>▪ Advice from the professionals is necessary to establish goals and plans one year before the completion</li> </ul>
	Conduct exit interview	<ul style="list-style-type: none"> <li>▪ Conduct exit interview or consulting based on the lump sum money that participants will receive, assets, and other information</li> <li>▪ Exit interview can be conducted alone or in the group</li> </ul>
Case management after completion	Systematize the self-help group	<ul style="list-style-type: none"> <li>▪ For participants to be self-reliant, services related to starting a business, housing, and employment are needed</li> <li>▪ Specialize the self-help group with the purpose of the Hope Plus Accounts program, and operate with the help of professionals</li> </ul>
	Make cultural and educational referrals, and offer counseling program	<ul style="list-style-type: none"> <li>▪ Allow participants to be involved in cultural activities and educational programs continuously after completion</li> <li>▪ Make connections to counseling and medical support programs</li> </ul>
	Provide program information on possible referrals Supplement staff for the follow-up service programs	<ul style="list-style-type: none"> <li>▪ Foundation should create and distribute the list of services (counseling or resources) that case manager can provide to participants</li> <li>▪ Additional workers are required who can take charge in follow-up service programs</li> </ul>

## Summary

The qualitative research studied the longitudinal changes of two groups of participants: ten pilot program participants and ten second cohort participants. The 2011 qualitative research also explores case managers' assessment of program participants and the Hope Accounts program. The findings indicate that both groups of participants experienced similar patterns of change over time.

Participants demonstrated a strong will to meet their saving commitment in the Hope Accounts after the first year of participation. Also, participants built their own meaning of savings as well as a firm will to save. In the second year of participation, they became aware that they needed to develop a more detailed financial plan for the future based on their assets status and realized a better understanding of how a large sum of money could be used. The whole process helped the program participants actively design and prepare for their life plan with enthusiasm. As they approached program completion, participants were strongly motivated to work to stay in the program and keep their savings, but on the other hand, they thought that the amount of their savings might not be enough to achieve their savings goal. Following completion, concerns and anxiety still remain, but participants generally seem well aware that holding continuous savings and specific future goals are essential. Thus, both participants and case managers emphasize that follow-up programs are needed.

Participants became not only more attentive to the importance of savings and making a financial plan but also made more effort to practice saving. For most of them, it was the first time they had saved a large amount of money. Participants reported that they tried to reduce spending to secure their monthly savings, for example, by eating out less and limiting social events, but found that it was not easy to change their savings behavior and consumption patterns. During the second year of participation, many participants actively searched for and found better jobs to increase their earnings and have income from which to save every month. Also, some participants started to engage in conversations about financial planning and saving with their children more often. As the end of the program approached, many participants opened another savings account (in addition to the Hope Account) and paid off their debts. Also, many participants have tried to find a more stable housing arrangement within their budget. However, some participants are experiencing difficulty continuing to save regularly after program completion.

As addressed above, participants had hope and expectations toward the future as well as pleasure in savings around one year after they began to participate in the program. After two years of participation, they were more likely to feel thankful and lucky for what they had received. Further, they were willing to help others who are in a more difficult situation. At the same time, some participants were ashamed of participating in the Hope Accounts program, because they experienced their low-income status as a personal failure. As program completion approached, a large number of participants grew concerned about what to do after completing the program. According to interviews with pilot program participants who completed the program, many participants felt rewarded and accomplished as they achieved their savings goals, successfully graduated from the program, and received a large amount of money accumulated for three years. Therefore, the final program outcomes of savings and success appear to contribute to ease the overwhelming worries participants had in the middle of the program.

The interviews indicate that program participants experienced some positive changes in behaviors and attitudes toward saving and financial planning. In addition, participants had encouraging experiences and changes in family and social relationships through the Hope Accounts program. Overall, participants had chances to share concerns and information with other participants in self-help groups (formed by/within the Hope Accounts network). These kinds of opportunities encouraged participants to re-assess themselves, their financial status, and their family relationships, which led to more conversations with their spouse and children. After two years of participation, participants were more active and proud parents of their children. Moreover, understanding, consideration, and intimacy increased among family members. Finally, participants grew more confident in communicating with family and significant others, and also grew less hesitant to seek the help they need.

## DISCUSSION and CONCLUSION

Asset-building programs and policies are designed to complement traditional income support and anti-poverty strategies and have been implemented worldwide in the form of matched savings accounts (Sherraden & Stevens, 2010), such as Individual Development Accounts (IDAs) and Child Development Accounts (CDAs). As one of the leading demonstrations of IDAs, the Hope Plus Savings Accounts was launched by the Seoul Metropolitan Government to test whether IDAs are a promising strategy to increase asset development and long-term financial security of working poor families in the specific context of Korea.

