

Financial Literacy and Financial Behavior: Experimental Evidence from Rural Rwanda

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ABSTRACT of presentation held on **7 November 2013, room C81, 12.30 – 13.30 hrs., Leeuwenborch, Wageningen**

Data from a natural field experiment in rural Rwanda reveal the impacts of financial literacy training for African smallholders. A one-week training regime increased the financial literacy of participants; this increased financial knowledge induced changes in financial behavior. Specifically, financial literacy increases savings and the probability that smallholders engage in additional income-generating activities. Weaker evidence also indicates that financial literacy enhances the probability that smallholders borrow money and improves repayment performance. In light of emerging evidence that capital scarcity might not prevent improvements to rural livelihoods, this study speculates that microfinance programs should include training modules, to enhance their developmental impact.

