

RURAL HOUSEHOLD SAVING DETERMINANTS IN KAZAKHSTAN

by

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Abstract

This paper provides an analysis of microeconomic factors that explain the savings behavior of rural households in Kazakhstan based on unique survey data. Rural household savings are estimated in order to test household responses to income, monetary or non-monetary wealth, and some socio-economic variables. Based on the analysis results, we conclude that although some rural households save in the form of financial assets, most households prefer to save in animal stock. It is explainable by the reluctance of commercial banks – the only source of financial services for the rural population in Kazakhstan – to deal with low-income rural clientele. The conclusions suggest that the government should revise its policies regarding Rural Credit Partnerships (RCPs), making them full-fledged cooperative institutions for savings and loans.

Keywords: rural households, rural development, household saving, rural credit, household plots, transition