

# IMPLEMENTATION GUIDANCE

## *Market Research Guidance for Financial Education*

**J. Sebstad**

**M. Cohen**

**K. Stack**

**Washington, D.C.**

**2006**



# MARKET RESEARCH GUIDANCE FOR FINANCIAL EDUCATION

## 1. INTRODUCTION

Financial education teaches the knowledge, skills, and attitudes required to adopt good money management practices for earning, spending, saving, borrowing, and investing. Participants in financial education become equipped with the information and tools to make better financial choices and work towards their financial goals to enhance their economic well-being.

The Financial Education for the Poor Project has adopted a well-defined process for designing financial education involving the following:

- *Market research* on clients and their needs to inform decisions about what to teach and how to teach it. Market research helps define the content of the education and the appropriate methods for delivering this content to the target population.
- *Institutional and human resource assessments* to determine the “fit” between financial education and the service provider’s mission, institutional setup, and training capacity.
- *Systematic planning process* for education design and delivery that draws on information generated by these two research efforts.

## 2. WHY DO MARKET RESEARCH?

Market research for financial education has two main purposes. The first is to help decision-makers in sponsoring organizations decide whether to invest in financial education. They can use market research to discover the following:

- Whether there is demand for financial education
- Which groups should be targeted
- How their institutions and their clients would benefit
- What type of financial education should be offered
- Whether it is feasible, given available human and institutional resources

The second purpose is to generate information on learners or potential learners that can be used by education designers to develop financial education curricula. This information can help to

- Determine the financial education needs, preferences, and opportunities of clients
- Define the market segments or target groups for the financial education (needs, preferences, and opportunities may differ among groups of clients)
- Identify the key themes that the financial education will focus on
- Develop delivery methods most appropriate to different groups

### 3. THE ROLE OF MARKET RESEARCH IN EDUCATION DESIGN

A learner-centered approach to education design focuses on behavior change. Market research plays an important role in a learner-centered approach by documenting clients' current financial behaviors and critical gaps in their financial knowledge, skills, and attitudes. This serves as a starting point for identifying desired future behaviors and designing learning activities to build knowledge, skills, and attitudes in support of these desired behaviors. Market research can provide further information on literacy levels, how people like to learn, how often they want education, for how long, and where. This provides a basis for matching the content and delivery of financial education to the needs, preferences, and capabilities of the target population.

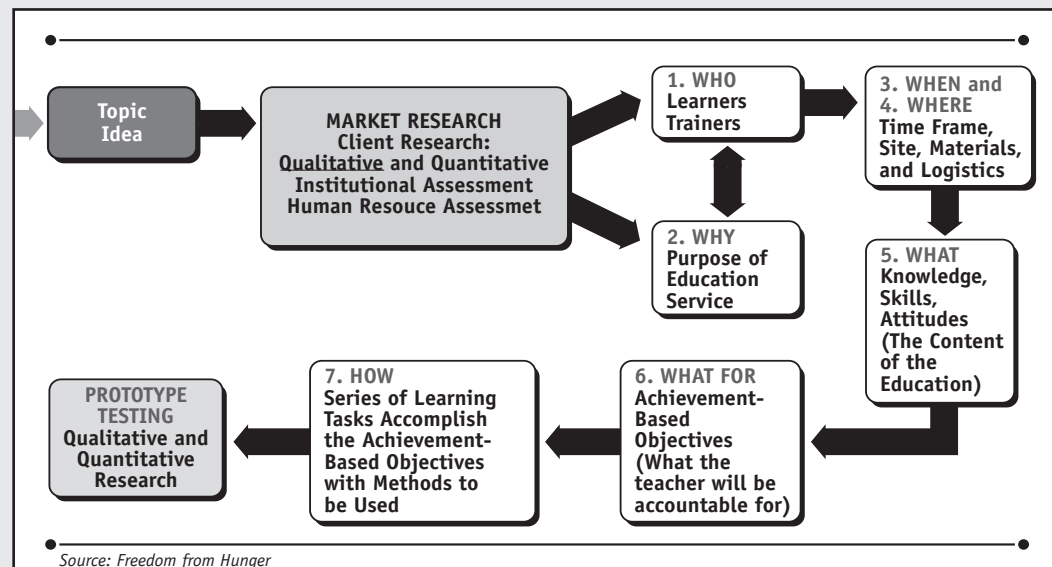
One way to design financial education is to use an adapted product-development approach that originally was developed by *MicroSave* to promote demand-driven financial products and services. Figure 1 shows the elements of this framework and how market research feeds into seven steps of planning focused on the following:

