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FOCUS

Asset building.
Do savings incentives contribute to the academic success of low-income children?

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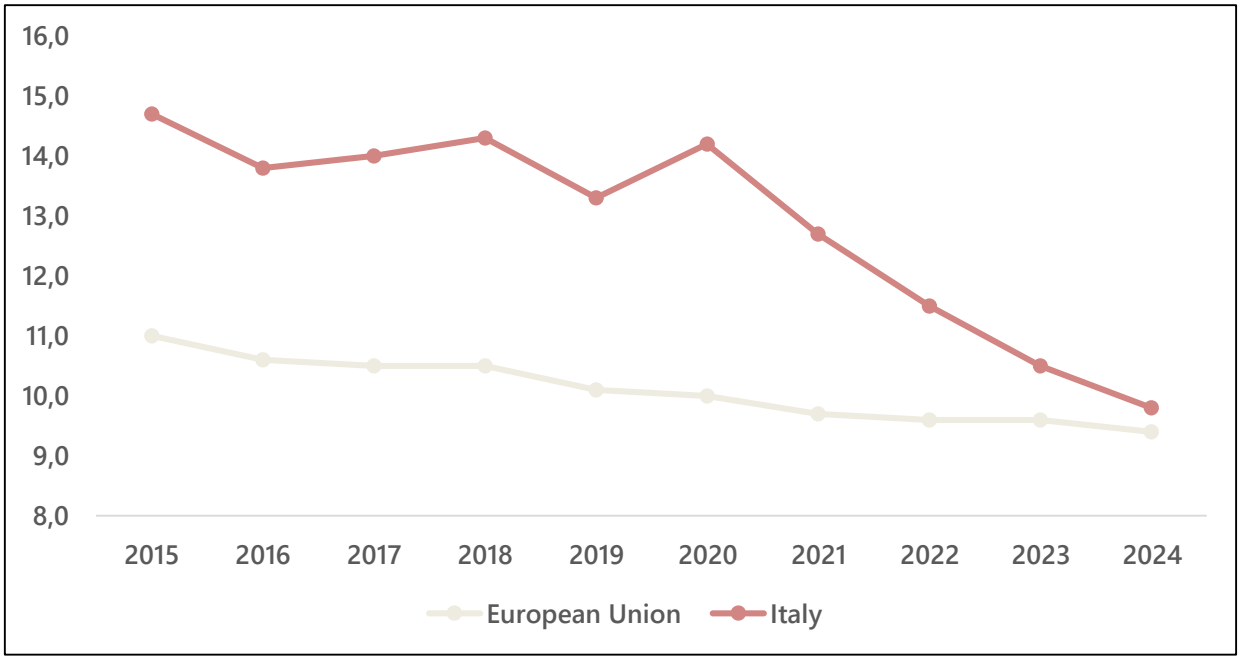
*The **school dropout rate** has historically been one of the critical issues in the Italian education system. Today, **the percentage of early school leavers has decreased** to just above the European average (9.8% compared to 9.4%). However, **social inequalities still have a significant impact**: children of parents with low income and low levels of education, particularly in the South of the country and on the Islands, are 15 times more likely to drop out of school than children whose parents are graduates (23.9% compared to 1.6%).*

*There is also a problem of **"implicit dispersion" (i.e. the failure to achieve basic skills)**: 13.4% of children from disadvantaged socio-economic backgrounds face greater difficulties in achieving adequate levels of learning in the first cycle of secondary education (compared to 6% among others). The same pattern is repeated in the second cycle. Where and how can action be taken? **Incentivised saving is proving particularly effective** in preventing early school leaving and implicit dispersion. The UVI illustrates the **evaluation of an Italian programme, WILL-Educare al futuro**.*

