Assessing the Outcomes of Financial Education

Financial Education
FROM POVERTY TO PROSPERITY

Working Paper #3

For inquiries regarding rights, please contact:

Microfinance Opportunities
1701 K Street NW, Suite 650
Washington DC 20006 USA
Tel.: 202-721-0050
Fax: 202-721-0010
E-mail: info@mfopps.org
www.MicrofinanceOpportunities.org

For other inquiries please contact either
Microfinance Opportunities or Freedom from Hunger

Freedom from Hunger
1644 DaVinci Court
Davis, CA 95616 USA
Tel.: 530-758-6200
Fax: 530-758-6241
E-mail: education@freefromhunger.org
www.freefromhunger.org
www.ffhresource.org

ASSESSING THE OUTCOMES OF FINANCIAL EDUCATION

Working Paper #3

J. Sebstad

M. Cohen

K. Stack

Washington, D.C.

2006

PREFACE

Outcomes Working Paper

Jennefer Sebstad is the lead author of the final paper. Monique Cohen contributed to the technical piece and Kathleen Stack contributed to the education design.

Microfinance Opportunities
"Putting Clients First"

MICROFINANCE OPPORTUNITIES

Microfinance Opportunities was established in 2002 as a microenterprise resource center that promotes client-led microfinance. It seeks to help poor people increase their access to well-designed and delivered financial services. Microfinance Opportunities provides action-research, training and technical assistance in three areas focused on the clients of microfinance services: Financial Education, Microinsurance and Client Assessment.

freedom from Hunger

FREEDOM FROM HUNGER

Founded in 1946, Freedom from Hunger is a nonprofit, international development organization bringing innovative and sustainable self-help solutions to the fight against chronic hunger and poverty. Freedom from Hunger specializes in ensuring that the poor have access to microfinance and health protection services, and life skills training to achieve food security for their families.

citigroup foundation

CITIGROUP FOUNDATION

The Citigroup Foundation, which makes grants in more than 85 countries around the world, focuses its funding primarily in three areas: financial education, educating the next generation, and building communities and entrepreneurs. Additional information can be found at http://www.citigroup.com/citigroup/corporate/foundation/index.htm.

ACKNOWLEDGEMENTS

The idea to develop a financial education curriculum for the poor grew out of a dinner-table conversation with Jayshree Vyas, the managing director of SEWA Bank. She argued, quite correctly, that financial literacy is critical for improving money-management skills and promoting asset-building for the poor. When the idea was first proposed to Citigroup Foundation in 2002, financial education for microfinance clients was new and different.

Aside from SEWA Bank, few, if any, institutions in developing countries had ventured into financial education. On the face of it, a major program to promote financial literacy in poor countries looked like a challenging venture, both for Microfinance Opportunities and for Citigroup Foundation. Freedom from Hunger had worked with SEWA on its financial literacy training program and was invited to become a major partner in 2003. Since then, there has been an outpouring of interest from microfinance practitioners who want to join the program. While many wondered out loud why it had taken the microfinance industry so long to recognize the importance of financial education, they immediately saw it as a "win-win" for both microfinance institutions and their clients.

First and foremost we would like to thank Citigroup Foundation for investing in this program. Chip Raymond, the former President of the Foundation, and Leslie Meek, our Program Officer, took a double risk, embarking on a new area of microfinance and supporting a start-up organization, Microfinance Opportunities. They have been superior partners in their strong support for this work. Subsequently others from Citigroup have joined us in our work. They include Stacey Sechrest of Citigroup's Office of Financial Education and Amy Feldman of Citigroup Foundation and they have provided valuable inputs as we have moved towards finalizing the curriculum.

We want to express our appreciation to the partner organizations and their clients who made the development of this curriculum possible. They are Al Amana (Morocco), CARD Bank (Philippines), Equity Building Society (Kenya), the Microfinance Centre (Poland), Pro Mujer (Bolivia), SEWA Bank (India) and Teba Bank (South Africa). Over the three years of this project, they have worked diligently in conducting market research, as well as developing and testing training modules.

We owe a huge debt of thanks to Candace Nelson for her technical and editorial contributions. It is also timely to express our appreciation of members of our staff who have provided us with the support to get the work done. They include Tracy Gerstle, Diana Tasnadi, Danielle Hopkins and Liz McGuinness of Microfinance Opportunities, and Christopher Dunford, Rossana Ramirez, Ellen Vor der Bruegge, Marc Bavois, Joan Dickey, Julie Uejio, Bobbi Gray and Wava Haggard of Freedom from Hunger.

Monique Cohen
Microfinance Opportunities

Jennefer Sebstad, *Consultant*
Microfinance Opportunities

Kathleen Stack
Freedom from Hunger

December 2005

TABLE OF CONTENTS

Assessing the Outcomes of Financial Education

ASSESSING THE OUTCOMES OF FINANCIAL EDUCATION

1. INTRODUCTION

Financial education programs for the poor are relatively new in developing and transition countries. While still few in number, innovative efforts are under way to help microfinance clients and other poor people improve management of their assets by building knowledge of key financial concepts and developing skills to make informed financial decisions. Microfinance Opportunities (MO) and Freedom from Hunger have initiated several of these financial education programs with seven partner organizations.[1] They aim to improve knowledge and skills in budgeting, savings, debt management, use of bank services, and financial negotiations. Citigroup Foundation has supported these efforts through the Financial Education for the Poor Project.

A Learner-Centered Approach to Financial Education

These financial education activities, which are still at an early stage, have been developed using a learner-centered approach to education design. This approach starts with market research to identify the financial education needs and opportunities of microfinance clients. Findings from market research carried out by partners in five developing countries highlight the limitless energy and creativity that poor people use to manage day-to-day needs, take advantage of opportunities, and deal with shocks and life-cycle events that place financial pressures on their families and enterprises.

The research further reveals the central importance of savings and debt—often provided through microfinance or informal financial systems—in the economic strategies of poor people. It shows that financial behaviors often are reactive, responding to immediate problems and needs with little time to consider options, trade-offs, and longer-term consequences. A common response is to borrow money on very unfavorable terms, resulting in over-indebtedness and erosion of assets. In some cases, negative financial experiences result in fatalistic attitudes about getting out of debt or ahead financially. A related issue that emerges from the market research is the sense of powerlessness many poor people feel, especially women, in dealing with financial issues—in banks, in their business relationships, and with their husbands and other family members. This relates not only to knowledge of financial concepts, but lack of

[1] Al Amana (Morocco), SEWA Bank (India), Pro Mujer (Bolivia), Teba Bank (South Africa), Equity Building Society (Kenya), Micro-Finance Centre (Poland), and CARD Bank (the Philippines).

Financial literacy can be defined as knowledge of financial concepts and the skills and attitudes to translate this knowledge into behaviors that result in good financial outcomes.

negotiation skills. The research further suggests that many poor people are ill equipped to make informed, financial decisions especially in the context of rapid proliferation of new financial products and services from banks and other consumer entities. Managing formal sources of credit requires more discipline and forward planning. The terms generally are less flexible than for informal sources and the consequences of delinquency are more profound. The market research further confirms that people usually learn about managing money informally through personal experience and from family, friends and peers rather than formal education. While poor people recognize the negative consequences of poor money management and the importance of financial literacy, they tend to see "financial education" as something for rich people.

Building on these and other market research findings, MFO and Freedom from Hunger have worked with project partners—microfinance institutions in seven countries—to design financial education modules in the five thematic areas described above. The design teams used the market research findings to identify key financial challenges and current financial behaviors among microfinance clients. This provided the basis for identifying desired future behaviors and designing learning activities to improve knowledge, skills and attitudes in support of these behaviors (Table 1). Once the partner organizations tested the learning activities on the ground, they were turned into generic modules that can be adapted and used in different places.