- 1) Who the learners and trainers are
- 2) Why the financial education is being done
- 3) When the financial education will be carried out in terms of time frame
- 4) Where the financial education will be carried out in terms of location, logistics and materials required
- 5) What the content of the education will be in terms of what behaviors it seeks to change

- 6) What the trainer will be accountable for during the training in relation to achievement-based objectives
- 7) How the training will be carried out in terms of learning tasks, achievement-based objectives, and methods

The approach uses information generated primarily by qualitative research tools developed by *MicroSave* and the AIMS/SEEP projects. This process leads to the design or adaptation of one or more financial education training modules.<sup>1</sup>

**FIGURE 1: DESIGNING EDUCATION USING MARKET RESEARCH TO GUIDE THE SEVEN STEPS OF PLANNING FOR CURRICULUM DESIGN**



<sup>1</sup> More information on financial education curriculum design can be found in the next section of this book entitled "Adult Learning Principles and Curriculum Design for Financial Education" and in "Market Research for Financial Education," a working paper produced by the Financial Education for the Poor Project.

## 4. QUESTIONS TO GUIDE THE DESIGN OF MARKET RESEARCH

### Is Top Management Brought Into the Process?

Before launching a market research effort, top management of any sponsoring institution should be brought into the need for market research on financial education. They should understand not only the benefits, but also the time and resources needed to conduct the market research. It also is advisable to appoint a “product champion” for the financial education who oversees the market research and education design process. He or she should have the ear of top management and a clear mechanism for reporting to them.

### Who is the Audience for Market Research?

The audience for market research includes decision-makers in *sponsoring organizations* who want to assess the demand for financial education and who is most likely to benefit. It can also help determine the types and amounts of financial education that are appropriate for specific groups. The audience also comprises *education designers* who need specific information on potential learners, such as their existing financial knowledge, skills and attitudes, literacy levels, and preferences for delivery. *Clients* themselves make up a third audience for market research. Their engagement in the research process allows them to reflect on their own financial knowledge, skills, and behaviors, consider the potential benefits of financial education, express their preferences, and become familiar with potential providers.

### Who Will Carry Out the Market Research?

It is important to assess the skills of the people who will be responsible for carrying out the market research and make sure they match the research design. Ideally, the process should involve someone with good research skills as well as someone with education design skills. Those involved in carrying out the research should be involved in the design process. In addition to appropriate skills, they should have enough time available to collect the data, analyze it, and disseminate the findings. A further issue to consider is when, where, and how they will be trained in the use of qualitative market research tools.

## When and Where Will the Market Research be Carried Out?

In designing market research, an important early step is to assess the amount of time it will take to do the market research, over what time period the research will be carried out, and whether staff or consultants have time to do it. This will affect the scope of the research and schedule of activities. It is also important to consider where the research will take place, whether resources and equipment are available (space for interviews or focus groups, photocopy machines, desks, computers, etc.), and implications for other logistical considerations (time and distance, transport costs, etc.).

## What Topics Will the Market Research Cover?

Market research on the demand for financial education can cover a wide range of issues, depending on the purpose and context of the study. An important factor in narrowing the range of topics is whether the purpose is to develop new modules from scratch or adapt existing modules for a new target group or place. Other factors include, for example, whether the particular market segments or target groups have already been defined; whether the financial education themes have already been chosen; or whether the delivery system is already in place. The resources available for market research also affect the number of topics that can be covered.

As microfinance institutions consider whether to offer financial education, managers should recognize the difference between education products and other financial products and services. A key difference is that education aims to change behaviors—therefore, market research for financial education, unlike market research for other financial products and services, is more focused on client financial knowledge, skills, attitudes, and behaviors. In general, the research is a bit more complex because it delves deeper into client financial behaviors.