Starting point

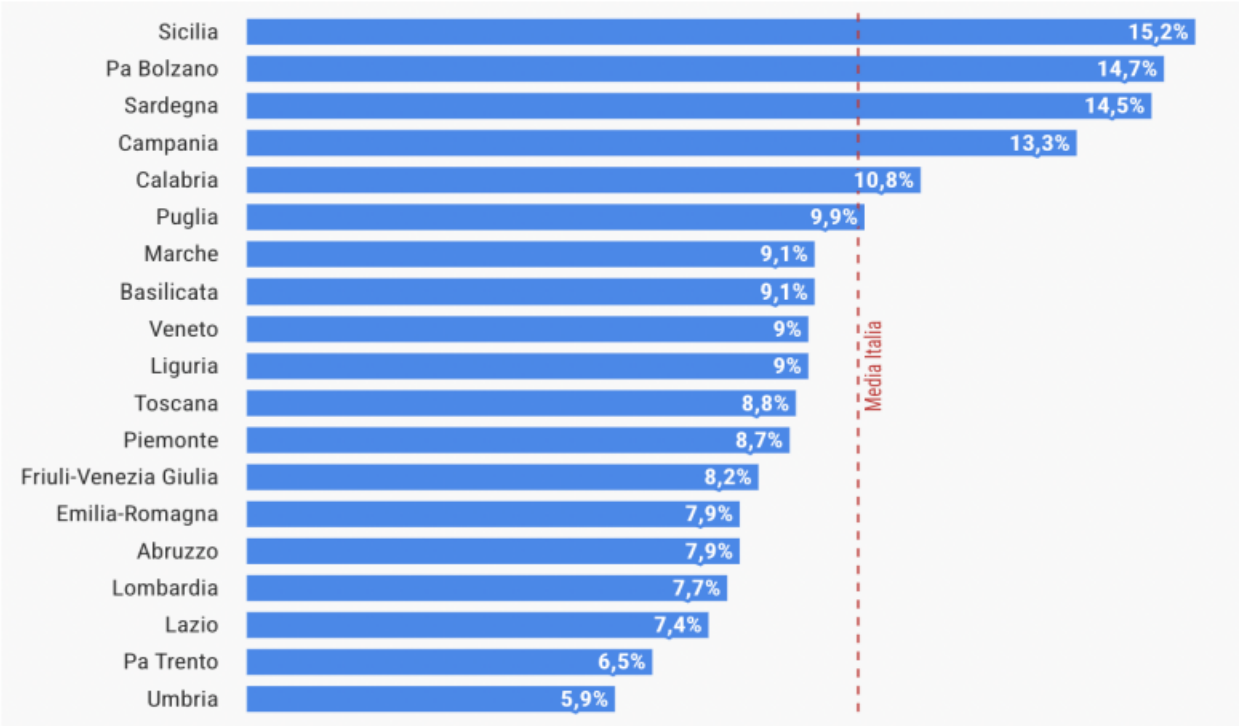
The target set for 2030 by the Council of Europe (Resolution of 26 February 2021) is to reduce the percentage of young people leaving education and training prematurely to below 9%. *WILL-Educare al futuro* (Educating for the future) is an asset building programme trialled in Italy to combat educational poverty.

Figure 1. Early leavers from education and training: 18–24-year-olds leaving school with no upper secondary education (%)



Source: UVI analysis on the EUROSTAT data warehouse.

Figure 2. Regional distribution of young people aged 18 to 24 with only a lower secondary school qualification (2024)



Source: Observatory #Conibambini on EUROSTAT data.

Analysis

Early school leaving in secondary education has been one of the most persistent problems in the Italian education system, with rates historically among the highest in Europe. Italy currently ranks eighth in the EU27 for so-called "**explicit dispersion**".

The data for the last decade show a marked improvement (Figure 1). In 2015, approximately 15% of young Italians aged between 18 and 24 left education early. In 2024, for the first time, Italy fell below 10%, reaching the target (10.2%) set by the PNRR for 2026.

The national rate for 2024 (9.8%) is now close to the EU average (9.4%), but there are still **significant disparities within the country**: in some regions, the average is still far from the new target set by the Council of Europe for 2030, which is to fall below 9%.