TABLE 1: USING MARKET RESEARCH TO IDENTIFY "DESIRED" FINANCIAL BEHAVIORS

Thematic Area	*Examples of Current Behaviors*	*Examples of Desired Behaviors*
Budgeting	▪ Live day-to-day ▪ Reactive financial behaviors ▪ Lack of forward financial planning	▪ Plan ahead for expenditures ▪ Make a budget ▪ Use a budget to manage money
Savings	▪ Wasteful expenditures ▪ Irregular savings ▪ Savings not linked to goals	▪ Avoid unnecessary spending ▪ Have a savings plan ▪ Save regularly
Debt Management	▪ Borrow for emergencies ▪ Over-indebtedness ▪ Borrow with little understanding of terms and consequences of delinquency	▪ Maintain an emergency savings account ▪ Make a plan to reduce debt ▪ Avoid excessive debt ▪ Borrow with full understanding of terms and conditions
Financial Negotiations	▪ Weak negotiating position in business relationships ▪ Limited control by women over own earnings	▪ Negotiate for what you want in business transactions ▪ Take an active role in decisions over own earnings
Bank Services	▪ Limited knowledge of bank services ▪ Limited use of bank services	▪ Know about financial options and their terms and conditions ▪ Use bank services to support financial goals

Separate papers describe the market research findings and the design of the learning activities. The purpose of this paper is to offer guidance on assessing the outcomes of financial education in promoting (1) improved financial knowledge, skills and attitudes; and (2) financial behaviors that lead to improved financial outcomes and, ultimately, increased assets for poor people in developing countries. At this early stage in the development of financial education for poor people in developing countries, our focus is primarily on generating information that can be useful for improving the design and delivery of financial education programs for this new target group.

2. TOWARDS A FRAMEWORK FOR ASSESSING FINANCIAL EDUCATION PROGRAMS

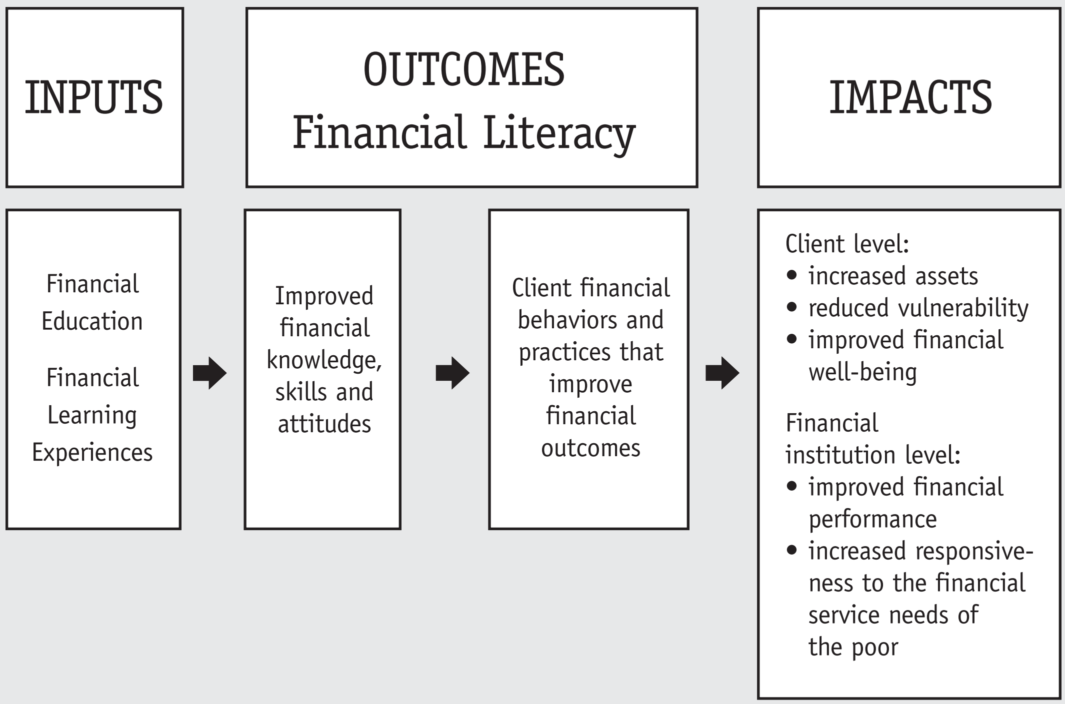
The outcomes and impacts of financial education programs can be wide-ranging, depending on the objective of the program, its design in terms of content and delivery, and its implementation. Any evaluation strategy needs to start by defining a specific set of questions, relevant levels of analysis, and measurable indicators. The choice will depend on the purpose of the assessment, the audience, and resources available. It also will depend on what reasonably can be expected to change as a result of the program within the time frame of the study.

Ultimately, the choice of outcome indicators should be guided by a detailed conceptualization of an "impact path" that traces the relationship between a particular type of financial education; client level changes in financial knowledge, skills and attitudes; change in financial behaviors and financial outcomes; and higher-level social and institutional changes (for example, client welfare and MFI financial performance). A more elaborate framework along these lines will be developed in the next phase of the Financial Education for the Poor Project.[2]

Here, we present the beginnings of a framework to assess the outcomes and impacts of financial education. Figure 1 traces the relationship between financial education programs, financial literacy, and broader social and institutional impacts. Components of the framework are introduced and briefly described below.

[2] This is a preliminary framework to guide initial pilot-phase efforts to assess the outcomes of financial education on microfinance clients. The next phase of the Financial Education for the Poor Project includes plans to develop a more detailed framework for assessing the impacts of financial education.

FIGURE 1: FRAMEWORK FOR ASSESSING THE OUTCOMES AND IMPACTS OF FINANCIAL EDUCATION



2.1. Inputs

Our framework defines the input as *financial education*, including training programs, seminars, campaigns, and other types of learning events for microfinance clients and other groups of poor people. This is the input variable in our framework.

Several characteristics of financial education will condition the outcomes. The *design* of the financial education defines the behaviors it is seeking to achieve and drives the outcomes. Another is the *target group* for the financial education and whether the program is reaching the intended target group. Another factor is the *relevance of the content* of the financial education to the target group. The level of exposure of clients to financial education, or *how much* financial education is delivered is also important to consider.

A factor that is often overlooked is the *delivery system for financial education*. When, where, and how financial education is delivered to clients has important implications for its effectiveness in achieving outcomes and impacts. It is important to understand both the content of learning events and how the content is delivered. This might involve, for example, traditional classroom training, videos, brochures, interactive computer programs, or other means. Who delivers it also affects outcomes—community groups, social service agencies, training institutions, microfinance or other financial institutions, faith-based organizations, or special interest or affinity groups such as youth-serving organizations. Market research in South Africa and studies in the United States have shown that specific venues are preferred by different groups of people (gender, age group, and so on). Whether it is delivered in a formal training center or bank, at a community site or through community theatre can make a difference. How much financial education is delivered also affects outcomes in terms of knowledge, skills, attitudes, and behaviors. The difference between a one-time campaign message, a one-day seminar or a more intensive course over weeks or months can have a significant effect on outcomes.

Financial learning experiences ("economic socialization") also play a key role in shaping financial knowledge, skills, attitudes and behaviors. This includes what people learn informally about money management from friends, parents, other family members, peers or teachers (Hogarth et al., 2003). The financial behavior of parents or other role models—for example, whether they save more than normal and communicate the basic elements of household saving to their children—can have a significant influence on the financial behavior of an individual (Bernhiem et al., 1997). People also learn through observation or exposure to positive role models or "positive deviants." In some cases, people learn through challenging personal experiences or "hard knocks." The market research revealed numerous examples of how clients managed various types of financial crises.[3] Financial learning experiences interact with financial education in affecting behaviors and outcomes.