The Hope Plus Accounts program is designed to have essential institutional characteristics of IDAs commonly shared with those implemented in the US or other countries. The Hope Accounts program primarily targets working poor families with low income; requires account openers to choose a primary savings goal, such as housing-related expenses, education, or micro-enterprise startup; matches deposits made by program participants; and provides financial literacy education and an individualized financial counseling program.

In addition to these common program features, the Hope Accounts program also has unique elements. For example, at the very beginning of the program, the Hope Accounts program participants are required to set a fixed monthly savings amount, selecting from four options: about \$50, \$100, \$150, or \$200 in US dollars. They then must save this amount every month for three years. This model of saving is a common type of savings account in Korean bank institutions but different from typical community-based IDA programs implemented in the US, in which participants have discretion to save any amount of money each month. Also, unlike many other IDA programs, savings matches in the Hope Accounts program are the same for every participant regardless of participant's economic status and savings goal. Pilot program participants have a 1:1.5 match rates for their savings, and those who joined the program since 2009 have a 1:1 match rate. Due to the fixed amount of monthly saving and the consistent match rate, participants in the Hope Accounts program receive the same amount of savings match as their accumulated deposits upon program completion. Thus, there is the same limit on the amount of savings that can be matched in the Hope Accounts program, in contrast to programs in the US (e.g. rules for maximum savings matches).

Three years of quantitative and qualitative research provide a valuable opportunity to discuss the emerging needs of low-income households in terms of assets and feasibility of successful asset-building programs in Korea. Asset-building policies for low-income households have received considerable attention from policymakers and scholars who are involved in Korean anti-poverty strategies (Kim & Kim, 2012; Nam & Han, 2010; Noh, 2003; Shin, 2009). However, previous discussion has been limited by a lack of empirical evidence gathered from actual asset-building programs in Korea.

Several research findings stand out as perhaps most important.

*The working-poor can save.* Research results over three years consistently indicate that program participants are strong savers in spite of limited resources and low incomes. The Hope Accounts program participants are disadvantaged because the program targets the working poor: welfare



recipients (below 100% poverty line), and people living around 120%-150% of the poverty line. Most of them have a low education and unstable employment status and also suffer from material hardship and debt-holding. Despite these economic challenges and low human capital, program participants' savings are rather high, particularly given their income poverty status. In addition to their monthly savings in the Hope Account, treatment participants report that they tend to save about \$140 on average per month into other bank account(s) as well. The savings amount in the Hope Account represents, on average, about 65% of their total monthly household savings. The Hope Accounts participants' ability to save, despite many barriers, is similar to Ju and Um's (2008) finding using 2004 Korean Labor and Income Panel Study data. The study by Ju and Um presents that Koreans are strong savers regardless of economic status. Those with a higher income tend to save more, but monthly savings in financial institutions are also about \$16 and \$20 respectively for those who live below 120% poverty line and 150%, which are not trivial at all given their income status. The proportions of savers are 33% and 40% in each group. Although it is not clear whether the program participants reshuffle their money into the Hope Account to receive matching funds, a high level of savings in both the Hope Account and other bank accounts suggests that matched savings accounts for low- and moderate-income households is a promising strategy in Korea, where people already have a strong propensity to save. Additional subsidies and institutional features can promote saving and asset accumulation by working poor populations who face continuous economic challenges but want to achieve a long-term asset goal, such as housing, education, or small business start-up.

*Developing saving strategies.* Other evidence may also support the potential of asset-building policies for low-income households in Korea. In both quantitative and qualitative results, the majority of Hope Account treatment participants reported that they tried to maintain monthly savings in the Hope Accounts by economizing their spending on essential living expenses, such as food, clothing, or housing. In other words, consumption was reduced in order to save. On one hand, these findings could indicate that IDAs interfered with essential consumption. However, the IDA program and saving are voluntary, not required, so saving to the point of hardship may be limited. On the other hand, these results also indicate that even among the poor there is room for saving under the right circumstances. Without structured asset-building policies that include subsidies and institutional support to promote savings, the working poor have difficulty saving and eventually escaping the cycle of intergenerational poverty.

*Continuous needs for institutional opportunity to save.* Findings clearly indicate that treatment participants are very positive about IDA program participation. Treatment participants expect that the Hope Accounts will help their families live better due to the savings and financial knowledge they have accumulated. In-depth interviews find that many participants feel lucky to have the opportunity to save through the Hope Accounts program. Midway through the program, some participants experienced economic pressure from the fixed monthly commitment and worried whether they could complete the program, but many more participants report positive impacts of their increasing efforts toward savings and financial planning. Both quantitative and qualitative studies find that many participants would like to continue to participate in the program.

While the Hope Accounts research demonstrates the potential of asset-building policies for working poor households in Korea, it also raises several important implications for policy development.