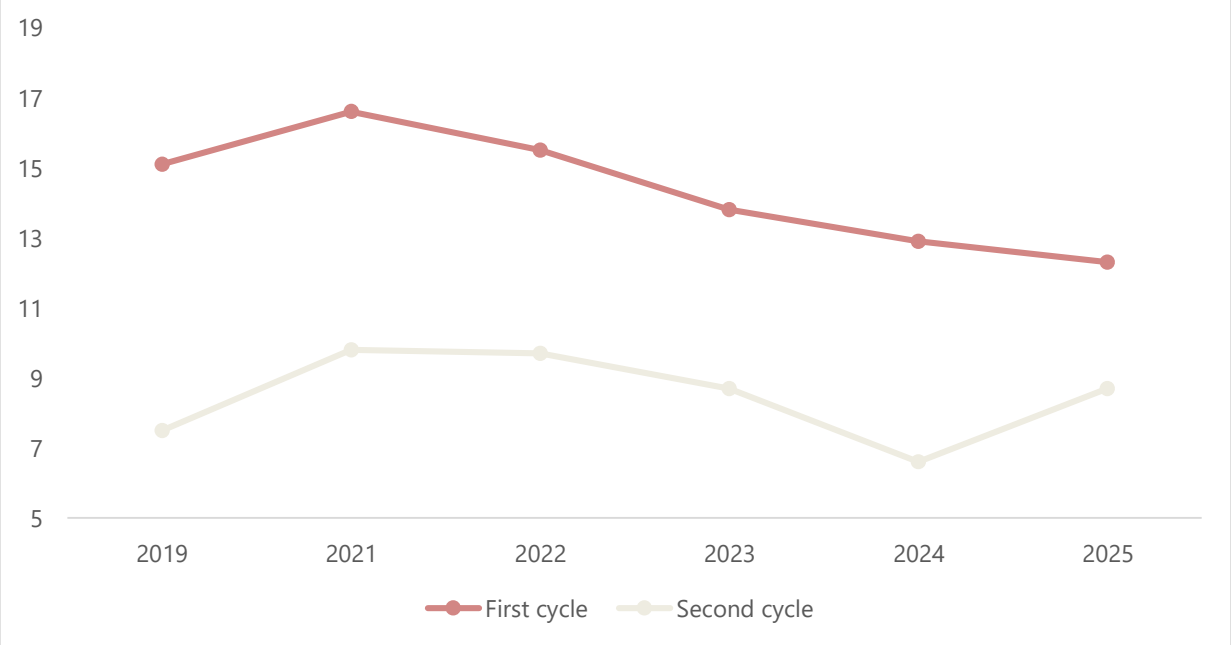
The *#Conibambini* Observatory, which was set up as part of the Fund to Fight Educational Poverty, paints a picture of "a two-speed Italy" (Figure 2). Compared to ten years ago, many regions have seen a decrease in the phenomenon (for example, the islands, which in 2015 exceeded 20% dropouts), but **Sicily is still the region with the highest rate of early school leavers**: over 15%. **Sardinia**, one of the regions covered by WILL, is just below this figure.

In Campania, early dropouts from the education and training system exceed 13%, while in Calabria they are close to 11%. The other three regions involved in the WILL project, **Tuscany**, **Piedmont and Abruzzo**, already have dropout rates below 9%, as do Friuli-Venezia Giulia, Emilia-Romagna, Lombardy, Lazio, the autonomous province of Trento and Umbria.

A recent ISTAT report (2024) found that social inequalities are still very high: **the rate of explicit dispersion is 15 times higher among children of parents with low levels of education than among children of graduates.** (23.9% versus 1.6%).

In addition to early school leaving, Italy also faces the problem of "**implicit dispersion**" (Figure 3), whereby students **fail to achieve the basic skills** necessary to cope with social and working life**,** as measured by INVALSI tests. This puts them at risk of social marginalisation.

Figure 3. Students who are implicitly at risk of dropping out based on their educational cycle



Source: INVALSI (2025).