2.2. Outcomes

Financial literacy can be defined as knowledge of basic financial concepts and the skills and attitudes to translate this knowledge into behaviors that improve financial outcomes.[4] *Knowledge* of financial concepts might include, for example, understanding the purpose of a budget or the elements of a savings plan. Other concepts include understanding loan terms and conditions or the

[3] Given that there almost always is more than one source of financial learning, the outcome of any particular financial education program will build on the previous knowledge and experience of participants, and reflect new financial experiences they have during the course of the evaluation that may or may not be directly related to the financial education program. Pre- and post-test information will show differences before and after training; but will not distinguish between changes related to financial education and changes related to other financial experience. Isolating the effect of the financial education program through a controlled study, while desirable for proving impact of financial education, would be complex, expensive, and of limited value at this early stage in the development of financial education modules—which will evolve in their design as they are used and adapted in different places. The aim of our evaluation efforts at this stage is to provide information that can be used to improve the relevance and design of financial education.

[4] In South Africa, ECI Africa (2004) defines financial literacy as the ability to make informed decisions and take appropriate actions on matters affecting one's financial wealth and well-being. It is a multidimensional concept that requires both breadth and depth of knowledge.

difference between various types of financial institutions. *Skills* to translate this knowledge into behavior might involve how to make a spending plan, open a savings account, calculate an interest rate, or obtain information on the products and services offered by a particular financial institution. Examples of *attitudes* related to changed behavior might include motivation to work toward a financial goal, commitment to stick to a spending plan, discipline to save regularly, or confidence to walk into a bank and ask questions.

Improved financial knowledge, skills and attitudes should contribute to changes in financial *behavior*. One example of behavior change might be to move from reactive to proactive financial behavior by actually making a budget to plan ahead for expenditures or using a spending plan to manage money. Other examples of behavior change might be to cut back on wasteful expenditures (resist a spending temptation), open a savings account, or save more regularly. It also might involve negotiating the terms of a business purchase or sale, rather than accepting them as given.

Changes in financial behavior should, in turn, lead to improved financial outcomes. *Financial outcomes* may include, for instance, achievement of a specific financial goal such as reaching a savings target, establishing an emergency savings fund, decreasing debt, or purchasing a home or other asset. It might also involve reducing financial stress—the feeling of pressure due to relentless financial demands and worries. Another outcome could be greater financial satisfaction—a sense of financial control and financial well-being. This relates to financial stability—a perception or expectation that finances are the same or better than before (e.g., last year). Improved financial outcomes might also be indicated by a reduction in the amount of time spent on financial matters or the number of times that personal financial issues interfere with work or the accomplishment of other tasks (Kim et al., 2004).

2.3. Impacts

Ultimately, financial literacy can have higher-level social and institutional impacts. At the client level, over time, improved financial knowledge, skills, attitudes, behaviors and outcomes should contribute to increased assets. Because assets provide a store of wealth—financial, physical, human and social resources—to draw upon in times of need, they play a key role in reduced vulnerability and improved well-being for individuals and households. While beyond the scope of this paper, there are a number of approaches for assessing impacts at this level (Copestake et al., 2005; AIMS, 2001; EDA Rural Systems, 2003; Sebstad and Cohen, 2001).

In terms of institutional-level impacts, financial literacy among clients of financial institutions should contribute to improved financial performance (for example, portfolio growth, repayment rates, operational and financial sustainability) and profitability (return on assets and equity). Increased interaction of poor people with financial institutions can lead to the development of products and services more responsive to their needs and opportunities. This is part of the process of pro-poor market development. Over time, more informed clients and consumers of financial services can contribute to more competitive financial markets.[5]

A study of the longer-term effects of financial education in the United States shows that exposure to financial education in high schools elevates the rates at which individuals save and accumulate wealth during their adult lives. (Bernheim, Garrett and Maki, 1997)

3. A FOCUS ON OUTCOMES

This section of the paper focuses primarily on *financial literacy outcomes*; that is, changes in client knowledge of financial concepts, skills and attitudes to translate this knowledge into behaviors that contribute to good financial outcomes. Since our programs are still at the pilot stage, we believe it is important to start by assessing their contribution to these areas of change, identifying where there are gaps, and using this information to further improve the design of financial education activities for this new target group.[6]

Our purpose here is to offer some guidance to help design outcome assessments. The intent is to suggest ideas that can be adapted to individual programs and assessments, not a blueprint approach.

The next sections present illustrative indicators for assessing client-level changes in financial knowledge, skills, attitudes, behaviors and outcomes. The idea is to offer some ideas; however, it will be necessary for individual financial education programs to tailor the outcome indicators to their own programs and to the purpose of their assessments. A few examples of how some of these indicators can be turned into questions to measure change are provided in Annex A. The final section addresses several evaluation issues: different evaluation approaches, the design of indicators, the timing of assessment activities, costs, and dissemination issues. We conclude with suggestions for next steps to improve the design of future evaluations of financial education for poor people in developing countries.

The primary *purpose* of this approach to assessing outcomes is to generate information that can be used to improve the design and delivery of financial education programs for microfinance clients. The *audience* for this type of

[5] This level of impact will be further elaborated in Phase II of the project.

[6] Higher-level social and institutional impacts, as described above, are most likely achieved through larger, more mature financial education programs that are successful in improving financial literacy. Thus, assessing the outcomes on financial literacy is our first priority.

evaluation includes financial education clients, program designers, those delivering financial education, financial service providers, social service providers, and consumer education groups.

We address two *key questions*: (1) does participation in financial education learning activities contribute to changes in financial knowledge, skills and attitudes; and (2) does financial education contribute to changes in financial behaviors and financial outcomes? These basic research questions can be further elaborated, based on the focus of each program or audience. For example, one programmatic design question might ask what type of financial education has the greatest benefit for a particular group of clients or market segment; another question might ask what type and amount of financial education is needed to address a particular problem or achieve a specific financial education objective. For the first question, it would be necessary to divide the study sample into market segments and compare the findings. For the second question, it would be necessary to divide the sample according to the type and amount of financial education received and compare the outcomes related to a particular problem or objective.

The *level of analysis* for assessing financial literacy outcomes is the individual level; that is, people who participate in financial education programs.

Defining indicators and measures to assess the effectiveness of financial education programs poses a number of challenges. There is almost no experience in developing countries and no real consensus on which measures to use or benchmarks of success for these programs. This also is the case in the developed countries where programs are more mature (Lyons et al., 2003). In the context of new programs that are still developing and refining their objectives, learning activities, and delivery systems, there is also the caution not to have over-expectations regarding outcomes. There has been little or no experience with measuring the outcomes of financial education programs in developing countries. This is a first attempt to define outcome indicators for these programs. They will need to be tested, revised, and refined over time.

3.1. Indicators of Financial Literacy

Below, we present illustrative indicators of financial literacy in three groups: (1) financial knowledge, skills, attitudes; (2) financial behaviors; and (3) financial outcomes. They are derived from the five thematic areas of the Financial Education for the Poor Project: budgeting, savings accumulation, debt management, effective use of bank services, and financial negotiations.

In general, the choice of indicators should be based on (1) the purpose and design of a particular financial education program; (2) the desired financial behaviors the program promotes; and (3) the specific achievement-based objectives of the programs' learning activities. The outcome indicators presented here are specific to the Financial Education for the Poor Project[7] and are offered as examples to help people think about the design of indicators tailored to different programs and contexts.