### LEARNERS AND THEIR NEEDS

In addition to background information on who the learners or potential learners are (to segment the market), a key topic for market research is current financial knowledge, skills, attitudes, and behaviors of a particular target group. These findings provide the basis for identifying specific desired future behaviors and defining the content to promote these behaviors. This information is important for both developing new modules and refining existing modules. A learner-centered approach to education design begins with market research on financial education participants to identify learner needs and the experience and background they bring to the training. The research might focus on existing client financial knowledge, skills, attitudes, and behaviors related to a particular financial education theme (e.g., budgeting, savings, debt

management, or bank services). This provides the basis for identifying desired future behaviors and financial education learning activities to promote those behaviors.

Market research can also focus on how clients like to learn, how often they want education, and for how long and where.

<i>Financial Education Theme</i>	<i>Market Research Objective</i>	<i>Market Research Questions</i>
Bank Services ➡	To understand clients' current use of bank services ➡	<ul style="list-style-type: none"> <li>■ What are the clients' knowledge, experience and attitudes about basic banking?</li> <li>■ What are clients' needs for basic savings products?</li> <li>■ What are the current savings practices, especially knowledge and use of the bank's savings products?</li> <li>■ What are the gaps in knowledge and skills about bank operations, particularly bank savings services?</li> </ul>

## THE DELIVERY SYSTEM FOR FINANCIAL EDUCATION

Market research can also assess human and institutional resources available for delivering financial education. This should include assessment of trainer capabilities in terms of experience and knowledge of personal finance issues, familiarity with participants' cultural and financial background and experiences, sense of humor and empathy, and positive attitudes that set the tone of the training. These are important in ensuring that the education fits the capacity of the trainers as well as ensuring its success. Other practical issues may include the following:

- *Venue.* Should the training be at the workplace, in the financial institution, in the participants' communities? What are clients' preferences?
- *Scheduling.* How long should the training sessions be? How often should they be held? Should they be during the week or on weekends? Should they be at lunchtime or in the evening? Should they be an ongoing class vs. a one-day seminar? What are client preferences?
- *Class size.* What is the appropriate size for a class?
- *Training methods and materials.* What types of materials are most appropriate for the target group? What are the learning levels of participants in terms of literacy and financial experience?



- *Logistical support.* What is the best way to let people know about the course? What are the transportation needs of clients? Will they need childcare?

## What Will Be Achieved By the End of the Market Research Phase?

Defining one or more achievement-based objectives for the market research can help to focus it and ensure the usefulness of the findings and the cost-effectiveness of the effort.

### EXAMPLES OF ACHIEVEMENT-BASED OBJECTIVES

- By the end of the market research, our organization will have defined three priority themes for a financial education course
- By the end of the market research, our organization will have the information needed to adapt the generic banking services module to our target group

## How Will the Research Be Carried Out?

### SOURCES OF INFORMATION

Market research information can come from both primary and secondary sources. Primary sources may include, for example, clients or potential learners, key informants, positive deviants, trainers, or bank staff. Examples of secondary sources include bank records, previous studies, evaluations or market research efforts, census data, and existing financial education curriculum.

### RESEARCH METHODS

Market research methods may be quantitative (numbers), qualitative (words), or a mixture of both. Quantitative market research methods are deductive, require hypotheses, and allow for the findings to be generalized to larger populations—if the sample is large and representative enough. Data may be obtained through surveys or use of other available data bases (MFI MIS or other client records). Quantitative data (usually from existing sources) is important for assessing the potential size and key characteristics of the market for financial education. By contrast, qualitative methods are more inductive and appropriate for understanding the characteristics, behaviors, and context of a smaller sample, which is useful for designing education. Sources of qualitative

information might include, for example, individual interviews, case studies, focus-group discussions, participatory rapid appraisal exercises, or participant observation.

## **RESEARCH TOOLS**

A variety of market research tools can be used, including the following:

- Interview guides for individual interviews with clients, key informants, or positive deviants
- Focus-group discussion guides
- Participatory rapid appraisal tools, including games, simulations, diaries, and other exercises
- Survey questionnaires

## **USE OF PRA TOOLS**

By the end of the market research, our organization will have defined three priority themes for a financial education course.

