TAKING STOCK

FINANCIAL EDUCATION INITIATIVES FOR THE POOR

A REPORT



The MasterCard Foundation

G:ENESIS



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The MasterCard Foundation
2 St. Clair Avenue East
Suite 301
Toronto, Ontario
Canada M4T 2T5

Email: info@mastercardfdn.org

Web: www.mastercardfdn.org

Printed in Canada

ACKNOWLEDGEMENTS

This report has benefitted from generous contributions of time and effort by many individuals and organisations. The research design, framing and writing of the report was led by Monique Cohen and Ana Klinic from Microfinance Opportunities; and Alyna Wyatt, Jessica Benjamin and Paul Zille from Genesis Analytics. Bailey Butzberger, Julie Lee and Jessica Massie also contributed to case research and writing on behalf of Microfinance Opportunities.

We received incredible support from many individuals across the case study organisations. They provided invaluable insights and helped us access critical data and information on their financial education programmes. The case study organisations include the Association of Microfinance Institutions of Uganda (AMFIU); Faulu Deposit-Taking Microfinance Ltd., Kenya; Financial Literacy Foundation, Uganda; FINCA Mexico; Free to Grow "MoneySense", Africa; Junior Achievement, Nigeria; Opportunity International Bank of Malawi (OIBM); Population Council Programmes, Kenya and Egypt; Private Education Development Network (PEDN), Uganda; South African Insurance Association (SAIA); Support Programme for Enterprise Enterprise Empowerment and Development (SPEED), Ghana; and XacBank, Mongolia. Hanna Schommer from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) was also particularly helpful in providing information on the SPEED Ghana case.

Kristin Hunter provided great support in compiling and copyediting the report. From within The MasterCard Foundation, a special thanks to Alexandra Pattee, Ruth Dueck Mbeba, Krista Pawley and Jyotsana Saha who contributed to the final production of the report.

Rewa Misra

Program Manager

The MasterCard Foundation

ABOUT THE ORGANISATIONS:

Genesis Analytics, a Johannesburg-based economics consulting firm, provides economic and strategic advice, across a range of sectors, to governments, development institutions and private corporations around market-based, private sector-led solutions to poverty and development challenges through the Business in Development practice. Genesis-Analytics currently manages the Financial Education Fund (FEF), a DfID funded challenge fund with fifteen funded projects in eight African countries. Projects cover a diversity of delivery channels and target audiences to determine the relative efficiency and effectiveness of different models of financial education to equip poor people in Africa with the skills and knowledge to manage their finances effectively.

Microfinance Opportunities is a global nonprofit organization committed to understanding the financial realities of low-income households and developing consumer-focused solutions. Its work shapes the design and delivery of financial products and services, and enhances the capacity of low-income consumers to make informed financial decisions. In collaboration with a wide range of public and private sector partners, Microfinance Opportunities' research and expertise help to increase consumer access to finance in the developing world. Founded in 2002, Microfinance Opportunities is based in Washington, DC.

The MasterCard Foundation advances microfinance and youth learning to promote financial inclusion and prosperity. Through collaboration with committed partners in 42 countries, The MasterCard Foundation is helping people living in poverty to access opportunities to learn and prosper. The MasterCard Foundation has actively support financial education (FE) initiatives across the globe since its inception. An independent, private foundation based in Toronto, Canada, The MasterCard Foundation was established through the generosity of MasterCard Worldwide at the time of the company's initial public offering in 2006. For more information, please visit www.mastercardfdn.org.

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LIST OF ABBREVIATIONS

AMFIU	Association of Microfinance Institutions of Uganda
ATM	automatic teller machine
CBO	community-based organisation
CBT	community-based trainer
DFID	U.K. Department for International Development
FAS	Faulu Advisory Services
FE	financial education
FINCA	Foundation for International Community Assistance
FinLit	Financial Literacy Foundation
FSB	Financial Services Board (South Africa)
FSC	Financial Sector Charter (South Africa)
GHAMFIN	Ghana Microfinance Institution Network
JA	Junior Achievement
LSM	Living Standard Measurement (South Africa)
MEA	Mongolian Education Alliance
MFI	microfinance institution
MFO	Microfinance Opportunities
MoFEP	Ministry of Finance and Economic Planning (Ghana)
NGO	non-governmental organisation
OIBM	Opportunity International Bank of Malawi
PEDN	Private Education Development Network
PIN	personal identification number
POS	point of sale
SAIA	South African Insurers' Association
SME	small/medium enterprise
SPEED	Support Program for Enterprise Empowerment & Development
WWB	Women's World Banking

TAKING STOCK:
FINANCIAL EDUCATION INITIATIVES FOR THE POOR
SYNTHESIS REPORT

MICROFINANCE OPPORTUNITIES AND GENESIS ANALYTICS

1. INTRODUCTION

When people have low levels of financial literacy, they often make unproductive financial decisions: they spend their money in suboptimal ways, borrow too much, save too little, and miss opportunities for investing. By communicating the knowledge, skills, and attitudes associated with sound money management, financial education can offer these individuals the means to use their scarce financial resources more effectively and to choose the financial services and products that best meet their needs.

The objective of this report is to understand the landscape of financial education programs for low income households, what works in financial education programmes for such households and why. This objective is explored with respect to three research categories: enhancing impact, increasing scale and sustaining access. In terms of enhancing impact, the report explores (on the basis of information already available with case organisations) what improves financial capability and well being for women, youth (both men and women), and their households. The report seeks to understand how financial education programmes can increase scale by examining delivery channels and methods of scaling up. To examine sustainable access, the report seeks to identify market and other solutions to sustain financial education programmes. Finally, the report seeks to explore the interconnections and tradeoffs between enhancing impact, increasing scale and sustaining access for financial education programmes.

To achieve this objective, The MasterCard Foundation (the Foundation) commissioned Microfinance Opportunities (MFO) and Genesis Analytics (GA) to review the experiences of 12 organisations worldwide. These case studies offer insights into their financial education strategies, especially those aimed at young people and vulnerable individuals. They outline the successes and challenges the organisations encountered in designing and delivering effective financial training.

Financial education, as used in this report, refers to the process of introducing people to the knowledge, skills, and attitudes required for responsible earning, spending, saving, borrowing, and investing. By broadening people's understanding of financial options and principles, financial education builds skills to use financial products and services, and promotes attitudes and behaviours that support more effective use of economic resources.[1]

[1] M. Cohen and C. Nelson, (2011), 'Financial Literacy: A Step for Clients towards Financial Inclusion', draft paper, Washington, DC.

The case study organisations, mostly from Sub Saharan Africa, have been particularly successful in reaching low-income groups, youth, and women with their financial education programmes. The case studies review the various attributes of the programmes—their models, methods, and delivery mechanisms—as well as the economic and social benefits for clients.

The synthesis report summarizes findings from the 12 case studies, which are included as annexes to the report. It begins by outlining the methodology of the research initiative, followed by an overview of the case study organisations and their financial education objectives. The report outlines the three general categories of financial education objectives that exist within the case studies: consumer protection and awareness; product uptake and improved use; and personal development for improved livelihoods. It then presents the target audience of the financial education programmes followed by an overview of their financial education content and delivery channels. The synthesis report finishes by outlining what works in financial education, as observed from the 12 case study organisations. The report presents these findings according to six questions:

1. What is scale in financial education programmes?
2. What factors facilitate scale?
3. What are the costs involved in financial education?
4. How do financial education initiatives define sustainability?
5. Which solutions help sustain financial education? and
6. Enhanced impact: what improves financial education uptake and use?

The analyses of these factors are not intended to be general conclusions, but rather context-specific observations and insights to build upon in order to design better programme strategies that boost people's financial capabilities.

2. METHODOLOGY

The case studies presented in this report cover 12 diverse financial education programmes, implemented by various organisations, including banks, community-based organisations (CBOs), non-governmental organisations (NGOs), private companies, and donor organisations. These organisations use a variety of delivery methods, curricula, and programme models to deliver financial education to low-income, vulnerable, and young populations (see Figure 1).

The MasterCard Foundation, Microfinance Opportunities, and Genesis Analytics worked collaboratively to select the organisations using the following criteria: type of organisation, available information, focus on youth and women, and diversity of programme models. The development of each case study involved four days of desk research to review information provided by the organisations themselves. The findings from this research are based on written documents such as programme reports, training manuals, monitoring reports, and impact assessments. In addition, research was conducted through in-depth questionnaires or interviews with senior or programme management in each organisation. This information and data was collected up until October 2010. The writing of the case studies followed a

FIGURE 1 CASE STUDIES AT A GLANCE

ORGANISATION	COUNTRY	ORGANISATION TYPE	OBJECTIVE	DELIVERY MECHANISM	TARGET AUDIENCE	HIGHLIGHT
AMFIU	Uganda	Microfinance industry organisation	Consumer protection and awareness	Tools and mass media	Economically active youth over 18	Multi-pronged mass media campaign including radio, music, dance and drama, posters, flyers, picture cards, flip charts, consumer handbooks, newspapers, TV talk shows, publications, and workshops
Faulu	Kenya	Deposit taking microfinance institution	Product uptake and improved product use	Face-to-face training, multimedia, tools	Economically active low-income adults (rural and urban)	Diversified financial education delivery channels and tools to meet different market needs
FINCA	Mexico	Microfinance institution	Branchless banking product uptake	Face-to-face training	Economically active low-income women, predominantly rural	Financial education lessons to build confidence and knowledge around pre paid cards (FINCA has reached 10,500 people with prepaid cards, all of whom received financial education training.)
FinLit Foundation	Uganda	Industry organisation	Financial skills development	Workshops and clinics	Ugandan public above 16	Annual financial literacy weeks (The number of participants, 1,500-3,000, doubled from 2009–2010.)
Free to Grow	Kenya, Namibia, Tanzania, Uganda, South Africa	Personal development and training specialists	Personal, interpersonal, and organisational development	Face-to-face training	Low-income employees of large companies, with low levels of literacy	Use of experiential learning: metaphor, imagery, anecdotes, and case examples to make abstract concepts easier to understand
Junior Achievement	Nigeria	NGO	Personal development for improved livelihoods	Face-to-face training	Primary and high school students; some out-of-school youth	Use of existing infrastructure and networks through Nigerian schools; focus on 'learning by doing'
OIBM	Malawi	Microfinance bank	Product uptake and improved product use	Face-to-face training, and multimedia	Economically active adults with focus on younger adults ages 20 to 30	Use of face-to-face training as an added-value service and customer relationship-building mechanism OIBM reached 300,000 people.)

FIGURE 1 CASE STUDIES AT A GLANCE

ORGANISATION	COUNTRY	ORGANISATION TYPE	OBJECTIVE	DELIVERY MECHANISM	TARGET AUDIENCE	HIGHLIGHT
PEDN	Uganda	NGO	Personal development for improved livelihoods	Face-to- face training	Youth ages 6 to 16	Use of youth clubs at schools (managed by youths) as a delivery channel for financial education.
Population Council	Egypt and Uganda	NGO	Personal development for improved livelihoods	Face-to-face training	Adolescent girls	Financial literacy programmes as an integral component of livelihoods agenda
SAIA	South Africa	Industry organisation	Consumer protection and awareness	Mass media	Peri-urban and urban commuters	TVs in taxi ranks (potentially reaches 2.1 million commuters per day, at a relatively low cost of around US$ 0.25 per person reached)
SPEED Ghana	Ghana	NGO-donor funded project	Consumer protection and awareness, product uptake, and improved product use	Tools and 'edutainment'	Informal sector (low level of education); people aged 18–30 and students entering the job market, women and women's groups	Diverse yet complementary channels to reach a widespread audience: road shows, theatre plays and radio campaigns (From the outset, SPEED stakeholders endeavoured to ensure sustainability.)
XacBank	Mongolia	bank	financial literacy skills	training	Adolescent girls	a result of financial education.

common template,[2] with the participating organisations reviewing the drafts to ensure all information was accurate.

These 12 programmes are a part of the emerging field of financial education, which is still in an early stage of learning and development. Most of the programmes surveyed in this report are relatively new. Due to the nature of these programmes and the context in which they operate, data on their accomplishments and impact was often difficult to gather and may be of limited reliability. Thus, the evidence provided in the case studies, as well as the resulting observations, should be viewed as context-specific insights rather than general conclusions.

3. INSTITUTIONS AND THEIR FINANCIAL EDUCATION OBJECTIVES

The range of organisations implementing the 12 different financial education programmes featured in this report is broad. It includes formal and semi-formal financial service providers (banks and microfinance institutions), technical service providers (training and development service organisations), and non-profit development organisations and networks (financial industry associations). Some offer financial education as a component of, or complement to, their primary financial products (OIBM—Opportunity Bank of Malawi, Faulu, and Free to Grow). Others integrate financial education as part of a holistic approach to improve livelihoods (Population Council). While others follow a specific mandate to deliver consumer education with a financial education component (SAIA—South African Insurance Association).

The South African Insurance Association (SAIA) has a mandate from the government of South Africa to promote insurance education. It offers various financial education interventions intended to increase consumer knowledge about insurance, as well as their rights and responsibilities as consumers when buying products from accredited financial services providers. This initiative is an example of a successful private–public partnership to provide consumer education about insurance.

The case studies offer an opportunity to explore the strengths and weakness of the different types of organisations engaged in or sponsoring financial education programmes. The analysis indicates that financial education programmes and their ultimate results vary based on short-term programme goals and long-term objectives. The organisations explored in the case studies cite various objectives for their financial education programmes, which can be grouped into three general categories: consumer protection and awareness; product uptake and improved product use; and personal development for improved livelihoods.

[2] The template used for all 12 case studies contains these main sections: institutional background, target group, financial education background and/or model, scalability, sustainability, (enhanced) impact, and conclusion.

3.1 CONSUMER PROTECTION AND AWARENESS

Some broad-based financial education programmes seek to change consumer interactions with the financial market. A popular example of this type of programme is the use of financial education as a tool to introduce the public to basic financial concepts and to promote financial inclusion for the 'unbanked'.[3] In general, financial industry associations typically favour this type of financial education programme as they have a mandate to change some aspect of the market in which their membership operates (e.g., AMFIU—Association of Microfinance Institutions in Uganda, and SAIA).

Partnerships among government agencies, civil society organisations, private companies, and NGOs play a vital role in building awareness around financial literacy. The objectives of these partners typically focus on introducing large numbers of people to financial concepts and the formal financial sector as well as reaching them with key messages. Networks (groups of similar financial institutions linked together for mutual benefit under an umbrella organisation) play an important role by promoting financial education and engaging their members in common initiatives (see box about SAIA). Some industry associations have mandatory membership or subscription fees, which can fully fund the financial education programmes, while others must depend on outside subsidies to complement membership fees.

3.2 PRODUCT UPTAKE AND IMPROVED PRODUCT USE

Financial education can teach consumers about appropriate products and services, thereby boosting uptake and use. This can be mutually beneficial for consumers and financial service providers. Clients can become better equipped to manage their finances and make more appropriate choices about the financial products offered. Interviews with case study organisations such as OIBM illustrate that some financial service providers perceive improved portfolio quality as being a result of less risky clients.This type of financial education programme is generally implemented by financial institutions, including microfinance institutions (MFIs) and banks (e.g., Faulu Kenya, OIBM).

Opportunity International Bank of Malawi (OIBM) is the largest commercial microfinance bank in Malawi. Together with its financial product line, OIBM offers financial education aimed at improving the money management skills of its clients and their on-going use of the Bank's products and services. Since the start of its financial education program in 2004, OIBM has reached approximately337,000 people.

OIBM's financial education model is a mixture of direct training, multimedia messages, and individual meetings. OIBM measures the success of financial education through improvements in portfolio quality indicators and increases in the use of its products and services.

[3] 'Unbanked' here refers to people who do not have physical access to financial services or products (no financial institutions exist in their area or are too far away), or do not have sufficient resources or the minimum age to be eligible for financial services or products. It goes beyond merely not using a bank or financial institution, and generally refers to poor people at all levels.

MFIs and commercial banks frequently sponsor financial education programmes in an effort to strengthen and increase clients' use of their services, and to generate customer loyalty. Through regular interactions and building relationships with clients, financial institutions have a receptive audience that can be leveraged to readily offer financial training to low-income populations.

Many of the financial institutions included in this report emphasize that market research is integral to the successful development of their financial education programmes. They gather data on clients' levels of financial literacy and status of financial inclusion to inform the development of the programmes. Yet some financial institutions indicated that, in practice, some of their research focuses on understanding financial product gaps, rather than focusing exclusively on the financial education needs of their clients. Important exceptions are Population Council and XacBank, who use qualitative market research focused on financial education needs to inform the design and delivery of financial education programmes for their target populations.[4]

This report observes that financial institutions have an invaluable advantage, over other organisation types, in providing financial education. They have the ability to offer their clients an immediate opportunity to practise and apply newly-acquired financial management skills with actual financial products. An example of this is by opening a savings or credit account and using an automatic teller machine (ATMs).[5]

FINCA Mexico introduced its financial education program to build clients' knowledge and confidence about the pre-paid card it offers and, ultimately, its branchless banking. FINCA's comprehensive financial education program addresses the clients' level of technical knowledge and enhances their trust in mobile banking and other financial technologies. FINCA has reached 10,500 people with prepaid cards. All received financial education training.

Further, the report observes that the organisations that teamed up with external organisations specialising in curriculum and learning programme development (education specialists), achieved significant benefit from the partnership. These specialised organisations have greater capacity to develop a sound financial education curriculum and the ability to attract and leverage donor support to fund such programmes. Both Faulu and XacBank are part of a consortium of institutions, supported by the Nike Foundation, that promotes financial education and the development of savings products for

[4] The value of market research for financial education is being recognized more and more, and new financial capability initiatives, such as YouthStart and YouthSave, are incorporating it as part of their program design.

[5] Gray et al. (2009) show this to be an important factor ensuring the effectiveness of financial education programmes. B. Gray, J. Sebstad, M. Cohen, and K. Stack (2009), 'Can financial Education Change Behaviour? Lessons from Bolivia and Sri Lanka' (Washington, DC: Microfinance Opportunities).

adolescent girls. Their programme models are premised on the belief that financial education will benefit adolescent girls as they transition to adulthood, enter the workforce, and are given the opportunity to open and use their first bank savings account.[6]

Financial education also plays an important role in branchless banking initiatives. For example, FINCA Mexico's experience shows that financial education helped bring the introduction of pre-paid cards to scale in the Mexican financial services market. FINCA Mexico sees financial education as the principal driver for the increased uptake and use of the cards.

3.3 PERSONAL DEVELOPMENT FOR IMPROVED LIVELIHOODS

NGOs and other personal development and training organisations within the report (e.g., Population Council, Free to Grow) view financial education as a part of a more holistic social agenda that offers financial knowledge and skills as a means to improve financial decision-making, social well-being, and general livelihoods. Their financial education materials stress personal and social development as chief outcomes and their programmes include extensive participation in educational activities.

The Private Education Development Network (PEDN) in Uganda is a non-profit organisation established in 2004. PEDN seeks to empower youth by establishing entrepreneurship and business skills programs in public and private secondary schools, as well as in communities. PEDN's objective is to produce creative and competitive individuals who are productive job creators, not just job seekers. A feature of PEDN's approach is its methodology. To encourage creativity and critical thinking, PEDN combines financial education with entrepreneurial and business skills training, as well as an opportunity to save, so that participants are able to immediately put new knowledge into practice.

Particular to this group of financial education providers is their customization of the curriculum to meet the needs of specific target audiences. In addition, these programmes seek to expand the traditional scope of financial education programmes by reaching into communities that are excluded from mass media.

The case study analysis also highlights two school-based programmes, Junior Achievement (JA) Nigeria and Private Education Development Network (PEDN) Uganda, which offer financial education combined with business and entrepreneurship training to primary

[6] The partners in the Nike Foundation initiative include CARE, Population Council, Women's World Banking, Microfinance Opportunities, XacBank, ADOPEM, K-REP Bank, and Faulu.

Microfinance Opportunities (MFO) is a non-profit organisation founded in 2002 and works at the nexus between consumers and financial service providers. It developed a set of financial education resources that are readily adaptable to different populations and delivery channels, and reached scale in four years working with a diverse range of partners. Many of the organisations highlighted in this review have used MFO's core curriculum and have adapted it to their specific target audiences. MFO's experience to date shows that financial education can change savings, budgeting, and debt management behaviours.

and high school students. Both of these programmes are proactive in focus. They concentrate on preparing young people for a future in the work force by helping them develop the positive attitudes and skills they need to succeed in the job market.

4. TARGET AUDIENCE

Most of the organisations in this report target comparable populations: young people, vulnerable groups, and low-income populations in developing countries. The target audiences live in both urban and rural areas, have limited formal education, and survive by managing their cash flows on a day-to-day basis. Many face endless challenges as a result of limited incomes.[7]

These characteristics offer significant challenges to the design and delivery of financial education programmes. The findings of this report suggest that, to the extent possible, financial education providers should segment their target markets to ensure that their programmes reflect variances in financial education needs and priorities. Programmes should take into account the learners' stage in life, as well as demographic and cultural differences between groups. All factors have implications for the successful delivery and the appropriateness of the content of financial education programmes.

It is important to note that many of the financial education programmes target only individuals of legal age to access financial services. (Many countries have a minimum age for opening an account, such as 18 years in Kenya and 14 years in Mongolia.) Others are open to younger people. They recognize that many young people, both those who are in and out of school, begin earning a living early in life and will benefit from acquiring money management skills in their teens, if not sooner. JA Nigeria and PEDN believe that it is important that financial education begins at an early age. By teaching young people the principals of money management, they will be equipped with the appropriate tools and knowledge to make productive financial decisions when they become economically engaged.

[7] D. Collins, J. Morduch, S. Rutherford, and O. Ruthven (2009), 'Portfolios of the Poor: How the World's Poor Live on $2 a Day' (Princeton, NJ, USA: Princeton University Press).

5. FINANCIAL EDUCATION CONTENT

To be effective, the content and delivery channel for financial education programmes need to be practical and useful to their target audiences. Individuals are more likely to retain and adopt key messages if the financial education curriculum is relevant to particular goals or problems they face. Further, many of the case study organisations stress that their clients' financial education needs are constantly changing. This requires that content and messages be refreshed and updated at regular intervals. The same holds true for financial products and services. OIBM reviews its financial education syllabus on a quarterly basis to ensure that it is meeting the priorities of its target audience. AMFIU also appreciates the importance of developing new curriculum material, citing innovation as an ongoing activity and cost in the implementation of its financial education programme.

Organisations require insight into the cultural, social, and economic dynamics of their target audiences in order to ensure their financial education curricula is relevant. Certain financial management skills need to be prioritized according to these dynamics. Investing, for example, may be less relevant to young and vulnerable groups than, say, budgeting and saving.

Like financial products, it can be said that the design of a financial education programme should follow a sequential development process: market research, concept testing, pilot testing, refinement, and roll out. Following this process will help to ensure that the curriculum is designed on need- and demand-driven bases. Both SPEED Ghana and FinLit conducted pre-programme assessments to ensure that their financial education content was relevant to their target audiences. This has been crucial to ensuring that SPEED Ghana's messages have a high impact. Free to Grow, a private training and development service provider, conducts continual content and course evaluations to ensure that participants are both satisfied and benefitting from the financial education programme.

Free to Grow's MoneySense programme provides learners with the opportunity to practise real-world applications through experiential learning. Participants are split into groups or "households" and given "Free to Grow money" and picture cards of monthly expenses (transportation, food, clothing, entertainment, etc.), and instructed to allocate money to each expense. When they do this, participants often find that their money is over-allocated to living expenses, leaving nothing for school fees, after care, and the like. Following this exercise, individuals are given budget sheets to help plan their actual monthly expenditure, with the help of the facilitators.

Pilot tests allow organisations to evaluate their financial education materials for appropriateness, relevance, and efficiency. Population Council conducted pilot testing, which led to the need to find more cost-effective mechanisms to deliver its financial education programmes in order to support better scalability and sustainability for the programmes' partner financial institutions.

Many of the organisations in this report highlighted the importance of appropriate and/or relevant educational content for their financial education programmes. Experience to date suggests that the development and adaptation of the financial education content is one of the most difficult, yet most important, tasks in ensuring quality curriculum. Several organisations pointed out the need for technical expertise when adapting a financial education curriculum, originally developed for general use, for their target audience. This requires modifying the format and content (e.g., illustrations, anecdotes, and examples) to reflect the capacity and cultural realities of the target audience. A particularly challenging component of the adaptation process is tailoring the curriculum to accommodate varying degrees of literacy (in both reading and math) and income levels among the target audience.

The experiences of a number of the organisations in this report underscore the importance of providing financial education to financial services staff. While the majority of the discourse and action around financial education focuses on the consumer, SPEED Ghana and AMFIU actively trained both field officers and financial education trainers in financial management. They undertook these training programmes with a belief that by becoming more knowledgeable on financial management topics, field officers and financial education trainers could serve their clients more effectively. By learning the same financial education material, they may be more empathetic and sensitive to the client, which may help them allay any distrust and uncertainty regarding MFIs that their clients may harbour.

AMFIU (Association of Microfinance Institutions in Uganda) uses a variety of delivery methods including an educational radio program with integrative elements to encourage public participation. AMFIU selected radio stations that reach out to a diverse range of people. An impact study showed a significant increase in number of clients and number of deposits at a sample of financial institutions.

Pedagogy is as important as the content of the financial education programme. Many of the financial education programmes in this report are based on principles and practices that emphasize interactive learning.[8] Related to this is the opportunity for clients to practice their newly-acquired financial skills in order to turn information learned into tangible financial decisions. In this regard, MFIs

[8] K. Stack (2008), 'Adult Learning Principles and Curriculum Design for Financial Education' (Washington, DC: Microfinance Opportunities).

and banks that deliver financial education have a distinct advantage. Participants in their financial education programmes can directly and immediately exercise new-found financial capabilities and are thus more likely retain the skills and knowledge. The value of action-based learning is present in Free to Grow's financial education programme where its participants create actual day-to-day household budgets. The same occurs in PEDN financial education programme, where the programme participants are required to meet weekly savings goals.

6. FINANCIAL EDUCATION DELIVERY CHANNELS

Programme objectives, target audiences, and practical considerations influence the choice of delivery channels. Broadly, the delivery channels used by the case study organisations fall into three groups:

1. Face-to-face training,
2. Mass media , and
3. Tools.

Face-to-face training is the most common delivery channel used by the organisations profiled in the case studies. Face-to-face training allows a close relationship to develop between the organisation and the participant. The case study organisations that utilize face-to-face training see this training method as an effective tool for improving behavioural outcomes. When distrust and fear impede the use of branchless banking instruments, such as ATMs and pre-paid cards, direct training is a useful tool to address this challenge. FINCA Mexico uses face-to-face training to build trust for the use of pre-paid cards through relationship building and role-playing.

Organisations also deliver financial education through mass media, such as television, public campaigns, 'road shows', and radio programmes. Financial education programmes with the ultimate goal of promoting general awareness of financial literacy issues often use radio or television to reach audiences. Radio programmes, more so than television, are effective at reaching low-income audiences. While mass media has the ability to reach large numbers of people, the impact of such programmes on long-term financial behaviour change has not been assessed and is largely unproven. Thus, the use of mass media to deliver financial education programmes requires further investigation before conclusions can be drawn about its effectiveness.

Tools, such as brochures, flyers, posters, or training videos/DVDs, offer enormous potential to lower the per person cost of delivering financial education programmes. The initial experiences of Faulu Kenya and OIBM show that training videos/DVDs may also be an effective tool to encourage conversation and stimulate excitement around financial education.

XacBank is the fourth largest bank in Mongolia serving 73,121 borrowers and 142,487 savers (MixMarket, 2010). In early 2009, XacBank partnered with the Nike Foundation, Women's World Banking (WWB), and Microfinance Opportunities, and developed Temuulel (meaning "Aspire"), a set of customized savings products linked to a financial education program for 14-17 year old girls. From the bank's perspective, financial literacy gives consumers the tools to take maximum advantage of the banks' products. Additionally, financial literacy for girls is seen as a long term investment in a future clientele that hopefully will be loyal to the Bank.

Junior Achievement (JA) Nigeria uses existing school and community groups as a platform to reach learners. JA Nigeria focuses on scaling up its existing program within schools by increasing the number of students per class (up to a maximum number), and then increasing the frequency of classes held in the established schools, and finally by adding new locations.

Many of the financial education programmes in this report use 'edutainment', or educational entertainment, to engage their audiences. Theatre and dance productions, radio shows, television programmes, comic strips, and other outlets have proven highly effective at imparting financial education messages to large and diverse groups of people. Edutainment programmes also expose new audiences to financial education messages. Edutainment can reach those without access to more traditional educational outlets, such as training courses or workshops.

An important element to consider, when deciding on the appropriate financial education delivery channel for a programme, is the socio-economic characteristics of the target audience. These include educational levels and/or geographic locations. For example, rural populations—many of whom may have limited or no formal education—prefer learning in communal environments, such as group training classes or study circles. By contrast, market research shows that urban populations prefer one-on-one counselling or conversation-style learning environments. In Mongolia, literacy levels are very high and classroom style learning is favoured. Knowing this, XacBank designed a classroom-based programme to reach adolescent girls.

People retain new knowledge, skills, and attitudes best when the information presented is relevant to them. For JA Nigeria, the existing school environment offers 'teachable moments'. JA Nigeria's financial education programme reaches young people at a point in their lives when they are most comfortable learning in a classroom setting. This is not necessarily appropriate for an older group.

Practical constraints often pose challenges when choosing alternative delivery channels. For example, an organisation may realize that DVDs and radio programmes are effective means to impart financial education, but the remote location of their target audience may limit or prevent access to bank branches, central transportation centres, or radio signal reach, where financial messages can be broadcast.

Another issue is attracting the necessary funding to cover the costs of developing, delivering, and implementing the financial education programme. Without adequate financial resources, organisations may be forced to select a less costly and possibly less desirable delivery channel option. The case studies featured in this report show that organisations often do not consider this reality in the initial stages of programme design and development. Often, only after the initial investment has been made to develop a specific financial education curriculum and its delivery channel, do the organisations realize that they lack sufficient resources for programme roll out and full-scale implementation.

7. WHAT WORKS IN FINANCIAL EDUCATION

To date, there has been limited information available on the key factors for success in financial education programmes. Many of the organisations profiled in the case studies communicated their recognition of this challenge. They cited a lack of funding for monitoring and a lack of evaluation systems as constraints that limit the quantity and depth of information available. These limitations can inhibit the successful scale up, sustainability, and ultimate impact of financial education programmes. Indeed, few of the case study organisations have financial education monitoring processes in place. In instances where organisations evaluate their programmes, they often focus only on outcomes achieved. Useful indicators include pre- and post-test data to measure the acquisition of knowledge and skills, uptake of products and services, and decrease of indebtedness. Despite its early stage, the financial education industry has much to learn from process evaluations. These evaluations can identify important insights into the mechanics of implementing financial education programmes.

7.1 WHAT IS SCALE IN FINANCIAL EDUCATION PROGRAMMES?

Organisations with financial education programmes often have different approaches to scale. The variations reflect each organisation's objectives for its financial educations programme. The case studies in this report point to four main routes to reaching scale:

- National/regional consumer education campaigns – These programmes have a low cost per person and expose large numbers of the public to key messages. Unfortunately, due to the nature of the delivery channel, quality monitoring and evaluation data is very difficult to obtain.

- Financial service providers – Financial service providers' existing clients offer an important base for rapid scale-up of financial education programmes. From a user's perspective, having simultaneous access to financial services and a financial education programme enhances practical learning. From an organisation's perspective, financial service providers can utilize their existing infrastructure and resources to deliver financial education programme to large numbers of people.

- School-based programmes – Using pre-existing platforms to reach groups of young people provides considerable opportunities to scale. Organisations like PEDN and JA Nigeria have achieved this by building school-based strategies to leverage existing networks, and by using standardized content and delivery channels to manage costs.