Within each category, *knowledge* is what the person should know or the information they require to adopt the desired financial behavior. *Skills* are what the participant must have in order to adopt the behavior. *Attitudes* are thoughts, feelings, and opinions that support the behavior. *Financial behaviors* are the way a person acts or responds to a situation or event.

3.1.1. KNOWLEDGE, SKILLS AND ATTITUDES

At the first level, we consider the relationship between the financial education delivered and changes in knowledge, skills and attitudes. This will help assess the effectiveness of the learning activities and suggest improvements that may be required. Table 2 includes illustrative indicators of financial knowledge, skills and attitudes related to the learning activities under our five themes.

To measure change in these variables, it is necessary to translate them into questions that can be asked before and after exposure to financial education (pre-/post-tests). Annex A provides sample questions.

Timing: Pre- and post-testing of clients' financial knowledge, skills and attitudes can be administered just before and just after exposure to the program. This will measure immediate learning associated with the financial education. The post-test could be repeated at later points in time to assess the sustainability of the learning.

[7] While these indicators are derived from the programs designed and piloted by project partners, they do not cover all possible financial literacy outcomes. Moreover, some of the same outcomes may be expected from more than one learning activity or different types of financial education.

TABLE 2: ILLUSTRATIVE INDICATORS OF FINANCIAL KNOWLEDGE, SKILLS AND ATTITUDES BY FINANCIAL EDUCATION THEME

Knowledge	*Skills*	*Attitudes*
Budgeting		
▪ The purpose of a budget ▪ The elements of a budget ▪ The benefits of tracking cash flow ▪ The benefits of a spending plan ▪ Money beliefs ▪ Financial goals	▪ Track cash flow ▪ Construct a budget ▪ Make a spending plan	▪ Commitment to work toward a financial goal ▪ Commitment to follow a budget ▪ Discipline to stick to a spending plan ▪ Confident about managing money ▪ Motivated to plan ahead
Savings		
▪ The purpose of savings ▪ Elements of a savings plan ▪ Different ways to save ▪ Different places to save ▪ What to consider in shopping around for a savings account (accessibility, safety, costs)	▪ Make a savings plan ▪ Apply to open a savings account ▪ Use a savings passbook ▪ Reconcile a savings account	▪ Belief in the benefits of savings ▪ Discipline to save regularly

TABLE 2: ILLUSTRATIVE INDICATORS OF FINANCIAL KNOWLEDGE, SKILLS AND ATTITUDES BY FINANCIAL EDUCATION THEME *continued*:

Knowledge	*Skills*	*Attitudes*
Debt Management		
■ What a loan is ■ The advantages and disadvantages of credit ■ Borrowing sources and options ■ The difference between principal and interest ■ Elements of loans (interest rates, loan terms, fees, penalties, delinquency policies) ■ Commitments implied by taking a loan ■ Consequences of delinquency and default ■ Strategies for managing debt (pay higher debt priority; reduce lines of credit; make consistent and timely payments) ■ Strategies for reducing debt (save for upcoming events; refinance to lower credit costs)	■ Complete a loan application ■ Read and understand a loan agreement ■ Ask appropriate questions before taking a loan ■ Assess repayment capacity ■ Calculate the direct and indirect costs of taking a loan ■ Calculate debt-to-income ratio ■ Make a loan repayment plan	■ Confidence to ask questions ■ Confidence to negotiate terms ■ Caution in borrowing decisions ■ Strength to say "no" to unfavorable terms ■ Discipline to follow a debt-management plan
Bank Services		
■ The functions of a bank ■ Types of banks and financial institutions ■ Types of services provided by banks (savings, loan and insurance services) ■ Purposes of savings ■ Purposes of loans ■ Purposes of insurance ■ What to consider in shopping around for a financial service ■ Financial services of personal benefit ■ How banks evaluate loan applications	■ Shop around for the best financial service to meet a need ■ Follow procedures for using bank products and services	■ Confidence to ask questions ■ Confidence to deal with banks, bank staff, ATMs
Financial Negotiations		
■ Principles of negotiation ■ Negotiation techniques ■ Steps to prepare for negotiation	■ Set negotiation objectives ■ Make a plan to negotiate	■ Confidence to negotiate ■ Finesse to negotiate for what you want ■ Commitment to stick to negotiating objectives

3.1.2. FINANCIAL BEHAVIORS

At the next level, we look at changes in financial behaviors following exposure to financial education. This is perhaps the most important outcome level, as change in financial behaviors is the main objective of financial education and the primary means through which higher-level impacts will be achieved. Timing is an important consideration in assessing behavior change: some behavior changes can be observed immediately or soon after the training; others may take years to manifest themselves. For example, financial education clients may be able to state a realistic financial goal, or have a written budget if these were addressed in the program. Other behaviors will take longer to observe, such as establishing an emergency fund, using a new bank service, or cutting back on wasteful expenditures. Some behaviors may be short-lived; for example, someone may implement a savings plan right after training, but give up on it after a few months. Our focus here is to identify changes in financial behaviors and outcomes that may occur during the first year following exposure.

One approach to assessing behavior change related to financial education is to identify indicators of positive financial behaviors (Table 3) and assess the number and proportion of people who report these behaviors before and after exposure to financial education. Outcomes can be measured by change in the number and proportion of participants with these behaviors before and after exposure.[8] Over time, as market research and evaluations generate more information on the financial behavior of poor people in developing countries, the most appropriate indicators of positive financial behavior can be further refined, and outcomes of programs can be measured against benchmarks. An example of a benchmark might be that six months after participating in a financial education program, 90% of participants have established an emergency savings fund. At this stage, our focus is on designing appropriate indicators to begin the process of gathering data that can be used to define appropriate benchmarks.

Timing: The suggested time frame for measuring change in behaviors (for this pilot phase) is just before the training and from three to twelve months afterwards.

[8] A more detailed discussion of methodological issues for evaluating outcomes and impacts of financial education programs will be addressed in Phase II of the Financial Education for the Poor Project.

TABLE 3: ILLUSTRATIVE INDICATORS OF FINANCIAL BEHAVIORS

Budgeting
■ Has identified a realistic financial goal ■ Has made a written budget ■ Follows a spending plan ■ Has a plan for future expenditures
Savings
■ Avoids unnecessary spending ■ Spends less than income ■ Has a realistic savings plan ■ Owns a savings account ■ Puts aside savings as soon as money comes in ■ Has an emergency fund ■ Saves regularly
Debt Management
■ Borrows with full understanding of terms ■ Makes loan payments on time ■ Maintains an emergency savings account ■ Makes a plan to reduce debt ■ Avoids excessive debt ■ Maintains a debt-to-income ratio below a specified amount (contextually defined—e.g., less than 33 percent)
Bank Services
■ Uses bank services more effectively ■ Uses bank services to support financial goals ■ Has experience with multiple financial products (e.g., short-term savings account, fixed-deposit accounts, bank loans, ATM cards, debit cards, insurance product, money card, etc.) ■ Has experience with multiple financial institutions (banks, insurance companies, burial societies, loan sharks, microfinance institutions, employers, retailers)
Financial Negotiations
■ Negotiates for what he/she wants in business transactions ■ Takes an active role in decisions over own earnings

3.1.3. FINANCIAL OUTCOMES

Ultimately, improved financial knowledge, skills and attitudes, and changes in financial behaviors in our five thematic areas should contribute to financial well-being. This can be in areas directly related to the financial education modules, such as increased savings or improved debt management. It also may be reflected indirectly through more subjective measures of perceived financial stress or satisfaction. Financial well-being can be assessed through a combination of qualitative and quantitative data and objective and subjective measures.