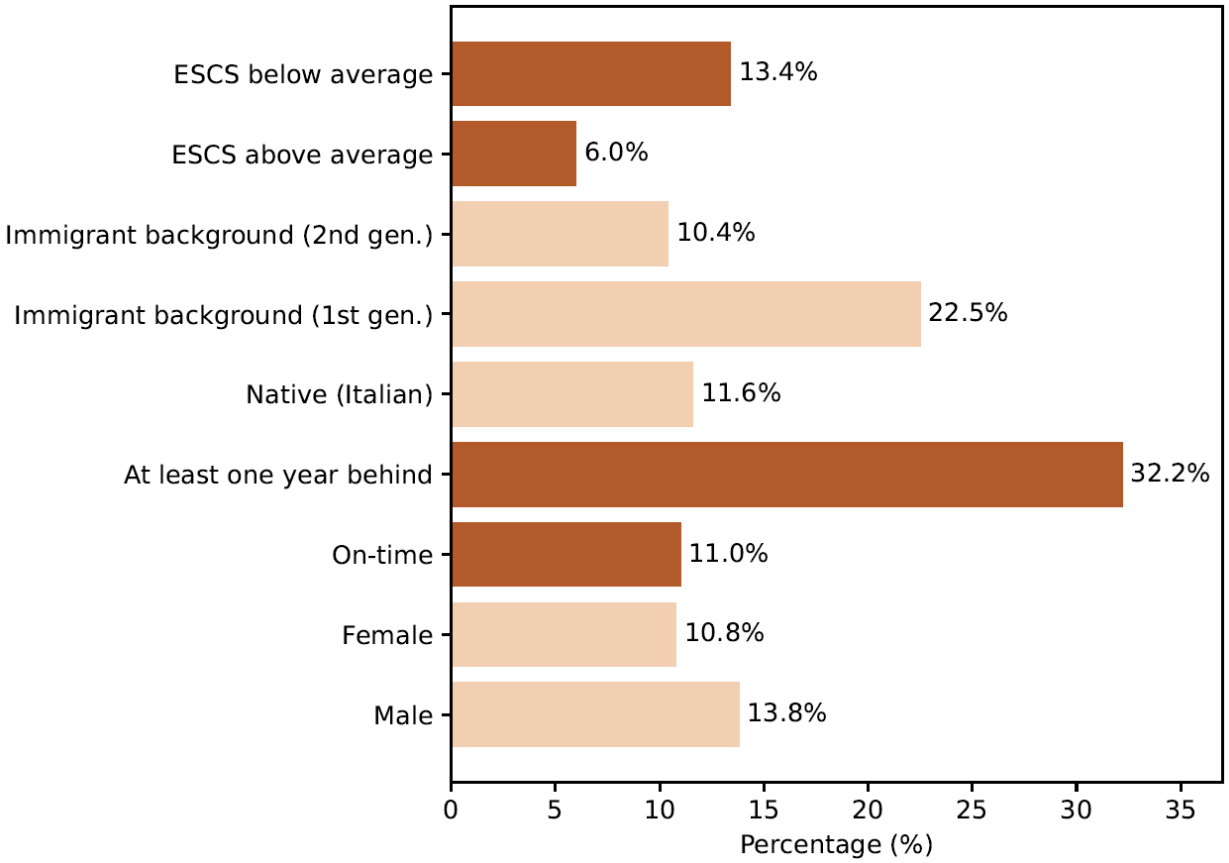
In the first cycle of schooling, the figure has steadily declined since its 2021 peak (post-Covid). By 2025, it had fallen to 12.3%. In the second cycle, the figures are lower and show a less stable trend: the percentage falls to a low of 6.6% in 2024 and then rises slightly to 8.9% in 2025.

The socio-economic and cultural status, measured by INVALSI using the ESCS (Economic, Social and Cultural Status) indicator, also **plays a role in implicit dispersion**. At the end of the first cycle, **implicit dispersion affects 13.4% of students with an ESCS score below the average**, while only

6% have a score above the average. The same pattern is observed at the end of the second cycle: 9.8% versus 5.3%. This highlights the link between social background and academic success, confirming that **students with fewer economic, cultural and social resources face greater difficulties in achieving adequate levels of learning**, even when they complete their schooling.

Migrant background further exacerbates the risk, as these are often boys and girls from disadvantaged socio-economic backgrounds: for the first generation of immigrants, the risk is 22.5%, significantly higher than that of Italian students (11.6%) and second-generation immigrants (10.4%). Delays in education, poor results and failing grades can also discourage attendance and increase dropout rates.

Figure 4. Students who are implicitly at risk of dropping out at the end of the first education cycle according to socioeconomic and migration background, grade retention and gender. Percentages.