- Personal development and training –Direct training programmes allow additional interaction with participants. In order to deliver training effectively, the programmes also require specialised or complementary platforms, vehicles, or agendas. This degree of customization can challenge the programme's ability to achieve scale.

7.2 WHAT FACTORS FACILITATE SCALE?

In addition to the four routes to reaching scale above, the case studies highlight other key factors that promote or influence effective scale up:

- Partnerships and networks – The majority of the case studies featured in this report suggest that stakeholder involvement (government, financial service providers, or other) is fundamental for scaling up financial education programmes. These partnerships can serve various purposes:
  - They provide financial security in support of existing infrastructure, networks, and capacity.
  - Parallel partnerships between financial education and financial service providers ensure that knowledge imparted to participants is linked to opportunities to exercise newly-acquired skills.
  - Decentralization of delivery within financial education organisations may facilitate networking between groups, sharing of information, and spreading positive externalities.

Faulu Kenya has found that it is more effective for them to be a full service financial institution, offering more than just loans. They have recently added savings and transactional products to their client services offered. Faulu has embedded financial education in the provision of financial services as part of their business model. The Bank sees financial education as a way to assist their clients is using Faulu services more appropriately and wisely.

- Use of mass media and technology – Mass media and the use of technology are increasingly popular channels for disseminating financial education programmes more widely. Organisations using technology for the delivery of financial education programmes may initially incur substantial development costs. Yet, in the long run they should achieve a more efficient cost structure due to the lower operating costs. Resources, such as radio and television, can reach multiple end users. Faulu developed a set of DVDs, based on a local popular television series, to use in trainings as well as on-line courses. Radio programmes, sponsored by AMFIU and SAIA, reach audiences that cannot access traditional workshops. Also, the use of mobile phone applications as a delivery channel for financial education programmes is likely to increase rapidly as mobile banking expands.

- Institutionalization – According to the organisations featured in this report, financial education should not be a one-time occurrence, but an integral component of an organisation's ongoing interaction with its community and clients (such as a client's relationship with an MFI or bank).

7.3 WHAT ARE THE COSTS INVOLVED IN FINANCIAL EDUCATION?

Generally the costs of implementation can be broken down into two main categories:

1. Programme design and development (e.g., financial education messages, modules, etc.); and
2. Dissemination of financial education (e.g., training, learning events, and other models).

The costs of financial education programmes, particularly for organisations that incorporate financial education into a broader programme, can be difficult to quantify.

Population Council is an international, nonprofit, non-governmental organisation specializing in research and development around population health issues. The Council engages other more specialized institutions to assist it in developing and implementing a financial education programme that supports and fits their mainstream activities.

Ideally, by identifying the total costs in each category above and dividing this figure by the number of people reached, one should be able to estimate an average unit cost (i.e., cost per person accessing the financial education programme). However, in practice, and in this report, this calculation is difficult to reach and at times impossible to use for several reasons:

- Detailed financial information is sparse and often entirely unavailable, even from the case study organisations.

- Where costs are available, organisations often refer to the total cost of their broad consumer education or financial services programmes, without isolating the specific expenditure on the financial education component.

- Organisations often do not know the exact number of people reached by their financial education programmes (particularly the TV-radio broadcasts or edutainment campaigns), making a cost-per-client calculation difficult.

- For many of the financial education programmes, the costs vary over time and over different stages of implementation. This makes it particularly difficult to aggregate costs for programmes that are still at an early stage of operation.

The analysis in this report shows that programme development (including market research, education material development, and pilot testing) often incurs the highest cost. As a result, the choices of education material design and delivery channel influence the way in which organisations reach scale. It may be more effective to reach a greater variety of target audiences by using a combination of multiple financial education delivery channels, although it may be more expensive than relying on only one channel.

SPEED (Support Program for Enterprise Empowerment and Development) Ghana employs a successful partnership model to facilitate a widespread financial education initiative. SPEED Ghana was part of a joint collaboration with international donors, the Bank of Ghana, Ghana MicroFinance Institutions Network (GHAMFIN) and the Ministry of Finance and Economic Planning (MoFEP), plus others, to leverage financial support, infrastructure, and human capacity to deliver quality financial education across the country.

The case study organisations identify several tactics that decrease programme costs. Among them is simplifying the financial education materials. A project's ability to develop easy-to-understand and easily replicable learning materials may effectively contribute to lowering the costs of the financial education programme. Conversely, resource-heavy materials are often costly and difficult to deliver in different settings. Technology-based strategies can offer a number of prospects for lowering the operating costs of financial education. The financial education programmes featured in this report do not exhibit these technology-based strategies.

Many of the case study organisations suggest that stakeholder involvement may improve the efficiency of financial education programmes. Through stakeholder involvement, roles and responsibilities can be delegated to partners, based on their comparative advantage.

OIBM advocates the decentralization of delivery in order to lower programme costs. This has the advantage of allowing client groups to network with each other and to share information. Other organisations, like SAIA, believe that identifying their organisational limitations is crucial. SAIA views outsourcing as the most viable and efficient method for the successful implementation of financial education programmes.

7.4 HOW DO FINANCIAL EDUCATION INITIATIVES DEFINE SUSTAINABILITY?

Generally, organisations define sustainable financial education programmes as those that can be successfully continued, even after external funding is withdrawn. The majority of organisations featured in this report currently rely on donor funding to implement their financial education programmes. These organisations will have to devise models that can self-generate funds or secure other permanent sources of funding to ensure longevity.

Long-term funding models are possible, given that many organisations see financial education as either key to their business (MFIs and banks) or central to their mandate (industry associations). The publication of impact data that demonstrates the value added by financial education is essential to ensuring that organisations stay committed to achieving their objectives.

Organisations also emphasize the importance of institutional sustainability, or memory, to preserve the continuity of learning in the organisation. Many organisations are initially sceptical of financial education and its benefits. XacBank faced an uncharted area when it decided to offer a financial education programme focused on adolescent girls. Today, it is committed to a financial education programme for young people, female and male. The impact of Xacbank's programme has spread beyond the bank to non-financial institutions and reaches beyond the Mongolia's capital city into rural areas.

The analysis here suggests that sustainable programmes are designed around strong funding models that serve not only the needs of the participants but ultimately benefit all stakeholders. Achieving this means continual commitment to learning, to building capacity of staff and associated organisations, and to creating and fostering partnerships.

7.5 WHICH SOLUTIONS HELP SUSTAIN FINANCIAL EDUCATION?

The sustainability of a financial education programme is directly linked to the funding model and the demand for such information by the target audience. The review of the case study organisations identifies three funding models with inherent sustainability:

1. Profit-driven programmes or services (e.g., Free to Grow, which charges for its financial education training sessions)

2. Financial education subsidised by the financial services provider as a value-added component of their business model (e.g., OIBM, Faulu, XacBank)

3. Financial education as a vehicle to influence the market (e.g., SAIA, AMFIU, SPEED Ghana)

FinLit, a relatively new organisation, sees target market analysis, program review, and impact evaluation as critical components to the long-term relevance and sustainability of the organisation. FinLit's constant survey is and market analyses led it to adjust its program to keep their topics appropriate and current. The result was a doubling of attendance at FinLit's Annual Financial Literacy Week.

Each of these three general models can lead to long-term sustainability. To financial institutions such as Faulu, OIBM, XacBank, financial education is seen as a value-added service that boosts existing business. The organisations featured in this report believe that financial education can boost existing business by increasing customer awareness and loyalty, and by promoting the use of its financial products.

Long-term sustainability, and the ability to demonstrate value, ultimately depends on the effectiveness of a programme. Financial institutions can easily reach large numbers of people; however, they need to see an immediate benefit, such as increased product uptake or an improved image of the institution. When these benefits are apparent, the financial institutions are more likely to continue offering their financial education programmes over the long term. Without such benefits, they are unlikely to continue offering financial education programmes.

For financial education to be effective, it must be appropriate and practical for the target audience. Understanding the client base or target audience is critical to the successful implementation of a financial education programme. Organisations need to embrace a thorough programme development process. This begins at the inception phase, gathering information on potential participants' current financial behaviours and desired behaviours via workshops, stakeholder forums, and informal discussions, among others. The process continues with pre- and post-training surveys, and extends to later assessments of clients' behaviours. Further, organisations need to review and revise programmes regularly to ensure that the materials and curricula are meeting the changing requirements of the audience.

This means that ongoing client surveys are necessary and vital.

7.6 ENHANCED IMPACT: WHAT IMPROVES FINANCIAL EDUCATION UPTAKE?

The organisations participating in this report, via their own monitoring and evaluation activities, understand that their clients gain numerous, positive benefits as a result of their financial education programmes. Organisations directly attribute the increase in the number of bank accounts (e.g., SPEED Ghana) and the number of savers (e.g., AMFIU, OIBM), as well as changes in clients' self esteem (Population Council), to their financial education programmes. However, limited objective evidence is presented to support their assertions. While these organisations show promising impacts, a lack of substantive proof calls for further investigation.

Research, too, can help determine what other factors may be influencing the increase in savers. An example of a possible factor is aggressive marketing efforts by the institutions to promote their products, which may be contributing to an increase in the number of savers.

Unfortunately, it is not possible to compare the data provided by the organisations because there is little consistency in how the data is gathered and analysed. However, it is possible to conclude that many financial education programmes have increased financial product uptake and improved attitudes toward financial management. Figure 2 displays some of the indicators that the case study organisations use to demonstrate the impact of their financial education programmes.

FIGURE 2 IMPACT MEASUREMENT FOLLOWING FINANCIAL EDUCATIOIN

ORGANIZATION	OBJECTIVE	INDICATORS
AMFIU	Consumer protection and awareness initiative	69.6% increase in number of respondents holding savings accounts 66.2% increase in the number of people reporting it is possible to save
OIBM	Product uptake and improved product use	From 40,000 savers in 2005 to 260,000 in 2010
Free to Grow	Personal skills and development for improved livelihoods	54% increase in the number of participants who reported saving 96% of participants reporting that their financial situation has improved

Impact with regards to improving knowledge, skills, attitude, and behaviours is largely dependent on the effectiveness of the financial education curriculum, mechanism of delivery, teachers, and opportunity for application. Skills and knowledge should be realistically and practically related to the socio-economic characteristics of the target audience. To accomplish this, financial education programmes need to account for relevant cultural, social, geographic, and economic factors, as well as ages and stages of life of the target audiences.

All are critical considerations for imparting knowledge that participants can use and apply to improve their livelihoods. Thus, there are four key factors to successful financial education programming:

1. Quality and frequency of the financial education
2. Relevance of the financial education to the target audience
3. Opportunity to apply this financial education
4. Location/context where people can exercise their new financial behaviours, such as access to appropriate financial products and services[9]

[9] Highlighted in Gray et al., (2009).

FinLit, a relatively new organisation, sees target market analysis, program review, and impact evaluation as critical components to the long-term relevance and sustainability of the organisation. FinLit's constant survey is and market analyses led it to adjust its program to keep their topics appropriate and current. The result was a doubling of attendance at FinLit's Annual Financial Literacy Week.

Context specificity is crucial to the uptake and relevance of financial education programmes, and is also one of the primary observations of this report. Its corollary, however, is that it also can be an obstacle to drawing broad lessons about financial education practices that can be applied in other contexts. However, what is clear is that, across all contexts and situations featured in this report, financial education is most effective when the individual motivations of the participants are combined with community support. By involving entire social groups (even indirectly) in financial education programmes, the benefits of enhanced financial capability may have far-reaching spill-over effects.

Other factors may also play a role in successful implementation. A number of the case study organisations highlight the importance of consolidating and streamlining financial education activities versus organising them informally or using ad hoc methods. Financial education programmes should build on existing infrastructure or networks. SPEED Ghana is an example of using partnerships to boost impact. Over time and with concerted attention, its financial education programme has become a routine exercise and its partners (MFIs, government agencies, and public advocates) 'speak the same language'. SAIA's partnership with the Financial Services Board in South Africa further demonstrates the importance of aligning local and national financial education initiatives in order to achieve significant impact.

Due the inherent limitations of this research, this report falls short in providing evidence that financial education actually causes improved well-being, per se. However, the case studies do suggest that certain factors (as detailed above) contribute positively to the successful absorption of financial education, and are thus important to consider in implementing and/or evaluating financial education programmes.

Finally, it is crucial to note that financial education may not conquer the various other challenges destabilising these groups, such as poor health, crime, or risky behaviours. Therefore, financial education should not be seen as a panacea for all socio-economic problems prevalent in these groups, but rather as a valuable component of a broader educational curriculum.

8. CONCLUSION

The organisations reviewed in this report explore diverse approaches to implementing financial education for low-income populations, primarily vulnerable groups such as women and youth. The financial education programmes reviewed here highlight a number of key practices that both aid and impede successful, sustainable, high-impact financial education. However, the newness of many of the programmes means that long-term results may not yet be apparent, specifically for programmes aiming at behaviour change.

What is clear from this report, and its accompanying case studies, is that it is early days in the field of financial education for low income populations. Much of what is happening now is both exploratory and experimental. We are far from knowing what good practice is, let alone best practices in financial education. Building financial capabilities with a diverse array of financial education tools offers a rich choice of valid pathways for advancing both the financial inclusion agenda and the social development agenda. However, like all behaviour change, this process will take time.

One strategy for interested funders should be to push the envelope toward a better understanding of what makes financial education effective: the 'when', the 'what', and the 'how'. But, investing in financial education should be more than paying organisations to try new things or improve what they are doing. Funding should also include gathering reliable data that can help the sector as a whole understand how to effectively roll out financial programmes to scale. If our goal is to move toward evidence-based programming, then investments in evaluation will be vital. We have a way to go in all aspects of our determination to build financial capabilities, but we are on the right track.

A. OIBM—OPPORTUNITY INTERNATIONAL BANK OF MALAWI

Institutional Background

Opportunity International Bank in Malawi (OIBM) is the largest commercial microfinance bank in Malawi. According to its mission statement, it "provide[s] high-value financial services to meet the needs of economically disadvantaged Malawians who are traditionally underserved by the Malawian banking sector."[10] OIBM uses both group and individual lending methodologies to offer financial products and services, including loans, savings, payment services, and foreign exchange products to the economically-active poor, to wealthy individuals, and to corporations across Malawi.[11] OIBM ultimately hopes to reach the unbanked population and facilitate their access to OIBM's formal financial services.

OIBM's operations had focused on urban centers until mid-2007, when it began expanding into rural areas. As of October 2010, OIBM serves approximately 60,000 active loan clients and has an outstanding loan portfolio of US$ 24 million. OIBM has mobilized US$25 million in deposits from 200,000 depositors. Together with its financial products, OIBM offers financial education to help improve the money management skills of its clients, employing a number of strategies to deliver it. Since the inception of its financial education programme in 2004 until October 2010, OIBM reached roughly 337,000 people.

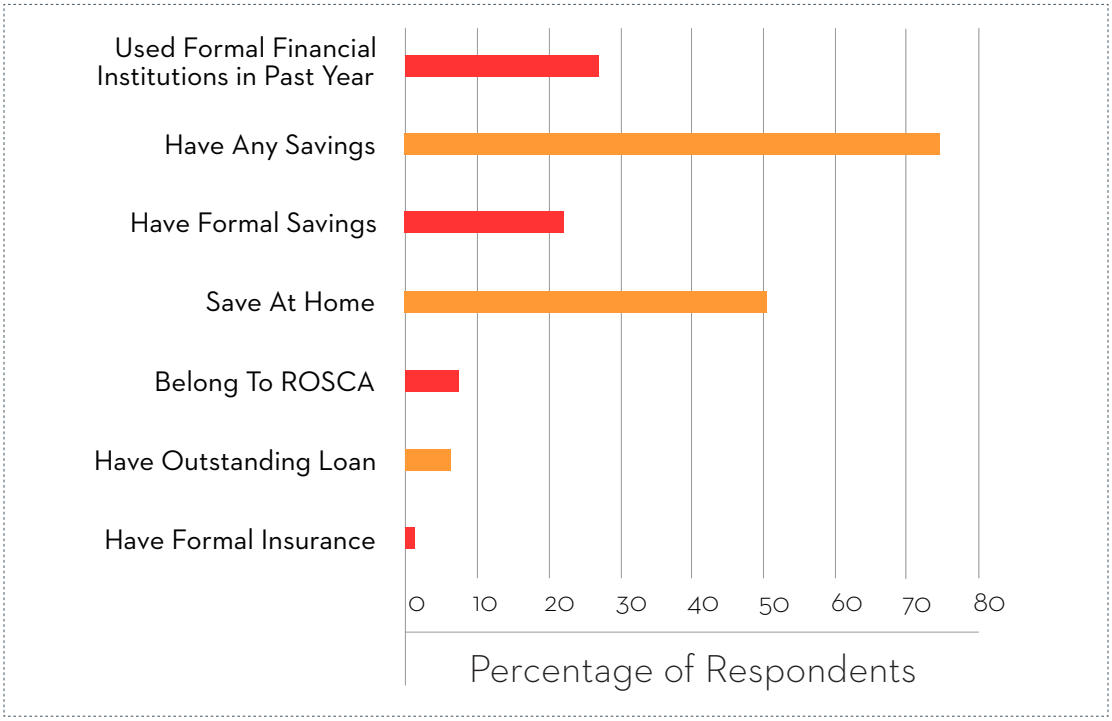
Target Audience

OIBM currently has approximately 260,000 clients, of which 65% are young adults 18–35 years of age. Most of OBIM's clients are employed in the informal sector, and many depend on daily income for survival. Exposure to formal education is low, only 58% of clients have some years of formal education and the remaining 42% of clients have no formal education. In rural areas, formal education levels are even lower than urban areas. OIBM serves both rural and urban clients; however, almost 85% of its outreach is to rural clients Most of the individuals targeted by OIBM have little or no interactions with formal financial institutions, this is especially true in rural areas, as shown in Figure 3.

The low use of formal financial services is a result of a lack of access, especially in the rural areas, as well as commonly held negative perceptions of formal financial institutions. Most Malawians transact with relatives and neighbours, save at home, and often experience difficulty budgeting their income to month end. Key characteristics of the OIBM target audience include poverty and mistrust of formal financial institutions, coupled with a lack of money management skills.

[10] OIBM website, (2009), 'Mission'. Retrieved June 2011, www.oibm.mw.
[11] E. McGuinness, (2008), 'Malawi's Financial Landscape: Where Does Opportunity International Bank of Malawi Fit?—Assessing the Impact of Innovation Grants in Financial Services' (Washington, DC: Microfinance Opportunities).

FIGURE 3 REPORTED USE OF FINANCIAL SERVICES IN MALAWI, 2008[12]



Financial Educatio n Background

OIBM launched a financial education programme in early 2004 in an effort to increase its clients' knowledge of money management skills with the ultimate goal of bringing potential customers into the financial sector, namely to OIBM. The programme offered business and loan repayment training until 2007 when OIBM decided to add basic financial education to augment its original training focus. OIBM believed that financial literacy skills would maximize opportunities for inclusion in the financial mainstream and attract the target audience to OIBM's financial products.

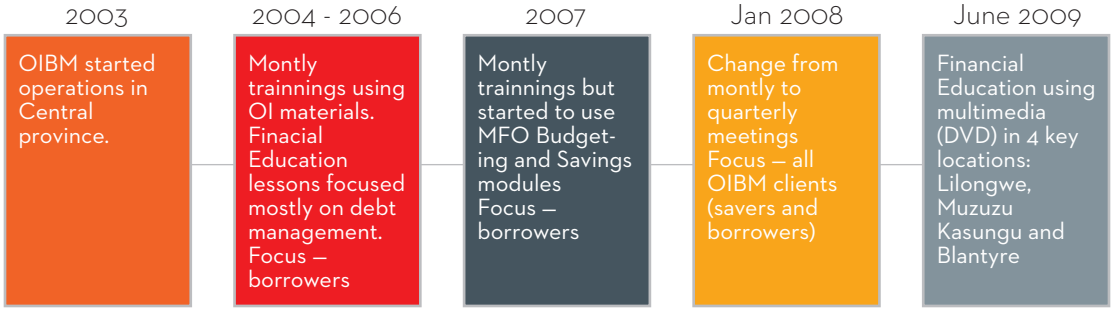
At first, OIBM focused its training solely on debt management. These training lessons were a part of regular monthly group meetings between clients and credit officers, and centred primarily on the importance of repaying loans on time. As OIBM expanded its outreach, it realized that this focus on credit was not sufficient to build either money management skills or engender a sense of loyalty in their customers (see Figure 4). Despite the debt management education, OIBM's clients continued to have difficulty repaying their loans on time. OIBM came to the conclusion that, without a change to its financial education programme, clients would not become good borrowers and OIBM would not be able to reach its goal of increasing the number of deposits with the bank.

[12] (N = 145). From a Microfinance Opportunities survey (2008).

"Institutional performance goals are important when introducing financial education. On one hand, financial education is helping people gain knowledge on financial matters, but on the other hand, helping the institution because the borrowers are less risky, they become your good bet!"

OIBM interview, 2009

FIGURE 4 FINANCIAL EDUCATION HISTORY [13]



Based on its programme experiences, OIBM recognized that its clients would not see the value of financial education unless it was pertinent and relevant to them. As a result, OIBM now strongly emphasizes the importance of developing demand-driven financial education programmes. By helping its clients see the daily applicability of the financial education, they are more willing to attend the sessions.

"Financial education needs to be demand driven. People will not buy into something if it is not personally applicable to them. The education has to meet our needs, but also the needs of our clients. We conducted focus group discussions and observed client behaviour. It was clear that they really lacked financial literacy, hence, we introduced it."

OIBM Interview, 2009

Currently, OIBM's financial education programme content focuses on issues of budgeting, savings, and debt management. OIBM regularly conducts client meetings about its financial education curriculum to ensure that the topics meet the changing needs of its clients and the market, as well as the changing needs of OIBM.

Financial Education Model

OIBM's financial education programme consists of a mix of multimedia (DVDs and radio) information delivery and individual training meetings (one-on-one coaching). These delivery channels reach different market segments and accommodate the different learning needs of the clients they target (Figure 5). Financial education training meetings are predominantly

[13] From OIBM (2009).

used in areas where OIBM offers group loan products. In these areas, OIBM delivers financial education through an existing network of groups. Because the groups meet on a regular basis, organizing training classes is relatively easy and cost effective: the training can be scheduled each time the group meets.

A typical OIBM client is exposed to 6 to 8 hours of financial education training annually. Clients receive brief financial education training when they join OIBM (15–20 minutes), as well as during monthly meetings with credit officers (20–30 minutes each month). The greatest intensity of financial education occurs during quarterly financial education trainings, conducted by financial education trainers. These quarterly trainings last 1–1.5 hours.

FIGURE 5 LENGTH OF EXPOSURE TO FINANCIAL EDUCATION FOR AN OIBM CLIENT

FINANCIAL EDUCATION EVENT	LENGTH OF TIME EXPOSED TO FINANCIAL EDUCATION
Orientation meeting (meeting conducted by OIBM before a client joins OIBM) – voluntary	15–20 minutes
Monthly meetings with credit officer (meetings conducted by OIBM once clients joins OIBM and has a loan) – mandatory	20–30 minutes
Quarterly financial education trainings (organized by OIBM) – voluntary and free	1–1.5 hours
DVDs (play during the opening hours of OIBM, 8:00 a.m. to 3:00 p.m. daily)	Unknown
Radio (focused on product marketing, but presents some financial advice and financial education message)	Unknown
From OIBM.	

OIBM created its financial education DVDs primarily for its savings clients. While face-to-face training is an effective way to reach borrowers, in OIBM's experience, it is not as useful for reaching savers. Savers visit banks less often and do not attend credit meetings. Without structured and frequent interactions, OIBM does not have as close a relationship with savers as it does with borrowers. Attracting savers to trainings proved to be difficult and cost inefficient, in terms of time spent organizing the training, for OIBM, Consequently, OIBM decided to develop financial education DVDs that targeted savers, especially those in urban settings, and play the DVDs in their bank branches during banking hours. In 2009, OIBM conducted a pilot test of the DVDs in four branches. The pilot was successful and as a result the DVDs were distributed to all branches in 2010.

OIBM's choice of delivery channels is further influenced by geographic location. For example, clients in rural areas live farther away from bank offices, so their visits are less frequent. OIBM also recognizes that due to infrequent bank office visits, DVDs may not be

the most efficient tool in rural areas. In addition, the potential rural clientele, mostly women with little or no formal education, prefers to learn in a group environment in a more informal setting. For this population, face-to-face training seems to make more sense.

> "The clients we work with are mostly illiterate. They value this personal approach; they like to see the 'face' of the bank. They like to, how can I say it, 'touch OIBM' if you understand me. And financial literacy allows just that."
>
> *OIBM interview, 2009*

While OIBM still conducts trainings in urban areas, it admits that training may not be the most efficient way of reaching urban clients. OIBM's training attendance rates are lower in urban areas (65%), compared to rural areas (90%). OIBM believes that this is because urban dwellers feel that they have less time to devote to trainings. One of factors influencing attendance at financial education trainings is occupation: clients in urban areas are typically engaged in small businesses and are reluctant to leave their businesses unattended. Clients in rural areas work mostly in agriculture and can manage their time with greater flexibility to accommodate scheduled trainings.

The success of OIBM's efforts to promote financial education through radio or one-on-one contact is less clear. OIBM runs advertising campaigns for financial products as a method to boost product uptake. It broadcasts radio shows containing financial advice once a week for six months (May–October) on MBC radio and Zodiak. It also makes individual counselling sessions available as a bank service to all clients. However, OIBM does not currently have a system for tracking the success or frequency of these sessions, or for determining the radio stations' listenership.

Scalability

OIBM reports that it has reached approximately 337,000 people with its financial education activities since 2004. Training reports and attendance sheets show that OIBM reached roughly 83,000 through direct training activities (2004–2010) and probably 250,000 through the DVDs (late 2009–2010). Based on the reach of each delivery channel, the DVDs are clearly a more effective way to reach scale for OIBM financial education programme. Given general radio listenership data, OIBM estimates that potentially 1.2 million people heard the radio shows, but it has not conducted any specific research into who listened to the broadcasts and how effective it may be. As a result, its radio show listenership estimate may be on the high side. It is safe to say, however, that OIBM's financial education training programme outreach numbers are accurate.

OIBM has made a concerted effort to increase the number of staff working on financial education. As of June 2010, OIBM had a team of six people (four trainers and two supervisors)

dedicated to financial education, up from four people in 2008. The team currently reaches some 28,000 clients annually. (Each trainer teaches approximately 6,900 people a year.)

Since OIBM is growing rapidly, the trainers are under a lot of pressure to reach as many people as possible. Increasing scale, while maintaining quality and cost effectiveness, has its tradeoffs. For example, in 2008 OIBM shifted from monthly financial education trainings to quarterly trainings because it did not have enough staff to deliver the trainings. Additionally, as the number of clients grew, OIBM had to change its training delivery. First, it increased the size of the training sessions from 40–50 clients to 80–120 clients per session. Second, class time was reduced from several hours to one hour to accommodate the time constraints of clients and trainers.

OIBM also estimates that it allocated approximately US$45,000 for product development to adapt financial education materials. It considers this a significant investment and has emphasized the importance of increased product uptake to justify the outlay. OIBM's experiences demonstrate that offering financial education within a financial institution is a balancing act: additional costs must be justified to shareholders while also maintaining service quality.

OIBM's costs for staff and product development rose considerably as the programme progressed. Staff costs increased from 44.4% in 2009 to 53.3% in 2010, while the costs of product development rose from 27.7% in 2009 to 53.3% in 2010. These figures include OIBM's new investment in developing the multimedia outlets (DVDs and radio shows). Ultimately, this suggests that OIBM can justify the investment in financial education programmes only when it is reflected in greater product sales.

This review of OIBM's programme points to other factors that can influence scaling up financial education programmes within a financial institution. One, OIBM needs to invest in expanding its internal capacity, namely, by hiring and training additional staff. However, this is costly and also must be justified with an increase in product uptake. Two, OIBM's combination of approaches to scale up the financial education programme appear to be more effective than if it pursues only one delivery channel. Three, because OIBM has invested significant resources in training, it may be reluctant to discontinue its financial education training for fear of losing its 'personal touch' with clients, even if teaching time is reduced and it is not the most cost-effective approach.

Sustainability

Financial education is an integral part of OIBM's financial services. As a value-added service that leverages existing financial products, OIBM's financial education programme helps the bank build and maintain customer loyalty. OIBM's primary concern is the sustainability of the organisation, and financial education is seen as a fundamental tool to achieve it.

OIBM's management and staff share the same enthusiasm for financial education. The chief executive officer is committed to developing long-term resources for financial education within and outside the organisation. In 2010, the bank allocated approximately US$130,000 for financial education (compared to US$57,000 in 2009), 26% of which was donor funded.

> "We spend more money on these activities than a normal institution would spend, but that is because we see that financial literacy is very beneficial to our institution."
>
> *OIBM interview, 2009*

FIGURE 6 LENGTH OF EXPOSURE TO FINANCIAL EDUCATION FOR AN OIBM CLIENT

VARIABLE	ANNUAL COSTS (IN US$) 2009	2010
Number of people reached through training	23,882	42,000
Number of people reached through DVDs	50,000	200,000
Total actual costs for financial education	56,667	130,000
Total allocated budget for financial education	60,000	100,000
Difference between allocated budget and actual costs	(3,333)	(30,000)
Product development costs as a % of total actual costs	27.78%	53.33%
Pilot testing as a % of total actual costs	5.56%	6.67%
Costs of monitoring as % of total actual costs	16.67%	16.67%
% of donor funding	33.33%	33.33%
Amount of money spent per individual trained or reached via DVDs	1.30	1.86

From internal OIBM data.

The bank has a staff team dedicated to the financial education programme. It has developed standardized financial education materials and uses two financial education delivery channels. These efforts (and investment) show that OIBM is committed to a sustainable financial education programme.

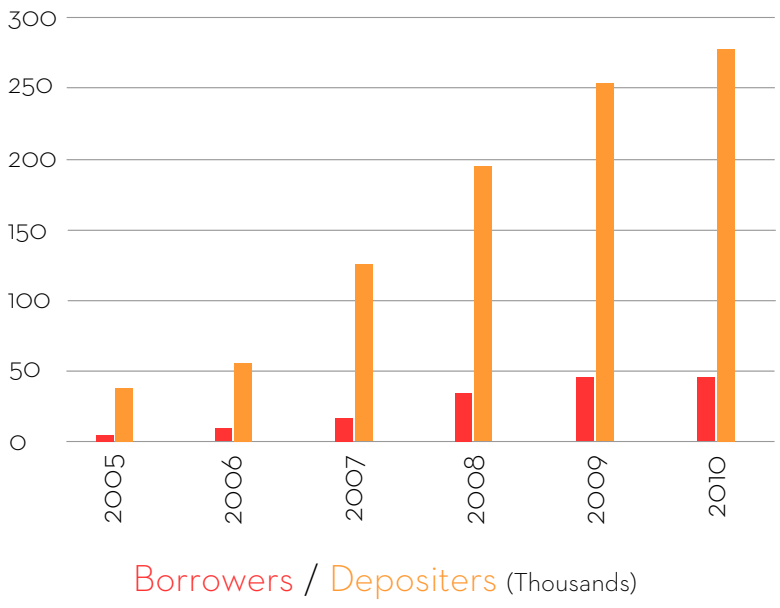
Based on data from OIBM (Figure 6), the average cost of financial education programme delivery for one individual in 2009 was US$1.30. This cost significantly increased in 2010 to US$1.86 per person. Despite this increase in cost per person, OIBM reached a larger volume of clients in 2010: 242,000 people, compared to 73,882 in 2009.