TABLE 4: ILLUSTRATIVE INDICATORS OF FINANCIAL OUTCOMES

- Reduction in financial stress[9]
- Greater satisfaction with financial situation (see footnote 9)
- Reduced amount of time spent managing financial matters (see footnote 9)
- Reduction in number of times personal financial issues have interfered with work or other tasks (see footnote 9)
- Financial stability
  - perception that financial situation is the same or better than a year ago
  - expectation that financial situation will be the same or better next year
- Achievement of a financial goal
- Motivation to plan ahead and set a financial goal
- Independent financial decision
- Reduced debt
- Reduced debt-service ratio
- Increased savings
- Successful financial or business negotiation
- Greater satisfaction with bank product or service

[9] From: Kim et al., 2004
- *Financial stress* was measured with a single question: “What do you feel is the level of your financial stress today?” with five options: overwhelming (5), severe (4), moderate (3), low (2), and none (1). Higher values mean higher levels of financial stress. This question was used in Bagwell (2001).
- *Financial satisfaction* was measured by one question with a 10-point stair-step scale. Those who were dissatisfied with their financial situation were asked to mark the lower steps (lowest=1) and those who were satisfied were asked to mark higher steps (highest=10).
- *Personal finance-work conflict* was assessed with one direct question inquiring about how often one’s personal finance interfered with their job such as getting to work on time, accomplishing daily tasks, or working overtime. Responses were coded: very often (4), sometimes (3), not often (2), and never (1).
- *Work time used for personal finances* included nine questions to assess how much time was used at work thinking about and handling personal financial matters. Respondents were asked to indicate the number of hours they spent in the previous month dealing with personal financial activities unrelated to their jobs while at work. Examples are “talked to co-worker about personal financial problem” and “talked to creditor about past-due payment.”
- *Absenteeism* was measured with three items; frequency of absences (excluding holidays and vacations), days totally unable to carry out normal activities, and days when there was a decrease in normal activities.

3.2. Other Background Information on Participants

3.2.1. CLIENT CHARACTERISTICS

In evaluating the outcomes of financial education, a key question is how effective it is for different market segments. Thus, it is important to be able to compare outcomes across different groups of people and assess differences. The "market" may be segmented by factors such as gender, age group, marital status, occupation, education, life-cycle stage, household wealth level, financial experience, or financial knowledge and skill levels. While there are some basic concepts that apply across groups, it is important to establish which topics, learning activities, and delivery systems are most appropriate for each group. As an example, young newly married people setting up a household and starting a family are likely to have different financial challenges and behaviors than older people nearing retirement whose children are grown. Very poor clients struggling to meet their day-to-day needs are likely to have different financial challenges and behaviors than people with surplus income to invest. Including this background information in assessments will allow for comparing outcomes and effectiveness of programs across sub-groups. These findings can be used to improve the design of financial education to meet needs specific to individual groups of clients.

3.2.2. EXPOSURE TO FINANCIAL EDUCATION

It is also important to compare outcomes by type, delivery method, and level of exposure to the financial education. This requires documenting the topic areas covered in the training, seminars, written materials, public campaigns, or other learning events. It also requires documenting the method of delivery. Since outcomes can be expected to vary based on the exposure level, accounting for this variable in the questionnaire will help assess effectiveness. This should include information on the time frame and frequency of exposure and a measure of the total exposure of the client to the education. Measures of exposure might be, for example, the total hours of training or the number of sessions attended.

3.3. Assessing the Quality of Training and Facilitation Activities

Training can be delivered in many ways and this will affect the learning process. The quality of training and the facilitation of learning events (corresponding to the "input" variable in our simple framework) will make a difference in what is learned and, ultimately, the outcomes.

Three tools can be used to assess the quality of training as part of an outcome assessment. One is a *trainer feedback survey* that captures trainer views on the relative effectiveness of the learning session, how user-friendly they are, and how they can be improved (Table 5). A second tool is an *observation checklist* that can be used by a supervisor or a trained trainer sitting in on the training. It assesses technical content, management and organization of the session, facilitation and teaching skills, and attitudes displayed by the facilitator (Annex B). A third tool is a list of questions to solicit *participant feedback*. These questions ask participants what they found most useful about the learning sessions, what they did not understand, what they learned that was new, what action they plan to take as a result of the learning session, and what more they would like to learn on the topic (Annex D).

TABLE 5: INDICATORS TO ASSESS THE QUALITY OF TRAINING: TRAINER FEEDBACK

- Which sessions were most effective?
- Which sessions were most effective in improving knowledge of financial concepts?
- Which sessions were most effective in improving financial skills?
- Which sessions were most effective in improving attitudes about money management?
- Which sessions need improvement?
- Which methods did the learners like best?
- Did you make any changes during the training?
- How much time did you spend training?
- What could be done to improve the financial education?

3.4. Institutional Performance Indicators

A key question for microfinance institutions is whether delivery of financial education to clients and potential clients can help to improve the financial performance of the institution. What areas of performance might be affected? How much financial education is needed for it to affect financial performance? When can changes be expected to occur and how long will they take? Can financial education help MFIs both expand outreach to poor people and achieve their financial performance goals?

At this early stage in the development of financial education programs for the poor, and given the relatively small scale of pilot efforts to date, it is unlikely that changes in institutional performance will be observable in the short term. However, over time, as financial education programs for the poor are scaled up and the design of financial education learning events are further honed to meet the needs of particular groups of microfinance clients, it can be expected to contribute to improved institutional performance. Table 6 suggests some illustrative indicators of financial performance that might be expected to improve as a result of financial education programs.

TABLE 6: SUGGESTIONS FOR MFI FINANCIAL AND INSTITUTIONAL PERFORMANCE INDICATORS

General
Increased demand by poor ▪ Increase in the number and proportion of poor clients ▪ Decrease in non-earning liquid assets (loanable funds not lent) Decrease in drop-out rates ▪ Reduction in the number and proportion of clients who drop out; *compare clients with and without financial education* More efficient provision and use of bank services ▪ Increased clients per staff member ▪ Increased clients per loan officer ▪ Reduced number of inquiries per client at information desk; *compare clients with and without financial education*
Credit
Reduced arrears ▪ Reduced portfolio at risk > 30 days and > 90 days ▪ Increased number and proportion of borrowers with on-time repayment; *compare clients with and without financial education* ▪ Reduced number and proportion of borrowers in arrears >30 days and > 90 days; *compare clients with and without financial education*
Savings
Increased savings ▪ Increased number of savings accounts ▪ Increased total value of savings ▪ Increased average size of savings accounts ▪ Proportion of new savers with financial education; *compare to all savers with financial education*
Other Financial Products and Services
More diversified provision and use of bank services ▪ Increase number and type of bank services meeting needs of the poor ▪ Increased number and proportion of clients using more than one service; *compare clients with and without financial education*

4. OTHER EVALUATION ISSUES

In designing an outcome assessment, it is important to consider the following:

- *Who* will be evaluated, who will carry out the evaluation, who will analyze the results, and who will be the audience for the findings
- *Why* the evaluation is being conducted
- *When* the evaluation will be carried out and at what points in time the data will be collected
- *Where* the sample will be drawn from and where the evaluation activities will take place
- *What* information will be collected for the evaluation
- *What* the purpose is for the specific information that is being collected
- *How*, or through what process, the evaluation will be carried out

A guidance paper on outcome assessment is included in the Financial Education for the Poor curriculum. It presents issues to consider in working through each of these steps and suggests the elements of a simple, practitioner-led outcome assessment.

Here we present some more general evaluation issues related to the design of financial education outcome assessments: a discussion of general approaches, selection of indicators, timing, cost, and dissemination.