*Financial education.* Treatment participants generally agree that the financial education classes and participation in the savings program are key to program success. In addition to the accumulated savings, the entire program is more likely to increase financial knowledge and bring useful lessons for consumption and saving behavior to participants' attention. However, both participants and case managers report that the financial education requirement is rather inflexible—requiring a certain number of classes and not offering any advanced options. The main purpose of financial education is to increase participants' financial knowledge and help them better prepare for future financial planning. Low-income households have difficulties saving money not only because of limited resources but because of lack of information about financial planning. Financial education should be designed to strengthen participants' economic capacity, not as a pro forma requirement of a matched savings program. Future IDA programs may consider several different strategies. For example, each community-based organization may customize financial classes by specific needs of the participants in the neighborhood, or different financial curriculum or individualized counseling can be provided to match individual financial knowledge and needs.

*Savings amounts.* Also, monthly savings amounts need to be more diversified. Over the three years of research, treatment participants consistently indicate that having more diverse options in monthly savings amount is their first recommendation for change to the Hope Accounts program. A fixed monthly amount may facilitate commitment to saving by participants and ease program management by IDA agencies. However, the fixed amounts, which range from about \$50 to \$200, are not small amounts for working poor households. Thus, future IDA programs should consider a different strategy that reflects the economic pressure a participating household might experience; one strategy, for instance, would be to set minimum and maximum amounts of monthly savings that will be matched.

*Savings goal.* Similarly, a large number of participants prefer more diverse choices of savings goal. The Hope Account designates saving for housing, education, or small business start-up, which are also general savings goals in U.S. IDAs. However, as some participants point out, even three years of savings may be not enough to meet the chosen savings target. Future IDA programs should consider more flexible uses of accumulated savings within each category of savings goal. For instance, savings for education can be used for any type of educational purpose, not necessarily for formal post-secondary education, or savings for housing can be used to pay for house repair or remodeling.

*Potential variation by geographic location.* The Hope Accounts program is a demonstration program implemented for residents in the Seoul Metropolitan area, and largely serves urban working poor populations. The IDA program may have different impacts on residents in rural areas or mid-size cities outside Seoul. Future IDA programs should address diverse needs and potential in other areas of Korea with different regional characteristics.

*Connect with various social services.* The Hope Account program is three years in length. Case managers emphasize that participants need follow-up programs because the three year is too short for them to achieve family economic development. Case managers are also concerned that participants may not be well-prepared to use their savings because of limitations in the program's financial education component. In addition, both while being in the program and after graduating from the program, participants need to be connected with various social services. Closer partnerships are required

among central and local governments, community-based social service agencies, and the private sector.

*Understanding of IDAs.* In addition, some findings imply that IDA participants and even program staff may hold interesting, and sometimes inaccurate, views of progressive asset-building programs. For example, some participants felt like they won the lottery when they were selected for the program. While this may be an expression of extreme pleasure at the prospect of receiving financial subsidies from the Hope Accounts program, it may also indicate that participants did not understand that the additional money is provided as a savings match for their deposits. The main argument for progressive asset-building policy is that it provides an institutional mechanism by which to foster savings and asset accumulation to reach life goals. Of course there are many ways to understand something, but going forward, there might be more attention to the concept of progressive asset-building policy as intended for family development, as more than a financial subsidy to support consumption.

The research on the Hope Account program is not free from limitations. The quantitative study includes both treatment and comparison groups, but the comparison group differs in demographic and household characteristics at baseline, and attrition in the comparison group is high. It is unknown whether the sampling and sample attrition are also related to unobserved characteristics of study participants. In addition, when longitudinal data were collected over three years, responses from some of treatment participants came from a different person in the same household. Future research can improve upon these data limitations and more accurately capture program effects..

Related to the first limitation of sampling and sample attrition, it should be noted that the Hope Account participants are recommended by community agencies across Seoul and selected by the Seoul Welfare Foundation. Therefore, participants may differ from the general working poor population. That is, at baseline, those recommended may be more motivated to save, have a better attitude toward saving, have a more optimistic perspective about program participation, or have better financial capability in general.

The study data do not include program characteristics and savings data in detail (e.g., savings goal, monthly account activity, length of participation), although these would be important data points. For example, for each treatment participant, it would be helpful to know the savings goal; savings activity measured as the actual savings amount accumulated in the Hope Account; program participation length; program dropout status; hours and content of financial education; and other supportive programs or services utilized. Future research could detail empirical evidence of program effects more precisely and comprehensively by including detailed program characteristics and savings data.

Another limitation is that quantitative and qualitative research data were not collected from the same study participants over time. That is, the research employed data from pilot program and second cohort program participants, but did not necessarily follow the same respondents over time. Also, different samples were used for each quantitative and qualitative study.