The Equity Building Society in Kenya adapted MicroSave's Household Cash Flow Analysis tool to identify events in the lives of clients that required lump sums of cash at certain times in the past. This generated a discussion about the strategies used to get through these times of financial stress. Clients—individually—were asked to keep records of all their income and expenditure items in a given period corresponding to the frequency of their income; that is, weekly, biweekly, or monthly. This allowed EBS to learn about the financial flow patterns for its female and male clients. The data helped clients identify “unaccounted for” amounts and illuminated issues about their financial management knowledge. EBS also used a relative preference ranking tool to ascertain the factors clients consider when selecting a financial institution.

## INDIVIDUAL INTERVIEWS WITH KEY INFORMANTS AND POSITIVE DEVIANTS

Several of the original Financial Education for the Poor partners used individual interviews with key informants and positive deviant clients in their market research. Key informants such as credit and training staff of partner institutions and community leaders provided insights into the current behavior of clients and gaps in client knowledge. Interviews with positive deviants have also been useful in informing the design of financial education. Positive deviants are individuals in the community or financial institution who are known to understand and manage money well. The comparison between positive deviants and others offers a way to begin to identify the desired behavior change, which is the objective of financial education.

The choice of methods and tools should be driven by the purpose of the research as well as the skills, capabilities, and preferences of the institution and the market researchers. It should also consider the amount of time respondents have available to participate as well as the skills required to analyze the information. The decision ultimately depends on the budget and resources available for the study. If the purpose of the research is very focused and the budget is small, two or three focus-group discussions using PRA tools and/or interviews with five to ten key informants can often generate very useful information. If the purpose is broader, say to identify key themes for a new financial education program or to differentiate needs across market segments, a survey complemented by focus groups and a review of secondary data may be appropriate.

Project partners have adapted qualitative market research tools developed by MicroSave and client assessment tools developed by AIMS/SEEP to financial education. These tools can be used to generate findings on current financial behaviors and attitudes, desired future behaviors, and gaps in knowledge and skills. A wide range of tools are available and can be adapted to generate information useful for financial education design. Training in their use helps to adapt them skillfully. Table 1 provides some examples.<sup>2</sup>

<sup>2</sup> More details on the design of these tools is available at [www.microsave.org](http://www.microsave.org) or [www.microfinanceopportunities.org](http://www.microfinanceopportunities.org) or [education@freefromhunger.org](mailto:education@freefromhunger.org). Many of the tools are described in the “Listening To Clients” series, an interactive market research training for microfinance practitioners which can be obtained from Microfinance Opportunities ([info@mfopp.org](mailto:info@mfopp.org)).

**TABLE 1: RESEARCH TOOLS AND DATA GENERATED**

<b>PRA Tools</b>	<b>Financial Behavior Data Generated</b>
Life-cycle profile	■ Strategies to finance life-cycle needs
Seasonality of income, expenditure, savings and credit	■ Cash-flow management ■ Debt management ■ Savings management
Time series of crisis	■ Strategies to meet lump-sum cash needs
Relative preference ranking of financial service attributes	■ Basis for choosing financial institution
Debate	■ Client awareness of financial planning
<b>Individual interviews</b>	<b>Financial behavior data generated</b>
With clients	■ Cash-flow management strategies—strengths and weaknesses
With key informants: bank staff, trainers, community leaders	■ Current behaviors of clients/target group and knowledge gaps
With positive deviants: clients who are financially successful	■ Positive/desired future behaviors

## What Resources Are Available for Conducting the Market Research?

Assessing the people, money, and physical resources needed and available for conducting market research is critical for tailoring the scope, scale, and methodology of the study. A good fit between the resources available and the market research design can help ensure that the findings are useful, cost-effective and credible.

In developing a budget for market research, it is important to consider costs associated with the following activities:

- Planning—developing a research plan, getting approval by top management
- Design—defining research questions; designing research tools
- Data collection
- Post-data collection—analyzing the data, drafting a report, reviewing and discussing options with top management; identifying preliminary options for financial education

A common mistake is to allocate too much of the budget to planning and design, and not enough to analysis of the data. To be useful and cost-effective, it is important to devote sufficient resources—up to one-third or more of the budget—for post-data collection work.

## Using Market Research Findings to Define the Content of Financial Education

The first step in moving from market research to education design is to zero in on the main themes for the financial education. The themes may have been defined before the market research was carried out, or they may emerge from the market research findings. Themes can be wide-ranging and some may be more important than others for different market segments. The generic themes that emerged from the Financial Education for the Poor research conducted by partners included budgeting, savings, debt management, bank services, and financial negotiations.