Source: INVALSI (2025)

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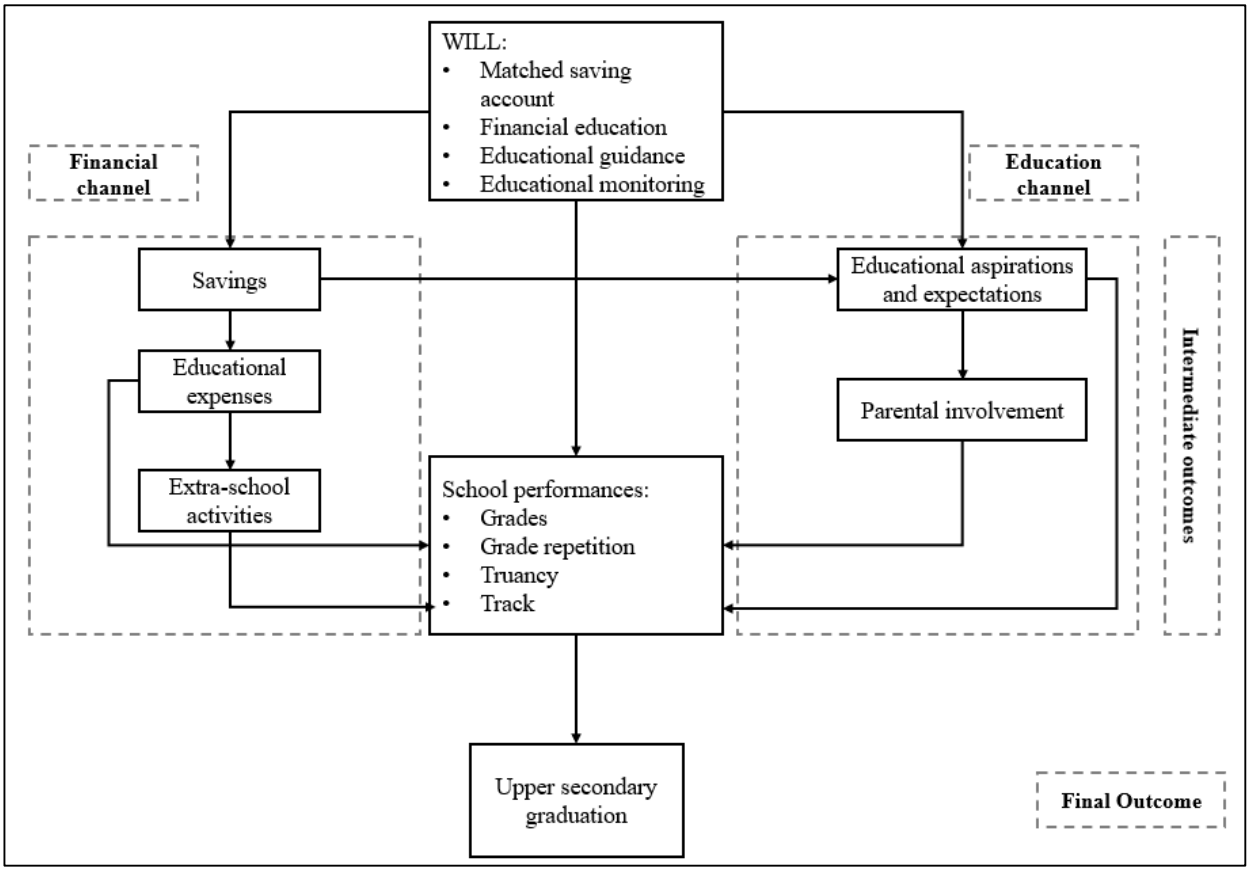
How does asset building work in fighting educational poverty?

As already explained by the UVI in previous dossiers, **incentivized savings programmes** offer participants **three key services**. The central element is the **savings account**, into which households are encouraged to make deposits, even small ones, at regular intervals. To encourage saving and the use of resources for permitted expenses, in this case educational, each account is linked to a **savings multiplier** (match rate), the amount of which is not fixed and may vary from programme to programme.

Secondly, it is possible to use part of the savings to deal with economic emergencies or unexpected expenses that could compromise the ability to participate in the savings programme or increase material deprivation. Thirdly, many programmes provide beneficiaries with **financial education** to increase their planning capacity.

Many studies, conducted mainly in the United States, have shown that these types of programmes have positive effects on educational savings (Beverly, Clancy, & Sherraden 2016; Elliott, 2024): **asset building reduces the financial constraints associated with education and strengthens families' ability to plan and manage resources**. The accumulated savings should therefore translate into higher educational expenditure and participation in extracurricular activities which, if carried out on a continuous basis, are associated with a lower probability of dropping out, especially among students at risk (Cappelen et al. 2017; Thouin et al. 2020).