Enhanced Impact

The main objective of OIBM's financial education programme is to prepare clients to manage their money in different capacities, namely, earning, spending, saving, borrowing, and investing. However, OIBM has recently become interested in understanding how its financial education programme impacts the financial behaviour of its clients. OIBM is currently engaged with Microfinance Opportunities to conduct a study of OIBM's participant-clients to determine this.

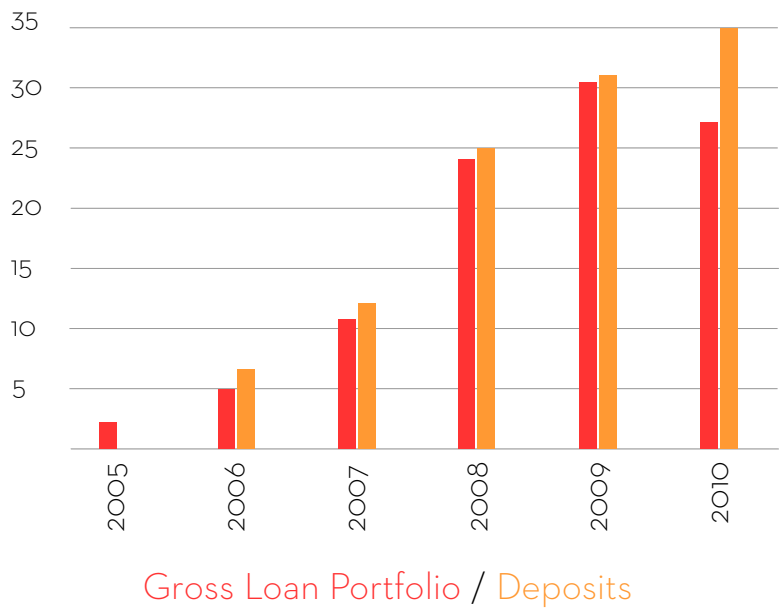
OIBM measures the success of its financial education programme through the improvement of portfolio quality indicators and increases in the use of its products and services. An internal review found that the number of savings accounts has been steadily increasing since 2005 (Figures 7 and 8). OIBM attributes this increase directly to its financial education programme, but has not provided data that supports this assertion. For example, it has not conducted a focused evaluation or considered other factors that may be at play.

FIGURE 7 INCREASE IN OIBM'S CLIENTS, 2005 – 2010[14]



[14] From MIX Market (www.mixmarket.org/mfi/oibm/data) and internal OIBM reports.

FIGURE 8 OIBM LOAN PORTFOLIO AND DEPOSITS, 2005 – 2010[15]



In the absence of an objective impact study, OIBM interviewed individual clients, who indicated that they felt they benefited from the financial education programme beyond the use of financial products. The clients stated that they had gained an improved ability to budget and use money more wisely, and that they saw these effects as primary advantages of attending OIBM's financial education trainings. The interviews also found that the trainings make clients feel appreciated: they noted that no other financial institution offers free training to their customers. OIBM believes that this feeling of being appreciated is likely to boost client loyalty over the long term.

Diana's Story

Diana is 35 and lives on the outskirts of Lilongwe town in Malawi. Like many of her friends, Diana faces numerous financial challenges in her life. She recalls, "I had no discipline in savings, everything I made I spent immediately, come month end I had no food in the house." Diana began attending OIBM's courses on budgeting and savings in 2008, and they soon became essential to Diana's financial planning. Diana explains, "In the past, I spent without thinking and, at the end of the month, I would have no money. Once I learnt how to budget, I had a surplus every month. I do not run out of money for food now". Diana also feels empowered by her financial education lessons. She proudly concludes, "Before the financial education lessons, I believed that poor people cannot save. Financial education has taught me otherwise. I opened a savings account with a bank. I save on a weekly basis now".

[15] Ibid.

Conclusion

This case study outlined Opportunity International Bank in Malawi's (OIBM) approach to financial education. Key characteristics of the OIBM target audience include poverty and mistrust of formal financial institutions, coupled with a lack of money management skills. The goal of OIBM's financial education programme is to increase its clients' knowledge of money management skills with the ultimate goal of bringing potential customers into the financial sector, namely to OIBM. OIBM uses training classes and DVDs as its two primary delivery channels for its financial education lessons on savings, budgeting, and debt management.

OIBM needs to utilize objective evaluations and studies to determine the make-up of the audience its financial education programme reaches. OIBM clearly sees the value of continually redeveloping and adapting its products and programmes. In addition to keeping its financial education programme dynamic and relevant, OIBM can determine immediately what is effective and where it can increase efficiency. OIBM places great value in client loyalty and reaps much benefit from offering free services and instituting 'personal touches' that clients appreciate. It also has appropriately balanced donor funding (26%) and self-funding for its financial education programme.

OIBM offers a number of lessons that may be useful in a wide range of contexts:

1. Financial institutions can use financial education as a strategy to boost product uptake while increasing customer loyalty.

2. Financial education topics must be relevant and applicable to the target audience. The financial education curriculum needs to be demand-driven.

3. In the event that one approach to financial education is not successful, organisations may need to use a combination of approaches to reach different or additional market segments to successfully scale up their financial education programmes, and increase financial product uptake.

4. Financial institutions can successfully deliver financial education without falling into a 'product promotion' trap. OIBM effectively separates its trainers who focus on teaching financial education from its credit officers who focus on product promotion.

5. Scalability of a financial education programme relies on a financial institution's ability to secure financial support, whether creating a self-funded financial education programme or attracting outside funding.

[16] X.A.C. [Golden fund for development] LLC and Goviin Ekhlel [Gobi initiative] LLC.

B. XACBANK, MONGOLIA

Institutional Background

XacBank was founded in 1998 as a community development bank and microfinance institution as the result of a merger of the two largest non-bank financial institutions in Mongolia. Xacbank is now the fourth largest bank in Mongolia.[16] XacBank's mandate is to provide a full range of financial services tailored to low-income populations in urban and rural areas, such as micro and small business customers and herders, who have limited access to formal financial services. XacBank currently offers 14 types of loan products and 7 different savings products, plus money transfers, payment and leasing services, and mobile banking to facilitate the patronage of its remote, rural clients. With 78 offices and 969 staff members in all 21 provinces of the country, XacBank caters to more than 189,000 depositors.

XacBank has a pronounced pro-youth focus. It offers products to build savings for children under 18 years old. Xacbank realized that financial education could be a tool to boost product amongst adolescent girls, 14–18 years old, from low-income families. Xacbank originally intended to measure its success by the increase in the number of adolescent girls who signed up for savings accounts and their product use. However, it soon recognized that low-income adolescent girls have very few financial resources and little money to put aside for savings. As a result, Xacbank changed its definition of success to whether the adolescent girls participating in its financial education programme increased their knowledge and understanding of financial issues.

Target Audience

Mongolia has one of the highest literacy rates in the world at 97%,[17] and access to schooling is nearly universal. Secondary school attendance is actually higher for girls than for boys (97% and 87%, respectively).[18] The median age in Mongolia is 26 years,[19] and 36.1% of Mongolians live in poverty.[20] XacBank saw financial education as a tool that could help their customers build the skills needed to more effectively manage their limited financial resources and improve their financial well-being. XacBank became particularly interested in targeting young girls because it views them as future household financial managers, capable of influencing both their families and their communities. Market research conducted by XacBank, Microfinance Opportunities (MFO), and Women's World Banking (WWB) revealed that girls did not have savings habits, much less the knowledge, tools, encouragement, and opportunities to build savings. As a result, XacBank decided to target girls 14–18 years old with financial education.

[16] X.A.C. [Golden fund for development] LLC and Goviin Ekhlel [Gobi initiative] LLC.
[17] CIA World FactBook, (2010), Mongolia. Retrieved June 2011 from www.cia.gov/library/publications/the-world-fact-book/geos/mg.html.
[18] UNICEF website, (2010), 'At a Glance: Mongolia statistics'. Retrieved June 2011 from www.unicef.org/infobycountry/mongolia_statistics.html#77
[19] CIA World FactBook, (2010).
[20] United Nations Statistics Division website, (2010), Millennium Development Goals Indicators, 'Mongolia'. Retrieved June 2010 from http://mdgs.un.org/unsd/mdg/SeriesDetail.aspx?srid=581&crid=496.

Financial Education Background

XacBank has a history of being youth-friendly and offering products to help the young people enter the formal financial sector. For example, XacBank offers a 'future millionaire' account, in which parents can make deposits for their children under age 18. In early 2009, XacBank partnered with the Nike Foundation, Women's World Banking, and Microfinance Opportunities to develop its Temuulel (meaning 'aspire') product. Temuulel is a set of customized savings products linked to financial education specifically designed for girls 14–17 years old.

XacBank believes that financially literate clients lower risk to the bank because they can make more informed financial decisions. Furthermore, educated clients can take greater advantage of the bank's products. These beliefs reinforced Xacbank's determination to produce a well-designed financial education programme to improve potential clients' knowledge of savings, budgeting, and bank services. XacBank hopes that the financial education programme will create loyalty among the adolescent girls participating in the programme so that, as they reach adulthood and begin earning income, they will remain with XacBank and become active customers.

XacBank recognizes that this financial education programme is a longer-term investment and that a boost in the uptake of its savings products may not be seen until after the adolescent girls have completed the training. In summary, XacBank's youth financial education programme hopes to teach adolescent girls to understand the importance of savings, learn and practice savings strategies, open formal accounts with which they actively manage their own money, and develop a life-long savings habit.

Financial Education Model

XacBank uses direct classroom training to deliver its financial education programme to the adolescent girls. A type of learning environment that is familiar to them. Market research undertaken by MFO, WWB, and XacBank indicates that adolescent girls favour being taught this way.

The financial education programme is delivered through two delivery channels: the Mongolian Education Alliance (MEA), which works in public secondary schools; and an NGO, the Equal Step Centre, which serves vulnerable and working children outside schools. Participants are organized into groups of 15–25 girls and meet once a week for eight weeks. During these eight training sessions, the girls are introduced to savings (its importance and various saving strategies), budgeting, and managing a bank account (including how to evaluate different savings products). In one training session, the girls are given a tour of a local XacBank, where they can ask questions and open an account if they wish.

Through market research, XacBank discovered that the girls like the idea of being trained by someone close to their own age, whom they can easily relate to. Consequently, its partner MEA recruited university students as trainers. As of August 2010, MEA is running training courses in 35 schools in Ulaanbaatar. In each school, it trains 2 groups of 20 girls, 3 times a year, in 8 weekly 1-hour sessions. In this way, MEA can reach roughly 4,200 girls per year.

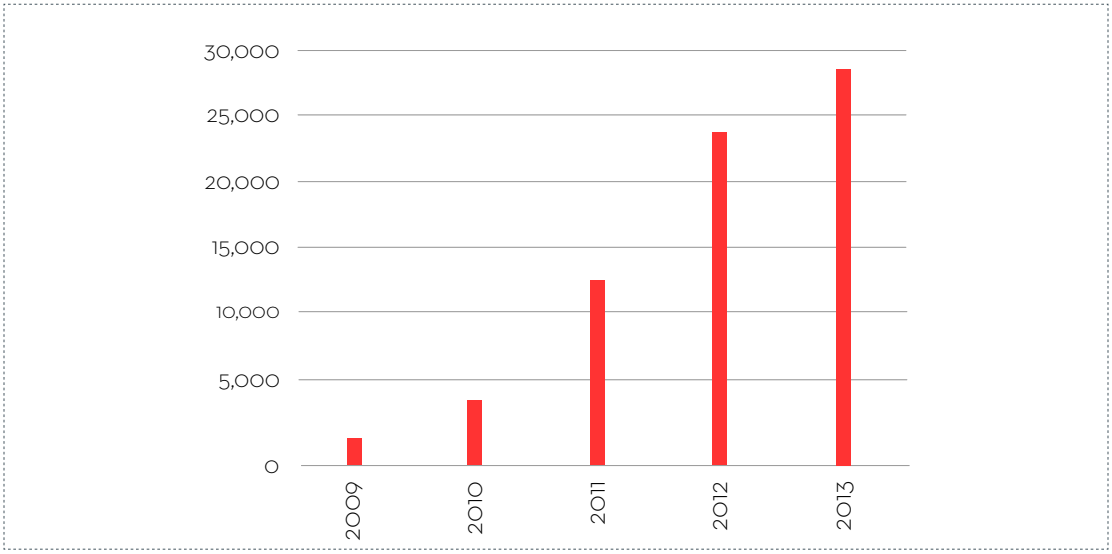
Equal Step Center's course has a more targeted outreach, teaching vulnerable girls at informal education centers. Equal Step Center trains approximately 2 groups of girls, 3 times a year, and follows the same schedule of 8 weekly 1-hour sessions. As of April 2011, more than 8,000 girls have been trained by both partners in XacBank's financial education programme. There has been growing interest and support for XacBank's programme by community members, parents, and teachers. One reason that the programme has been so widely accepted is that the schools, in conjunction with MEA, hold orientation sessions for the parents of the girls participating in the financial education programme. Parents are encouraged to persuade their daughters to attend the sessions and even suggest they bring the lessons home.

Scalability

Interactive classroom training has been an effective delivery method for XacBank's young target audience, as girls have responded positively to this style of learning. At the same time, this delivery method has made it challenging for XacBank to reach the 28,500 girls that it had originally envisioned for the financial education programme. XacBank is uncertain whether direct training is the best long-term option. Despite the fact that the Nike Foundation grant covered the major start-up costs (market research, curriculum development, training of trainers), the project is still too costly for XacBank to justify continuing without donor support. An initial US$50,000 investment by the Nike Foundation was accompanied by extensive technical assistance from WWB, plus XacBank invested an additional US$20,000.

In the absence of an alternative delivery model, XacBank plans to reach 30,000 girls via the direct classroom training delivery channel by 2013 (Figure 9). This will require a significant investment of staff time and likely additional costs, given that XacBank hopes to grow the programme by almost 100% from 2010 to 2011. XacBank is continuing to explore ways to reach more adolescent girls and offset costs. One method to achieve this is to persuade Mongolia's Ministry of Education to include financial education as part of the standard school curriculum.

FIGURE 9 XacBANK FINANCIAL EDUCATION TRAINING OUTREACH[21]



[21] From XacBank internal documents.

XacBank is also expanding its financial education programme to reach beyond adolescent girls. It has recently partnered with Aflatoun, an international NGO, to adapt and deliver Aflatoun's social and financial education to boys and girls aged 8–13 years in public schools in Mongolia.

Sustainability

Although XacBank is not a training institution, it would like to offer financial education as a sustainable service. Although it does not market itself as part of the curriculum, financial education is seen as part of an integrated strategy to enhance the image of XacBank as child-friendly and to contribute to its corporate social responsibility. Despite the enthusiasm and dedication of XacBank's senior and mid-level management, most staff members initially saw financial education as being too costly and less effective than other marketing strategies. However, an increasing number of staff are being given responsibilities in the programme, and many are beginning to embrace it. One staff member said, "The financial education programme…has advantages for girls. I learned about savings myself from attending the financial education classes!" This suggests that staff ownership is vital to the long-term, sustainability of financial education programmes. As the success of the programme does not translate into any kind of bonus or salary increase for staff, it needs to become part of the job description of all personnel, not just key players in the head office. Staff need to appreciate the benefit of financial education and how it fits into the bank's overall mission, such as increased product uptake, improved image of the bank, better service to their clients, and attraction of future clients.

XacBank is concerned about covering the operating costs of continuing the programme, despite the operating costs of the programme being less than its development costs. It is currently unfeasible for the XacBank to bear the entire financial burden of continuing the programme. XacBank, however, recognizes that the programme benefits the adolescent girls and is worth continuing. Towards this, XacBank continues to seek and attract further funding. After completing the pilot phase and roll out, XacBank received US$100,000 from The SEEP Network to continue the programme for two more years and to open the programme up to adolescent boys.

While the additional funding from The SEEP Network will help XacBank maintain the programme for another two years, the future of the programme beyond this time period is unclear. To date, the financial support for XacBank's financial education programme has come from donor funding. However, for the long term, XacBank may need to revisit this strategy as it can be argued that without donor support the programme is not sustainable. Furthermore, without a sufficient increase in saving product uptake as a result of the financial education programme, it may be difficult for XacBank to make a business case to fund the programme on its own. Immediate impact on portfolio quality may be the most significant driver for sustaining financial education within financial institutions.

Impact

XacBank's ultimate goal for its financial education programme is to improve product uptake by changing the financial behaviour of young girls and develop future clients. However, product uptake has fallen significantly short of the initial projected rate (the percentage of girls who participate in the financial education programme and open savings accounts at XacBank). Three months after the launch of XacBank's financial education programme, the conversion rate stood at 10%–15%.[22] During an evaluation of the pilot test, girls and their trainers cited various reasons for why the girls did not open accounts. These included the lack of cash to save (particularly among the lower-income, vulnerable girls), desire to spend their money, lack of identification to open an account, distance to the nearest branch, and existing accounts in other banks.

FIGURE 10 XacBANK IMPACT INDICATORS

VARIABLE	DESCRIPTION	PRE-TEST (N = 914)	POST-TEST (N = 914)	DIFFERENCE BETWEEN PRE- AND POST-TEST
Saving				
Behaviour	Percentage of girls who save more than they did two months ago	27	59	32
	Percentage of girls who follow their savings plan	59	83	24
Knowledge	Percentage of girls who know the components of a savings plan	54	72	18
	Percentage of girls who know savings goals are not only for the long term	55	72	17
Saving at a bank				
Knowledge	Percentage of girls who know a time deposit savings account is not a good choice if they want to make many withdrawals	45	76	31
	Percentage of girls who know at least two questions they should ask before opening a savings account	55	71	17
Budgeting				
Behaviour	Percentage of girls who track their expenditures through daily/weekly records	22	58	36
Knowledge	Percentage of girls who know the amount of money they spent last month	38	66	28
	Percentage of girls who know the difference between wants and needs	51	70	19

From J. Lee, (2010), 'XacBank Financial Education Program: Cycle 1 Quantitative Results' (Washington, DC: Microfinance Opportunities).

[22] B. Shell, (2010), 'Promoting Savings Products to Girls', presentation at the Global Youth Enterprise Conference, Washington, DC, September 15, 2010.

Changes in financial behaviour take time, and the impact of the financial education programme may not be apparent until well after the adolescent girls have completed the program. For this reason, and the fact that low-income girls have few financial resources to draw upon, the goal for the programme is for the adolescent girls to be able to evaluate savings products and make their own decisions about how and where they save. Furthermore, the pre- and post-tests given at the beginning and end of the eight-week programme are useful, but it is too early to measure significant change in financial security or habits.

According to interviews with participants, teachers, and parents following the pilot phase in June 2009, curriculum content is appropriate and relevant to adolescent girls, who find it useful and interesting. The most popular sessions and activities, according to the girls, are calculating interest, visiting a bank branch, learning how to open a bank account, and budgeting. Some 98% of the students evaluating the training reported that their skills and knowledge about bank services have improved (see Figure 10). As a result of the programme, the girls now pay more attention to their spending decisions and more carefully consider what they spend their money on, how often they spend it, and the consequences of these choices. The adolescent girls show increased savings behaviour at home and use their savings to make their own purchases (i.e., birthday gifts for friends, mobile phone air time) instead of asking their parents for the money.

FIGURE 11 XacBANK MARKETING MATERIALS[23]



Equal Step integrated the financial education training into its programme for vulnerable girls. Post-test interviews, especially, show that the girls achieved significant progress (see Table 6). For example, 80% of girls said that they increased their savings in the past month. The number of girls with savings plans rose by 85% after completing the training. All respondents said that they were more confident asking questions at a bank and that the bank is a safe place to keep money.

MEA and Equal Step played important roles in testing and implementing the project. MEA selected, trained and monitored the pilot schools and university student trainers. Because of the closeness in age, the girls felt more comfortable with their trainers. The asked questions more freely with the university students, unlike with older teachers.

[23] Photo from C. Tower, et al., (2010), Savings and Financial Education for Girls in Mongolia: Impact Baseline Study (Washington, DC: Microfinance Opportunities).

In addition to direct classroom training, XacBank has been exploring new ways to continue its outreach and introduce financial literacy lessons, such as cell phone applications, video games, and comic books. Market research conducted by MFO, WWB, and XacBank indicates high mobile phone penetration among the target audience, so phone applications may have more appeal. To this end, WWB has developed a phone application to help girls understand how to meet their savings goals. For example, it helps them calculate how much money they need to save each month if they want to reach a savings goal with a specific type of savings product, such as term deposits.

The financial education programme for young girls has a marketing component. The colourful pink posters, brochures, and television advertisements with an appealing logo (Figure 11) have been very popular with the targeted audience of adolescent girls. Girls, parents, teachers, financial education trainers, and branch staff all liked the color scheme used for the training and set of products for the adolescent girls.

Conclusion

With support from the Nike Foundation, XacBank partnered with Microfinance Opportunities and WWB to develop its Temuulel (meaning 'aspire') product. Temuulel is a set of customized savings products linked to financial education in a classroom setting specifically designed for adolescent school girls aged 14–17 years. XacBank looks at financial education as a way to lower bank risk (educated clients make better financial decisions), develop future generations of clients, and increase product sales. XacBank now measures success of the programme by how much the adolescent girls increase their knowledge and understanding of financial issues rather than through product uptake only because behaviour change takes time and low-income girls have very few financial resources to save. XacBank has succeeded in securing additional funding to sustain the programme for the next two years, but the prospects for the long-term sustainability of the financial education programme remain to be seen.

XacBank's experience offers several lessons:

1. Classroom training is an appropriate first approach for introducing and teaching an unfamiliar subject to young girls (and boys). XacBank's programme operates in a familiar environment that allows girls to tackle new information with peer trainers in a participatory and personal way

2. The structure of the training (once a week for a period of eight weeks) seems to be an appropriate length for this age group, given the girls' positive post-test comments. The curriculum is tailored to the target audience, and the content reflects the girls' interests, which they expressed during the market research. The participants also confirmed the curriculum's usefulness and relevance in post-tests.

3. Partnerships with other organisations can provide the necessary resources to operate a successful financial education programme that may lie outside the expertise of a financial institution. The partnership with MEA is essential in maintaining the quality of the programme because it can provide inputs that XacBank personnel lack, such as experienced trainers. MEA and Equal Step successfully aligned their skills to reach their respective goals in the programme. They were also instrumental during the monitoring process, overseeing the quality of the trainers recruited to work with the groups.

C. FINCA MEXICO

Institutional Background

FINCA is an international charitable microfinance organisation with operations in 21 countries, serving more than 700,000 clients. FINCA's mission is to provide financial services to the world's lowest-income entrepreneurs, so they can create jobs, build assets, and improve their standard of living. FINCA offers small loans—averaging US$ 575—to micro and small entrepreneurs to invest in and expand their businesses.

FINCA Mexico started operations in 1989 and, as of July 2010, had 112,000 active borrowers. FINCA Mexico holds over US$29 million in outstanding loans, with an operational self-sustainability of 116% and a portfolio-at-risk ratio over 30 days of 4.3%.[24] Driven by the desire to offer clients more convenient, flexible, and secure services; to reduce operational costs; and to improve the access of poor people to the formal financial sector, FINCA Mexico partnered with HSBC Bank to offer pre-paid bank cards to FINCA clients. As of August 2010, FINCA's branchless banking programme had 10,500 pre-paid cards in active use by clients and had disbursed a total of 22,300 loans via these cards.[25] FINCA further incorporated financial education into this programme to build client confidence in branchless banking and the use of the pre-paid cards.[26]

FINCA Mexico's Branchless Banking Initiative

Historically, low-income populations access financial services through a network of physical branches. Often, financial institutions struggle to extend financial services beyond urban hubs, especially in remote areas, because building a physical network of branches is costly. FINCA Mexico's experience illustrates how transportation and opportunity costs remain major impediments in rural settings: many of their rural clients spend 2–3 hours to reach a branch.

In Mexico, and globally, too many people remain excluded from the financial sector,[27] especially in rural areas. In order to extend their outreach, financial institutions increasingly adopt innovative approaches, like FINCA Mexico's branchless banking. FINCA Mexico sought to advance its mission by reaching more rural, low-income based clients in an effort to both to expand access to banking services and meet growing competition. For years, FINCA Mexico has relied on an expensive, inconvenient check system to disburse loans. For example, clients spend up to US$23.70 to cash a paper check, which includes transportation costs to the bank to process the check and may mean a day's worth of lost wages due to average 8-hour wait times at understaffed banks. The money and time savings with pre-paid cards are significant: transactions with a pre-paid card are only US$1.05 and only take 30 minutes to complete.[28]

[24] FINCA International website, (2010), FINCA Country Programs, 'Latin America'. Retrieved June 2011 from www.finca.org/site
[25] In-depth interview, FINCA Mexico, (2010).
[26] The development of FINCA's pre-paid card program and its financial education initiative was supported by VISA.
[27] Consultative Group to Assist the Poorest (GCAP) estimates that 4 billion people remain unbanked worldwide. M. Pickens, (2009), Window on the Unbanked: Mobile Money in the Philippines, CGAP Brief (Washington, DC: CGAP). Retrieved June 2011 from www.cgap.org/gm
[28] FINCA International website, (2010), Making branchless banking a reality: FINCA's Prepaid Card Training for Clients, 'Branchless Banking for the Poor'. Retrieved June 2011 from www.finca.org/site/c.6fIGIXMFJnJoH/b.6088797/k.3095/Branchless_Banking_for_the_Poor.htm.

After studying local markets, FINCA Mexico identified a pre-paid card system as the best option for improving services and reducing their costs. Since FINCA Mexico lacked the resources to offer pre-paid cards on its own, it sought a local partner in Mexico, HSBC Bank, to offer the cards. FINCA Mexico highlighted a number of significant goals for this programme:

1. Reducing operational costs, especially the high disbursement cost per check;
2. Improving convenience to clients by enabling them to make transactions without a bank teller, thus avoiding delays and poor service due to understaffed banks (ATMs in Mexico are numerous and readily accessible, so this goal was possible, even in remote areas.) ;
3. Increasing flexibility and convenience, so clients can withdraw loan disbursements in multiple tranches;
4. Acquiring a technological platform that can be applied to other new products, such as remittances and savings; and
5. Attracting clients into the formal financial sector by introducing them to banking cards and the regular use of banks.[30]

In 2009, FINCA Mexico launched its 'Cheque Inteligente' initiative. Unlike a debit card, which is linked to an active individual account, a pre-paid card is electronically 'loaded' with cash pulled from a single pooled account managed by the card issuer. The card only accepts FINCA deposits (i.e., loans), and once the money is available, clients can withdraw cash from a network of telegraph offices across the country, as well as pay for purchases in establishments that accept VISA cards. In effect, the card is a useful money management tool. It allows clients to withdraw money based on need, rather than receiving a lump payment which risks being spent all at once. [31]

An integral part of FINCA Mexico's pre-paid card initiative is the financial education component. FINCA builds demand for services by helping customers overcome their fears about branchless banking and pre-paid cards. Financial education increases their confidence in the safety and flexibility offered by the cards. In effect, financial education is driving the uptake of pre-paid cards to greater scale.

Target Audience

FINCA Mexico targets low-income women who have traditionally been excluded from formal financial services in both rural and urban areas. Almost 70% of all FINCA Mexico's clients, however, live in rural areas. Most live below poverty line, depending on income from micro enterprises. Most commonly clients sell goods (70%), although some work in the service industry (20%) and the remainder in processing or selling farm products. While literacy levels are generally high in Mexico (92%), almost 28% of FINCA's clients are illiterate.[32] High

[29] In-depth interview with G. Galicia, FINCA Mexico country manager, (2010); and R. Munoz, G. Galicia, M. Benet, D. Poulton, and S. Buick, (2009), 'Bank-microfinance alliances: FINCA pilot program for prepaid cards in Mexico', USAID Financial Services Implementation Grant Program Learning Network Case Study (Washington, DC: The SEEP Network and FINCA International).
[30] Ibid.
[31] Ibid.
[32] Ibid.

illiteracy rates have a powerful impact on product (pre-paid card) uptake because ATMs are difficult to use if the individual cannot read.

Access to financial services often requires rural clients to travel long distances (as far as 163 km). They face limited facilities, long bank lines, and limited banking hours. As a result, rural clients incur greater time and opportunity costs associated with accessing financial services. Safety is another challenge for FINCA Mexico's clients and one of their greatest concerns. For example, in the town of Oaxaca, robbery outside bank branches is an all-too-frequent occurrence. A number of FINCA's clients have lost money this way. In addition, travelling back to their villages by bus with a large amount of money is not safe and exposes clients to increased risks.[33]

Before FINCA Mexico's 'Cheques Inteligente' initiative, most of the women were unfamiliar with electronic financial services. Prior to launching the pilot programme in 2009, FINCA surveyed its clients to gauge their experience with ATM/electronic card-based services. The findings indicated that only 35% of customers had used electronic banking cards and only 49% trusted this way of receiving funds.[34] The research revealed that FINCA's clients face unfamiliar terrain and do not understand card-based services. For example, 65% had never used an ATM, 45% do not know what a PIN (personal identification number) is, 28% are illiterate, and 31% do not trust the pre-paid card.[35] Low income, illiteracy, safety concerns, loss of time, high opportunity costs, and lack of experience with card-based services are characteristic of FINCA's target audience.

Financial Education Component

The advantages of pre-paid cards are well known to FINCA Mexico; however, knowledge gaps and negative attitudes toward the cards presented obstacles for successful uptake of card services. For example, in the beginning, FINCA Mexico's clients had no faith in ATM machines: they trusted cash, not a card. Moreover, once an organisation introduces cards, experience shows that some clients stop using them. In FINCA's case, 1,150 cards (11% of 10,500 issued) are not active.

Hoping to avoid these pitfalls and to support product uptake, FINCA Mexico introduced a financial education component to the service from the start. FINCA Mexico sought to build clients' knowledge and confidence about pre-paid cards and, ultimately, branchless banking. FINCA Mexico's comprehensive financial education programme addresses three major obstacles to the utilization of branchless banking by microfinance clients, identified by Microfinance Opportunities:[36] 1) lack of understanding of formal financial services, such as those offered by banks; 2) low levels of technical knowledge; and 3) weak consumer trust in mobile banking and bank cards.

[33] In-depth interview, FINCA Mexico, (2010).
[34] Ibid.
[35] Data provided by G. Galicia, FINCA Mexico country manager.
[36] M. Cohen, D. Hopkins, and J. Lee, (2008), 'Financial Education: A Bridge between Branchless Banking and Low-Income Clients', Working Paper, no. 4 (Washington, DC: Microfinance Opportunities).

When considering the organisational structure and its capacity to design and deliver trainings, FINCA Mexico opted for a unified training model approach.[37] This allowed FINCA Mexico to leverage its staff's existing relationships and knowledge of their client base in order to deliver high-quality, customized trainings. Credit officers offer training on branchless banking in 30–40 minute lessons. The lessons have three sections: a brief overview of the card, simulations of ATM transactions, and an explanation of how to use of the card at telecom and point of sale (POS) terminals. The overview focuses on familiarizing clients with the cards and ATMs. It builds their knowledge around the pros and cons of different access methods. ATM transactions simulations allow clients to get hands-on experience with an ATM.

A Financial education programme on branchless banking needs to be practical. With a 'dummy' ATM, the clients can touch, feel, and see an ATM in a calm, unhurried surrounding. Credit officers can show clients how to withdraw funds step-by-step using a pre-paid card and how to use the card to make purchases at stores or other POS terminals.

FIGURE 12 ATM 'DUMMY' USE BY FINCA IN CLIENT TRAINING[38]



The trainings also include an explanation of transaction limits and charges, and of the importance of safeguarding the PIN. During the financial education training, the PIN component is crucial. FINCA Mexico's experience to date shows that clients often forget their PINs and lose their cards. Safeguarding and remembering the PINs are the two biggest challenges for first-time card users, particularly those with low levels of literacy.