Despite study limitations, evidence shows that the Hope Account program can make substantial contributions in facilitating discussion and policy development for interventions that serve working

poor households. Future IDA programs and research in Korea should pay attention to institutional features of asset-development policy. Limited understanding can mislead social work practitioners and policymakers (and possibly potential program participants) to interpret progressive asset-building policies for low- and moderate-income populations as top-down public policy designed to shape and control individuals' saving behaviors. It is undoubtedly important to increase individuals' savings and foster financial capability, but the primary focus of asset-building policy as proposed by Sherraden (1991; 2001) is to address the lack of institutional (policy) mechanisms to promote savings by disadvantaged households. Korean researchers and policy makers should focus more on how existing institutions create barriers to asset building by marginalized groups and even perpetuate intergenerational poverty. Without institutional intervention, the low-income working poor will continue to struggle with financial difficulties, because of the daily pressure to meet consumption needs while lacking access to financial institutions for long-term investment and development.

Overall, given that Koreans have a strong propensity to save, asset-building policies and programs may be a promising strategy to motivate more low- and moderate-income families to invest for long-term development. Results from the Seoul Hope Plus Accounts demonstration provide an important first step and can be a foundation for expanding asset-development policy and research in Seoul and across the nation.

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Appendix

**Table 34. Household economic condition of treatment participants: By wave**

	Treatment Group (W1)	Treatment Group (W2)	Treatment Group (W3)
<i>Objective Economic Measures</i>			
Total household income in the past 1 year (in KRW) <sup>19</sup>			
Mean	1479.51	1478.65	1724.58
Median	1420.00	1400.00	
Have you lacked money for covering basic living expenses in the previous year (%)			
No	25.79	21.31	21.99
Yes	74.21	78.69	78.01
Any debts?			
No	40.25	38.64	33.25
Yes	59.75	61.36	66.75
<i>Subjective Economic Assessment (%)</i>			
Perceived economic status			
Middle-class or higher	2.10	3.98	4.60
Lower-middle class	16.98	17.80	30.69
Low class	51.78	54.80	47.31
Very-low class	29.14	23.42	17.39
Household's economic condition in the past 1 year?			
Got better	27.04	15.69	26.85
Neither better or worse	44.23	49.18	43.73
Got worse	28.72	35.13	29.41
The level of satisfaction to current economic situation			
Satisfied	7.76	8.43	13.30
So So	36.69	40.28	39.13
Dissatisfied	55.56	51.29	47.57
Expectation for future economic conditions			
Hopeful	68.97	57.38	67.26
So-So	19.50	28.57	19.44
Not Hopeful	11.53	14.05	13.30
N	477	427	391

\* p<0.05; \*\*p<0.01; \*\*\*p<0.001

<sup>19</sup> For W2, one case is excluded from analysis because of missing information.



**Table 35. Financial behavior and attitude of treatment participants: By wave**

	Treatment Group (W1)	Treatment Group (W2)	Treatment Group (W3)
Do you educate your child(ren) about how to save and spend money? <sup>20</sup> (%)			
Yes, I often do	30.75	36.48	25.07
Yes, I sometimes do	45.33	45.41	59.61
No, I rarely do	23.92	18.11	15.32
Financial Planning (%)			
I always plan ahead to spend money	17.19	14.99	11.76
I usually plan ahead to spend money	68.97	71.66	81.33
I rarely plan ahead to spend money	12.58	11.24	6.39
I never plan ahead to spend money	1.26	2.11	0.51
To what extent do you discuss income and spending with your household members? (Mean)	6.14	6.10	6.51
<i>Attitude toward Savings</i>			
Saving is very important (%)			
Disagree	0.42	0.47	0.51
Agree	99.58	99.53	99.49
I should save money into a bank account at any circumstance (%)			
Disagree	5.46	8.20	3.07
Agree	94.54	91.80	96.83
Savings will change my future (%)			
Disagree	2.10	2.58	1.28
Agree	97.90	97.42	98.72
I tend to save for unexpected economic costs (%)			
Disagree	28.72	29.74	24.30
Agree	71.28	70.26	75.70
Savings would not make a difference in my economic condition (%)			
Disagree	75.30	69.09	67.52
Agree	24.10	30.91	32.48
Missing (Don't Know)	0.6	-	-
I do not have money to save (%)			
Disagree	40.84	38.41	38.87
Agree	59.16	61.59	61.13
I am concerned that family members or friends will ask me to lend them money if I have savings (%)			
Disagree	94.33	91.33	93.61
Agree	5.67	8.67	6.39
I am concerned that savings might disqualify me from public benefits (%)			
Disagree	87.34	86.42	84.91
Agree	12.66	13.58	15.09
N	477	427	391

\* p<0.05; \*\*p<0.01; \*\*\*p<0.001

<sup>20</sup> About 20% for W1 and about 13% for W2 of cases were excluded from analysis because they did not have a child.