Figure 5. The logic model of *WILL-Educare al futuro*



The programme *WILL-Educare al futuro*

WILL was selected by the ***Impresa Sociale Con i Bambini*** as part of the **Fund to Fight Child Educational Poverty** and implemented in collaboration with four banking foundations (Compagnia di San Paolo, Fondazione Cassa di Risparmio di Firenze, Fondazione Banco di Sardegna and Fondazione TerCas Teramo). WILL is an asset building programme that was trialled in **Turin**, **Florence**, **Teramo** and **southern Sardinia** from 2019 to 2023. It is currently continuing only in Turin with 204 pupils.

Inspired by the US experience of Children's Savings Accounts (CSAs) and Child Development Accounts (CDAs), the **€2.668 million WILL project is aimed at 10- to 11-year-old boys and girls** from **low-income families** who are therefore at greater risk of being unable to invest adequately in their children's education.

Intervening for four years at a crucial stage in the educational path – **from the end of fifth grade to the beginning of secondary school** – it supports savings with the aim of preventing school dropouts and explicit and implicit

dispersion, offering all children greater opportunities to cultivate their interests, realise their aspirations and increase their skills and confidence in the future. Unlike traditional subsidies or scholarships, which merely reduce the cost of education, **asset building aims to encourage parental involvement** and investment by families in their children's educational careers.

How it works

Families are offered the opportunity to open a free **digital money box**, linked to a current account. This money box is managed through a dedicated app and is specifically intended for their child's education expenses. Each family has four years to save up to €1,000, with small weekly savings of €1 to €6. **Each euro saved is multiplied by 4**, provided that the money is used to purchase goods and services necessary for study, cultural, sporting and recreational activities.

The financial aid, which rewards commitment to saving, is part of a **training programme aimed at the entire household**. WILL participants are supported by third sector organisations active in the area, selected for their experience, knowledge of the local education network and relationships with institutions.

Families are offered **financial education and money management classes** to improve their planning skills and encourage saving, along with training courses to **support parenting** and **help with the transition to secondary school**. Parents and children are always asked to attend the classes together to encourage intergenerational dialogue.

Children and families

There were 669 applications to participate in the programme, compared to an initial forecast of 350. Ninety-three were excluded because they did not meet the eligibility requirements.

Parental nationality: one in two pupils were children of immigrants. However, there was a significant regional disparity: in Turin, eight out of ten children were children of immigrants, while in southern Sardinia, only one in ten were.

Parental education: Six out of ten children had at least one parent with a secondary school diploma or higher, but only two out of ten had a parent with a university degree.

Income: the eligibility criterion, based on ISEE, varied across the four regions. In Turin, the threshold was set at €12,000, in Florence and Teramo at €17,500, and in southern Sardinia at €17,000. The average ISEE of participants is €5,769, well below the threshold set for eligibility for the Inclusion Allowance (€10,140) and also lower than the thresholds adopted by the programme.

Deprivation: as many as 8 out of 10 families reported being materially deprived,[1] and most said they could not afford to save at least €50 every month. A significant proportion said they were (or had been in the last year) behind with school expenses (canteen, workshops, etc.).

School career: the average grades of children in Italian and mathematics were well above 7 across.

Expectations: most parents (93 out of 100) would like their child to obtain a secondary school diploma (or higher qualification), but only 88 believe this is possible.