4.1. Evaluation Approaches

Approaches to evaluating outcomes and impacts of financial education can range from simple to more complex, depending on the purpose of the assessment, the maturity of the program, and whether the program is carried out on an ongoing basis, or carried out as a one-time activity. As we develop strategies for evaluating financial education programs, we can think of three types of assessments.

4.1.1. PROGRESS TRACKING SYSTEMS

Progress tracking systems are appropriate (and critical) for programs that are carried out regularly within or across organizations as part of their ongoing work. A progress tracking system could have several components. The first component could track selected outcome indicators on an ongoing basis. It should include information that is simple to collect and not include too many indicators. Ideally, the data should be collected and analyzed “in-house” by practitioners. One approach would be to collect a small set of indicators related to financial knowledge, skills, attitudes, behaviors and outcomes (Tables 2, 3, and 4). A simpler method would be to focus primarily on financial behaviors, on the assumption that knowledge, skills and attitudes can be reasonably expected to change as a result of financial education learning activities, and that outcomes can be reasonably expected to change as a result of changed behaviors.[10] Once appropriate benchmarks of change are established, monitoring data can be collected on an ongoing basis from a small, carefully designed sample.

The second component of a progress tracking system could involve monitoring the quality of training and facilitation activities on an ongoing basis (Table 5). The third component of a progress tracking system could include a set of institutional performance indicators that are monitored periodically (Table 6).

4.1.2. "ONE-TIME" OUTCOME ASSESSMENTS

This type of assessment would be appropriate for pilot or experimental financial education efforts. The information generated can be used to provide feedback on the effectiveness of financial education on certain variables, the strengths and weaknesses of a particular program, and how it can be improved. The findings also can be used to begin to develop some benchmarks of behaviors and behavior changes that can be expected from financial education. These indicators can be used to gauge the effectiveness of financial education programs in achieving certain benchmarks.

As an example, a one-time assessment might include a sample of 80–100 randomly selected learners. It could collect pre-/post-test data on selected indicators of knowledge, skills and attitudes just before and just after their exposure to learning events. It could also involve the collection of before/after data on financial behaviors and outcomes, just before exposure and from three months to a year after exposure to the learning events. Initially, this type of assessment could include a somewhat broader range of indicators than a progress tracking system—to learn which indicators are most relevant and practical. This information can be used to hone the design of financial education outcome indicators, and narrow the number of indicators to include in progress tracking systems.

4.1.3. IMPACT ASSESSMENTS

Over time, as financial education programs for poor people in developing countries become more mature and established, investment in a few larger-scale impact assessments will be appropriate. Impact assessments can include a broad range of both outcome and impact indicators (which would help to establish the relationship between change in participant financial behaviors and higher-level impacts). The design and selection of impact indicators should be based on a conceptual framework that traces a hypothetical relationship between inputs, outputs, outcomes, and higher-level impacts. The defining

[10] This idea, from a personal conversation with Chris Dunford, will be elaborated in Phase II.

characteristic of an impact assessment is that it includes both learners and a control group of people or MFIs *without* financial education. This is necessary to be able to measure and compare changes between those who have been exposed to financial education and those who have not. Impact assessments require more complex methodologies to be able to attribute changes to exposure to financial education. They require higher levels of expertise, and generally are more expensive to implement.

4.2. Design of Indicators

Measuring the effectiveness of financial education can include the use of both qualitative and quantitative data. It can also include the use of both objective and subjective indicators. Objective indicators can be used to measure whether someone has opened a bank account or how much they have saved. The reliability of these indicators can be improved if the evaluator has access to bank records. Objective indicators may also be used to test a skill, such as how to define budget categories or how to calculate an interest rate. The validity and reliability of these measures can be tested through review of written accounts or skill tests, although this may not always be feasible. Other objective measures may be less reliable—for example, it may be difficult to confirm if someone reports that they have established a financial goal or have used a budget regularly to manage their money. The reliability of the response could be tested by asking the question in more than one way (directly and indirectly) in a questionnaire, or through repeat interviews at more than one point in time. In other cases, people may be asked to report amounts saved or levels of indebtedness over a previous time period based on recall. In most cases, it would be costly to confirm this information by checking bank records or other means. Breaking the question up into smaller parts sometimes helps to improve the reliability of recall data.[11]

Subjective indicators can be used to assess feelings, perceptions, expectations or opinions. This might involve asking someone to rank on a scale the relative level of financial stress they feel now compared to a year ago (much more, more, about the same, less, much less). A subjective measure to assess feelings about financial stability would be to ask people their perception of their financial situation now compared to a year ago (better, the same or worse) or their expectation about their finances a year from now (better, the same or worse). Most of the outcome measures related to attitudes are subjective (do people feel motivated, committed, confident, about some aspect of money management).

[11] "How much did you save last year?" can be broken down into the following questions: "How much do you save in a typical month? How much do you save in a high month? How much do you save in a low month? How many typical months did you have last year? How many high months did you have last year? How many low months did you have last year?"

4.3. Timing of Assessment Activities

Some financial education outcomes are immediate; others take longer to manifest themselves. While most changes in financial knowledge, skills and attitudes will be observable at the end of the training program, changes in financial behaviors and financial outcomes generally take longer to occur. For example, an impact study of a national financial education program for teenagers in the U.S. showed that many changes in financial behaviors did not manifest themselves until the participants were well into their adult years (Bernheim et al., 1997).

Change in *knowledge, skills and attitudes* can be measured through pre- and post-tests administered to clients just before and just after their exposure to training (or other types of financial education). Whether these changes are sustained over time can be measured by repeat tests following exposure—for instance, after six months, one year, or more.

While some changes in *financial behavior* may take place right after the training, others will manifest themselves gradually over a longer period of time. Behavior outcomes could be measured just before and six months to a year following exposure. Longer-term and sustained changes in behavior could be measured at longer intervals following exposure.

Similarly, *financial outcomes* happen over a longer time frame. They also could be measured just before and six months to a year after the training. Longer-term and sustained changes in financial outcomes could be measured at longer intervals following exposure.

In general, a strategy and plan for measuring outcomes should be developed during the design stage of a financial education program. A focus on outcomes is integral to an approach that focuses on promoting behavior change and embodies achievement-based objectives in the design of learning activities. Moreover, it allows for an outcome questionnaire to be administered to participants before the training.

4.4. How Much Will It Cost?

Time and expertise to carry out an outcome evaluation should be factored into the cost of a financial education program. These costs may be greater for new programs since questionnaires will need to be designed and pre-tested before administering. Costs will depend on the size of the sample, the number of outcome indicators studied, and the number of rounds from which data will be collected. More sophisticated surveys and forms of analysis will require higher levels of expertise and thus cost. These costs are often underestimated, or left out of the budget altogether. Inclusion in the budget is an indicator of the priority afforded to accountability in ensuring the delivery of effective financial education.

4.5. Dissemination of the Results

Effective dissemination of the results of outcome assessments will help to insure they are used for improving the content and delivery of the financial education modules and learning activities. It will also help to improve the outreach and targeting strategies for different types of financial education. In addition, the information is useful for understanding the demand for financial education and what type of financial education has positive outcomes for what groups of people.

5. SUMMARY AND CONCLUSION

The above presentation starts with a simple framework for studying the *outcomes* and impacts of financial education programs. For the purpose of this paper, it focuses specifically on outcomes of financial literacy in five thematic areas. Financial literacy is defined as knowledge of financial concepts, and the skills and attitudes to translate this knowledge into behaviors and practices to improve financial outcomes. Under each thematic area, we suggest indicators to study changes in financial knowledge, skills and attitudes; financial behaviors and practices; and, lastly, financial outcomes. These indicators can be used to evaluate pilot financial education programs that are being designed and tested under the Financial Education for the Poor Project. The aim is to generate information to improve the design and delivery of financial education targeted to microfinance clients in developing countries. In the context of our framework, financial literacy is seen to be an intermediary step towards longer-term impacts on building assets, reducing vulnerability, and improving the well-being of poor people in developing countries. Expansion and further elaboration of a framework to address these higher-level impact questions will be important for evaluating more mature financial education programs for developing countries. This is planned for Phase II of the Financial Education for the Poor Project.