The next step in translating the themes into behavior change involves defining the “what,” or more specifically, the behaviors that are expected to change as a result of the education. Doing this requires the following:

- Synthesizing market research findings into existing client behaviors
- Developing a list of desired behaviors

Knowledge of current behaviors stems directly from the research on existing clients and can be used as a starting point to frame desired future behaviors. As noted earlier, several of the partners used the behaviors of positive deviants as their source of information on future behaviors. Table 2 illustrates these two types of behaviors for the themes of savings and debt management.

**TABLE 2: EXAMPLES OF CURRENT AND FUTURE FINANCIAL BEHAVIORS**

<i>Thematic Area</i>	<i>Examples of Current Behaviors</i>	<i>Examples of Desired Future Behaviors</i>
Savings	<ul style="list-style-type: none"> <li>■ Wasteful expenditures</li> <li>■ Irregular savings</li> <li>■ Savings not linked to goals</li> </ul>	<ul style="list-style-type: none"> <li>■ Avoid unnecessary spending</li> <li>■ Have a savings plan</li> <li>■ Save regularly</li> </ul>
Debt Management	<ul style="list-style-type: none"> <li>■ Borrow for emergencies</li> <li>■ Borrow more than you can repay (over-indebtedness)</li> <li>■ Borrow with little understanding of terms</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintain an emergency savings account</li> <li>■ Make a plan to reduce debt</li> <li>■ Avoid excessive debt</li> <li>■ Borrow with full understanding of terms</li> </ul>

The desired behavior changes comprise the objectives of the financial education training. The next step requires the identification of the elements of the learning process: the knowledge, skills, and attitudes (KSAs) that need to be learned for people to adopt the new behaviors. While not elaborated here, Table 3 gives some brief examples of KSAs related to savings and debt management. Altogether, they comprise the behavior changes that need to be addressed to move from current to desired future behaviors.

**TABLE 3: EXAMPLES OF KNOWLEDGE, SKILLS, AND ATTITUDES BY FINANCIAL EDUCATION THEME**

	<i>Knowledge</i>	<i>Skills</i>	<i>Attitudes</i>
Savings	<ul style="list-style-type: none"> <li>■ The purpose of savings</li> <li>■ Elements of a savings plan</li> <li>■ Different ways to save</li> <li>■ Different places to save</li> <li>■ What to consider in shopping around for a savings account</li> </ul>	<ul style="list-style-type: none"> <li>■ Make a savings plan</li> <li>■ Apply to open a savings account</li> <li>■ Use a savings passbook</li> <li>■ Reconcile a savings account</li> </ul>	<ul style="list-style-type: none"> <li>■ Belief in the benefits of savings</li> <li>■ Willingness to plan ahead</li> <li>■ Discipline to save regularly</li> </ul>
Debt Management	<ul style="list-style-type: none"> <li>■ Definition of a loan</li> <li>■ Borrowing sources and options</li> <li>■ Elements of loans</li> <li>■ Consequences of delinquency and default</li> <li>■ Strategies for managing debt</li> </ul>	<ul style="list-style-type: none"> <li>■ Complete a loan application</li> <li>■ Ask right questions before taking a loan</li> <li>■ Assess repayment capacity</li> <li>■ Make a loan repayment plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Confidence to ask questions</li> <li>■ Caution in borrowing decisions</li> <li>■ Discipline to follow a debt-management plan</li> </ul>

## Using Market Research Findings to Define the Delivery System for Financial Education

To be effective in changing behaviors, financial education must focus not only on the content of the learning events, but how to deliver it in an effective way to the target group. The delivery framework uses market research findings on the “who,” “how,” “where,” and “when” (Figure 1). Below is an example of the elements of a delivery framework developed by a partner that was based on market research on clients and their preferences for training.