The evaluation

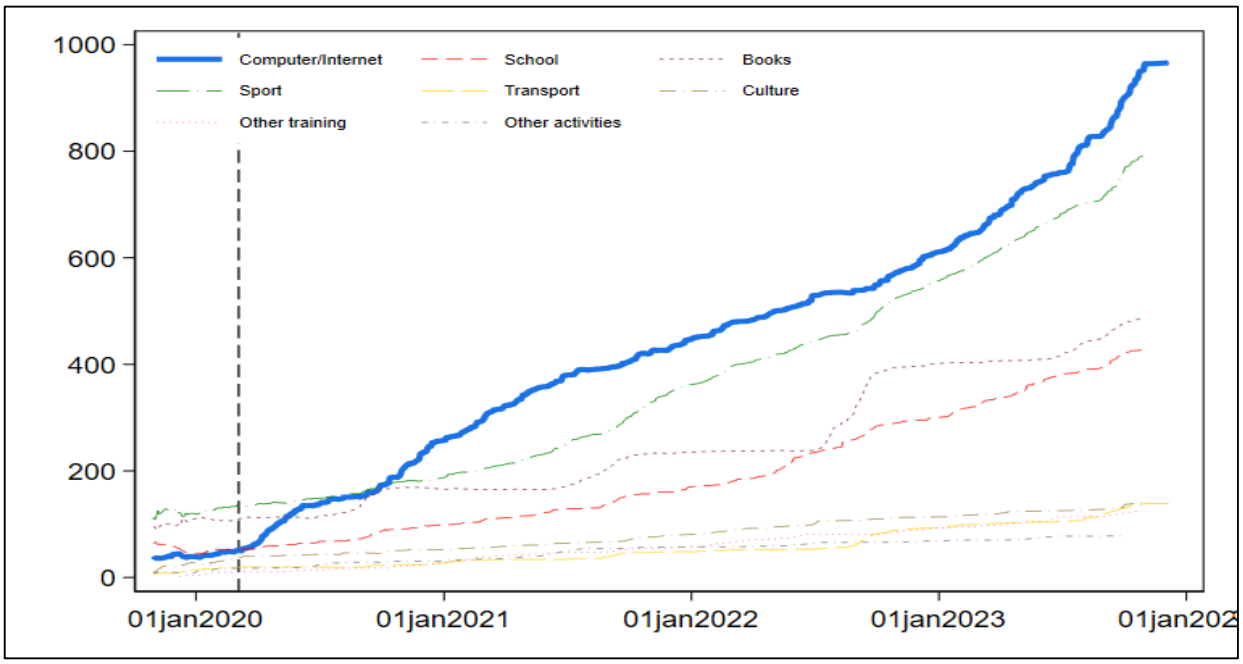
It lasted from 2019 to 2024. Of 576 families, 293 were included in the project (treated). The other 283 were assigned to the control group (untreated). The assignment was made through a stratified randomisation procedure carried out by FBK-IRVAPP researchers. Both groups underwent three subsequent follow-up surveys.

[1] Deprivation is an indicator that takes into account the inability of households to pay bills, rent or mortgage payments on a regular basis, and to meet needs considered essential for a decent standard of living (affording a week's holiday; eating meat or vegetarian equivalent; inviting friends to the house; adequately heating the home; coping with unexpected expenses of €500; eating lunch/dinner out once a week, saving at least €50 per month). A household is defined as deprived if it indicates problems with three or more of these items.

From theory to practice: the results

Savings and spending. The WILL savings account was fully operational from October 2019 to December 2023. The results clearly show that the programme had a **positive and statistically significant impact on households' ability to save**, particularly for their children's education expenses. Households benefiting from WILL show an increase of 11.7 percentage points in overall savings and 14.2 percentage points in savings for school compared to households in the control group. As might be expected, **differences in savings capacity** emerge: households with an ISEE below the median (equivalent to €5,768.9) show lower overall savings (around €200) than those with an ISEE above the median. Regarding expenditure, 266 individuals (91%) made at least one purchase. On average, **participants have spent €3,083** since the start of the programme. The differences in savings capacity are reflected in spending capacity to a greater extent (approximately €800).

Figure 6. Average cumulative expenditure by expenditure item



Source: programme administrative data.

Note: the curves indicate the cumulative average expenditure of all students who made at least one purchase. The vertical dotted line indicates the start of the first lockdown following the COVID-19 pandemic.

Figure 6 shows that, before the outbreak of the COVID-19 pandemic, the main expenses were sports and school books. After the pandemic and the introduction of distance learning, the **main expense was digital technology** (PCs/tablets and internet connections).

As regards extracurricular activities, which are explicitly encouraged by WILL because they are potentially linked to the development of non-cognitive skills, also known as soft skills (theatre courses, workshops, sports, language or IT courses, volunteering, trips, etc.), there are no particularly significant effects except for **sports activities** (+7.9 p.p.).

Educational attitudes and behaviours adopted by parents. The hypothesis is that greater certainty about the financial sustainability of educational investments strengthens families' educational expectations and aspirations. This tends to lead to positive educational outcomes, including better academic performance and greater participation in school activities (Avvisati et al., 2014).

The results show that parents' expectations and aspirations differ based on family ISEE: **for**

WILL participants with the lowest ISEE (less than €5,768.9), **there was a 12.4 p.p. increase in the aspiration for their children to obtain "at least a diploma"**. The result is confirmed even more clearly with regard to **expectations (approximately 16 p.p. more)**. Regarding parental involvement in school and interactions with the school, no relevant or statistically significant data emerged.