The design of financial education training materials needs to focus on appropriately transmitting knowledge about different technologies to ensure that clients understand various machines (e.g., ATM versus a POS terminal) and the costs of each. For example, clients need to be able to find their balance and know how to read it, as well as to check how much they will be charged for each transaction at an ATM or terminal.

Financial education training cannot be a passive transfer of knowledge; rather, it needs to empower clients to choose from the financial services and technologies available to them. FINCA Mexico's training material explains the advantages, disadvantages, and costs of each

[37] According to Freedom from Hunger (FFH), an international NGO that supports credit-with-education microfinance, there are three primary models for delivering training: 1) a parallel model, where a separate programme or department (not linked to provision of credit) in the same organisation delivers the training; 2) a unified model, with integrates services delivered by the same staff in the same organisation; and 3) a linked model, where two independent organisations collaborate to offer services and training. (Usually, an MFI provides credit and an NGO provides training.)

[38] Photo from FINCA International website, (2010), Making branchless banking a reality.

service, enabling clients to make informed choices for themselves. This builds not only the financial literacy of the clients but also their financial capabilities. Furthermore, because the financial education programme is offered in a transparent manner, it builds trust in the service and the organisation. In effect, it builds customer loyalty.

FINCA Mexico considers face-to-face training to be the most appropriate delivery channel for its financial education programme. They believe it allows for greater interaction between the participants and the trainer. For example, group support is important when clients use the ATM dummy for the first time. Many of them fear technology, but seeing others using the ATM can help them grow more confident. FINCA Mexico offers loans through its tested and trusted village banking methodology. As a result, FINCA Mexico feels secure in using the same group methodology to educate clients on branchless banking. Groups meet on a regular weekly basis. This is an ideal schedule for the trainings because clients do not incur additional transport or opportunity costs to attend the separate training sessions.

FIGURE 13 FINCA'S ATM BOOKLET[39]



Clients attend at least two training sessions before they receive a pre-paid card. FINCA Mexico has found that the more often important ideas are repeated, the more likely that clients will remember them.[40] In addition to the face-to-face training, FINCA Mexico developed an easy-to-use, portable, pocket-size ATM booklet for clients to use as a reference guide. Given that many of FINCA Mexico's clients are illiterate; this booklet uses graphics and illustrations to convey concepts.

FINCA Mexico's experience shows that clients do not retain all the information after the training. To overcome this challenge, FINCA Mexico supplements the face-to-face training with written materials to give clients more confidence and to help them retain the training material. The written material provides immediate support to clients if they face any problems when they use their cards or an ATM. The booklet also serves as a quality assurance tool. For example, if training was not successful or a credit officer omitted information, the booklet is there to back stop the use of the card.

FINCA Mexico currently serves around 100,000 clients, and it hopes to reach 30,000 with its pre-paid card initiative in the short term. Given the size of Mexico, FINCA Mexico first trained a nucleus of teacher-experts on using the card (the so-called 'FINCA group'). These teacher-experts then trained staff in all of FINCA Mexico's branches. Additionally, sessions on branchless banking have been introduced into the core credit-officer training.

[39] Photo from FINCA International website, (2010), Making branchless banking a reality.
[40] In-depth interview, FINCA Mexico, (2010).

FINCA Mexico regularly tracks and measures the success of this financial education programme. They track and measure success before the cards are handed to clients (via staff evaluation and the staff trainers' evaluations) and after the clients receive the cards (through call centre surveys and direct customer support). Given that FINCA Mexico is allied with HSBC, a commercial bank, it needs to demonstrate that it can provide enough customer service in order to stay competitive. The call centre serves as a public confirmation of this. FINCA Mexico decided to operate its own 'centro de attention' call centre, as opposed to using HSBC Bank's call centre, which deals with a different type of client than the typical FINCA Mexico client. As the FINCA Mexico country manager put it, "HSBC would not have patience to deal with FINCA's target group".[41] The FINCA Mexico call centre is open Monday–Sunday, 7 a.m.–9 p.m.

As Figure 14. shows, the call centre also collects some data on client satisfaction and card experience: for example, 99% of clients feel that FINCA Mexico's training on using the card was valuable. The call centre is a helpful client-satisfaction tool. It records product complaints, doubts, and the like, on a regular basis. The call centre also gives FINCA Mexico immediate access to daily information that can be used to improve their products and services.

FIGURE 14 FINCA CALL CENTRE QUESTIONS

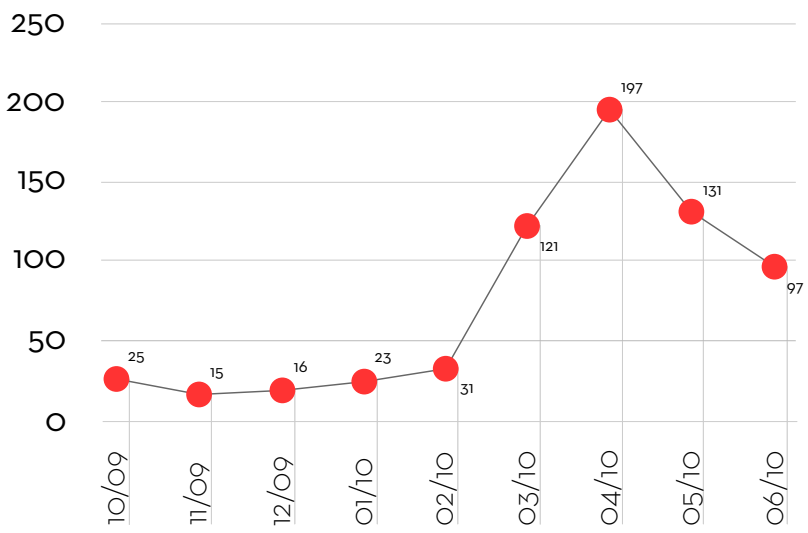
QUESTIONS ASKED BY THE CALL CENTRE TO MORE THAN 200 CUSTOMERS	YES	%	NO	%
1. Did you receive your PIN and card?	199	91%	6	9%
2. Did you receive your guide for using your card?	203	95%	1	5%
3. Did your loan officer teach you how to use your card?	196	99%	1	1%
4. Have you had any problems using your card?	56	30%	142	70%
5. Is the card or a check cheaper for you to use?	(check) 30	(check) 14%	(card) 171	(card) 86%
6. Do you plan to receive your next loan on your card?	173	93%	24	7%
7. Do you know how to read?	204	99%	1	1%
8. Have you used a card before?	129	63%	68	37%
9. When you withdraw money from an ATM, do you use your guide to help?	24	22%	172	78%
10. Is the guide useful?	187	95%	9	5%
11. Was the training with the mini-ATM useful to you?	192	99%	4	1%

[41] In-depth interview with G. Galicia, FINCA Mexico country manager, (2010).

FINCA Mexico's financial education programme clearly maximizes the number of clients who successfully use their card (70% of clients said they had no problems with the card). The programme builds client confidence around branchless banking (93% plan on using their card for their next loan disbursement). For example, Figure 15 graphs the extent of problems with the cards reported by clients in the first nine months of the programme. Relative to the number of cards (10,500) in use, the percentage of complaints is low: less than 1% of clients had concerns.

The number of complaints significantly increased after the initial roll out, likely because clients were only beginning to use the cards. The number of complaints then steadily declined after April 2009 as clients became more comfortable with the cards. These results suggest that the financial education programme is crucial to the success of a branchless banking initiative. The programme improves clients' trust and their understanding of, and confidence in, the product.

FIGURE 15 CARD PROBLEMS REPORTED TO THE CARD CENTRE [42]



Scalability

FINCA Mexico's financial education programme is intertwined with its ability to reach scale with its branchless banking initiative.[43] The financial education programme is a principal driver of the uptake and usage of pre-paid cards. To date, with the 10,500 cards in the hands of its clients, FINCA Mexico has disbursed more than 119 million pesos through some 18,100 loans (see Figure 16).

[42] From in-depth interview with G. Galicia, FINCA Mexico country manager, (2010).
[43] Sonali Rohatgi, business development specialist at FINCA, provided extensive information for this section.

Figure 17 shows that uptake of pre-paid cards is increasing over time, after the roll out (December 2009–January 2010). The sharp increase in uptake in March 2010 occurred after branch training ended in January and February. At this time, the branches began soliciting clients and enrolling them in the pre-paid card programme. Since March 2010, the number of loans disbursed through cards has been relatively consistent as both the branches and clients became confident in branchless banking. The dollar amounts of loans disbursed in Figure 11 reflects this same trend.

FIGURE 16 FINCA LOANS DISBURSED THROUGH PRE-PAID CARDS OCTOBER 2009 – MID-JULY 2009 [44]

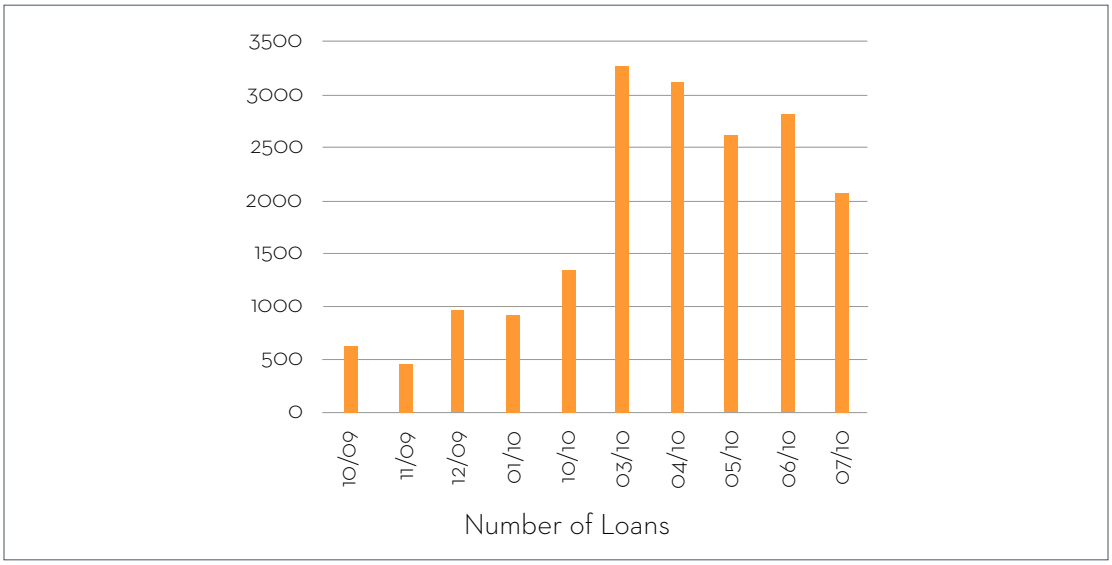
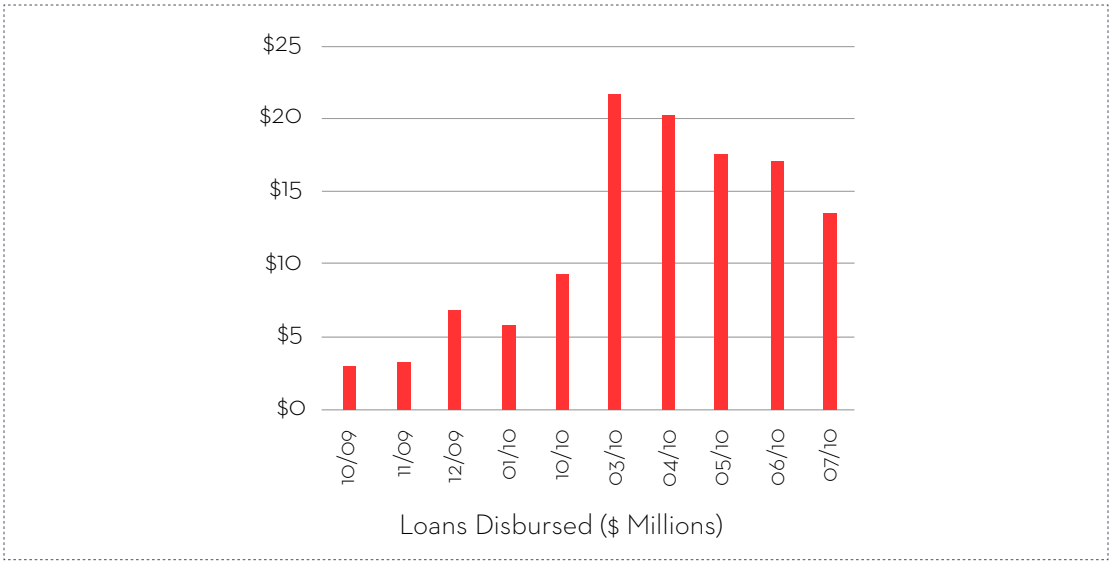


FIGURE 17 AMOUNT OF LOANS DISBURSED FROM OCTOBER 2009 TO JULY 2010 [45]



[44] Graph prepared by G. Galicia, FINCA Mexico country manager (2010).
[45] Graph prepared by G. Galicia, FINCA Mexico country manager (2010).

While FINCA Mexico does not define scale in a specific way, its goal is to roll out the pre-paid card programme to all its clients accompanied by the financial education training programme. By the end of 2011, FINCA Mexico is set to have more than 147,000 clients. This number is expected to double by 2014.[46] In FINCA Mexico's opinion, clients will become better money managers if they can withdraw funds as needed and check their balances as they use the card for purchases. It is not clear, however, whether FINCA Mexico's training actually includes a money management component or whether they hope better money management is simply a positive outcome of the programme—a by-product of card use. It will be interesting to see if pre-paid cards actually improve money management. In order to determine this it will be important to analyse variables such as loan amount and loan purpose.

FINCA Mexico recognizes the challenges to reaching scale. These challenges are important to discuss as lessons learned. One challenge is actual customer usage. In addition to the 10,500 active cards, there are 1,150 inactive cards (almost 11% of cards issued). This may be the result of clients losing their PIN or entering the wrong PIN too many times, in which case, the ATM 'captures the card'. For example, 90% of problems reported to the call centre are related to losing the PIN. Furthermore, withdrawal limits often pose a challenge because clients want to withdraw the entire loan at once. (They can only withdraw up to 50,000 pesos each time.) Finally, there are technical challenges when banks change ATM withdrawal procedures. For example, clients complain that they are now are required to enter additional information (their birth date) in order to conduct a transaction. As a result, FINCA Mexico's training materials need to be updated regularly in order to respond quickly to changes in the environment. FINCA Mexico demonstrates how important it is to tailor training to clients, as well as keeping the programme material flexible and dynamic.

One final challenge that FINCA Mexico has faced is loan officer turnover. Institutional knowledge, in terms of card training, is continually being lost. These impacts the quality of training as new credit officers need time to catch up in terms of institutional knowledge.

Sustainability

FINCA Mexico examines two dimensions of sustainability[47]: one relating to the clients and one related to FINCA Mexico. In order for its programme to be sustainable, the cost to deliver the training and administer the card programme must be balanced by 1) benefits from improving client retention rates as a result of offering disbursements via prepaid card and 2) cost savings from disbursing via cards versus issuing a bank check. The cost to process and issue a check is 21 pesos (US$1.60) per disbursement. The cost to issue one card is 34 pesos (US$2.60), yet the cost per additional loan disbursement transaction is only 7 pesos (US$0.55). Therefore, the sustainability of the programme depends on the number of times a client renews their loan or chooses to receive a disbursement via pre-paid card. Each client needs to renew their card for three loan cycles in order for FINCA Mexico break even on its costs of the card programme and training.

[46] Personal communication with FINCA strategic alliances manager (22 June 2011).
[47] Sonali Rohatgi, business development specialist at FINCA, provided extensive information for this section.

It is too early to tell if the programme is cost-sustainable for FINCA Mexico. Cost-sustainability will depend on the uptake rate of the card and the continued card retention rate by the client. Based on current numbers, the ratio of loans disbursed to cards is nearly 2:1. This indicates that most clients have chosen to renew their cards and to receive their second loan disbursement on their card.

The training is crucial to ensuring that clients are satisfied with and continue to use the card. FINCA considers client training to be indispensable to attracting clients to the pre-paid card initiative and retaining them. At the moment, retention rates are 70%.[48] Although FINCA Mexico used grant funds (from VISA and USAID) to develop training materials as part of the programme pilot tests, it includes the full cost of training in its long-term sustainability projections for the card service. Leveraging its existing network of village banks and existing relationships between credit officers and clients, FINCA remains convinced of the value of face-to-face training as the best delivery channel for financial education.

Impact

The primary objective of FINCA Mexico's financial education programme is to help clients understand that using technology (such as the pre-paid card) is better, safer, and cheaper for them. Therefore, FINCA Mexico's financial education training focuses on preparing the clients for branchless banking, namely, helping the clients overcome fears about branchless banking, technology, and the use of pre-paid cards. Ultimately, FINCA Mexico hopes that its branchless banking initiative will positively influence financial behaviours by improving money management as well as bringing more clients into the formal financial sector.

One indicator of success for the financial education programme is the uptake of cards and their continuous use. This is especially true following the second loan cycle and after the initial excitement with a new product declines. FINCA Mexico surveyed 205 clients within a week of receiving a loan. Of these clients, 93% planned to continue using the card.[49] No information is available about retention rates past the second loan cycle although; FINCA Mexico reports anecdotally that most clients seem to be choosing to get their second loan disbursements on pre-paid card versus paper checks.

Another indicator of success is, of course, greater effective management of loans. FINCA Mexico reports that initial conversations with clients suggest that they prefer to withdraw their loans in smaller increments rather than all at once. However, more research is needed to understand client behaviour and will require careful analysis in terms of its impact on cash/money management.

The data gathered through FINCA Mexico's call centre and client surveys suggest that clients find financial education useful. In particular, they found the simulated demonstrations (99%) and the ATM guide booklet (95%) to be most useful. FINCA Mexico attributes

[48] In-depth interview with G. Galicia, FINCA Mexico country manager, (2010).
[49] FINCA website, (2010), Making branchless banking a reality, 'Measuring Results'. Retrieved June 2011 fromwww.finca.org

product uptake to financial education efforts, but more evidence than the descriptive statistics provided by FINCA Mexico is needed to support this assertion.

Conclusion

Financial education plays a crucial role supporting FINCA Mexico's branchless banking initiative. Low income, high rate of illiteracy, safety concerns, loss of time (distance and long bank queues), high opportunity costs, and lack of experience with (and trust of) card-based services are the key characteristics of FINCA's target audience. The goal of its financial education programme is to help clients understand that using technology (such as the pre-paid card) is better, safer, and cheaper for them. FINCA Mexico hopes that its branchless banking initiative will positively influence financial behaviours, by improving money management as well as bringing more clients into the formal financial sector. FINCA Mexico uses face-to-face training as the main delivery channel for financial education trainings.

FINCA's case shows us that:

1. Low-income customers are not familiar with branchless banking. They face unfamiliar practices and technology.

2. Financial education can contribute to building demand for services by helping customers overcome their fears about branchless banking and the use of pre-paid cards.

3. Financial education needs to accompany branchless banking from the start; it must be an integral component of such an initiative.

4. Financial education training on branchless banking needs to be supported with an easy-to-use, portable written guide that clients can carry around as a reference. The guide can give clients confidence and provide immediate help when using the card at ATMs and POS terminals.

5. Challenges to reaching scale are linked to the actual customer usage, for example, the number of customers that actively use the card.

6. Financial education training materials cannot be created and forgotten. The curriculum must be flexible and quickly adaptable to an environment where bank withdrawal policies and ATM technical procedures often change.

7. Sustainability is linked to the organisation's ability to cover the costs of training that are directly linked to the uptake and retention of the card.

D. SPEED—SUPPORT PROGRAMME FOR ENTERPRISE EMPOWERMENT AND DEVELOPMENT, GHANA

Institutional Background

SPEED is a donor-funded initiative to institutionalise enterprise development and consumer education in Ghana. It was founded in 2003, in partnership with the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ[50]), the Bank of Ghana, and the Danish International Development Agency (Danida). SPEED was created in an effort to contribute to the sustainable development of Ghana's private sector and the support of socially and geographically balanced growth, income, and employment creation. Without a financially literate population, SPEED Ghana faces a serious obstacle in its efforts to reach the overarching goal of helping the country's financial markets develop.

Target Audience

Ratified in January 2009, the Ghanaian National Strategy[51] addresses the critical deficit in consumer education and financial literacy across the country. Despite a declining poverty rate and increasing economic growth over the last few years, Ghana still faces regional economic disparities. Many poor households are economically marginalised, vulnerable to shocks, and largely excluded from the financial sector. In fact, less than 20% of all households have access to financial services.[52]

In alignment with the National Strategy, SPEED focuses on three specific groups as its target audiences: 1) groups with low levels of education, which are mostly employed in the informal sector; 2) people 18–30 years old and students in tertiary education institutions who are about to start working; and 3) women and women's groups. These three groups make up a large proportion of the Ghanaian population.

A baseline survey, conducted to establish the level of financial literacy in Ghana, found that on average Ghanaian adults could answer only half the questions, and that knowledge interest, principal, and financial products was particularly weak.[53] The findings also suggested that even if respondents had higher levels of financial literacy, this did not necessarily translate into sound financial behaviour. Most significantly, a country profile conducted for the African Development Fund found that 80% of Ghanaians are financially illiterate.[54]

[50] As of January 2011, GTZ is now GIZ (Deutsche Gesellschaft für Internationale Zusammanarbeit [German agency for international cooperation).

[51] National Forum on Microfinance (2009), 'Knowledge Is Money: National Strategy for Financial Literacy and Consumer Protection in the Microfinance Sector' (Accra, Ghana: Ministry of Finance and Economic Planning). The strategy was presented to the National Forum on Microfinance for endorsement and officially adopted on 29 January 2009.

[52] N. Gyabaah, (2009), 'Ghana's National Strategy for Financial Literacy and Consumer Protection in the Microfinance Sector', PowerPoint presentation (p. 5) at the 'Promoting Financial Capability and Consumer Protection in Ghana' conference, Accra, Ghana, 7 September 2009.

[53] CDC Consult Ltd (2006), 'Baseline Survey on Adult Financial Literacy in Ghana', conducted for Trade & Investment Program for a Competitive Export Environment (TIPCEE) and USAID, Washington, DC.). TIPCEE commissioned a baseline survey to establish the level of financial literacy among urban adults in Ghana in November 2006. The survey covered a total of 1,185 adults in the Accra and Tema Metropolis, Kumasi, Bolgatanga, and Navrongo.

[54] Y. Dejene, (2008), 'Ghana Country Gender Profile' (Accra, Ghana: African Development Fund, Human Development, OSHD Department). Retrieved June 2011 from www.afdb.org

Given the need for a widely applicable message, SPEED's programmes target Ghana's poor households that are particularly vulnerable to persistent financial pressures.

Financial Education Model

SPEED Ghana has been involved in financial education since its inception. SPEED Ghana uses multiple delivery channels to both MFIs and their clients, predominantly in rural areas in an effort to combat the nation-wide consumer deficit in financial knowledge and to promote financial literacy. SPEED has researched both the needs and the demand for financial education programmes in a variety of ways:

1. It assesses and obtains stakeholder participation (MFIs, local opinion leaders) in working group meetings prior to implementation in order to ensure buy-in and ownership.
2. It examines the number of MFIs involved in the programmes during implementation.
3. It gauges public participation and interest in the programmes in each location. This done particularly through question and answer sessions held during 'road shows' and on radio programmes.[55]

SPEED Ghana was designed to create awareness of financial topics and build trust between consumers and financial service providers, in order to build long-term, sustainable financial inclusion and financial literacy. With such improvements, SPEED Ghana aims to help individuals start businesses, plan for the future, and mitigate financial risks. Additional complementary activities (such as workshops and training) are deployed to strengthen local financial service providers broaden the scope of their efforts and allow them to be more responsive and effective.

SPEED Ghana delivers its financial education programme throughout the entire year. SPEED Ghana uses delivery channels such as posters, hand books, and pocket guides and SPEED Ghana 'road shows', which use theatre plays and puppets; and radio programmes. It selected these particular mechanisms for their interactivity, accessibility, and entertainment value in an effort to attract audiences. A baseline survey conducted prior to the programme helped determine topics that directly respond to the needs and demands of the identified target audiences. In fact, an impact study of SPEED Ghana's road shows,[56] conducted in August 2008, noted that 94% of respondents found the content and drama of the road shows highly relevant and appropriate. This confirmed that SPEED Ghana had reached its target audience with suitable messaging.[57]

SPEED Ghana designed its financial education road show in collaboration with the Ghana MicroFinance Institutions Network (GHAMFIN) and the Ministry of Finance and Economic Planning (MoFEP) to carry key messages, such as responsible borrowing, to rural areas in Ghana. The road shows present theatre plays in local languages to complement the distribution of financial educational materials. The road shows (or theatre plays) are held in

[55] Information from a questionnaire sent in 2010 to Hanna Schommer (GTZ) and Ken Appenteng (SPEED).
[56] K. Owusu-Mensah and B.R. Sinemillioglu, (2008), 'Impact Assessment on Road Shows Organized in Central, Ashanti, and Eastern Regions of Ghana between December 2007 and May 2008' (Accra: SPEED Ghana).
[57] Ibid.

market centres and truck stops on market days when large numbers of the target audiences congregate. Brass bands and giant dancing puppets in the market area draw crowds, especially women and children, who follow the puppets to the play locale (see Figure 18). In some areas, the road shows work with town criers to create publicity and anticipation. After each play or production, staff members of local microfinance institutions (MFIs) answer clients' questions.

The road shows have played in all regions of Ghana and have involved more than 100 MFIs. Prior to the local events, GHAMFIN and SPEED Ghana hold workshops for the participating MFIs and other stakeholders. The workshops are conducted to train the MFIs and stakeholders on the importance of financial literacy and common messages, to sensitize them to consumers' needs, and to ensure maximum impact.

FIGURE 18 PHOTOS FROM ROADS SHOWS ACROSS GHANA



The radio programmes are broadcast on commercial radio stations that have a broad spectrum of listeners in different regions. The stations appeal to various social groups, so that the financial information reaches both dense populations and remote audiences. The radio programme integrates messages that encourage public participation and instant reaction, such as phone-in sessions. The use of radio stations reaches virtually all income brackets, as opposed to television. The radio programmes are accompanied by a publicity campaign where mobile broadcast vans announce the shows in towns where the programmes are broadcast in an effort to attract potential listeners.

Print media complements both the road shows and radio campaigns by providing information on savings, loans, investment, insurance and micro-insurance. It covers the benefits, and risks of financial products and services, as well as the rights and responsibilities of consumers and financial service providers. Specific take-home materials include illustrated brochures for illiterate and semi-literate consumers, with more in-depth booklets available to consumers with higher literacy levels.

Although SPEED Ghana's implementing partners would like to see sound and comprehensive impact assessments of the programmes, the road shows and radio campaigns pose evaluation challenges. Many people in the road show audiences are not local residents, and people calling into the radio show often use phones belonging to other people. Both of these variables make follow-up and evaluation challenging. SPEED Ghana's impact assessment[58] of the road shows highlight several factors that could improve another financial education programme in the future: more extensive marketing to draw in a larger audience and better, more specific follow-up strategies.

Financial Education for MFIs and Financial Service Providers

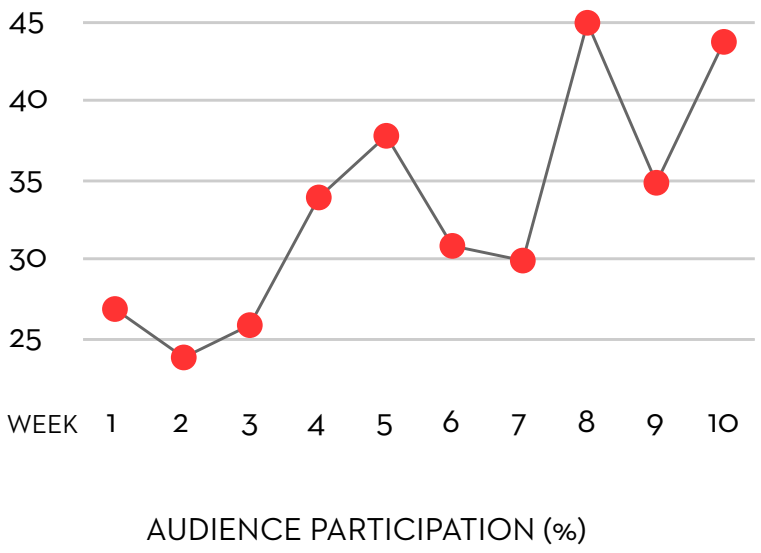
SPEED Ghana also works directly with MFIs as it anticipates the increased demand for local financial products and services as financial literacy grows in the population. It conducts training programmes for loan officers to improve the quality of client relations, which the MFIs have embraced as immensely valuable.[59] The MFIs also have seen a significant increase in number of clients, level of deposits, client confidence, and generally improved relationships with clients.[60] On both the supply and demand sides, this training encourages the long-term accessibility of the financial services market which is a critical aspect of increasing financial inclusion.

Scalability

From the outset, SPEED Ghana's target was to reach all 10 regions of Ghana by the end of 2009. The theatre/puppet shows played in all regions, directly benefiting 106 rural and urban towns. The shows were done in collaboration with more than 100 rural financial institutions. Further, this programme has had far-reaching, indirect effects on the staff and clients of the MFIs and the general public. The audience participation in SPEED Ghana's radio programmes is an indicator of the programme's reach. Figure 19 shows how, over a 10-week period, the number of callers increases significantly. The public not only listens to the financial education messages but actively engages with the programme broadcasters.[61]

[59] N. Gyabaah, (2009).
[60] Ibid.
[61] AdSpace DDB Ghana (2009/2010), 'Final Report of Radio Programme on Financial Literacy for MSMEs and GHAMFIN: Zone Two', Accra, Ghana. Document supplied by Ken Appenteng at SPEED.

FIGURE 19 AUDIENCE PARTICIPATION OVER THE 10-WEEK FINANCIAL LITERACY EDUCATION RADIO PROGRAMME [44]



To create opportunities for scale, SPEED Ghana uses vigorous publicity and awareness campaigns by employing mobile vans with public address systems in remote areas and market centres. In addition, the campaign relies strongly on word-of-mouth advertising. It anticipates that participants and observers will pass on their excitement about the shows and the financial information to friends and family members. Events managers also contributed to SPEED Ghana's publicity campaign by creating a jingle, or signature tune, for the radio programme and community campaigns.

Considering the extended reach of the programme, maintaining the quality of financial education is a serious focus. To achieve this, SPEED Ghana gathered a working group of stakeholders to continuously monitor and review the financial education activities. Although this was effective in the first years of the project, new challenges such as cost escalation, logistical demands of expanding into new areas with an ambitious programme, and ongoing updating and development may affect further scaling up.

However, SPEED Ghana anticipates co-sharing costs with other interested stakeholders (such as MFIs, their apex bodies, and MoFEP), which will add increased capacity and responsibility sharing. The past five years of experience have already shown that there is definite buy-in from both public and private institutions, which may hold opportunities for new funding. The initial funding effectively mobilized additional resources to extend the initial target areas, for example, by duplicating existing educational materials and mobilising the road shows in more areas.

[62] Ibid.

Sustainability

SPEED Ghana received a block financial education grant of about US$ 450,000 to cover the initial costs of implementing and maintaining financial awareness/literacy campaigns, product design, and dissemination of financial education. Representatives from SPEED Ghana and GTZ categorised the main costs of delivering the Ghanaian programme into initialisation, scaling up, and general operations, detailed in Figure 20.