Table 7 provides a summary of evaluation design issues for financial education.

With growing interest in financial education programs for microfinance clients and other poor people in developing countries, systematic outcome assessments can enhance understanding of what works and why, how financial education programs can be improved, and the value of investing in them. Next steps in an agenda for evaluating the outcomes and impacts of financial education programs could include a focus on the following:

- Translation of indicators of financial knowledge, skills, attitudes, behaviors and outcomes into appropriate measures of change.
- Establishment of benchmarks of behavior change that can be expected from financial education programs.

- Further elaboration of different methodological options for assessing outcomes and impacts.
- Development of simple, practitioner-led progress tracking systems.
- Expansion and elaboration of a conceptual framework to guide the design of financial education impact assessments.

TABLE 7: SUMMARY OF EVALUATION DESIGN ISSUES FOR FINANCIAL EDUCATION PROGRAMS

Types of Outcomes	***What to Measure***	***When to Measure***	***How to Measure***	***Who to Measure***
Short-term changes Change in knowledge, skills and attitudes	▪ Changes in financial knowledge ▪ Changes in financial skills ▪ Changes in financial attitudes	▪ Immediately before and after training	▪ Conduct financial literacy test ▪ Establish benchmarks ▪ Measure percent of trainees at benchmark before and after ▪ Assess change in percentage of trainees achieving benchmark after	▪ 80–100 trainees at the initial stages ▪ A small sample of trainees once financial education design is tested, refined and relatively stable
Medium-term changes Change in financial behaviors and outcomes	▪ Changes in financial behaviors and outcomes	▪ Before training ▪ Three months to one year after training	▪ Administer questionnaire ▪ Design indicators ▪ Conduct larger survey to establish benchmarks before and after training ▪ Measure percentage of trainees at benchmark before and after ▪ Assess change in percentage of trainees at benchmark ▪ Assess change in relation to achievement of knowledge, skills and attitudes	▪ 80–100 trainees at initial stages ▪ A small sample of trainees once financial education design is tested, refined and relatively stable

TABLE 7: SUMMARY OF EVALUATION DESIGN ISSUES FOR FINANCIAL EDUCATION PROGRAMS *Continued*

Types of Outcomes	*What to Measure*	*When to Measure*	*How to Measure*	*Who to Measure*
Longer-term changes—Institutional level ■ Financial products and services more responsive to the needs of the poor ■ Improved financial performance ■ Improved outreach to poor clients	■ Changes in institutional performance ■ New products and services ■ Changes in financial performance ■ Profitability	■ Before training ■ One to two years after financial education	■ Design impact indicators ■ Measure change in impact indicators before and after ■ Assess impacts in relation to amount of financial education delivered and achievement of desired financial behaviors/ outcomes ■ Compare change with and without financial education	■ Monitoring data from financial institutions sponsoring financial education ■ Monitoring data from financial institutions not sponsoring financial education
Longer-term changes—Client level ■ Reduced vulnerability ■ Improved well-being	■ Change in assets: • Financial • Physical • Human • Social	■ Before training ■ One to two years after financial education	■ Design impact indicators ■ Measure change before and after ■ Measure change in relation to the amount and type of financial education delivered and achievement of desired financial behaviors/ outcomes ■ Compare financial education trainees to control group to assess difference in change with and without financial education	■ Randomly selected sample of trainees (sample size based on methodo-logy) ■ Control group (sample size based on methodo-logy)

REFERENCES

AIMS team. 2001. "Conceptual Framework for Assessing the Impacts of Microenterprise Services." AIMS paper. Washington, D.C.: Management Systems International.

Bernheim, Douglas B., Daniel M. Garret, Dean Maki. 1997. "Education and Saving: The Long Term Effects of High School Financial Curriculum Mandates." Prepared under a grant from the National Science Foundation, and Merrill Lynch and Co., Inc. June.

Bernheim, B. Douglas, Daniel M. Garrett, 1996. "The Determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Households." Stanford Economics Working Paper #96-007.

Copestake, James, Martin Greeley, Susan Johnson, Naila Kabeer, Anton Simovitz. 2005. *Money with a Mission Volume I. Microfinance and Poverty Reduction*. ITDG Press.

ECI Africa. 2004. "Finmark Trust: Financial Literacy Scoping Study and Strategy Project. Final Report." March.

EDA Rural Systems. 2003. "Impact Assessment of Microfinance: Interim Findings from a National Study of Microfinance Institutions in India."

Elliehausen, Gregory, E. Christopher Lundquist, Michael E. Staten, 2003. "The Impact of Credit Counseling on Subsequent Borrower Credit Usage and Payment Behavior." January.

Hogarth, Jeanne M., Sondra G. Beverly, Marianne Hilgert. 2003. "Patterns of Financial Behaviors :Implications for Community Educators and Policy Makers." Discussion Draft, February.

Kim, Jinhee, Benoit Sorhaindo, Thomas Garman, 2004. "Financial Stress and Work Outcomes Of Credit Counseling Clients." *Consumer Interest Annual*. Volume 50.

Lyons, Angela C., Jeanne Hogarth, Jane Schuchardt, Tim Smith, Maude Toussaint-Comeau. 2003. "Evaluating Outcomes of Personal Financial Education." *Consumer Interests Annual*. Volume 49.

Rutherford, Stuart. 2000. *The Poor and Their Money*. New Delhi: Oxford University Press.

Sebstad, Jennefer and Monique Cohen. 2001. *Microfinance, Risk Management and Poverty*. Washington, D.C: Consultative Group to Assist the Poorest.

ANNEX A: EXAMPLES OF QUESTIONS TO ASSESS THE OUTCOMES OF FINANCIAL EDUCATION

Developed by Participants in the Morocco Meeting on Financial Education for the Poor (Casablanca, April 11-15, 2005)

BUDGETING

Indicator 1: Percentage of clients who can explain what a financial goal is (knowledge)

When to measure: Just before and just after the training

What to measure: Please explain what a financial goal is _________

Indicator 2: Percentage of clients who can identify the difference between an everyday expense, a short-term financial goal, and a long-term financial goal (knowledge)

When to measure: Just before and just after the training

What to measure: Please indicate if the following examples are (a) an everyday expense, (b) a short-term financial goal, or (c) a long-term financial goal

_____ House repairs 2 years from now

_____ Wedding of son in 3 years

_____ Monthly grocery supply

_____ Festival in 3 months

Indicator 3: Percentage of clients who can name the major elements of a budget—income, expenditures, savings (knowledge)

When to measure: Just before and just after the training

What to measure: What is a budget? List the three major elements of a budget.

Indicator 4: Percentage of clients who have a written budget with the three major elements (behavior)

When to measure: Just before, just after, and 3–6 months after the training

What to measure: Do you have a written budget? Describe what your budget includes.

Indicator 5: Percentage of clients who use a budget (behavior)

When to measure: Just before and 3–6 months after the training

What to measure: Are you using a budget today? Do you find it useful?

Indicator 6: Percentage of clients who track cash flow over a month

When to measure: Just before and 3–6 months after training

What to measure: Do you keep records of cash flow? If so, demonstrate one month's cash flow.