School results. It is reasonable to assume that the **positive effects** observed during the project (see Table 1) may predict the achievement of a high school diploma. This final outcome was not recorded because the project ended before the beneficiaries took their final exams.

While initially the programme had no effect on grades, the situation changed completely at the end of the exam that concludes the first cycle of education (grade 8): the results suggest an increase in the probability of participants obtaining **very high scores (9 and 10)**. The difference is driven by **students whose parents have a family ISEE below the median**.

Even more encouraging results emerge when analysing the grade 11 data: there is a **significant decrease in the risk of failing**, as evidenced by the fact that programme participants are significantly more likely (+9.7%) to be enrolled in the third year of upper secondary school than those in the control group.

There also appears to be a slight difference in favour of the group of children who received treatment, in the marks obtained in the main subjects (Italian, Maths and English): **WILL participants tend to have particularly high marks** and are significantly **more likely to have an average mark above 9**.

Table 1. Effects of the programme on school performances

	Controls mean	ITT	Confidence intervals	N
Average marks in grade 7				
Italian	6.971	0.000	[-0.194, 0.194]	436
Maths	6.874	-0.132	[-0.376, 0.112]	434
Mark at the final exam at grade 8				
Mark (probability of obtaining 9 or 10)	0.181	0.066*	[-0.011, 0.142]	419
Mark (ISEE below the median)	0.084	0.109**	[0.011, 0.207]	195
Mark (ISEE above the median)	0.269	0.009	[-0.109, 0.127]	224
School performance at grade 11				
Regular enrolment	0.660	0.097**	[0.007, 0.187]	374
Average mark (Italian and Maths)	6.848	0.179*	[-0.019, 0.378]	366
Average mark (Italian and Maths) greater than 9	0.016	0.044**	[0.004, 0.084]	366

Source: UVI, authors' elaboration

*Note: Estimates obtained using linear regression models that include the stratification variables used in randomisation. 95% confidence intervals in brackets. * p<0.01*

Conclusions

Although declining at the national level, **early school leaving, both implicit and explicit, continues to be a critical issue** in many areas of the country, mainly in the South and on the Islands. Students from disadvantaged socio-economic backgrounds face greater difficulties in

achieving adequate levels of learning everywhere. Policies on the right to education need to be substantially improved and strengthened. Incentive-based savings programmes such as WILL show promising potential as alternatives available to **policy makers**.

By helping low-income families to save for their children's education, **WILL** has had a **positive impact** on various indicators predictive of the completion of upper secondary school by at-risk students.

The families involved **increased their savings for education** without their economic conditions worsening. During the period of distance learning related to the pandemic, beneficiary students had better access to technology, and they participated more often in sports activities in the following period.

The programme has **increased educational aspirations and expectations** among families with lower ISEE. There have been **Positive effects** on middle school exam grades, and the probability of being enrolled in good standing at the end of the third year of secondary school has increased significantly.

Remarks

The results of this study highlight several areas that require further investigation.

Progressivity and **cost-effectiveness of the intervention**. Although families with an ISEE below the median have less capacity to save and spend, it is their children who benefit most from the programme. This suggests that WLL can have a significant impact, even among the most vulnerable groups, thanks to the integration of incentivised savings with other components, such as educational support, financial education, and guidance activities.

The impact of individual tools. Which is more important for families: financial incentives or support? Breaking down the effects of the various components (savings, support and financial education) would help to design WILL in the most effective way possible, facilitating its potential scalability.

The effects of the programme on the financial skills of beneficiaries. WILL could raise awareness of the management of economic resources, thus encouraging sustainable behaviour beyond the educational sphere.

The dossier

It presents empirical evidence from the evaluation of the incentive-based savings programme, *WILL-Educare al future*. The initial findings of this evaluation were previewed by UVI in the Asset Building dossier. *Can incentivising household savings provide an answer to educational poverty?* (2024). The exploration of this topic began with the dossiers *Asset-building. From (integrated) savings to graduation: how to support the tertiary education of low-income boys and girls* (2018), *The Right to Study in the Great Recession. Does supporting low-income students really facilitate access to university?* (2025).

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