FIGURE 20 COSTS OF SPEED FINANCIAL EDUCATION PROGRAMMING

INITIALISATION COSTS	SCALING UP COSTS	GENERAL OPERATING COSTS
• Concept development and organisational costs • Product development costs • Printing costs for FE materials • Cost of dissemination of materials and logistics • Cost of airing radio programmes	• Scale-up planning and logistical costs • Costs in further printing of FE materials • Support for local initiatives • Cost of airing FE radio programmes	• Logistical costs • Printing costs • Stakeholder participation costs • Publicity in print and electronic media
From information compiled by Genesis Analytics (2010) from a questionnaire send in 2010 to Hanna Schommer (GTZ) and Ken Appenteng (SPEED		

Factoring in these inputs, SPEED Ghana defines its sustainability in three ways:

1. Attract adequate financial resources to cover the short- and long-term costs of the programme.
2. Maintain the quality of financial education activities funded and/or managed by national stakeholders (MFIs, their apex bodies, MoFEP).
3. Convince MFIs to financially support the long-term engagement of target audiences and the distribution of materials in their areas after the road shows and radio programmes ended.

SPEED Ghana monitors all three facets of its sustainability model throughout the life of the programme. It also involves local stakeholders to broaden ownership and create interest. Within four months of the project's start, managers, field officers, and loan officers from the cooperating MFIs started making use of the financial literacy materials developed by SPEED Ghana.

At the end of SPEED Ghana's initial programme, 'exit meetings' were held with MoFEP and other apex institutions (e.g., GHAMFIN, Association of Rural Banks and Ghana Cooperative Credit Unions Association), to coordinate continued support within their respective institutions. In addition, SPEED Ghana representatives counselled the MFIs early on to cooperate with each other and to establish local financial education programmes in their districts. SPEED Ghana distributed its financial education materials to as many MFIs and their apex bodies as possible.

SPEED Ghana's Key Sustainability Requirements

- Design a cost-effective mechanism or approach.
- Get a consistent budget commit ment from the institutions involved.
- Formulate Annual action plans for ongoing implementation.
- Work under the principle of total ownership: all institutions involved make financial contributions to sustain activities.
- Encourage a national effort, rather than individual efforts.
- Train staff of MFIs on communica tions and customer care principles.
- Ensure that appropriate educational materials are used for each target group.

SPEED Ghana recognized that the long-term sustainability of Ghana's financial education programme depends largely on dedicated funding from MFIs and from MoFEP and that it is necessary to build additional capacity to continue to implement its financial education activities. In support, MFIs have dedicated financial and human resources to develop their own capacities. They have acknowledged the importance of including financial education as core customer service de-livery. Further, the prospects of long-term sustainability are greatly enhanced by a close partnership between MoFEP and the Ghana Microfinance Institutions Network. They are both coordinating Ghana's Financial Literacy Campaign and have been closely involved in the design and implementation of the individual financial education activities.[63]

According to project staff, when the initial SPEED Ghana programme ended, the buy-in by the local and apex stakeholders was complete. Future plans anticipate that the MFIs will commit funds to sustain financial education for a considerable length of time. MoFEP and the Ghana Education Service also have created a task force to add financial education to the national school curriculum integrate financial literacy in secondary schools.

Enhanced Impact

Despite the pronounced need for financial education in Ghana, various factors pose risks to the successful implementation of a financial education programme. In many developing countries, education and the learning process must overcome deeply entrenched behavioural, social, and psychological patterns. Mindful of these obstacles, SPEED Ghana conducted a qualitative impact assessment in order to gauge the success of the programme and the degree to which financial literacy affected the programme's target audiences.[64] A sample of 15 banks was interviewed for the impact study, all of which reported an increase in the number of clients (from 1.7% to 336% between January and June 2008) and in the level of deposits (from 4% to 3,938%) following the road show. Figure 21 shows the results from four institutions.

[63] Information from a questionnaire sent in 2010 to Hanna Schommer (GTZ) and Ken Appenteng (SPEED).
[64] Owusu-Mensah and Sinemillioglu, (2008).

FIGURE 21 IMPACT OF THE ROAD SHOWS ON SAMPLE BANKS

BANK	CLIENTS BEFORE	CLIENTS AFTER	VALUE OF DEPOSITS BEFORE	VALUE OF DEPOSITS AFTER
Sekyeredomase Rural	14,700	20,200	GH¢ 272,175	GH¢ 294,359
Ekumfiman Rural	400	810	–	–
Otuasekan Rural	529	843	–	–
Kumawuman Rural	2,335	3,228	GH¢ 23,014	GH¢ 224,109

GH¢ = Ghanaian cedi. From RIMCS Consult (2010), 'Impact Assessment Report: Financial Literacy Radio Programme' (Accra: SPEED Ghana).

Overall, four direct effects were reported by the impact study:

1. Clients reduced withdrawals and increased savings.
2. Dormant accounts were revived.
3. Customer services improved with regular client meetings and more frequent field visits. Opening hours were changed to better suit the clients.
4. Bank clerks developed a better understanding of their clients' needs.

True to its objectives, the SPEED Ghana campaign managed to improve the relationships between MFIs and their clients (and potential clients), enhance banks' awareness of the need for good and reliable customer services, increase the number of clients for MFIs, and boost clients' level of savings. According to key representatives from SPEED Ghana, clients' reservations about financial systems and products frequently stem from a persistent lack of information about financial institutions or access to them. In this respect, SPEED Ghana's novelty and innovation in promoting financial inclusion has positively influenced the uptake of financial education among low-income households.

What is particularly interesting about the SPEED Ghana case is the effect that cultural and gender values have on the uptake of financial education. Typically, the management of household finances is not openly discussed between husband and wife. In the rural financial education programme managed by Ghana Community Radio Network, feedback from participants shows that women are very outspoken on rural household financial management when they are given the opportunity. The women have been very interested in SPEED Ghana's financial education materials, especially those on savings and loans. This is a clear example that money management or financial literacy is no longer a patriarchal construct; rather, it shows the benefit of providing financial education to women, who will use it to improve the management of their household finances. Project staff notes this as one of the most positive results of the SPEED Ghana programmes.[65]

[65] Information from a questionnaire sent in 2010 to Hanna Schommer (GTZ) and Ken Appenteng (SPEED).

SPEED Ghana's programme has also motivated its target audience to open new accounts or reactivate dormant ones. As a result of its financial education efforts, MFI clients have a better understanding of the terms and conditions of their loans, have been able to reduce withdrawals from their bank accounts and have increased their savings. Additionally, the MFIs have improved their services by instating regular formal meetings with clients and increasing the frequency of field visits.[66]

Despite these positive results, accessibility still is a major constraint to financial inclusion for rural communities. This is largely due to the very limited number of banks in these areas, as well as the underdeveloped transport system. As a result, many households persist in keeping their money at home, despite knowing the high risk associated with this practice. This indicates one of the most important lessons for financial education programmes: easy, low-cost, convenient accessibility to financial services is of paramount importance, not only to attract clients, but so that they can put their new-found knowledge and skills into practice.

Conclusion

Based on lessons learned from the SPEED Ghana campaign, the Working Group of the National Microfinance Forum proposed that Ghana create a sustainable and permanent system for financial literacy and consumer education country-wide. Among its recommendations, it specified that financial education needs to be a national effort in Ghana, not just the effort of a single programme or actor. It emphasized, however, that implementation must be adjusted and customised to regional contexts and implemented through local agents. Financial education should be led by organisations with sufficient capacity to lobby for and develop widespread support and involvement.

Overall, SPEED Ghana is a good example of how external donor funding—tasked with a specific objective to institutionalise financial education and make financial inclusion a national target—has been used to engage multiple stakeholders, increase awareness and engagement of targeted groups, and mobilise local funds for long-term sustainability.

[66] Ibid.

E. AMFIU—ASSOCIATION OF MICROFINANCE INSTITUTIONS OF UGANDA

Institutional Background

The Association of Microfinance Institutions of Uganda (AMFIU) was established in November 1996 as an umbrella organisation of microfinance institutions (MFIs). AMFIU aims to establish a market-driven microfinance industry with informed and financially literate customers. AMFIU employs a number of different strategies to achieve its organisational objectives. This case study, however, looks specifically at its Consumer Education Program (CEP). Initiated in 2004, CEP is a large financial education programme to educate consumers on their rights and responsibilities, and to ensure that consumers can make educated choices about products and financial institutions.

Target Audience

In the low-income country of Uganda,[67] approximately 31.1% of Ugandans live on or below the national poverty line.[68] Further, 25% of adults (15 years or older) are illiterate.[69] Around financial issues, specifically, there is a notable paucity of knowledge in the country. According to Patrick Bitature, chair of the Uganda Investment Authority, financial literacy and ability to manage personal finances are skills that too many Ugandans lack, evidenced by the low levels of wealth creation among the indigenous population.[70] A 2010 New Vision report indicates that less than 2% of Ugandans are aware of the savings and investment products available to them in the financial industry.[71] Most troubling is that more than 95% of Ugandan households will likely fail to realise one or more of their major financial goals, owing largely to the lack of a basic financial plan.[72]

CEP was formed in response to this identified financial literacy gap. CEP seeks to address the frequent inappropriate financial choices made by consumers that stem from a lack of information and knowledge about financial issues.[73] Although financial education material is distributed widely to the entire Ugandan population, AMFIU's primary target audience is the economically active poor, over 18 years old, with low literacy and income levels. AMFIU focuses on this group primarily due to the minimum age requirements to access financial services, including savings accounts, in Uganda.

[67] As classified in World Bank website, (2010), 'Data by Country: Uganda' (Washington, DC: World Bank). Retrieved June 2011 from http://data.worldbank.org/country/uganda.
[68] Ibid., 2006 data.
[69] Ibid.
[70] P. Bitature, as cited in P. Tentena, (2010), 'Financial Literacy Should Be Priority to Ugandans', New Vision, 19 September 2010. Retrieved June 2011 from http://newvision.co.ug/D/8/220/732477 .
[71] Tentena, (2010).
[72] Ibid.
[73] REEV Consult International, (2007), 'Uganda Microfinance Consumer Education Programme Learning Exercise: Final Report' (London: DFID).

Financial Education Background

Underpinning the programme is AMFIU's belief that financial education is essential for the effective delivery of inclusive financial services in Uganda. AMFIU's financial education campaign is based on a market analysis of the knowledge, attitudes, and practises of Ugandans so that it appropriately responds to the specific needs of consumers.[74] The market analysis identified a number of key issues:

1. MFIs and their customers lack reciprocal trust and often mislead each other.

2. Customers often provide false information in order to obtain a loan.

3. Customers often fall into debt traps and it is believed that MFIs do little to regulate or prevent this.

4. Many customers do not understand interest rates and the complicated fee structures on their loans.

5. Benefits of saving are ignored, either because customers do not have access to savings opportunities or they are led into a series of loans without regard for their ability to invest profitably.

6. Customers do not understand the difference between types of financial institutions, calling them collectively 'banks'.

CEP Financial Education Topics

- Financial institutions and choosing appropriately
- Bank services and the products and options available
- Savings
- Debt management
- Financial negotiation
- Government programmes and how to access
- Savings and credit co-operatives (SACCOs) and how they are managed

Based on these findings, AMFIU recognised that most of these key issues revealed a lack of general knowledge about finances and entrenched attitudes toward financial institutions, rather than a lack of specific skills. This meant that financial education would not necessarily need to involve significant personal interaction or training sessions with the target audience. Rather, a successful intervention could entail an awareness campaign, primarily targeting public perceptions of MFIs and the financial industry.

Armed with this understanding, AMFIU partnered with Communications for Development Uganda and the StraightTalk Foundation to design suitable materials and identify appropriate delivery channels. The group decided to adopt a multi-pronged approach to financial education using different media outlets, public events, and various printed handouts to deliver the financial education material.

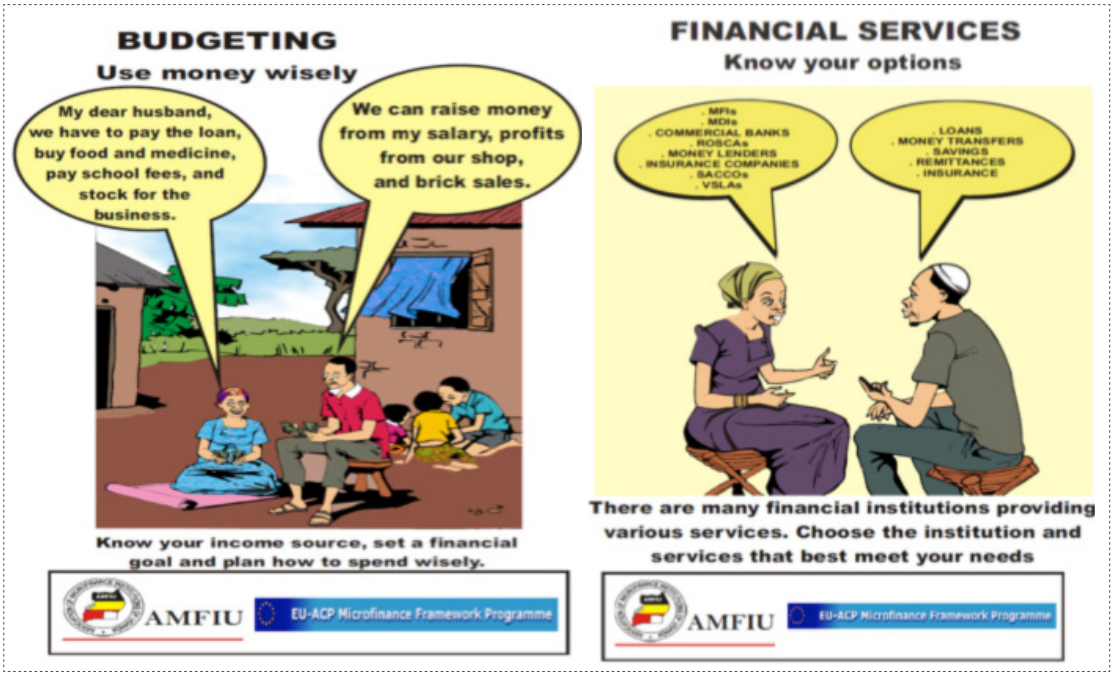
[74] Ibid.

Financial Education Model

AMFIU's programme relies predominantly on mass media. This delivery channel can reach large, widespread audiences, to disseminate financial information and educate the public. Radio, specifically, is the primary mode of communication for the programme because, according to national data, this medium reaches 98% of the Ugandan population.[75] Most Ugandans get their information from radio or their friends, who likely get their information from radio as well.

AMFIU also uses other outlets in its financial education programme, including music, dance, drama, posters, flyers, picture cards, flip charts, consumer handbooks, Money World (a newspaper specific to the campaign),[76] TV talk shows, publications, and workshops. According to Zainabu Assimwe, consumer affairs specialist at AMFIU, the initiative selected and designed these delivery channels so that they complement one another. For example, participants can look at the picture cards and read the consumer handbooks, while listening to radio programmes. Similarly, posters and flyers help raise awareness about the various other events or handouts.[77] Furthermore, this array of channels permits AMFIU to adapt the delivery of its information to different communities across Uganda (e.g., produce radio programmes, flyers, and newspapers in different local languages). It also combines entertainment and education ('edutainment') through the use of drama, music, and television, for example, to make financial education an engaging, memorable experience for the public. Figure 22 below shows examples of two AMFIU posters on budgeting and financial services.

FIGURE 22 AMFIU CEP POSTERS



[75] Official from Straight Talk Foundation (August 2007), as cited in REEV Consult International (2007).
[76] Money World is published in five languages. Its major focus is consumer education and it reports on and analyses MFI services, savings, and borrowing.
[77] Information from a questionnaire sent to Zainabu Assimwe, AMFIU consumer affairs specialist (2010).

Scalability

Using these various channels, AMFIU's programme has reached 35 of 80 districts in Uganda to date.[78] CEP has broadcast thousands of radio spots, complemented by call-in shows, in nine local languages and has distributed millions of copies of Money World, in addition to other materials.

An evaluation conducted by JECON Consulting,[79] in 2009, included samples based on location, accessibility, coverage, and economic strength. The study results indicate that 68% of the target audience was aware of CEP. AMFIU asserts that the programme could reach a greater number of beneficiaries with more frequent radio inserts and more prolific distribution of materials. However, such an expansion depends largely on external funding, thus this programme model is only as scalable as it is sustainable.

Mass media, AMFIU's primary delivery channel for financial education dissemination, can be scaled up significantly with minimal effort and cost because it requires little to no personal interaction. It simply requires increased volumes of production and distribution. However, CEP must ensure that it strategizes appropriately to reach the greatest numbers via these channels. The study conducted by JECON made several recommendations to increase the reach of the financial education programme. For the radio shows, for example, it suggested that financial education messages did not always reach their targeted listeners. It suggested that radio programmes be aired at more suitable times, when more potential listeners are likely to be home (e.g., between 7:00 and 9:00 p.m.).[80] Similarly, campaign materials (posters, flyers, etc.) should be displayed in areas with greater traffic or areas with more dense populations.

CEP can achieve greater reach by attracting additional funds, pursuing greater stakeholder involvement, and publicizing its financial education programme in all financial institutions in the country. Since scalability of CEP is largely dependent on external funding, it is inherently linked to the organisation's sustainability model.

Sustainability

AMFIU is dependent on funding from both AMFIU member organisations and external donors. Since 2004, the organisation has spent approximately US$ 500,000 on financial education programmes. It frequently introduces new products and designs to keep the CEP information fresh and relevant;. As a result, the costs of development and distribution are ongoing, and thus programme costs do not decrease over time.

[78] This figure from 2007 is the most recent figure available. REEV Consult International (2007).
[79] JECON Consulting, Ltd (2009), 'Evaluation of EU/ACP Microfinance Transparency Program' (Kampala, Uganda: AMFIU). JECON interviewed randomly-selected officers and beneficiaries from each district covered. From the 6 regions and 32 districts, the sample took 2 districts per region, plus 1 district (Hoima) in the midwest region, resulting in a total of 10 districts and 549 participants.
[80] Ibid

AMFIU defines sustainability as "the ability for the programme to run without donor or external support".[81] Since financial education is considered a public good in this case, no income stream is directly received by the programme. Therefore, AMFIU's CEP will continually be dependent on external funding, either public or private. As a result, in line with AMFIU's own definition, the model has not achieved sustainability and will not do so in the foreseeable future.

Enhanced Impact

By providing education and information about financial issues, CEP seeks to improve consumers' experience in accessing appropriate financial services, enhance consumers' ability to ask relevant questions, and enable consumers to reap the most benefit from financial products and services. In this light, AMFIU believes its financial education programme has been highly successful, both in terms of improved and increased product uptake, as well as in influencing public opinion about the financial sector.

AMFIU uses indicators for knowledge, attitudes, and practises to track the quality of CEP. It assesses what people have learned as a result of the programme, what their perception is of financial services and products (e.g., are participants intimidated by the choice of financial products? Do they feel equipped to make financial choices?), and what people actually do as a result of the information from the programme (e.g., increase their use of financial products or start writing down budgets). These indicators help highlight how CEP can be improved or how it needs to be adjusted. For example, if there is a demonstrated change in knowledge and attitudes, but little change in practise, AMFIU's will investigate what prevented changed attitudes from affecting behaviour.

AMFIU commissioned REEV Consult International to assess the outcomes of the CEP campaign. Specifically, the results showed a marked increase in awareness of financial institutions among respondents, from 67.2% aware of the presence of MFIs in their areas before CEP, to 82.8% midway through the programme. In addition, 93% of respondents reported they had savings accounts, which is 69.6% higher than the 23.4% in the baseline survey. Furthermore, 83.1% of people reported that it was possible to save, a dramatic increase from the initial 16.9%. The study also reported a marked increase in the demand for short-term loans, despite the overwhelming scepticism toward MFIs' services displayed in the baseline survey. [82] The mass media campaign clearly helped AMFIU reach a vast number of people, to not only to increase their knowledge and improve their attitudes, but also to influence changes in behaviour.

[81] Quote from a questionnaire sent to Zainabu Assiimwe, AMFIU consumer affairs specialist (2010).
[82] REEV's mid-term assessment was conducted between July and August 2007 in the 4 districts of Mukono, Lira, Kumi, and Bushenyi. These districts were selected based on regional population distribution of Uganda. REEV Consult International, (2007).

Conclusion

This case study detailed the multi-pronged approach to financial education employed by AMFIU's consumer education program (CEP) in Uganda. In order to address a national widespread deficiency in financial literacy, the organisation implemented its educational campaign through multiple mass media, print, and entertainment delivery channels across the country.

A number of key lessons emerged from AMFIU's case:

1. Use multiple and varied delivery channels to communicate financial education materials. They may be costly and logistically complex, but they permit financial education to be disseminated to widespread and diverse target audiences.

2. These multiple delivery channels should be designed and selected so that they complement one another.

3. The design of financial education programmes should be based on an assessment (such as the survey conducted at the outset of AMFIU's CEP) of the target audience's needs and behaviours to ensure the programme is relevant and appropriate.

4. For AMFIU and other organisations that employ mass media campaigns, the marriage of education and entertainment is immensely useful to engage and interest the target audience.

5. In order to grow and expand AMFIU's reach to wider audiences, and to enhance the programme for current beneficiaries, continuous innovation is imperative. This is particularly true for adapting and recombining delivery channels and messages.

6. It is important to note that the major limitation of a mass media campaign, such as AMFIU's, is the difficulty in measuring its reach and direct impact on the beneficiaries. This is primarily due to limited personal engagement with the target audience.

F. SAIA—SOUTH AFRICAN INSURANCE ASSOCIATION

Institutional Background

The South African Insurance Association (SAIA) is a professional industry organisation representing short-term insurers. SAIA has been committed to consumer education since 2004, as mandated by the Financial Sector Charter (FSC).[83] This commitment involves an annual investment of a minimum of 0.2% of post-tax annual operating profits in consumer education.[84] Consumer education is defined by the FSC as programmes that empower consumers with knowledge that enables them to make more informed decisions about their finances and lifestyle.

SAIA has adopted financial education as an important part of its social responsibility. SAIA has worked in partnership with the Financial Services Board (FSB) since 2005. SAIA and FSB are involved with numerous financial education initiatives, including community workshops for low-income rural communities and more insurance-specific teacher development programmes, in which teachers are given financial education resources to better equip them to teach mathematical literacy.[85] This case study focuses on the mass media campaign implemented by ComutaNet,[86] which has run since 2005. This is a large public awareness programme that aims to reach all commuters in the peri-urban and urban areas in South Africa. This model has the potential to work in other developing countries where a substantial commuter network exists, for example, the Matatu and bus system in Kenya, or the chapas system in Maputo, Mozambique, among others.

Target Audience

According to the Financial Services Charter, the target audience for consumer financial education programmes is South Africans in Living Standard Measurement (LSM) categories 1–5.[87] This group is characterised by low levels of financial literacy and low penetration of insurance products (except for funeral coverage). The target audience is 18–55 years old, with a maximum income level of less than US$ 500 per month; however, the majority earn much less. Findings from a 2009 FinScope study illustrate a decline in the percentage of South African adults who are banked (currently at 60%, down from 63% in 2008). This is especially true for the most vulnerable groups of South African adults, such as the lower LSM categories and lower-income

[83] The South African Financial Sector Charter (FSC), which came into effect in January 2004, is a transformation charter in terms of the Broad-Based Black Economic Empowerment (BBBEE) Act. The Charter commits its participants to "actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy". See Financial Sector Charter Council (2006), 'The Charter - Overview'. Retrieved June 2011 from www.fscharter.co.za.

[84] ECIAfrica (2004), 'Financial Literacy Scoping Study and Strategy Project', study prepared for FinMark Trust (Randjespark, South Africa: DFID).

[85] A. Joubert (2009), 'SAIA FSC Consumer Education Projects Report 2008/2009' (Johannesburg, South Africa: SAIA).

[86] ComutaNet, the service provider contracted by SAIA to conceptualise and execute the financial education campaign, is an independent marketing company that uses highly innovative methods to implement educational messages.

[87] LSM (Living Standards Measure) has become the most widely-used marketing research tool in Southern Africa. It divides the population into 10 groups (10 is the highest and 1 is the lowest) according to their living standards, using criteria such as degree of urbanisation and ownership of cars and major appliances. See South African Advertising Research Institute website (2006), 'Living Standards Measure'. Retrieved June 2011 from www.saarf.co.za/LSM/lsms.htm.

groups, and new entrants to the 16–30 age group.[88] This study also showed that South Africans appear to be increasingly concerned about day-to-day living and expenses, risk averse, and unable to save. Further, it was found that young adults are least likely to have, or do not have, savings: 91% of individuals 16–17 years old and 75% of individuals 18–29 years old have savings.. This poses a significant risk for these groups.

SAIA's campaign targets peri-urban and urban commuters, including those who travel for work, job searches, and school/studies. Commuters include individuals who do not own a private vehicle an as a result use taxis, buses, and trains to travel. At times, these individuals may be traveling via public transit for up to four hours a day. Therefore, young students, underemployed casual labourers, domestic home workers, receptionists, factory workers, construction labourers, and many other groups can be reached through the ComutaNet programmes.[89]

Financial Education Background

Despite a relatively sophisticated financial market in South Africa and a higher average income level than other African countries, SAIA understands that a large proportion of the population is still excluded from the financial industry. More significantly, many people who interact with the financial industry are vulnerable due to a lack of information about the products and services available. As the country's previously disadvantaged population gains increasing wealth, more individuals are beginning to access financial products and services. Regardless of their increasing income levels, due to low financial literacy levels, South Africans are in dire need of financial education.

SAIA believes that financial education is an integral component of consumer education. SAIA sees financial education as the process through which consumers gain the knowledge and skills to manage their personal resources and make financial decisions affecting their individual well-being and the public good. In this regard, SAIA's consumer education initiative aims to develop the public's skills, attitudes, knowledge, and understanding of the financial sector and its products and services. As a result, SAIA hopes that the initiative will enable consumers to use financial information effectively in their decisions about finances and lifestyles.

Financial Education Model

SAIA's financial education programme runs in conjunction with the Financial Services Board (FSB). The content of SAIA's consumer education programmes are aligned to FSB themes selected to educate and encourage consumers to be more responsible and to empower them to make informed financial decisions. The FSB themes are money management, debt and credit, short-term insurance, and consumer rights and responsibilities. They also include the Mzansi standards for financial services for the unbanked.[90]

[88] FinMark Trust (2009), 'Finscope Survey South Africa 2009' (Randjespark Midrand, South Africa: DFID). Retrieved June 2011 from http://www.finscope.co.za/documents/2009/Brochure_SA09.pdf.
[89] Ibid.
[90] The Mzansi standards are the result of the major South African banks working collectively to provide a standard for new bank accounts, which are affordable, readily available, and appropriate to the specific needs of previously unbanked communities, in terms of the FSC. Mzansi standards refer to these revised standards of accessibility, including minimum standards of functionality and interoperability.

SAIA conducted a pre-programme, interview-based survey to establish a baseline regarding the knowledge of the target audience. The results of the survey revealed that respondents generally had low levels of knowledge on all financial issues related to the FSB themes. This indicated a clear demand for the financial education programme.[91]

The ComutaNet campaign transmits basic financial concepts to commuters through various media outlets, such as billboard advertisements for 'Rank' television, satellite radio, audio programmes, and other entertainment or physical outlets (see Figure 23). ComutaNet uses a variety of delivery channels to ensure that its messages can be shared and that commuters can be reached at all points in their daily journeys. Figure 23 describes these different channels and their reach.

FIGURE 23 DELIVERY CHANNELS USED IN THE COMUTANET CAMPAIGN

DELIVERY METHOD	FINANCIAL EDUCATION CONTENT	REACH PER DAY
Rank TV: 12m2 screens were erected at taxi ranks countrywide elevated at least 5m off the ground for ease of viewing	Broadcasts of relevant content air to commuters all day.	2.1 million commuters
Star radio: Live, interactive, digital satellite radio station broadcasting in 24 of the largest taxi ranks countrywide	Relays consumer education inserts all day.	2.4 million commuters
Commuter FM: Highly audible advertisements	Broadcasts information to Metrorail commuters all day.	Over 1 million commuters
Star music: CDs with the latest gospel and R&B music, interspersed with consumer education messages distributed to taxi owners	Content cannot be fast forwarded or backed up, ensuring that messages are heard repeatedly.	4,755 CDs distributed to taxi drivers
Roving stage trailers: Billboard trailers equipped with state-of-the-art audio systems and fold-out stage, set up at taxi ranks and train stations	Platform is used to interact with commuters. Consumer education messages are relayed using skits, role plays, and Q&A sessions, interspersed with live music.	Both taxi and train commuters
Kiosks and gazebos: Located at taxi ranks	Commuters at permanent taxi rank bases hear financial information from highly-educated, well-trained presenters.	Reach unknown, but 30 permanent bases set up at taxi ranks countrywide

[91] Information from a questionnaire sent to Yvette Francis, SAIA representative (2010).

Scalability

Evidence suggests that these campaigns have been highly successful in reaching a mass audience. A 2009 consumer survey measured the appeal of the delivery channels used by ComutaNet. It found that 80.44% of commuters watch Rank TV, and 86% of these commuters remember the financial messages. Moreover, 72% of surveyed taxi drivers report using Star music CDs in their taxis. These figures are a clear indication of ComutaNet's mass market reach.[92]

The programme is intended to reach mass audiences nationwide. It is designed so that increasing the scale and reach of the campaign will not negatively affect the quality, relevance, or impact of consumer education messages. The campaign can be scaled by running for a longer period, increasing the number of locations, and adding repeat campaigns.

According to SAIA, the overall project cost for this activity has been approximately US$400,000. It is difficult to determine the exact number of beneficiaries reached through the campaign; however, using the figures above, it can be extrapolated that the cost per person reached is approximately US$0.25.[93] It is important to note that this figure does not account for the number of commuters reached through other channels (Star radio, Star FM, roving theatres, etc.). As a result, the figure may be over-estimated.

Sustainability

Ultimately, SAIA's consumer education campaigns are dependent on its members' continuous contributions to ensure sufficient funding is available for future campaigns. SAIA places emphasis on the continuity of its projects and campaigns, as well as learning from past experience, to maintain the quality of its campaigns. SAIA also advocates for a structured and pre-defined system of monitoring and impact assessment to ensure continued learning.

Looking forward, SAIA strives to produce material that is more specific to the insurance industry. SAIA strives for this in an effort to maintain long-term buy-in from its members. Additionally, SAIA sources funds for the financial education programme from other donors that either support the ComutaNet programme or fund other programmes within the consumer education initiative.

Enhanced Impact

The ComutaNet campaign was evaluated against FSC criteria for consumer education campaigns (including physical access, appropriateness, affordability, simplicity, and non-discrimination) and performed admirably. Additionally, Freshly Ground Insights conducted both pre- and post-programme surveys (324 and 318 respondents, respectively). The

[92] Joubert, (2009).
[93] Calculated from 80% of the 2.1 million commuters who watch Rank TV and then divided by the approximate cost ($400,000).

post-programme surveys were measured against the baseline to establish the change in consumer financial knowledge and behaviours. One of the most significant findings is the 48% increase in respondents' response to the statement "It is my right to do business with an authorised financial service provider".[94] Considering the characteristics of the target audience, who are often uncertain or lack knowledge about the financial industry, this alone is a significant result. SAIA maintains that its financial education campaigns have had considerable success in meeting their targets through collaboration with its member companies, a strong partnership with the FSB, committed and competent professional service providers, and an active consumer education committee.

Conclusion

SAIA's ComutaNet campaign reached a large number of people by delivering financial education in environments where audiences were relatively attentive: fewer distractions competed for their attention in confined commuter spaces. The same technique, used by advertising and marketing campaigns in public transit systems in North America and Europe, can be employed to disseminate educational messages in developing countries.