**TABLE 4: EXAMPLE OF ELEMENTS OF DELIVERY SYSTEM  
AND CLIENT PREFERENCES**

<b><i>Trainer Profile</i></b>	<b><i>Target Group</i></b>	<b><i>Venue and Schedule</i></b>	<b><i>Number of Participants</i></b>	<b><i>Training Methods and Materials</i></b>	<b><i>Logistical Support</i></b>
<ul style="list-style-type: none"> <li>■ Practical experience and knowledge of personal finance issues</li> <li>■ Familiarity with cultural and financial background as well as experiences of participants</li> <li>■ Caring, positive, empathetic, good sense of humor, non-judgmental, encouraging</li> <li>■ Doesn't talk down to participant</li> </ul>	<ul style="list-style-type: none"> <li>■ Gear Financial Education to education level, culture, family history and individual experience</li> <li>■ Gear Financial Education to literacy level</li> <li>■ Don't mix clients with widely different financial issues or concerns</li> <li>■ Bundle Financial Education with other services to specific groups (e.g, new low income home buyers)</li> </ul>	<ul style="list-style-type: none"> <li>■ Workplace</li> <li>■ Outside workplace</li> <li>■ Shorter but more frequent classes preferred if held at workplace, e.g., one hour, four times per week</li> <li>■ Longer sessions preferred if classes held outside the workplace and on nights or weekends</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular, ongoing class sessions should have no more than 15 people</li> <li>■ Single seminars can be larger (25–50)</li> </ul>	<ul style="list-style-type: none"> <li>■ Make training fun and interactive</li> <li>■ Use a mix of short, structured lessons and interactive activities and practice</li> <li>■ Mix with unstructured small-group discussion</li> <li>■ Consider field trip to a financial institution</li> <li>■ Provide clear, easy-to-follow handouts</li> </ul>	<ul style="list-style-type: none"> <li>■ Use publicity and marketing to let people know about course</li> <li>■ Consider need for childcare</li> <li>■ Consider transportation needs of clients</li> </ul>



## 5. SUMMARY

Market research is critical to the design of financial education that meets the needs and preferences of learners by helping to define clear objectives for the content and delivery of financial education. A learner-centered approach to financial education that incorporates market research can play an important role in helping clients improve their money management practices, make more informed financial decisions, and achieve their financial goals.

### CHECKLIST OF THINGS TO INCLUDE IN A MARKET RESEARCH PLAN

#### 1. Statement of objectives

Why are you doing the study, who is the main audience, what do you hope to achieve by the end of the market research phase, etc.

#### 2. Key research questions

Limit the number to three or four main key questions

#### 3. Sources of information

Primary sources (for example)

- MF clients
- Key informants
- Positive deviants

Secondary sources (for example)

- Bank records
- Previous client impact study

#### 4. Data-collection methods

Qualitative methods (for example)

- FGDs
- PRA exercises
- Individual interviews

Quantitative methods (for example)

- Surveys

## **5. Sampling strategy**

- Characteristics of people who will participate in each component of the study
- Location of sample
- Total number of participants in each component of the study
- How sample will be selected

## **6. Analysis plan**

- How the data will be compiled/organized
- How the data will be analyzed
- How the findings will be summarized

## **7. Timeline of market research process**

Timeline for each market research activity (for example)

- Finalize research plan
- Get approval of top management
- Schedule FGD and individual interviews
- Collect data
- Analyze data
- Draft report
- Review and discuss options with top management
- Identify preliminary options for financial education

## **8. Roles and responsibilities**

Who will do what?

## **9. Logistical arrangements**

For example:

1. Scheduling FGDs
2. Arranging for venues for carrying out FGDs
3. Equipment (cards, scissors, tape, flip charts)
4. Transport
5. Refreshments

## **10. Data-collection schedule**

- Schedule of data-collection activities by date, time, and location

**11. Description of tools that will be used**

For example:

1. Description of tool
2. Purpose of tool
3. Procedure for use (protocol)
4. Discussion guides
5. Analysis matrices

**12. Report outline**

For example:

1. Purpose of the study
2. Key questions
3. Methodology
4. Findings
5. Implications for the design and delivery of financial education

**13. Budget**

Examples of line items for a market research budget:

■ Planning:

1. Finalize research plan
2. Get approval by top management

■ Design:

1. Define research question
2. Develop research tools

■ Data collection

1. Collect data

■ Post-data collection

1. Analyze data
2. Draft report
3. Review and discuss options with top management
4. Identify preliminary options for financial education

