

By Owen Wagabaza

Every year, Uganda joins the rest of the world to commemorate the World Savings Day. The World Savings Day was established on October 31, 1924, during the first International Savings Bank Congress in Milan, Italy.

Filippo Ravizza, an Italian Professor, declared this day the "International Saving Day" on the last day of the congress.

In the same year, the World Savings Banks Institute (WSBI) was created, with the objective of stressing the importance of savings for modern economies and for individuals alike.

The banks also worked with the support of schools, clergy, as well as cultural, sports, professional and women's associations.

Representatives from 29 countries wanted to highlight the relevance of saving.

The day is usually celebrated on October 31, except in countries where this day is a public holiday, since the idea is for the banks to be open, so that people can transfer their savings into their accounts.

The idea of World Savings Day was not born out of nothing. There had been some days that were committed to the idea of saving money in order to gain a higher standard of life and to secure the economy, like in Spain where the first national thrift day was celebrated in 1921, as well as in the US.

In countries such as Germany,

# Formal saving still

**SAVING IS A VIRTUE AND PRACTICE ESSENTIAL TO THE CIVIL PROGRESS OF EACH INDIVIDUAL, OF EVERY NATION AND OF ALL HUMANITY**

people's confidence in savings had to be restored since many of them had lost their savings in the German monetary reform of 1923.

After the World War II, World Savings Day reached its peak between 1955 and 1970, when it was adopted as a tradition in some countries.

In Austria, for instance, the official



By setting aside part of your earnings, you can attain the financial security for your family

mascot of saving, 'Sparefroh,' which means 'Happy Saver,' reached a higher degree of brand awareness than the country's president. In the 1970s, the 'Sparefroh-Journal,' an educational magazine for younger people, reached a circulation of 400,000 copies.

The day is celebrated in different ways. In many countries, posters, lectures, brochures, leaflets, press articles, chorus singing, educational and propaganda films are broadcast.

In 1928, the WSBI said saving was "a virtue and a practice essential to

the civil progress of each individual, of every nation and of all humanity." Correspondingly, the World Savings Banks Congress declared that schools were the most reliable ally in the field of teaching future customers.

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campaigns and special courses are organised in schools to educate the masses about the virtue of savings and thrift.

According to the WSBI, thrift education is not only about "the usefulness and necessity of spending one's money wisely and of fortifying oneself against the uncertainties and adversities of the future, but also about opposing and fighting everything which may be an obstacle to the practice of thrift and saving, such as gambling.

## Saving in Uganda

Currently, thrift and saving education in developed countries has been a success since everyone owns a bank account.

There is, however, still a lot that needs to be done in developing countries, where the number of savings accounts does not exceed 10%.

In Uganda, according to a FINSCOPE survey, 2013, the percentage of adults who engage in some form of saving has increased from 42% in 2006 to 68% in 2013.

However, the percentage savings in formal channels did not change much between 2009 and 2013, as only 16% of GDP was saved in banks, implying that more needs to be done that has



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## Start early

Damalie Sseremba, a lecturer of economics at Makerere University, says research has over the years shown that the earlier you start, the more money you will have when you eventually decide to stop working.

She says saving at an early age comes with a number of positives.

"There is compound interest where tiny contributions made at an early age will over the years multiply because of the power of compound interest. Therefore, the sooner you start saving and investing, the earlier you can take advantage of compound interest; making it easier to achieve that financial goal. One can save sh20,000 monthly for 20 years and earn up to millions," Sseremba says.

to be done to encourage people to save with formal financial institutions.

Patricia Amito Lutwama, the corporate affairs manager at Uganda Bankers' Association,

says for saving to be made easier, one must have a clear goal for the money.

"Whether you are saving for emergency funds, retirement, down payment for a house, education,

vacations and other luxury items, the goal should be clear," Amito says.

She adds that banks in Uganda have introduced a range of improved deposit and investment products

available to consumers.

"There is the high rate savings account, which is a high interest savings account that allows you to transact and save at the same time; the instant savings account, which gives you instant access to your funds; the fixed deposit account, where you can invest funds for a specific period and earn guaranteed interest," Amito says.

There are also savings accounts that enable you teach youngsters the value of savings early enough and savings accounts for eventuality if death occurs, insurance for children. These different types of products provide an individual with a wide array of benefits, options and advantages."

Banks are also investing in enhancing the capacity of the population to make good financial decisions through financial literacy and education, which is done during outreaches, media campaigns and social media platforms.

Through these initiatives, banks equip clients with the right financial information.

Amito says access to these products and services has also been made easier through the array of electronic channels and applications now available to enable reach and penetration.

"By setting aside part of your earnings, you can attain financial security for your family, secure your financial futures, acquire more assets and invest more. Furthermore, with an individual's financial vulnerability reduced and capacity to make more money enhanced, the wider economy benefits from a productive and investing population," Amito says.



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