SAIA advocates that a collaborative effort, drawing on the support of multiple stakeholders, is a key factor for successful financial education programming. Its key consumer education strategy is to attract multiple service providers as partners. SAIA seeks service providers who have demonstrated experience in conducting campaigns and delivering education to the target market through relevant channels and with appropriate messaging. Further, to ensure sustainability, programmes should consider the interest of all stakeholders in order to keep them engaged and supportive. In this regard, the SAIA case illustrates the value of industry-based programmes, in which stakeholders have a direct interest in the outcome of financial education.

[94] Before the campaign, 16% responded "yes" to this statement, and 64% responded "yes" after the campaign.

G. FREE TO GROW–MONEYSENSE, AFRICA

Institutional Background

Free to Grow is a private business offering training and employee development programmes. Free to Grow was founded in 1995 to address the need for a personal development programme for individuals with educational deficits. Since 1996, Free to Grow has trained 52,000 people in 16 African countries. They specialise in designing and facilitating programmes and processes that have a long-term positive impact on the growth and performance of individuals and organisations.[95] Free to Grow's programmes address personal and professional growth, leadership development, employee engagement, and culture change. It also offers a novel financial education programme across Africa. The programme, MoneySense, is run by a profit-driven organisation and links profitability to long-term sustainability.

Target Audience

In the 2003 Global Competitiveness Report, South Africa was ranked 47 out of 49 countries in a survey on financial literacy. This indicated a pressing need for intervention in this area.[96]

Free to Grow conducted a questionnaire, after implementing a financial education training session, to gain a better understanding of the trainees' financial literacy levels and general behaviours. From these results, only 6% of respondents described their financial position as "healthy", 73% reported having no budget before attending the course, and only 31% reported any savings.[97] The results of this study were highly indicative of an under-confident, financially uneducated target audience.

Free to Grow's clients are large companies (e.g., ESKOM, McCain Foods, the Foschini Group), yet its direct target audience is the employees of these companies. The employees are low-income earners with limited education. Free to Grow is contracted to train these employees by developing their interpersonal and communication skills in both their personal and professional lives. The training is conducted with the objective of improving the employees' personal circumstances and, ultimately, their performance at work.

Free to Grow prepares all its courses, including MoneySense, to meet client demand. Participants range from illiterate individuals to those with university degrees. The courses are customised depending on the level of the group. The majority of Free to Grow's participants have not had access to formal schooling, including higher education, or vocational training. They have an education level of less than grade 9.

The employees often have little to no experience or knowledge of personal financial management issues. Despite earning a regular wage, they are in a low-income bracket. They

[95] Free to Grow website, (2010), 'Free to Grow – learning for growth'. Retrieved June 2011 from www.free-to-grow.co.za.
[96] K. Schwab, (Ed.), (2003), The Global Competitiveness Report 2003-2004 (Geneva: World Economic Forum).
[97] Free to Grow, (2007), 'Learners' Evaluation: MoneySense' (Somerset West, South Africa). Report of feedback from 6,160 learners who attended MoneySense training, provided by Alison Moore, MoneySense specialist, and Alinda Nortje, Free to Grow executive chair (2010).

are economically active and interact with the financial industry. Yet due to their lack of knowledge about the products and services they use, they are vulnerable to financial risks. With limited personal and life skills, employees often find themselves in challenging situations as a result of poor decision-making. These situations can affect their performance at work. Free to Grow believes that improving this group's understanding of financial issues is critical for improving their abilities to make sound financial decisions and avoid financial problems.[98]

Financial Education Background

Free to Grow focuses on promoting personal, interpersonal, and organisational development for its clients and target audiences—the companies it contracts with and their employees. The MoneySense predecessor was called 'Life Skills'. This programme used an inside-out, in-depth approach to provide tools to help employees deal with issues of self-esteem, personal vision, and control. It, however, did not specifically address financial literacy. Free to Grow trainers identified this as a critical gap because many trainees reported personal problems specifically linked to money management. MoneySense was developed as Free to Grow's financial education programme, with the objective of empowering individuals to take ownership of their personal finances.

Based on apparent demand from businesses, organisations and broader society, Free to Grow extensively researched financial education. They interviewed various organisations and existing trainees to understand what was needed. Free to Grow designed and lunched MoneySense in 2005. The purpose of the programme is to address clients' financial difficulties and their lack of knowledge and skills to make informed financial choices. These factors were identified as major deterrents to personal development and posed significant risks to their lives and/or wellbeing.

Free to Grow also had a sense that many individuals, particularly those earning a small, regular income, often make financial commitments that are beyond their means. These commitments put individuals into debt and could drive them to loan sharks or gambling. Free to Grow inferred that a lack of financial empowerment can increasingly lead to irresponsible, short-sighted, and often risky actions. These actions may ultimately have an impact on individual work performance and consequently organisational growth. In fact, many of Free to Grow's client companies report absenteeism or lack of concentration at work as a direct result of financial problems. As a result, MoneySense was designed to promote both personal and professional development by addressing the deficit in financial education.

Of the 12 learning programmes offered by Free to Grow, MoneySense has been one of the most popular over the last 3-4 years. This is a clear indication that financial education is indeed in high demand in many African countries.

[98] Free to Grow website, (2010), MoneySense. Retrieved June 2011 from www.free-to grow.co.za

Financial Education Model

MoneySense aims to empower individuals by creating positive and responsible attitudes toward money. It provides practical knowledge for making sound financial decisions and building skills to handle money more effectively. As a private company, Free to Grow uses a profit-based model for financial education by offering fee-based training.

Free to Grow covers five modules in the two-day MoneySense workshops (see box). These topics were identified through discussions with learners as areas where they lacked knowledge, attitudes, and skills. Each MoneySense training workshops has a maximum capacity of 20 people. This ensures that each participant will receive individual attention.

The MoneySense modules are customized for each client's employee group to ensure they are appropriate and relevant. For example, a group in an urban area will likely know more about ATMs or POS terminals than a rural group, where there are few facilities. The modules are offered in English, Afrikaans, Xhosa, and Zulu, with translations into other languages available on request.

MoneySense Modules

- 'Looking at Money: The Role of Money in Leading a Quality Life'
- 'Making Ends Meet: Budgeting'
- 'Buying Wisely: Making Sound Purchases, Understanding the Role of Credit, Evaluating Financing Options Wisely'
- 'Managing Your Debt: Spotting Danger Signs, Finding Constructive Ways of Dealing with Debt'
- 'Making Your Money Grow: Saving, Setting Short-Term and Long-Term Goals, Investment, Estate Planning'

In 'Looking at Money', one of the MoneySense modules, Free to Grow uses a "house of life" metaphor to illustrate the importance of money in all sphere of life. Trainers describe money as the foundation of a "house", in which each 'wall' represents a different aspect of life, for example, health, education, social life, and work. Participants are asked to consider how money affects each of these 'walls'. They discuss how not having a solid financial base may present obstacles. For example it may prevent them from accessing health care, enjoying a social life, or being able to work (e.g., if they cannot afford transportation to work).

Free to Grow staff delivers the financial education programme in highly creative learning environments where they incorporate the latest adult learning techniques; using metaphors, imagery, and graphic representation; relate practical anecdotes; and present case examples. These training techniques engage and stimulate participants by making abstract information accessible through the creation of lasting mental pictures.

MoneySense presents its information via attractive slide shows and graphics, and through various group and individual exercises led by Free to Grow trainers. During the two-day programme, learners have the opportunity to practise real-world applications of the financial education trainings they receive. An example of this is by drawing up monthly budgets. Participants are split into groups or 'households' and are given Free to Grow 'money' (the amount depends on the general income level of the group), along with picture cards depicting all monthly expenses (transportation, food, clothing, entertainment, etc.). Each group decides how much money to allocate to each expense. When they do this, groups often find that they have over-allocated their money to daily expenses, leaving nothing for school fees, child after-school care, and the like. Following this exercise, individuals are given budget sheets to plan their actual monthly expenditure with the help of Free to Grow facilitators.[99]

Managing Debt, Step-by-Step

In the 'Managing Debt' module, participants are given a step-by-step guide for alleviating difficult financial problems. MoneySense teaches that the first step for debtors is to acknowledge the problem and then establish what they can realistically pay toward their debts each month (using real-world examples). They are then encouraged to approach creditors to design a payment plan, which may be in the form of reduced installments, instead of reneging on payments altogether.

Participants are sent home with a comprehensive workbook, complete with blank budget sheets (for future months), information on financial products and services, step-by-step instructions on managing debt and financing purchases (such as cars or houses) and information on the National Credit Act. The training also includes group discussions, in which participants share personal reflections and anecdotes. These discussions encourage openness and honesty, help participants acknowledge their own financial realities, and help them realize their ability to proactively address problems. MoneySense is aims to improve not only the participants' understanding but also their ability to use financial skills and services.

Key to the MoneySense design is its intensive focus on what Free to Grow has identified and considers "essential knowledge and information"[100]. In this light, the organisation strives

[99] Interview with Alison Moore, MoneySense specialist (2010).
[100] Information from a questionnaire sent to Alinda Nortje, Free to Grow executive chair, and Alison Moore, MoneySense specialist, (2010).

to go beyond knowledge and skills to plumb underlying attitudes, beliefs, and values about money and possessions. To further complement the actual training workshops, Free to Grow presents optional follow-up MoneySense sessions to help participants assess their progress, celebrate successes, and share what they have learned with one another.

Scalability

Free to Grow's MoneySense programme has successfully reached approximately 10,000 individuals in nearly 600 organisations since its inception in 2005. Even an extended programme, an offshoot of the standard curriculum, has grown considerably in its few years of existence, from 215 participants in 2007–2008 to 971 in 2008–2009.[101]

Since the programme is market-based it is dependent on market demand for financial education. As a result, scaling up requires an increase in demand. Thus, Free to Grow's concern with scalability centres around stimulating interest for its products, rather than simply expanding operations. To this end, Free to Grow uses the information on the programme's impact—changes that individuals make, as well as improvements that the companies employing these individuals see—to drive interest and attract new clients.

In fact, Free to Grow representatives assert that the programme could be implemented on a larger scale, given sufficient demand for the service. To do so, it would have to make certain adaptations in methodology, for example, make greater use of technology to drive economies of scale. As a private, fee-based organisation with a well-known brand and a good reputation in the market, Free to Grow uses client-satisfaction and impact assessment techniques as an intrinsic part of its model to maintain quality.

Sustainability

As mentioned, Free to Grow is a profit-based model. The fees charged for training are benchmarked against other similar personal development programmes in the market and cover both the cost of facilitation and the cost of research and development for MoneySense and its components. Fees for a workshop are US$500–US$1,400 per day per participant. These fees are charged to the employer. The programme's inherent sustainability, therefore, is in its fee-based profitability. Free to Grow is already profitable. It reinvests profits to expand the programme across Africa. (The organisation is currently active in South Africa, Namibia, Botswana, Kenya. and Tanzania.)

To ensure sustained market relevance, Free to Grow continuously adapts workshop materials and teaching techniques in response to both industry trends and participant feedback. Further, according to organisation representatives, Free to Grow recognises the importance of monitoring and evaluation. It evaluates the training sessions during the programme and participants' resulting behavioural changes once training has been completed. The organisation aims to show that, as a result of the MoneySense workshops,

[101] The MoneySense extended programme is a more expensive course (SAR 11,500 per day for a maximum of 20 learners), but covers a wider range of topics that focus more directly on wealth creation.

participants (employees) apply the knowledge and skills gained from the training and adapt the attitudes and behaviours in their personal lives, which ultimately results in improved performance at work. These evaluations have a dual motivation: first, they ensure that the quality of the programme is maintained, and second, they showcase the positive impacts of the programme to stimulate further interest.

Enhanced Impact

Free to Grow depends on its market relevance and reputation for value and success. MoneySense issues a mandatory questionnaire to participants at the completion of each workshop to measure how well its trainers taught the modules. MoneySense also collects narrative accounts of individual experiences in the programme, as well as observations from the client organisation about changes in their workforce (see box).[102]

Results obtained from the post-workshop questionnaire completed by MoneySense participants and the individual and organisation narratives provide overwhelming evidence of the positive impact of the programme. Participants leave the MoneySense programme with an improved understanding of budgeting, making prudent purchases, managing their debt, and the importance of saving. Many cited that obtaining "money sense" helped them to understand the role that money plays in their quality of life, and to feel more in control of their personal finances.

Figure 24 displays some of the results from a typical post-training survey. The results illustrate a notable improvement in respondents' attitudes and understanding around financial matters, as well as an increase in the use of financial skills like budgeting and saving. Among these results, the number of respondents who reported saving increased from 29% in the pre-training survey to a significant 83% who save regularly after training.[103]

Narrative Feedback

"I am very satisfied. We used to see the sheriff almost every week because [our] employees were in some kind of financial trouble. Now, he hardly comes here because the people who have attended MoneySense have been equipped to deal with their financial problems in an effective manner."

Unita Bott, human resources manager, SASKO Aliwal North

"Previously I did not manage to save a cent: I had no 'brain', only 'eyes'. Now all of this has changed. Since the course two weeks ago, I have managed to save SAR 750 (US$ 100). It feels fantastic. For the first time in my life, I am in control of my money and I now know exactly where it will be going."

Richard Fester, service officer, Brits Textiles

[102] Free to Grow website, (2010), 'MoneySense'. Retrieved June 2011 from www.free-to grow.co.za/_Courses/MoneySense.asp.
[103] Free to Grow, (2007), 'Learners' Evaluation: MoneySense'.

Moreover, while 60% claimed not to have used a budget before attending the course, 89% reported budgeting more effectively following the training.

Free to Grow also measures whether MoneySense training has an enduring impact on participants by sending out questionnaires three months after the completion of the course. The results from these questionnaires suggest that the MoneySense programme has a sustained impact in that individuals continue using their acquired financial education. Generally, 96% of respondents say that they manage money more effectively since the training, and 98% have cut out unnecessary buying on credit.[104]

FIGURE 24 IMPACT AS REPORTED BY MONEYSENSE PARTICIPANTS, POST-TRAINING

FINANCIAL ATTRIBUTE	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE
I manage my money more effectively.	75%	21%	4%	0
I worry less and my stress levels relative to money issues are lower.	45%	43%	12%	0
I now focus more on long-term needs than on short term wants.	66%	30%	2%	2%
I find it easier to make ends meet.	55%	36%	9%	0
I am more aware of cutting costs where I can.	72%	22%	6%	0
I buy more wisely than before.	68%	32%	0	0
I budget more effectively.	55%	34%	11%	0
I cut out unnecessary buying on credit	79%	19%	2%	0
I have taken steps to manage my debt better.	54%	36%	10%	0
I save regularly.	36%	47%	15%	2%
I shared what I learned with my family.	68%	26%	6%	0
My financial situation has improved.	62%	34%	4%	0

[104] Ibid. Note that this data is self-reported by the participants and has not been objectively verified.

Conclusion

This paper investigated the delivery of financial education as a profit-making service. This model allows widespread scaling up of the information delivery. It does so while maintaining the quality of the financial education programme for low-income earners with very limited education.

Free to Grow attributes the success of MoneySense to the organisation's focus on attitudinal adjustments, which it sees as key to sustainability and systemic change. They make this attribution by linking financial education to the market and employing consistent, conscientious programme assessments. In order to influence attitudes and behaviours, Free to Grow ensures a practical link between the financial education lessons and the benefits resulting from good money management and appropriate financial decisions. As such, Free to Grow's methodologies, based on experiential learning, make the abstract financial concepts easy to understand and remember. In doing so, they transform the financial education into an enjoyable process of discovery, rather than a simple transfer of information.

H. FINLIT—FINANCIAL LITERACY FOUNDATION

Institutional Background

The Financial Literacy Foundation (FinLit) of Uganda was established in December 2008 as a public-private partnership of the Capital Markets Authority, various government financial regulators, and the private sector stakeholders (e.g., Uganda Bankers' Association, Bank of Uganda, and other financial associations). This collaboration was designed to support the various partners' financial education agendas and specifically address widespread financial illiteracy in the country.[105] FinLit produces mass education programmes to deliver skill-based financial education to encourage Ugandans to participate in financial markets. It aims to directly influence the behaviour of the Ugandan population, of whom 76% live on less than US$ 2 per day.[106] This young foundation has an ambitious, nation-wide mandate—literally to develop an inclusive Ugandan financial market through education in support of a more robust economy and a better thriving population—so scale is a particularly important component in current and future strategies.

Target Audience

Uganda's population falls into four categories of financial inclusion:

1. those who access and make use of the formal banking sector and who may hold deposit or savings accounts (18% of the adult population);
2. those who access semi-formal microfinance institutions or savings and credit cooperatives (3% of the adult population);
3. those who participate in informal sector financial services, such as ROSCAs (rotating savings and credit associations), ASCAs (accumulating savings and credit associations), and other community-based savings clubs and funds (17% of the adult population); and
4. those who are unbanked (approximately 62% of the adult population age 15 years and over).[107]

These four groups are targeted because they are income earners and economically active, yet show a poor grasp of financial concepts, products, and services. Arguably, it is due largely to this low level of financial understanding (and the resultant lack of a basic financial plan) that most Ugandan households tend not to realise their major financial goals[108] (see Figure 25). In this regard, FinLit's primary target audience presents a direct need for financial education, to avoid inappropriate interaction with financial products and financial institutions.

Financial Education Background

FinLit defines financial education as imparting the necessary financial knowledge to empower

[105] F. Kulabako and S. Kamau (2009), 'FinLit to Promote Savings Culture', The Monitor, 27 August 2009. Retrieved June 2011 from http://allafrica.com/stories/200908260885.html.
[106] 2005 data. Population Reference Bureau (2009,) 'World Population Data Sheet' (Washington, DC: PRB). Retrieved June 2011 from http://www.prb.org.
[107] R. Duncombe (2009), 'Assessing the Potential for Mobile Payments in Africa: Approaches and Evidence from Uganda', Working Paper, no. 41 (Manchester, UK: Centre for Development Informatics, University of Manchester).
[108] 95% of Ugandan households will lose sight of one or more of their major financial goals, according to Patrick Bitature, chair of the Uganda Investment Authority, as cited in Tentena, (2010).

FIGURE 25 FINANCIAL BEHAVIOURS OF SURVEYED UGANDANS

FINANCIAL BEHAVIOUR	PERCENTAGE OF UGANDAN RESPONDENTS
Use of formal banking	18%
Keep money in the house to save	62%
Do not save at all	20%
Do not use financial services of any kind	38%

From comments by Olli-Pekka Ruuskanen, chief executive of Uganda Insurers' Association, as cited in F. Kulabako and S. Kamau (2009), 'Uganda: FinLit to Promote Savings Culture', allAfrica.com, 27 August 2009. Retrieved June 2011 from http://allafrica.com/stories/200908260885.html.

Ugandans to achieve their financial goals and assist them in making prudent financial decisions throughout their lives. Financial education, in this sense, teaches individuals to make informed judgements and make effective decisions in managing their finances.[109]

Popular Financial Literacy Topics

- Investments
- Strategic financial planning
- Budgeting
- Stock investments and capital markets
- How to achieve financial independence
- Marketing
- Taxation of imports and exports
- How to earn passive income with a full-time job
- E-commerce

FinLit endorses financial education as the bedrock of a well-operating capital market, as performing an almost regulatory function. Furthermore, the foundation believes that instilling a culture of savings and investment in Ugandans will create more flourishing citizens, which in turn will develop a more prosperous economy. Along with its member organisations, FinLit has implemented various financial education programmes, of which the Financial Literacy Week (FLW) is the most well known and well established. In 2009, FinLit took over the organisation of the annual event from the Investors Club Ltd, and has now run both the fourth (2009) and fifth (2010) Financial Literacy Weeks. This public event generally involves participants older than 16 years (minimum age for accessing financial services in Uganda), who have at least basic literacy (i.e., can read and write at a rudimentary level).

[109] Information from a questionnaire sent to Ali Taha, FinLit project coordinator, (2010).

FinLit markets the Financial Literacy Weeks through a variety of print media articles and radio and television advertising, largely sponsored by Standard Chartered Bank (in addition to financing from Bank of Uganda). In addition, targeted invitations are sent out to specific organisations, such as the Ugandan police force, hospitals, etc. FinLit generally approaches the employers directly (for example, the commanding officer of the army) to request time off for FLW attendees. The conference programme is designed to accommodate these groups by concentrating the most relevant topics in the afternoon sessions. The audience at FLW is usually a mix of targeted invitees (in the four main groups) and general public that have been exposed to the advertisements.

Financial Education Model

FinLit uses a multi-pronged delivery for financial education and conducts frequent surveys and assessments to monitor which channels work best. FinLit's primary mechanism and flagship programme is the annual Financial Literacy Week. Expert speakers and consultants from the financial sector, contracted by FinLit, deliver workshops and presentations in auditorium-type venues to accommodate large audiences.

The four-day event includes a wide choice of financial training sessions and workshops, as well as presentations on topics ranging from 'how to transform financial independence from a dream to a goal' to 'how to start a business with a full time job.' The programme also includes exhibitions from key financial institutions, such as Bank of Uganda, Bank of Africa, African Alliance, and numerous others.

FinLit tracked topics of interest identified by participants during the 2009 Financial Literacy Week in a survey[110] and found considerable overlap in the 2010 agenda. Due to demand resulting from the publicity and exposure at the fourth Financial Literary Week, in 2009, ongoing financial training sessions were offered throughout the country shortly thereafter. In addition, FinLit has recently introduced a programme for regional financial literacy public education clinics, held in the six regional capitals of Mbarara, Masaka, Mbale, Gulu, Arua, and Kikuubo.[111] These clinics will offer a series of free workshops to educate the public (including students, small and medium enterprises, and women's groups) about various aspects of financial planning.

The foundation has also begun developing a series of financial literacy booklets, the 'ABCs' series (e.g., The ABCs of Saving). These booklets contain common-sense, basic, practical "how-to" information on financial a topics, to provide everyday solutions to common concerns. The booklets present a cheap and viable mode of educating a large number of people in different languages. They hold more information than a brochure and can be re-read to reinforce lessons or shared within households or communities (thus creating a spill-over effect). Furthermore, FinLit is conducting a national survey on financial literacy in Uganda, to be

[110] Only 500 of 1,500 participants completed this survey. While the survey results are interesting, they should not be taken as representative of all FinLit participants.

[111] At the time of writing, the regional clinics were a very new initiative, so there is little information available yet.

completed by June 2011, to update and inform programme design and methodology. This survey is intended to "establish the components which constitute financial literacy and against which financial literacy levels can be measured"[112]. The survey aims to:

1. develop a context specific framework for measuring financial literacy in Uganda,
2. establish a national financial literacy baseline, and
3. analyse the baseline data to examine the determinants of financial literacy and competence in selected regions in Uganda, and their relationships to human well-being indicators.

The results of the survey will be disseminated to spark recommendations about financial education interventions and, ultimately, develop a financial literacy strategy with the input of government and private sector organisations.

Scalability

The 2009 Financial Literacy Week was attended by over 1,500 people, and this figure doubled at the fifth annual event, held in September 2010 (over 3,000 participants). FinLit hopes to extend its reach beyond the literacy week participants by directly targeting 8,000 people through the public regional clinics, 12,000 through radio talk shows, and 20,000 through publications. Indirectly, however, it believes it will reach about 3,000,000 people in the longer run.[113]

The 'ABCs' booklet series is a current pilot project, so only a limited number of booklets have been printed. (Final versions are now pending approval from relevant financial institutions.) Initially, they will be distributed to the attendees of the regional financial literacy clinics, and then more broadly. To accommodate the different dialects, the pilot programme has printed 180,000 copies in English, 150,000 copies in Ugandan, and 150,000 in Swahili.

FinLit thinks it can achieve this scale by introducing new technologies, such as mobile phones, that complement financial education and offer another mode of dissemination. FinLit's various programmes are still in the planning stages, however. It continues to conduct outcome assessments and public surveys that, over the next few years, may supply it with information to determine the most appropriate methods for scaling up financial literacy and reach more people in the target audiences.

Sustainability

FinLit defines sustainability as the ability of a programme to maintain activity even after external funding has ended. To this end, all its financial resources are targeted toward financial education. In 2009, initial implementation costs for FinLit's projects were about US$ 300,000, with additional costs to increase scale of $150,000. FinLit also spends about $30,000 on publicity (the awareness campaign), and a significant $240,000 on printing and dissemination of teaching materials across its various programmes (Financial Literacy Week, regional clinics, 'ABCs' booklets, radio shows, and others).[114]

[113] Whether or not these figures are plausible targets cannot be adequately assessed from available documentation or projections.

FinLit currently receives funding for operational costs from annual subscriptions from foundation members (see Figure 26), although this is not enough to support each year's events. FinLit also is supported by $202,000 from the Uganda Financial Markets Development Committee (comprised of key financial industry, financial market, and government stakeholders). Board meeting facilities and office space are provided by the Capital Markets Authority and the Uganda Insurers Association, respectively. However, overhead costs remain a challenge, but the programme is only 2 years old.[115] Currently, FinLit is in discussions with the Central Bank and the Ministry of Finance to support the organisation for the next three years. Additional funding for the Financial Literacy Week comes from corporate sponsorship. For example, last year's co-sponsors (with FinLit) included Standard Chartered Bank, New Vision, East-African Business Week, and NTV Uganda.[116]

The foundation intends, as it develops, to continue to meet its overhead costs (including staff costs) from membership and annual subscription fees from the member institutions. It expects to raise funds to finance the various FinLit projects through grants from development partners and sponsorships from private sector players with a keen interest in promoting financial literacy in Uganda.

FinLit is still struggling to achieve sustainability, which is not surprising, given that the organisation is only in its second year of operation. Nonetheless, FinLit has placed significant emphasis on sustainability since the early stages of programme design. The foundation believes that, as a public good, financial literacy and the delivery of financial education

FIGURE 26 MEMBERSHIP SUBSCRIPTION FEES

MEMBERSHIP TYPE	MEMBERSHIP FEE (USH*)	ANNUAL SUBSCRIPTION FEE (IN USH*)
A	15,000,000	7,500,000
B	10,000,000	5,000,000
C	5,000,000	2,500,000
D	2,000,000	1,000,000
Note: The fees are categorized according to the members' annual budgets: A is highest bracket and D is lowest. * US$1 = USh 2300 (Uganda shillings).		

[114] Information from a questionnaire sent to Ali Taha, FinLit project coordinator, (2010).
[115] FinLit is also designing products, such as a personal finance log book, that may be sold to financial institutions for their clients to generate income.
[115] Information from a summary of the 4th annual Financial Literacy Week in 2009 provided by Ali Taha, FinLit project coordinator (2010).

should be strongly supported by the government and integrated into general life as a national strategy. Since the demand for financial education (according to FinLit) is greater than can be satisfied by the government or the private sector alone, FinLit believes that public-private partnerships are the best model for successful FE campaigns in Uganda.

In this light, FinLit also recognizes the critical role of the private sector in financial education. In order to make its programme attractive to the private sector (and thus attract sponsorship), FinLit provides advertising space in the 'ABC' booklets, airtime for advertisements during the financial literacy radio skits, and exhibitor booths at the Annual Financial Literacy Week. FinLit's commercial philosophy is that, if the foundation successfully delivers valuable financial education to the Ugandan public that translates into a recognisable impact for the private sector, the private sector will continue to fund and support the foundation and its activities.

Enhanced Impact

The overarching goal of FinLit is to drive an attitudinal change in the Ugandan public by increasing their financial knowledge and skills, awareness of financial products and services, and ability to manage their money for personal well-being and benefit. Because the programme is in early stages, any analysis of impact is largely superficial. The most encouraging features of this campaign is in the sizeable growth of participants at its key events (4,500 participants at the last two Financial Literary Weeks and potentially over 8,000 in the regional clinics) and progress on new ventures and initiatives (such as the 'ABC' booklets and financial literacy radio shows).

Going forward, FinLit intends to measure impact by conducting a national survey on financial literacy in Uganda, to be completed by June 2011 (as mentioned above). The study will use data collected at the 2009 conference as the baseline, against which FinLit hopes to be able to track changes in behaviour and attitudes. This will be the first national financial literacy benchmarking study undertaken in Uganda. The research aims to differentiate among socio-economic groups, to develop a context-specific framework for measuring financial literacy, and to ascertain financial literacy needs in the country. Most importantly, the study aims to use comparative results (from the baseline and survey research) to investigate the determinants of financial literacy in specific areas of Uganda, as well as the effect of financial competence on well-being and livelihoods.[117]

Conclusion

FinLit's financial education campaign, which is two years old, has already made considerable progress in terms of reaching the Ugandan public and establishing several different delivery channels. Going forward, however, the organisation recognises the importance of measuring behavioural change and financial capability among its immediate target audience and beyond as the programme matures. The organisation believes that by building a solid foundation on extensive research and relationship building, FinLit will be able to deliver a relevant and valuable service to the Ugandan population, while establishing a sustainable private-public model.

[117] FinLit, (2010), 'Project Portfolio'.

I. PEDN—PRIVATE EDUCATION DEVELOPMENT NETWORK, UGANDA

Institutional Background

The Private Education Development Network (PEDN) is a non-profit organisation in Uganda, established in 2004 to promote youth empowerment through entrepreneurship and business skills programmes in public and private secondary schools, as well as in communities. PEDN's objective is to nurture the innovative and creative potential of Ugandan youth by equipping them with marketable skills and giving them career guidance via programmes such as its Young Entrepreneurs Programme (YEP!). PEDN seeks to produce creative and competitive individuals who are productive job creators and not just job seekers.[118]

Currently operating in Uganda, in the capital city Kampala and in the Wakiso and Jinja districts, PEDN has served almost 70,000 women, children, and youth through a variety of projects since 2004.[119] These projects include educational projects for children (e.g., Newspapers in Education, Young Readers Clubs), plus financial education and business/entrepreneurship training for children, youth, and women (e.g., Super Savers, Aflatoun, YEP!, Entrepreneurship for Girls and Women). Building on its experience with business and financial programmes, PEDN has pilot projects underway (rolled out in late 2010 and early 2011), serving almost 2,000 children and youth.[120] PEDN works with other international non-profits, such as Innovations in Poverty Action and Making Cents International, to improve its programming and has negotiated the development of two youth-appropriate financial products with FINCA and PostBank Uganda. Building financial capabilities through financial education—and ensuring the opportunity to apply new knowledge and skills—is a core goal of PEDN's programming because savings and asset acquisition are often the only way for poor households to deal with income shortfalls and unexpected emergencies.[121]

Target Audience

Through partnerships and projects involving three sets of stakeholders at (youth themselves, those who work with youth, and those who support an enabling environment for youth programming), PEDN works to bridge the gap between current skills and market demand.[122] It focuses direct programming on children (0–14 years), youth (15–25 years), and educators. Currently, the majority of PEDN's beneficiaries are 6–16 years old; however, plans to expand the YEP! and the Entrepreneurship for Adolescent Girls and Women programmes will shift this focus in coming years towards older youths.

In urban Uganda, underemployment and lack of access to resources for self employment are key challenges. Young people, 15–24 years old, make up nearly 25% of the population, and

[118] PEDN (Private Education Development Network), (2008), General Report 2008. (Kampala, Uganda: PEDN.)
[119] Aflatoun Child Savings International (2007), Children and Change 2007. (Amsterdam, The Netherlands: Aflatoun Child Savings International).
[120] PEDN (2009), Annual Report 2008 (Kampala, Uganda: PEDN).
[121] WSBI (World Savings Banks Institute), (2008), 'Interview with Stephen Mukweli of PostBank Uganda on Cooperation with Aflatoun' (Brussels, Belgium: WSBI).

their unemployment rate is about 22.3%.[123] The youth in the YEP! pilot attend both public and private secondary schools in Kampala and the Wakiso district. PEDN, from a 2009 baseline survey, found that youth in schools in these two areas do not have basic money management skills: most do not know how to earn money, do not save regularly, do not budget, and spend more than their income.[124]

Financial Education Background and Model

PEDN introduced financial education into YEP! in 2008, based on its experience as an Aflatoun partner, to offer young people an opportunity to acquire savings and money management skills. According to PEDN's strategic plan, YEP! clubs in schools and communities teach budgeting, saving, negotiation skills, and decision-making skills. They also introduce youth to different ways to earn money. PEDN has noted a growing interest in financial education among young people since the clubs were established, as young people see them as a way to contribute their families and help their parents.[125]

YEP! is an innovative model, designed by PEDN to meet the specific educational, cultural and economic needs of Uganda, using a fun, engaging, effective methodology geared towards young people. While the majority of YEP! clubs are based in schools, communities also can host these clubs. Generally, a club has up to 30 members. A community or school leader serves as facilitator, works hand-in-hand with the YEP! liaison staff at PEDN, and consults with other facilitators to guide club members through the curriculum. The clubs teach success skills (e.g., goal-setting, information seeking, creativity, problem solving, decision-making, etc.), business and entrepreneurial skills, and financial literacy, and offer career guidance.