SAVINGS

Indicator 7: Percentage of clients who know how to reduce expenditures (knowledge)

When to measure: Just before and just after the training

What to measure: Give three examples of ways to cut down expenditures

Indicator 8: Percentage of clients who have done something to reduce their expenditures (behavior)

When to measure: Just before training and 3–6 months after training

What to measure: Describe what you have done recently to save on expenditures.

- How much did you save?
- What did you do with the money you saved?

DEBT MANAGEMENT

Indicator 9: Percentage of clients who make loan payments on time (behavior)

When to measure: Just before training and 3–6 months after training

What to measure: Are you paying your loan on time?

Use bank records to assess on-time repayment rates, compare clients with and without financial education

Indicator 10: Percentage of clients who know three appropriate questions to ask a lender before taking a loan (knowledge)

When to measure: Just before and just after the training

What to measure: Choose the three most important questions that you should ask when applying for a loan (circle three)

(1) What is the name of the credit officer?
(2) What is the interest rate?
(3) What time during the day do I have to come by?
(4) Do you charge penalties for late payment?
(5) In how many installments do I need to repay the loan?

Indicator 11: Percentage of clients who know how to assess their repayment capacity

When to measure: Just before and just after the training

What to measure: Name three things to consider in assessing your capacity to repay a loan

(1)
(2)
(3)

Indicator 12: Percentage of clients who know the maximum percentage of their total household income they should allocate to loan repayment

When to measure: Just before and just after the training

What to measure: What is the maximum percentage of your total household income that you should allocate to loan repayments?

(a) 10%
(b) 20%
(c) 50%
(d) 80%
(e) 100%

BANK SERVICES

Indicator 13: Percentage of clients receiving financial education who have increased their use of ATMs

When to measure: Just before and 3–6 months after the training

What to measure: In the past month, how many times have you used an ATM machine? How many times have you used a teller window?

Use bank MIS to assess use of ATMs vs. use of tellers: # of ATM applications; # of teller visits; compare clients with and without financial education

Indicator 14: Percentage of clients who improve their knowledge of products and services offered by banks

When to measure: Just before and just after the training

What to measure: List the products and services offered by a bank

Indicator 15: Percentage of clients who improve their management of risk associated with ATM card

When to measure: Just before and 3–6 months after the training

What to measure: Use bank records/MIS to assess the following:

- Number clients with lost cards and PIN
- Number clients with stolen card and PIN
- Number clients who forgot their PIN
- Number of ATM transactions per client
- Number who report to bank about others offering to help them at the ATM

ANNEX B: OBSERVATION CHECKLIST FOR ASSESSING THE QUALITY OF TRAINING AND FACILITATION ACTIVITIES

Observation Checklist

Trainer Name:_______________ Observer Name/Position:__________________

Session Topic/Name and Number:____

Group Name:______________________________________ Date:_________________

1. Technical Content			
a. Communicated *all* technical information accurately	Y	N	
b. Responded to questions accurately	Y	N	N/A
c. Brought focus back to the promoted behavior when "inaccurate" information was raised	Y	N	N/A
d. Acknowledged when questions were beyond his/her technical knowledge	Y	N	N/A
2. Session Management and Organization			
a. Completed all learning session steps	Y	N	
b. Completed all learning session steps in order	Y	N	
c. Completed the learning session within ____ minutes of recommended time	Y	N	
d. Had all materials (visuals, notes, props, etc.) ready and organized	Y	N	
3. Facilitation and Teaching Skills			
a. Used small groups as suggested—including size of group (pairs, threes, etc.)	Y	N	N/A
b. Small-group management			
▪ Defined clearly the question/topic to be discussed	Y	N	
▪ Helped arrange participants to assure they faced each other	Y	N	
▪ Circulated around the room to clarify, help and encourage groups	Y	N	
▪ Asked for reports (sample or all groups) according to learning session guide	Y	N	

3. Facilitation and Teaching Skills (continued)			
c. Open-ended questions			
▪ Used open-ended questions as indicated in the learning session guide	Y	N	
▪ Used open-ended questions to probe and encourage active discussion at other times—must give specific example: ______________________________	Y	N	
d. Spoke loudly and clearly	Y	N	
e. Visuals			
▪ Showed all visuals included in the learning session	Y	N	N/A
▪ Assured that all participants could see the visuals (moved around the room, passed them around the room, used a member to circulate with them or asked for participants to assemble around a picture to see it better)	Y	N	N/A
f. Used other teaching techniques/facilitation skills as written in learning session guide (stories, demonstrations, role-plays, games)	Y	N	N/A
4. Attitudes Displayed			
a. Provided praise/affirmation to the participants—must give specific example:______________________________	Y	N	
b. Demonstrated respect for the participants—must give specific example:______________________________	Y	N	
c. Helped participants feel at ease with participating—must give specific example:______________________________	Y	N	
d. Attempted to create a dialogue and/or limit “lecture style”—must give specific example: ______________________________	Y	N	

Notes:

1. N/A should only be used if the trainer did not have an opportunity to use or practice the element. Otherwise “Y” or “N” should be used in each case.

2. For “must give specific example”—if no specific example can be given “N” should be circled.

ANNEX C: PROCESS FOR PROVIDING FEEDBACK ON THE LEARNING SESSION PRESENTATION

Use the following questions to give feedback on the learning sessions:

1. What methods/facilitation techniques were used in this learning session?

2. What key technical information was effectively communicated?

3. What went well?

4. What can be improved?

5. If you could re-design this learning session, what would you do differently?

6. What other comments and suggestions do you have?

ANNEX D: PARTICIPANT FEEDBACK QUESTIONS

To be completed based on an informal discussion with five participants after the completion of a learning session

1. What did you find most interesting or most useful about today's session (probe about the content and activities)?

2. What was not clear to you in the session today (probe about the content and activities)?

3. What have you learned in the session that is new for you? (Probe: Anything else? Anything else?)

4. What actions do you plan to take as a result of the learning session?

5. What would you like to learn more about on the topic?

Financial Education

A ROAD MAP FOR THE CURRICULUM

Financial Education
FROM POVERTY TO PROSPERITY

IMPLEMENTATION GUIDANCE

INTRODUCTION: THE RATIONALE FOR FINANCIAL EDUCATION

MARKET RESEARCH GUIDANCE

OUTCOMES GUIDANCE

ADAPTATION GUIDANCE

ADULT LEARNING PRINCIPLES AND CURRICULUM DESIGN FOR FINANCIAL EDUCATION

Working Papers

MARKET RESEARCH FOR FINANCIAL EDUCATION

ASSESSING THE OUTCOMES OF FINANCIAL EDUCATION

TRAINERS' GUIDES

BUDGETING:
Use Money Wisely
Curriculum and Content Note

SAVINGS:
You Can Do It!
Curriculum and Content Note

DEBT MANAGEMENT:
Handle with Care
Curriculum and Content Note

BANK SERVICES:
Know Your Options
Curriculum and Content Note

FINANCIAL NEGOTIATIONS:
Communicate with Confidence
Curriculum and Content Note

TRAINING OF TRAINERS MANUALS

BUDGETING:
Use Money Wisely
TOT Manual and Toolkit

SAVINGS:
You Can Do It!
TOT Manual and Toolkit

DEBT MANAGEMENT:
Handle with Care
TOT Manual and Toolkit

BANK SERVICES:
Know Your Options
TOT Manual and Toolkit

FINANCIAL NEGOTIATIONS:
Communicate with Confidence
TOT Manual and Toolkit

Microfinance Opportunities "Putting Clients First"
citigroup foundation
freedom from Hunger
SHRI MAHILA SEWA SAHAKARI BANK LTD.
TEBA BANK
AL AMANA
MICROFINANCE CENTRE
C.A.R.D. M.R.I.
EQUITY BUILDING SOCIETY
pro mujer