A particular focus of PEDN's is methodology. Students in Ugandan schools learn almost exclusively by rote methods, geared towards national exams, and have very little exposure to participatory or active learning. In order to encourage creativity and critical thinking, PEDN adds a group saving methodology to its financial and business skills curriculum.

The leader of a YEP! club keeps the group's money in a savings box at the school or center, but club members elect representatives (president, treasurer,

> "PEDN in Uganda is a good example of a national organisation that has created networking opportunities for multiple stakeholders to promote youth empowerment in public and private secondary schools, and communities throughout the country. The activities are driven by youth and led by youth."
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> *Making Cents International 'State of the Field Report' (2008)*

[122] Making Cents International (2008), 'Youth Microenterprise and Livelihoods: State of the Field' (Washington, DC: Making Cents International).
[123] Youth Working Group, DFID-CSO Children and Youth Network (2010), Youth Participation in Development: A Guide for Development Agencies and Policy Makers (London: DFID-CSO Children and Youth Network).
[124] PEDN (2010), Baseline and Abridged LogFrame, internal unpublished document, Kampala, Uganda.
[125] Individual in-depth interview with Irene Mutumba, PEDN founder and executive director, Kampala, Uganda (July 2010).

etc.) to handle savings and record activities. YEP! club members save weekly as a part of their group activities, so they can immediately put new knowledge into actual practice. At the end of each school term, club savings are paid out to all who saved.[126] An annual YEP! Conference is held in Kampala, where members relate successes and lessons learned, compete with other clubs for awards, and receive encouragement from national and international business leaders.[127]

Scalability

PEDN, as a young organisation, is still testing its approach to scaling its programmes. However, since its inception in 2004, plans for growth have been at the forefront of its mission. PEDN's main opportunities to broaden its reach and impact a greater number of people lie in the network that it has built with funders, national and international NGOs, schools and institutions of higher learning, and government offices. Because it trains teachers and trainers, and educates government and community leaders, its programmes impact not just end-users (young people and their families) but others in society as well. In particular, PEDN is collaborating with the Ministry of Education to include quality financial education in the national curriculum at all levels, which has the potential to reach a large percentage of the population.

Not only is PEDN carefully building partnerships and relationships to help it reach scale, but it is also in the process of building a large evidence base to consult when developing new programming—a strength lacking in many other grassroots financial education programmes. Monitoring and evaluation is a key component of YEP! for 2010, and the Innovations for Poverty Action and Aflatoun projects contain rigorous assessment components as well. Once this evidence is gathered, PEDN will be able base programme expansion on concrete analysis and lessons. This will help them move from the 'forever pilot' phase that many programmes find themselves stuck in, where they can never quite find the 'right' approach or progress beyond the pilot to the finalizing and expansion stages.

Sustainability

As PEDN expands its education outreach, it views financial education as one of three core programmes (financial education, basic business education, and entrepreneurship education) and a key capacity to develop.[128] While donor funding will certainly continue to be a necessity to cover rigorous monitoring and evaluation of current activities (e.g., the IPA Super Savers project, Aflatoun), sustainability is a key area of concern in PEDN's planning. Articulating (and following) a clear plan to build internal capacity to run and evaluate its programmes, plus design a transparent exit strategy, are essential to PEDN's models.

Although cost data for overall PEDN programming was not available, costs were reported for the Aflatoun programme in 2008 and 2009. Using Aflatoun figures as an example, total

[126] A. Magunda, I. Mutumba, W. Surinsky, and M. Kkulumba (2009), 'YEP! Testimonies: Youth Enterprising for Change' (Kampala, Uganda: PEDN).
[127] PEDN (2008), General Report.

costs between 2005 and 2007 were approximately US$ 57,000[129] (includes start up, training, and materials development), and the programme reached at least 7,000 children. In 2008, it reported total costs of just over $20,000 and reached just over 4,700 children. A rough estimation of average costs per year hovers near $4 per child. Children in one school group, who also participated in entrepreneurial activities (handicrafts), reported earning USh 150,000 ($76), indicating potential sustainability and the possibility that groups might contribute to their own operations at some level.[130]

The Aflatoun example may be applicable to PEDN's other financial education programmes, especially its low financial education costs for young adult programming. In the case of school and community YEP! clubs, the majority of costs are incurred at start-up, when facilitators are trained; when savings boxes, ledgers, and curricula for YEP! modules are produced; and when materials for business and entrepreneurial activities (wax for candles, paper bags, etc.) are purchased. Initial outreach and community sensitization (essential to programme success), plus passbooks and ledger cards, are additional start-up costs. Savings and financial education materials (boxes, passbooks, and ledgers) cost approximately USh 57,500 per group ($26), based on an average group size of 30. Materials for business and/or entrepreneurship activities have higher costs (see Figure 27) because they include growing and caring for fruit trees, raising poultry, making handicrafts, recycling plastics, and tending school gardens. (These material/entrepreneurial costs are inseparable from total costs, since all groups receive financial, business, and entrepreneurial education.)

PEDN developed its model and handbooks in earlier donor-funded projects and therefore costs for initial materials development have already been covered. Additionally, given the social and economic empowerment that is a core goal, PEDN has found that unless clubs themselves make an investment, they have no stake in their own success or failure. A number of club projects have been profitable: handicrafts grossed USh 150,000 ($76) over a 3-month period; paper-bag production[131] had one club gross USh 864,000 [$436] in 2008); and candle-making grossed USh 120,000 [$61] in 2008. Members report using profits mainly for school fees and reinvestment in club businesses, which means there is potential for club investment in financial education.[132]

[128] PEDN (2010), 'PEDN Framework: Why Do We Exist?' unpublished document, Kampala, Uganda.
[129] In 2007, US$ 1 = USh 1731; in 2008, US$ 1 = USh 1981; in 2009, US$ 1 = USh 1902; in 2010, US$ 1 = USh 2265. (Exchange rates found at www.economist.com.)
[130] Aflatoun Child Savings International (2008, 2009), Children and Change (Amsterdam, The Netherlands: Aflatoun Child Savings International).

FIGURE 27 ACTIVITIES AND COSTS OF A PEDN PROGRAMME

ACTIVITY (MATERIALS COST PER YEAR)	COST PER GROUP (IN USH)	COST PER GROUP (IN US$)
Fruit trees (30 per school)	150,000	≈ $79
Poultry (30 chicks + vaccinations)	135,000	≈ $71
Handicrafts (on average)	200,000	≈ $105
Plastic recycling	1,050,000	≈ $552
Clay molding	195,000	≈ $103
School garden (seeds, tools)	670,000	≈ $352
From a PEDN budget submitted to Global Giving (2009), based on groups of 30 participants.		

PEDN is exploring two additional paths for achieving greater sustainability. It has worked closely with the Ministry of Education, the National Curriculum Development Center, and the Ministry of State, Youth, and Children's Affairs since its first days. While making changes in Uganda's national school curriculum is a slow process—and assuring quality is a major challenge—work to integrate financial education into primary and secondary schools has begun. Financial education curriculum development and teacher training will eventually fall under the national educational budget.

Second, PEDN is exploring a partnership with Teach a Man to Fish, an organisation with international experience combining enterprise and education. The Teach a Man to Fish model develops schools that produce their own income and cover their own costs. (For example, the San Francisco Agricultural School in Paraguay is 100% self-sufficient.[133])

Impact

In 2010, PEDN's programmes began to look at new networks to further its impact and goal of helping young people make the transition from school to work and map out productive futures. Reaching youth through holiday camps and partnering with religious institutions, such as mosques and churches, are ideas in the preliminary phase. Camps would allow

[131] In 2009, the government of Uganda outlawed the use of plastic bags. Making and selling paper bags have since become a viable small enterprise.
[132] A. Magunda et al. (2009).

young people to learn in-depth about money management and business skills in a shorter period of time and in a fun, active manner. Religious institutions sit at the core of Uganda society and alignment with them would permit PEDN to offer youth programming in trusted environments, as well as help them reach youth outside schools with financial education.

Providing youth the guidance and opportunities for practice they need to succeed in the world of work remains at the heart of PEDN's work. Microfinance Opportunities (2009) has found that two key indicators of effective financial education programmes are the opportunity to use education and the appropriateness of financial products available. PEDN exhibits both by combining financial education with opportunities to save. In the YEP! model, club members save as groups, where together they can discuss problems, try out ideas for investment, get counsel on budgets and spending, and so on. Furthermore, PEDN has experience in negotiating the development of appropriate financial products for youth (FINCA and PostBank) and is exploring a specific partnership with Barclay's for YEP!. PEDN is also exploring mobile banking as a channel for financial education.

Conclusion

PEDN views their programming as complementary to other financial education projects in Uganda. While its outreach is smaller than that of FINCA, for example, in some ways it has greater depth. The acknowledge that social marketing and talking about saving is important, but its outlook is that young people need knowledge, practical skills, and behaviour-driven educational projects to build the financial capabilities young Ugandans will need for the future.[134]

PEDN's experience showcases a number of key lessons:

1. Educating and ensuring the buy-in of parents and other adult authorities is essential to project success when working with young people. In Uganda, without the trust and support of community leaders, parents and guardians, and educators, financial education projects will not get the go ahead to begin, much less reach scale.

2. Linkages to financial institutions and other options, which offer opportunities to practice saving, are important for sustainability and scalability: the desired end is young people earning and saving money for school fees, investments, or emergencies. These interventions and partnerships take time and negotiation, but are necessary for achieving a concrete impact in young peoples' lives. In 2004, when PEDN began, savings accounts with low minimum balances and fees targeted at low-income young people did not exist in Uganda. Today, multiple products are in pilot or development phases, such as PEDN's YEP! with Barclay's, FINCA's Super Savers and Star Girls, Finance Trust's Girls' Choice, and PostBank's Early Start.

[133] Saville Foundation (2009), 'Exporting a Model for Replication' (Spalding, NE, USA: Educating Africa/Saville Foundation).
[134] Individual in-depth interview with Irene Mutumba, PEDN founder and executive director, Kampala, Uganda (July 2010).

3. Young people in Uganda need both financial education and business and entrepreneurship training; the three are complementary and can be combined. PEDN's unique approach is well suited to its target audience and to the Ugandan context. Through the entrepreneurial and business activities, and programme savings groups young people are able to immediately put new knowledge and skills into practice, and to experience small initial successes—all aspects that may lead to more immediate, sustained behaviour change.

J. JA—JUNIOR ACHIEVEMENT, NIGERIA

Institutional Background

Established in 1919, Junior Achievement (JA) is the world's oldest and largest non-profit economic education organisation, and operates in 112 countries worldwide. JA seeks to inspire and prepare young people to be active and productive citizens and to participate in the global economy. JA offers experiential learning programmes aimed at teaching work readiness, entrepreneurship, and financial literacy. Through its financial education campaign, JA also aims to increase the personal confidence of youth, foster the development of positive attitudes and life skills, and promote a spirit of entrepreneurship.

JA Worldwide officially announced its expansion into seven African countries[135] in 2007, though the organisation has had a presence in Nigeria since 1999.[136] Currently, JA Nigeria has three offices across the country implementing programmes in more than 500 primary and secondary schools in 14 cities (including peri-urban outskirts). This case study explores the integration of financial education into its youth education programmes, which prepare young Nigerians leaving school before entering the workforce.

Target Audience

A 2008 study for the UK Department for International Development (DFID) put forward some alarming indicators of Nigeria's economic and financial landscape. First, almost 100 million Nigerians live below the national poverty line (US $1.25 per day).[137] A significant portion of the population (almost 80%) does not have access to financial services; that is, only 1 in 5 Nigerian adults have a bank account. More troubling, over half of the adult population (52.5%), which amounts to 46 million people, is excluded from financial services, without access to any formal or informal financial products.[138]

JA Nigeria targets both male and female primary school and high school students, broadening some programme components for college students. Junior Achievement acknowledges that youth attending schools in Nigeria do not necessarily come from the most impoverished households. However, JA's model is centred on leadership development and aims to impart financial education to students who, in turn, may transfer this information to their peers, their families, and their communities. JA specifically targets young people because it believes that, by working with youth from an early age, the organisation can help mitigate the risk of a lifetime of debt and financial burden, which commonly accompanies financial illiteracy in adults. Recently, JA Nigeria has extended their activities to out-of-school youth, recognising the critical need to assist this particularly vulnerable group, who cannot be reached through the school system.

[135] Angola, Kenya, Nigeria, South Africa, Morocco, Senegal, and Zimbabwe.
[136] The seven countries in which JA operated prior to 2007 were Nigeria, Botswana, Kenya, Zambia, Tanzania, Zimbabwe, and Namibia.
[137] UNDP/UNCDF figure, cited in EFInA (Enhancing Financial Innovation and Access), (2008), 'Increasing Access to Finance through Agent Banking' (Access to financial services in Nigeria survey), report commissioned by DFID (Lagos, Nigeria: EFInA).
[138] EFInA, (2008), 'Increasing Access to Finance through Agent Banking'.

Junior Achievement Nigeria faces several challenges delivering financial education, with various socio-economic, political, religious, and cultural factors presenting barriers to its entire youth audience. For female children, particularly in the northern part of the country, education is often discouraged or prevented due to early marriage or Islamic beliefs.[139] JA Nigeria acknowledges these challenges, although it does not have an effective solution for all of them at this point.

JA Programmes in Nigeria

- 'Our Nation'™ teaches elementary school students how businesses operate, how to interview for a job, and how to identify various economic issues that affect business.
- 'It's My Business!'™ teaches the value of entrepreneurship to middle school students and provides a strong focus on social studies, reading, and writing skills.
- 'Company Program'™, a high-school program already reaching almost 11,000 African students, helps young people appreciate and better understand the role of business in society, and how to achieve success by organizing and operating an actual business enterprise.
- 'Job Shadow'™, a high school and middle school program, which introduces youth to different careers through half-day or day-long on-site workplace mentoring, and helps young people develop a better connection between "learning and earning."

Financial Education Background

Junior Achievement has been involved in financial education since 1919, holding the belief that increased financial literacy among youth will result in a more productive and efficient workforce. JA defines financial literacy as a two-dimensional concept: "the understanding of basic financial concepts, and the ability and discipline to use that information to make wise personal and financial decisions".[140]

JA's education programmes in Africa try to instil behavioural change in its students. Specifically, JA aims to:

- improve the quality of the youth's lives as entrepreneurs, private citizens, and leaders in business and industry;
- develop a connection between learning in the classroom and its application in life and the real world of work and business;
- introduce students to business volunteers who constitute adult role models and potential employers; and
- enable the youth to develop the attitudes, skills, and knowledge that will help them thrive as private citizens, business leaders, and government employees.

The organisation has developed extensive financial education expertise over its years of operation. It intends through the

[139] Information from a questionnaire sent to Kunbi Wuraola, JA Nigeria executive director (2010).
[140] Junior Achievement Worldwide, (2009), 'Financial Literacy–Foundation for Success: A Global Perspective' (Colorado Springs, CO, USA: JA Worldwide, 2). Retrieved June 2011 from http://www.ja.org/files/save_usa/Finacial-Literacy-POV-FINAL.pdf.

financial and entrepreneurship education to produce young people who can be employable, start their own business, or manage their finances better.[141]

According to the executive director of JA Nigeria, the pressing demand for financial education in urban areas can be attributed to the "glaring need to survive economically". In rural areas, there is often community support, as well as subsistence agriculture, that at least allows the poor to survive; in urban areas, however, the sense of community is easily eroded, rendering subsistence survival more challenging. For most of the target audiences—high school students, undergraduates, and out-of-school youths—"the key to survival is financial independence through the right financial education".[142]

Financial Education Model

JA Nigeria's financial education specifically includes basic modules, such as 'Ourselves, Our Families, Our Communities', 'Our City' [for primary school youth], 'Banks in Action', 'GLOBE', and 'JA Success Skills'. These topics were adapted from the worldwide JA curriculum (developed by global partners and research organisations) and were designed to introduce the concepts of finance and entrepreneurship to elementary school students, and were gradually upgraded for high school students and university undergraduates.[143]

JA Nigeria staff train teachers and volunteers to teach the financial education curriculum during regular school hours, in most instances. The flexibility of JA Nigeria's curricula allows it to be adapted to location, funding, and participating volunteers. There are three options for the curricula: 1) intensive 1–2 hour sessions in school classrooms during the school day (or as an extramural activity), over a number of weeks during the school term; 2) whole-day sessions (about 8 hours a day) during school holidays; or 3) 5 hour (half day) sessions for a week or longer during the school holidays. Recently, programmes have been offered to out-of-school youth, who are not able to participate in school-based programmes, in community centres and through religious groups.[144] (This has long been a huge gap in outreach, as less than 35% of the youth population in Nigeria are enrolled in schools.[145]) The specific activities and messages are customised accordingly, and the volunteers and role-models are trained to be conscious of the particular young people they are working with to ensure relevance.

JA delivers financial education through experiential learning workshops, often based on team activities, linking students with business mentors to impart real-life experience. Experiential learning, or learning by doing, is considered by JA to be the most powerful means of conveying its messages.[146] Team-based activities emphasise cooperation and healthy competition. Based on reports from widespread use of this technique, experiential

[141] Information from a questionnaire sent to Kunbi Wuraola, JA Nigeria executive director (2010).
[142] Ibid.
[143] Ibid.
[144] Ibid.
[145] This figure from 2006 refers to Nigerian youth, 6–14 years old (basic education level). Cited in G.T. Alabi (2006), 'The Need for Open Schooling in Nigeria' (Lagos, Nigeria: Universal Basic Education Commission). Retrieved June 2011 from http://pcf4.dec.uwi.edu/viewpaper.php?id=398&print=1.
[146] Information from questionnaire sent to Kunbi Wuraola, JA Nigeria executive director (2010).

learning can be difficult to manage with large groups of students, but often have a greater impact than traditional approaches to training and education. This implies that, for programmes to be successful, JA Nigeria has to train teachers and volunteers to prepare sessions carefully and pay close attention to managing classroom layouts and materials.[147]

In Nigeria, financial education programmes include activity plans and instructional materials for teachers and volunteers, CDs, workbooks, and take-home materials. As JA Nigeria continues to expand its programmes into schools with large numbers of low-income students and to out-of-school youth, it is developing and adapting alternative, less technologically-dependent methods so materials are appropriate to the youth's realities.

Scalability

By the end of the school year in July 2010, the programme had reached about 350,000 youths cumulatively over its 11-year life. By including more schools, as well as increasing the number of out-of-school youth in additional community-oriented programmes, JA Nigeria can reach even more young people relatively easily.

JA Nigeria can tap significant economies of scale to expand its programme. Working with more than 500 schools already, the organisation plans to increase the number of students per school, and then increase the number of locations as needed (including training more staff). Although JA Nigeria operates from three offices in the west, east, and north of the country, these offices will also need more administrative staff to accommodate increased scale. Key to JA Nigeria's scalability, however, are the benefits of engaging with existing groups of youth through the schools, which means the organisation does not have deal with the 'group' forming process. By using an existing platform, it eliminates significant expenses and logistics involved in trying to create such a platform independently.

Sustainability

JA Nigeria places strong emphasis on sustainability, defined by the organisation as programming that is characterised by flexibility, diversity and diligence.[148] It aims to achieve 100% sustainability by the time it is 25 years old. On the other hand, JA Nigeria recognises that to achieve financial sustainability,[149] the support of the private sector can be crucial to an organisation with considerable size and scope. To this end, JA Nigeria has managed to secure significant funding from a number of corporate sponsors, namely Chevron, Citi, Dangote Companies, the MTN Foundation, and The Coca Cola Africa Foundation.

The costs involved in the implementation of financial education, according to the JA Nigeria executive director, include research into locations and schools, production of programme kits, training of volunteers, monitoring of the programme, feedback, and evaluation.[150] Junior Achievement Worldwide subscribes to the mandate that 75% of all funds raised must reach

[147] Ibid.
[148] Khulisa Management Services et al., (2009), 'Assessment of the Coca-Cola Africa Foundation Corporate Social Investment Partner Performance', report commissioned by TCCAF (Manzini, Swaziland: TCCAF).
[149] Defined loosely as being able to cover the costs of the organisation.

the programme's beneficiaries through programme development and delivery. Of the remaining 25%, JA Nigeria uses about 15% to fund operational costs (such as transportation, office space, administration costs, etc.) and directs about 10% into a pool, which will become an endowment fund for JA Nigeria's sustainability.[151]

JA Nigeria's sustainability model further depends on the involvement of members from the broader community, such as volunteers who are willing to contribute to the youths' education. This volunteer model allows the organisation to keep costs down, as well as ensure that young people have role models to look up to in their communities. It is important, when employing a volunteer-based model, that the organisation acknowledge that training must be consistently delivered and monitored. At the same time, volunteers need to have a solid grasp of financial matters in order to be able to impart appropriate and accurate knowledge and skills. Additionally, regular turnover of volunteers helps to prevent burn-out or complacency, which may have a detrimental impact on the students.

Enhanced Impact

JA Nigeria claims that students in its programmes acquire the skills and knowledge to set up and operate their own businesses locally and internationally, citing financial literacy and inclusion as a critical component for successful business operations. In the JA model, financial education is key to developing young successful entrepreneurs and citizens through greater self-awareness that enables students to realise their potential, helping them make important life decisions. By teaching primarily through the school system, JA Nigeria can track the students and follow their progress. However, with the introduction of courses for youth who are not in school, it faces new difficulties in tracking these participants, especially those who drop out of the programme and move to locations without informing facilitators.[152]

A social impact assessment report conducted in 2009[153] found that JA Nigeria's activities have increased social capacity, a direct result of the enhanced knowledge and practical skills gained through the programme. Additionally, students experienced a change in attitude towards their communities, as well as a sense of citizenship.[154] These results are indicative of the success of JA Nigeria's leadership model and point to significant spill-over benefits for the students' households and communities.

To maintain a careful balance between expanded reach and the quality of the programme, JA Nigeria uses a feedback system for monitoring and supervision, and ensures that volunteers receive proper training. One particular challenge that JA Nigeria is currently addressing is that little information about the retention rates of the programmes. Without this information, it is difficult for the organisation to effectively monitor impact. Nonetheless, JA Nigeria measures much of its success on national and international recognition of its students and programmes.[155]

Conclusion

[152] Ibid.

[153] Khulisa Management Services et al., (2009).

[154] The indicators used in this study were self awareness, attitudes, knowledge and capacity, 'social capacity, and social awareness.

[155] As a notable point, JA Nigeria students excelled in the YE Cambridge 2009, an examination testing learners on their level of understanding and application of practical experience and knowledge gained while running student enterprises. Twelve JA students were awarded distinctions.

As one of the oldest and furthest-reaching financial education campaigns for youth across the world, JA programmes carry with them important lessons for similar programmes implementing financial education, particularly in developing countries in Africa. JA Nigeria shows that by using established platforms, such as schools or community groups (e.g. church groups), organisations can effectively disseminate financial education by engaging young participants without having to source additional funding or infrastructure. Through its recent expansion into new areas and diverse youth populations, JA Nigeria has recognised that each group of young learners has unique characteristics and differences, and requires its financial education programmes to be adaptable and trainers to be current and sensitive, so they stay relevant for their participants.

JA Nigeria's Global Awards

- JA Nigeria has been internationally recognized for its successful implementation, winning the following global awards in seven years: HP's Responsible Business Ideas Competition (Nigerian Student Company)
- 2009 YE Cambridge Results: "J A Nigeria Soars High in Bright Colours!"
- Fuqua Global Excellence Award 2005
- Frances Hesellbien Award 2005
- Outstanding New Member Nation Award 2003
- Innovation Award Finalist 2003
- Quality Award Finalist 2003
- Media Award 2001
- Innovation Award 2001

K. FAULU DEPOSIT-TAKING MICROFINANCE LTD, KENYA

Institutional Background

Faulu Deposit-Taking Microfinance Ltd (Faulu) is a registered microfinance company, formed in Nairobi in 1992 and regulated by the Central Bank of Kenya. Initially founded as a Food for the Hungry International programme, in 1992, it became the Faulu Loan Scheme. In October 1994, with funding from USAID, DFID, and the European Union (among other donors), Faulu Kenya officially came into being. In 1999 it was registered as a limited liability company, and in 2005 it became a public limited company, licensed to take deposits in addition to its traditional credit products.

As a deposit-taking financial institution, Faulu offers both saving and credit products. As of 2009, Faulu had more than 90 outlets throughout Kenya, serving over 102,000 borrowers and 423,052 depositors.[156] As a financial institution, however, Faulu felt that client education was outside its core business and expertise, so it spun off Faulu Advisory Services (FAS) to develop and deliver innovative and interactive financial education programmes for its clients. FAS can better administer financial education and pay closer attention to clients' needs, than can the financial institution. This type of thinking dictates Faulu's programme approach to financial education, which has now reached 26,000 people.

Target Audience

Faulu predominantly works with micro-entrepreneurs in the informal sector; however, some of its clients are civil servants or lower-rank employees in the private sector. As most of the clients operate in the informal sector, their incomes are low and accumulation of assets is a challenge. To address this, Faulu heavily promotes savings as a life style among their clients, predominately through financial education. Civil servants receive regular paychecks, but their earnings are extremely low: for example, a teacher in primary school earns around US$ 60 a month.

Faulu serves female and male clients in rural (60%) and urban (40%) environments, using group-lending methodology. While Faulu does not target youth specifically, most of Faulu's clients are younger adults,[157] 18–35 years old. On average, Faulu clients have eight years of primary education. Data from the FinAccess 2009 study shows that Kenyans in rural areas are less than half as likely to use banking services compared with those in the urban centers,[158] and often lack knowledge of financial services and products. To understand the gaps in people's knowledge, Faulu regularly conducts market research. One such research revealed that consumers often make inappropriate choices about the financial products due to inadequate knowledge about money management.

[156] Mix Market website, Faulu-Ken (Faulu Kenya Deposit Taking Microfinance Ltd). Retrieved June 2011 from http://www.mixmarket.org/mfi/faulu-ken.
[157] In-depth interview with Henry Mwaniki, Faulu market research manager (August 2010).
[158] Data cited in FSD (Financial Sector Deepening), (n.d.), 'FSD Kenya: Supporting the Development of Inclusive Financial Markets in Kenya' (Nairobi, Kenya: FSD). Retrieved June 2011 from http://www.fsdkenya.org/pdf_documents/10-05-27_FSD_briefing_note.pdf.

Financial Education Background

Kenyan consumers are increasingly faced with more and more financial products, including mobile banking products. Financial institutions, however, do not invest time or money to explain these new services and products, so financial concepts remain complex and difficult to understand for many clients or potential clients. Additionally, the Kenyan market is highly competitive, so financial service providers look for means and ways to attract new consumers.

Faulu offered client education from the beginning of its operations in 1999, focusing on enhancing business management skills, but as it expanded its product range over the years, it realized it needed to include financial literacy to support uptake of savings products. So, attracting new customers and creating demand for its products became one of the objectives driving its new financial education efforts.

Recently, with the donor support, Faulu introduced a comprehensive financial education programme for staff and clients, which also included research on behavioural outcomes as an added objective. Faulu wanted its financial education programme to support behavioural changes in its clients, moving from reactive to pro-active. It also acknowledged the important role of financial literacy in day-to-day management of money and long-term financial planning and asset building.

Financial Education Model

Faulu's new financial education model mixes face-to-face training for clients and the general public, DVDs, comic strips, and financial education booklets. Costs to develop these different options are equally shared between Faulu and its donors—about $390,000 in a two-year pilot phase that will cover five branches and reach 70,500 customers[159] and members of the general public by June 2011. (See Figure 28 for details of Faulu's financial education costs.)

[159] Faulu received donor funding in 2009 and the majority of its financial education programs started in 2010.

FIGURE 28 COSTS OF FAULU'S FINANCIAL EDUCATION, 2010

VARIABLE	COST
Number of people reached (June 2010)	26,000
Total actual costs for financial education	Not available at the time of interview
Total allocated budget for the financial education (Faulu)	$327,630
Amount of donor support	$195,884
Amount of Faulu contribution	$195,884
Difference between allocated budget and actual costs (loss/gain to the institution)	$64,138
Product development costs as a % of total actual costs	0%
Costs of monitoring as % of total actual costs	11%
% of donor funding	50%
Amount of money spent per individual trained or reached via DVDs	$1*
* Based on available data, an average cost of financial education delivery for one individual is $1. However, this cost goes down to $0.21 once the projected number of participants (70,000 by June 2011) is factored in.	

Ultimately, Faulu wants to know which channel best meets its objectives and reaches different audiences. For example, face-to-face training and DVDs are easily available to Faulu clients, but they may not be the most effective way to reach the general public. To remedy this, Faulu has trained 40 community trainers to see if they could reach the general public that has no relationship with Faulu. In addition, Faulu is interested in knowing which model is the most cost effective and easiest to replicate because donor support may not last long term.

Elewa Pesa Training Curriculum

This is an in-house financial education curriculum, introduced in 2009, adapted by FAS from the core financial education curriculum of Microfinance Opportunities (MFO), which contributed to the quality of the learning materials. Elewa Pesa covers budgeting, savings, debt management, and investment, and incorporates choosing the most appropriate

financial services provider and products. The manual has a supplementary training DVD to use in training sessions with clients. FAS's training officers teach the financial education session.

Unlike other face-to-face training programmes, Faulu offers its training for a fee, based on client demand. (Clients register for classes and once classes have 50 participants, the training takes place). Generally, in Kenya, it is often offered at a loss to microfinance clients, despite the need for the training, and many microfinance organisations give up their financial education programmes.

Faulu believes that financial education should not be free to ensure its sustainability. Even though it charges fees, Faulu still partially subsidizes its training. For example, business trainings sessions are offered to clients for KES 500 ($6), although the actual cost is almost double. Faulu charges participants KES 150 ($2) for two half-day Elewa Pesa training sessions, but must kick in an extra KES 350 ($4) per person. In addition to sustaining the training, Faulu's experience also shows that when clients contribute a small amount towards training, they are more likely to commit to and participate in the training. Faulu readily admits that it still has not completely figured out the best pricing for its financial education training. It is trying to balance clients' ability to pay, as well continue the programme long term.

Financial Education Visual Training Aids: DVDs

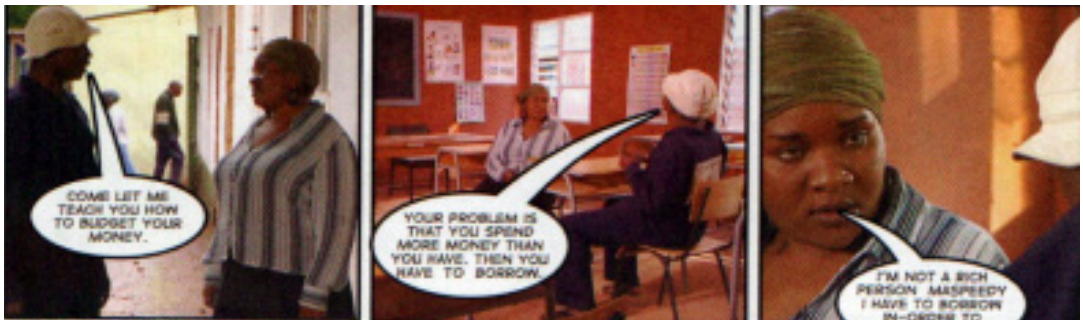
Faulu felt that classroom training needed enhancing, so it began to explore the use of DVDs to deliver financial education. Faulu received donor funding and attracted a new partner, Mediae,[160] to conceptualize and develop a financial education DVD based on the weekly television drama Makutano Junction. The TV show is set in a typical peri-urban East African town and follows the lives, loves, frustrations, and successes of a small African community familiar to millions of people.[161] Faulu's financial education DVDs feature the villagers in Makutano Junction and provide entertainment with a message, applying financial lessons that come to life through the characters. Faulu and Mediae started the pilot DVD programme in July 2010 in five branches. Faulu hopes that the DVDs will stimulate conversation and excitement around financial literacy.

Financial Education Comic Leaflets

Faulu expanded on the TV show theme and developed financial education leaflets with Mediae, based on Makutano Junction. The comic leaflets present educational messages (see Figure 29) on budgets, savings, debt management, and investment in an entertaining and easy-to-read format that can be taken home and read at the clients' convenience. Faulu expects that family and friends of clients will also be drawn to the materials, which will extend outreach beyond the original client group. As of July 2010, Faulu produced 100,000 comic leaflets to distribute after each client training session. If each leaflet is shared with just one person, distribution will effectively double.

[160] Mediae is a media company based in Kenya with a focus on using media for education and development.
[161] Makutano Junction has a regular audience in Kenya of over 6.5 million viewers.

FIGURE 29 EXCERPT FROM MAKUTANO JUNCTION COMIC LEAFLET



Community-Based Trainers

Faulu is experimenting creating a cadre of community-based trainers (CBTs), usually trusted leaders of a community, to train other local people in financial literacy. The cost of this model is relatively low, compared to other models, because Faulu trains the initial CBTs once. The CBTs are not paid by Faulu and receive their training for free; in effect, Faulu relies on their motivation as local leaders to help their communities. (Once trained, each CBT is required to train a minimum of 40 people within two months.)

To date, Faulu has trained 500 influential community members, such as pastors, chiefs, and opinion leaders. Faulu selected them because market research indicated that they already discuss financial issues and give financial advice, but often do not have the appropriate tools or knowledge to do so effectively. Faulu is watching this model closely to see if CBTs can efficiently teach financial education in communities farther from urban centers.

Faulu's community-based trainer programme is interesting because it uses a readily-available community resource to extend financial knowledge. Experiences from other projects using this model however, show that CBTs need to maintain regular contact with the financial institution and often need new incentives once the initial excitement is gone. This suggests that objectives of financial education play an important role in choosing the most appropriate delivery model. For example, CBTs may be suitable for reaching the general public, but not the best choice to train seasoned clients.

Staff Education

Faulu's core business is provision of financial services, but as it changed from offering only credit to taking deposits, Faulu saw financial education as a crucial complement to its new products. With the support of donor funding, Faulu institutionalized financial education and hired 10 full-time staff and 140 part-time staff. It also educated 800 field officers with the financial education curriculum. As Jacqueline Nyaga, Faulu human resources manager for learning and development, explained, "You cannot expect field officers to sell the importance of savings if they do not save themselves." Faulu hopes that this significant investment in financial education will build institutional capacity and fully entrench the concept of the financial education within the organisation itself.

Faulu relies heavily on its field officers to advertise financial education programmes to clients. To this end, Faulu employs a proven door-to-door marketing strategy to promote financial products. Judging by the high number of savings accounts opened since Faulu obtained its license to take deposits, the strategy works. Field officers at financial institutions that offer financial education often fall into a trap of primarily promoting financial products rather than financial literacy. To avoid this and stay true to its commitment to financial education, Faulu introduced financial education enrollment as a performance indicator for its field officers to give them incentive to promote its financial literacy curriculum.

Scalability

Faulu reports that it reached 11,000 clients (plus its field officers) with its Elwa Pesa training (as of June 2010) and hopes to reach 60,000 clients by June 2011. In the initial feedback, clients indicated that the programme is useful, particularly for savings. Because the DVD pilot is so new, Faulu does not have exact data on performance or reach. However, discussions with Faulu management reveal that clients enjoy watching the DVD, and Faulu estimates that around 2,000 customers have seen the DVD in the branches. Also, the CBT programme has reached 2,000 people (as of June 2010), and Faulu's goal for this model is approximately 20,000 people by June 2011. In total, Faulu's new financial education programming has reached 26,000 people and is poised to reach further.

Without grant money, Faulu commented that institutionalizing financial education would take longer and probably not be possible on this scale. Such funding is instrumental in building a comprehensive approach to financial education and a systematic process for product development: both require initial market research, access to experts, and the opportunity to experiment and pilot different delivery channels. Donor support also forces organisations developing financial education programmes to be conscious about the quality of the curriculum and effectiveness of delivery.

Faulu is serious enough about financial education that its board and management are willing to match the donor funding. However, without concrete results, such as improved product uptake, its leaders and management will want to pare down financial education programmes and keep the one that works the best, even though other models tested may reach additional (or harder to reach) groups of people. For Faulu, as with OIBM, the reality may be that financial institutions need to see a direct link between financial education and product uptake, in order to continue to support their financial education programmes, much less expand them.

Faulu defines scale both as the ability to reach more customers and the ability to influence behavioural change. Financial institutions, pressed by either donors or by competitive financial markets to reach the general public, may face financial and practical challenges to offer financial education on a sustainable and long-term basis. High costs of financial education activities prohibit organisations from expanding their financial education to non-client bases. Often financial education programmes are offered only to the immediate network of active

clients. Using financial education to expand outreach to broader audiences remains a challenge for programmes that do not use mass media campaigns. Radio and other mass media offer the ability to reach many people at once, but this may not produce long-term behavioural change. Financial institutions interested in having financially literate, pro-active clients may see the value of maintaining personal connection with customers and using participatory adult learning methodologies. Radio or other mass media channels that have no individual connection may not be the best options by themselves.

Sustainability

Faulu defines sustainability from both financial and non-financial perspectives. Faulu charges for all its trainings, partly because it believes that donor funding will eventually run out and it will be difficult to shift the target audience from a "free" mentality to "for a fee" mentality. Second, based on its experience, Faulu concluded that free trainings do not necessarily translate into better attendance or interest. For example, in one of the pilot areas, Faulu offered a financial education course for KES 150 ($2). The low price induced many people to sign up for the training and pay the fee, but a number did not turn up for the course. When Faulu investigated why, it seemed that clients assessed the cost–benefit of leaving their business or losing work time, compared to attending the training (despite forgoing the $2 fee). However, another reason may have been that the training time was not convenient for the participants. The knowledge gained through training is valuable, but attending training is an opportunity cost for clients. More investigation is needed to fully understand this issue.

Faulu's definition of the sustainability of financial education consists of these specific elements:

- Customers' ability to utilize training – An education programme is sustainable when clients/participants can apply their financial training through the use of financial services, as well as demonstrate the ability to make the appropriate product and financial choices.
- Institutionalization of financial education – An education programme is sustainable when it is not a one-time event, but when it is institutionalized and becomes a foundation for all other services.
- Formation of partnerships – An education programme is sustainable when it builds strong partnerships with other organisations with needed expertise to deliver financial education.
- Investment in staff – An education programme is sustainable when it institutionalizes financial education by training staff and building their financial literacy and capacity.
- Building on the existing infrastructure of clients – An education programme is sustainable when clients and networks can easily access it.
- Use of technology – An education programme is sustainable when the initial investment in technology provides added value to the consumers and brings in those audiences that could not otherwise be reached.
- Continuous learning – An education programme is sustainable when it can generate learning and knowledge for itself and the wider financial and education communities, through case studies, research and monitoring, and evaluation.

Based on its definition, Faulu's financial education is sustainable in all aspects but one: monitoring and evaluation. Faulu is an organisation that learns by doing; however, prior to the donor grant, deliberate evaluation of training was not so rigorously incorporated into Faulu's approach. The exclusion of monitoring and evaluation likely occurred because training was already embedded and its success, in the past, was assumed. However, with the donor support, Faulu accepted the importance of monitoring and evaluating its financial education efforts, and this support allows Faulu to incorporate a more objective and comprehensive evaluation of project outcomes.

Impact

Faulu hopes that its financial education efforts will have an immediate impact and improve people's knowledge (and skills) of budgeting, saving, investing, and managing debt: in effect, Faulu considers these to be short-term outcomes of its financial education programme. In the long term, Faulu hopes that its programmes will lead to improved lifestyle changes for its clients and the public. One key change that Faulu wants to see as a result of financial education is that the typical reactive behaviours of their clients become more pro-active behaviours. For example, people who have not habitually saved for emergencies will start to develop a consistent pattern of savings for such a need. As the Faulu learning and development managers put it, "We knew that the people had the knowledge about budgeting or savings, for example, but we also knew that they were not practicing what they knew. However, our experiences show that staff and clients who receive financial education actually save on regular basis. To us, this means that financial education works."

In the absence of more comprehensive evaluation reports, Faulu reported that its programme has reached 11,000 people (staff, clients, community-based trainers, and members of the general public) with financial education training. It estimates that these 11,000 people have passed knowledge on to family members (average family size 5) at least, if not friends as well. So, it is possible that the programme has indirectly reached 55,000, just through its face-to-face training.

Conclusion

This case study illustrated Faulu's experiences with multiple delivery channels in Kenya. Faulu is the first deposit-taking microfinance institution in Kenya, serving mostly low-income clients. Faulu highlights the role of donor support that allowed it to experiment with different models of financial education, and that influenced it to pay stricter attention to quality and evaluation. Faulu also introduced a financial education component for staff and community-based trainers. Its financial education programmes included different approaches that addressed different objectives (e.g., face-to-face training, DVDs, printed handouts, and community-based trainers).

Faulu's experiences offer some important lessons:

1. Faulu's case speaks to the importance of institutional commitment to financial education. Financial institutions are more likely to deliver education in a sustainable way. Financial education should become an institutional philosophy, rather than a one-time or short-term project.

2. Donor support is instrumental in encouraging innovation. Faulu was more open to experimenting with different delivery channels because of that support. In addition, the donor support allowed Faulu to create a dedicated team that focused on financial education.

3. Faulu's case highlights a successful partnership between a financial organisation and a technical service provider. Faulu did not have to develop materials, but outsourced them to Faulu Advisory Services, which could better develop innovative, interactive, and high-quality components to engage clients in learning, and better administer the programme. Each partner brings its area expertise to the programme, can make more efficient use of its time, and does not have to work in unfamiliar fields (e.g., finance officers teaching adult classes, not giving sales talks). While not every financial institution can spin off a training body, financial institutions need to consider whether an in-house financial education programme (with trained staff support) makes sense or whether it is better to outsource financial education to experts.

4. Faulu's experience underlines the value of starting financial education efforts with staff—especially field officers, who are responsible for spreading the word about financial literacy. This is particularly important for microfinance institutions, which often use field officers to market financial education programmes. If field officers do not understand what they are promoting themselves, they will be less effective.

5. Financial institutions may be pressed by donors or by competitive financial markets to reach general public and face financial and practical challenges to comply. Often their financial education programmes only reach their immediate clients, especially if financial education is offered within the existing network of clients. Reaching scale and broader audiences, and using financial education to expand the outreach, is difficult for programmes that do not include mass media campaigns. Radio and other mass media have the ability to reach many people at once, but do not offer the personal connection that financial institutions may want to establish with their clients. Mass media campaigns also may not result in long-term behavioural changes in personal finance management that financial institutions may have as an objective of their financial education programmes.

L. POPULATION COUNCIL PROGRAMMES, KENYA AND EGYPT

Institutional Background

The Population Council (the Council) is an international non-profit, non-governmental organisation aiming to bring attention to issues of gender, sexuality, and health-related rights.[162] The Council has increasingly focused on adolescent girls and the issues surrounding their successful transition from adolescence to adulthood. Economic opportunities paired with social support are seen as the means for young girls to achieve greater autonomy and empowerment within the household and the community.[163] Special attention is given to the acquisition of livelihood skills, including financial education, to enable girls age 11–15 years old to become economically self-sufficient and ultimately independent.

This case study compares two of the Population Council's financial education programmes in Kenya and Egypt: the "Safe and Smart Savings Products for Vulnerable Adolescent Girls" (Safe and Smart Project) in Kenya, and the "Ishraq" programme in Egypt. Both programmes have been pilot-tested and are being implemented and scaled up. This case study examines financial education through the lens of a social organisation seeking to improve the well-being, reproductive health, independence, and social vulnerability of adolescent girls. The Council integrates financial education as another tool to help the young girls gain self-confidence, security, and additional life skills, as they build assets through the accumulation of savings.

In 2009, the Council launched the Safe and Smart Project[164] with two microfinance institution (MFI) partners in Kenya, Faulu and K-REP Bank. The programme seeks to develop a specific savings product for adolescent girls. Financial education is included as an essential component of the programme in an effort to build adolescent girls' financial capabilities around savings. The Council also added a financial education component to its Ishraq programme in Egypt.

Target Audience

Both the Safe and Smart Project and Ishraq programme target adolescent girls in vulnerable and poor circumstances. In Kenya, the Council works with adolescent girls living in the Kibera slum of Nairobi. In Egypt, the Council works in rural Upper Egypt, the least developed and most disadvantaged region.[165] Although the girls in the Kibera slum and rural Upper Egypt are the same age (11–15 years), they face different social and economic issues. Consequently, the financial education objectives of the two programmes differ as well.

[162] Population Council website (2010), 'About', 'Our mission'. Retrieved June 2011 from http://www.popcouncil.org/who/about.asp.
[163] Ibid., 'Annual Report 2009'. Retrieved June 2011 from http://www.popcouncil.org/publications/annualreport.asp
[164] At the time of writing, the pilot program was being evaluated by the Council and findings were not available.
[165] A. Elbadawy (2010), 'Assessing the Impact of the Ishraq Intervention: A Second Chance Program for Out-of-School Rural Adolescent Girls in Egypt', paper presented at the 8th Poverty and Economic Research Policy Network General Meeting, Dakar, Senegal, 12-18 June 2010. Retrieved June 2011 from www.pep-net.org/fileadmin/medias/pdf/files_events/8th-PEPmeeting2010-Dakar/papers/Asmaa_Elbadawy.pdf.

In poor Kenyan communities, adolescent girls are expected to contribute money to the household or to be financially self-sufficient. This expectation comes at a time when girls still lack economic independence and have few skills to earn money. This situation drives many girls into sexually vulnerable relationships with older men as a means to secure a roof over their head or to put food on the table. Thus, in Kenya, financial education is a crucial aspect of the Safe and Smart Project. Financial education seeks to help the girls reach financial independence and gain some measure of security by learning to save and accumulate savings. The Safe and Smart Project philosophy is that financial education provides girls with choices and negotiating power around sex, which in turn helps the girls' transition 'safely' into adulthood.[166]

In Upper Egypt, the girls undergo a sharp transition during adolescence into more restrictive roles and lifestyles. This transition is often accompanied by a narrowing of social, educational, and economic opportunities.[167] Girls are forced to marry young, which further narrows their opportunities. Thus, one of the aims of the Ishraq programme is to provide the girls with educational and livelihood opportunities, and to encourage greater participation in community life. The standard Ishraq programme is an innovative social-support and skills-building curriculum for adolescent girls (12–15 years), who are out of school. The curriculum seeks to help them acquire the necessary skills to become active members of their communities.[168] The Ishraq curriculum emphasizes literacy and life skills with special attention to reproductive health, civic engagement, livelihoods, and sports, while aiming to encourage the girls to start, or go back to, school.[169]

Financial Education Programmes

In poor environments, adolescent girls are less likely to have a safe place they can turn to in an emergency or go for social support, for example, to borrow money.[170] A lack of safe spaces to express themselves and to participate in civic life leaves many girls in social and economic isolation. "Safe spaces" is a model that builds social networks and arranges protected locations in the communities. At these locations, girls can feel safe, learn about health, and develop positive relationships with their peers. The Council's financial education programmes in Kenya and Egypt both follow the safe space model, which is proven to work for adolescent girls.[171]

In Kenya, the financial education programme is housed at the Binti Pamoja Centre, a partner of Council. Binti Pamoja provides a safe space for the girls to meet and learn about reproductive health and adolescence. Established in 2006, the centre also enables the

[166] In-depth interview with Karen Austrian, staff associate, Poverty, Gender and Youth Program of the Population Council, Nairobi, (July 2010).
[167] In-depth telephone interview with Nadia Zibani, project manager, Ishraq Program of the Population Council, (July 2010).
[168] M. Brady, A. Salem, and N. Zibani (2007), 'Bringing New Opportunities to Adolescent Girls in Socially Conservative Settings: The Ishraq Program in Rural Upper Egypt', Promoting Healthy, Safe, and Productive Transitions to Adulthood Brief, no. 12 (New York: Population Council). Retrieved June 2011 from www.popcouncil.org.
[169] Ibid.
[170] M. Brady (2003), 'Safe Spaces for Adolescent Girls,' chap. 7 in Background Documents for Meeting, UNFPA-Population Council Workshop on 'Adolescent and Youth Sexual and Reproductive Health: Charting Directions for a Second Generation of Programming' (New York: UNFPA). Retrieved June 2011from www.popcouncil.org.
[171] Ibid.

girls to form friendships with girls in similar situations and to create their own social networks and support.[172] The girls expressed the wish to save in more formal ways, as the financial education programme developed. The girls felt they needed a safe place to save money, as well as additional knowledge on how to accumulate and eventually use their savings. Therefore, in 2009, the Council partnered with the Binti Pamoja Centre and other MFIs to launch the Safe and Smart Project.

Similarly, in Egypt, the Council pilot-tested a financial education programme within the larger Ishraq programme (which also operates as a 'safe spaces' model). Ishraq offered a separate financial education programme unit to girls who graduated from the standard Ishraq programme. These girls (18–28 years old) expressed a need to learn about economic and business skills in order to start a business. To address this need, the Council created a targeted programme curriculum to equip the girls with money management skills.

In both cases, the Population Council used the Microfinance Opportunities core curriculum to develop financial education materials. Ishraq implemented the full programme curriculum including debt management, financial negotiations, banking services, savings, and budgeting components. However, the Ishraq staff learned that not all financial information was relevant to the girls. For example, they found that educating the girls about banking services was not practical, since many do not have access financial services in Upper Egypt. While it may seem counterintuitive, Ishraq found that the ability to take on a debt is as important as learning to manage debt.

Another realization was that the financial education curriculum modules did not need to be taught at the same time. In Ishraq's financial education programme pilot, the girls were older (18–22 years old). At this age, girls in Upper Egypt are typically starting families and bearing responsibility for the family budget. Therefore, lessons on savings and budgeting are more practical and a better fit their immediate needs. For example, budgeting skills help improve the management of household finances. Ishraq's experience suggests that financial education programme curriculum need to respond to the life stage of the participants.

In Kenya, the Council approached the financial education programme differently. This was due in part to the fact that the Council received funding to implement the Smart and Safe Project and had partnered with Microfinance Opportunities to develop the financial education curriculum. The Ishraq programme, on the other hand, had neither funding nor access to a financial education expert. The Kenya Smart and Safe Project began with market research to understand the knowledge, attitudes, and practices of adolescent girls, relating to money management. The Smart and Safe Project used these findings to adapt the Microfinance Opportunities financial education curriculum and to tailor the programme to its target audience. It also tested the financial education programme materials several times to ensure applicability and relevance to the girls.

[172] K. Austrian, C. Ngurukie, and C. Sakwa (2009), 'Integrating Financial Education and Savings Opportunities into Health Interventions for Adolescent Girls in the Kibera Slum of Nairobi, Kenya', paper presented at the Proceedings of the International Conference on Urban Health, Nairobi, Kenya, 2009.

In contrast, Ishraq's programme staff worked on the curriculum during the course of the pilot. At times they adapted curriculum on the spot. While the Ishraq team gained useful knowledge throughout this process, the pilot test evolved into a year-long training session for the staff as well as the girls. This was because the staff did not have access to experts who could provide advice and guidance to speed up the pilot process. As a result, Ishraq's curriculum is not yet ready be implemented beyond the pilot phase. This experience suggests that programmes should follow a systematic process when developing or adapting financial education materials. This begins by conducting market research, developing test materials, pilot-testing the materials, and finally refining the curriculum. These steps were followed by the programme in Kenya.

Financial Education Model

Face-to-face training is the preferred delivery channel for financial education in both programmes. Face-to-face training is preferred because it allows for group interaction and participation. In the Safe and Smart Project[173] in Kenya, the girls meet weekly in their savings groups with a finance officer from the sponsoring MFI and a group mentor, a woman over the age of 18 selected by the girls. Financial education trainings take place 2–3 times during the month, lasting approximately 20–30 minutes. Originally, lessons were designed to last 60 minutes, but the pilot indicates that the girls only had time for 30-minute lessons. Additionally, the materials were found to be too resource heavy, complicated, and time consuming for the girls to read. This information, gathered from the market research and the pilot, helped the Council and Microfinance Opportunities refine the programme materials to meet the time constraints of the girls and adjust the method of delivery. Both factors are positive contributors to the scale up and sustainability of this programme.

In contrast, Ishraq's financial education programme pilot was quite different. First, due to lack of funding the programme had no opportunity to conduct market research. This prevented the Council from gaining an understanding of the needs of the target audience. Second, Ishraq had no access to an education expert to assist in adapting the materials to meet the girls' time and learning needs. Therefore, the team had no systematic means of documenting the learning or revising the materials. As a result, the programme pilot was much slower and less proficient than the Safe and Smart Project.

The additional financial education component for Ishraq programme graduates was added to the current work load of the Ishraq staff. As a result, lesson times were dependent on staff availability. While the Ishraq staff had no difficulty recruiting girls for the programme, they faced difficulty finding convenient meeting times. This was further complicated because the girls were older than the other target audience and therefore had more demanding responsibilities. In order to overcome the scheduling issue, the financial education programme pilot changed from weekly trainings with shorter financial lessons to trainings offered once or twice per month lasting 1–1.5 hours.

[173] Austrian et al. (2009). The Save and Smart Project has three components. One, financial institutions arrange for a safe space in their communities for the girls to meet once a week. Two, although the girls can access their own savings accounts, they are organized intro savings groups of 10 to 15 girls because this allows them to form social relationships. Three, each group selects a mentor who serves as a role model and facilitates savings withdrawals.

The Kenya and Egypt programmes are built on a philosophy of community participation. For example, Ishraq organizes round-table discussions with community members and staff as a means of encouraging dialogue and cooperation. Similarly, the Safe and Smart Project conducts regular meetings with community leaders and parents. This participation allows the Council to easily gain community support for the programmes. In effect, both financial education programmes are built on existing infrastructure. This factor, in addition to their safe space model, explains why recruitment for the programmes was successful.

In the conceptualization phase of the Smart and Safe Project, the Council believed that having finance officers conduct the training lessons was a good idea. However, results of the pilot revealed to the Council that financial officers often lack the time to either prepare or deliver the lessons, which can jeopardize the quality of sessions and potentially the impact of the project. Consequently, the Council is re-evaluating this model. The finance officers of financial institutions are not trained teachers and may be more focused on sales and promotion targets. Financial education may be better off in the hands of teachers who have the expertise to create lesson plans and fewer conflicting claims on their time.

Both of these programmes offered the participating girls the opportunity to use the knowledge gained, especially in savings. The Ishraq programme received a small US$12,000 grant to seed the girls' savings accounts. With this grant money, the project opened savings accounts for all 68 girls with a US$5 deposit. The girls' reactions were positive because they had a concrete incentive to save once they finished the training. In the Smart and Safe Project in Kenya, the girls did not receive a monetary incentive, but rather they received other gifts to encourage them: a special T-shirt, a home piggy bank, and a savings photo identification card. Both programmes agree that the young girls need to be encouraged to act on their newly-acquired financial education knowledge.

Scalability

The Safe and Smart Project pilot reached 1,050 girls in Kenya and 1,350 girls in Uganda. Ishraq's financial education pilot began with 68 girls. Following a review period, the Council decided to scale up financial education throughout the standard Ishraq programme, beginning in 2011. The Ishraq programme aims to reach 1,800 girls in 2011 using its successful face-to-face training model. However, without donor support, this feature of the standard Ishraq programme faces the same, if not greater, challenges as the pilot programme.

Comparing these two experiences gave the Council a unique opportunity to understand how supply and demand should be considered when scaling up a financial education programme that is integrated into a socially-driven programme. The factors described below pose critical challenges to organisations outside the financial services sector that seek to implement financial education programmes.

Appropriateness of Financial Education Curriculum, Methodology, and Model

Financial education projects need to be sensitive to the context and characteristics of the

target audience. This also requires that organisations should be aware that as the needs of target audiences change, so should the financial education lessons and materials. For example, the Save and Smart Project pilot demonstrated that the training model was too resource heavy. The training model consisted of a finance officer and a local mentor, which is not likely sustainable or replicable in the long term. The Council has since received a grant to modify the financial education content of the programme for expansion. It is focusing on a mixture of a self-guided workbooks and some face-to-face training. Inappropriate materials, for example, those too detailed or too difficult, will negatively affect scalability. They are often costly to implement and difficult to deliver in poor settings and they do not engage the girls. Models and materials need to be relevant, but also cultivate greater participant involvement in the financial education lessons.

Partnerships with Financial Institutions

On one hand, financial institution partners in a financial education programme can offer opportunities for programme participants to practice new knowledge and skills in a real setting and with real bank accounts. (In settings where financial markets are less developed, this may not be replicable.) On the other hand, partnerships with technical service providers to deliver financial education can support the project with curriculum design and implementation of the courses.

In Kenya, for example, the Council had trouble at first with identifying appropriate partners because many financial institutions were not interested in working with adolescent girls. However, as the project matured and demonstrated success, they became increasingly interested in the Council's financial education programme. One reason for the turnaround by the financial institutions is heavy competition for new customers in the saturated Kenyan market. By working with young people who are less than 18 years old, financial institutions gain access to a large, untapped market. Partnerships with organisations, such as the Population Council, offer financial institutions relatively low-cost access. The major cost is likely developing appropriate financial products to support the target youth of the financial education programme. They can also expect to maximize on the existing networks and relationships of the NGOs.

Existing Networks and Relationships

Organisations that have existing networks of groups and rapport within the community will have an easier time scaling up financial education programmes. Projects without this structure may have very high upfront costs which can be prohibitive to the start-up or scale up of the financial education programme.

Sustainability

The cost of financial education programme components was difficult to isolate from parent projects. In Ishraq's case, costs were not available because the pilot had no operating budget: activities were added to the current duties of the staff of the regular Ishraq programme. There was only a small budget for opening the girls' savings accounts. For the Smart and Safe Project in Kenya, the project manager did not want to reveal the amount

of donor support for the financial education programme. As a result, financial information was not available in this circumstance.

In both cases, however, the project management cited staff time and curriculum development as the greatest costs. The managers estimated that these two costs probably represented around 60% of the total budget of each project. The Population Council in Kenya, in particular, emphasized the importance of securing funding for curriculum development. They emphasized that to accomplish this well; the programme requires expertise and is often a great deal of time.

Four key factors for sustainability were identified despite the absence of financial information, analysis of available reports and other written documents:

1. Quality and delivery of material to the targeted audience – The Safe and Smart Project showed that financial education delivery should not be left to commercial banks. The banks often lack the capacity to deliver financial education and may insert product promotion bias and influence the presentation of financial education materials. Quality of content can be threatened, and the projects may not be able to produce intended behavioural changes.

2. Buy-in to financial education by the girls, their parents, and the larger community – Financial literacy skills are not intuitive; they are not naturally passed on from one generation to the other. The sustainability of financial education interventions depends on support from the communities in which the girls live. Without that support, the project may not be able to reach the intended market or its objectives. In the Population Council's projects, both parents and girls were ready to contribute to and learn from their involvement in the project. Furthermore, actually opening a savings account and saving motivates the girls to stay with the project and share their experiences with others in their community.

3. Products that meet both need and demand – In Kenya, the financial education programme was not developed simply to address concerns arising from the market research. Rather, it tested project aims with girls and their parents to see whether there was demand and support for such an intervention.

4. Promotion of learning and research both within the organisation and with the stakeholders – The Council constantly utilizes research to improve its programmes and communicate with stakeholders on successes and challenges. Because Ishraq's financial education programme lacked funding, market research to support curriculum design of the financial education pilot was not possible. However, the Ishraq project manager recognized the importance of understanding the knowledge, skills, and attitudes of adolescent girls in order to develop an appropriate, tailored financial education programme. This is despite the fact that it may take longer and require improvised adaptation of the curriculum.

[139] Information from a questionnaire sent to Kunbi Wuraola, JA Nigeria executive director (2010).
[140] Junior Achievement Worldwide, (2009), 'Financial Literacy–Foundation for Success: A Global Perspective' (Colorado Springs, CO, USA: JA Worldwide, 2). Retrieved June 2011 from http://www.ja.org/files/save_usa/Finacial-Literacy-POV-FINAL.pdf.
[141] Information from a questionnaire sent to Kunbi Wuraola, JA Nigeria executive director (2010).

Impact

The main objective of the Safe and Smart Project is to help girls gain financial independence by building savings. The Ishraq programme introduced a financial education component to equip programme graduate girls with money management skills.

A process evaluation, conducted six months after the roll out of the Smart and Safe Project's financial education component in Kenya, showed that 72% of the girls had prepared a budget and 80% reported they were saving at home.[174] In addition, parents and guardians strongly supported the financial education effort. (The evaluation report by the Population Council was underway at the time of writing and was not available as a resource.) Some preliminary findings, shared in an in-depth interview with the project manager, suggest that the programme is having a positive impact. For example, the girls are becoming more financially literate, making regular deposits and have higher self-esteem. As of July 2010, 561 girls had opened a savings account at Faulu branches in Kenya, with an average savings balance of US$18.4.[175] The drop-out rate is very low (less than 2%), indicating that the programme meets the girls' current needs. The programme's ability to correctly pair learning with an opportunity to exercise knowledge may be an important factor contributing to high retention rates.

Due to the small size of the pilot and the lack of funding, Ishraq could not conduct an assessment of the project's impact. However, focus group discussions with the girls revealed overwhelmingly positive reactions to the financial education programme. The girls enjoyed the savings and budgeting topics more than others because of the immediate relevance to their lives. A few girls reported making a budget. The girls also said that they shared the information with their mothers and other girls in their community. These initial successes encouraged the Ishraq programme to plan to scale up financial education to all 1,800 girls in the standard programme, beginning in 2011. In the scale-up phase, the programme will be more deliberate in terms of monitoring and evaluating the financial education component.

Conclusion

This case highlighted the financial education approaches of two Population Council programmes in Kenya and Egypt. In Kenya, financial education is an integral part of its Safe and Smart Project, which aims to help girls build financial independence through building savings. In Egypt, the Ishraq programme introduced a financial education component to equip programme graduate girls with money management skills. Both programmes used the 'safe spaces' model and see financial education as one of the most important methods to empower girls.

Socially driven programmes, such as these, are concerned with achieving behavioural change, as well as increased visibility, productivity, and independence of girls in society. They see financial education as a key contributed to this end. As such, these programmes reach

[174] Austrian et al. (2009).
[175] In-depth interview, Faulu Kenya (2010).

relatively smaller numbers of participants than microfinance institutions. Socially driven programmes have different mandates and objectives, and often address specific social exclusion issues, to which financial education can pointedly help.

In summary, the Council's experiences offer these lessons:

1. In some cases, financial institutions may not be the best partner for teaching financial education because their primary focus is sales and promotion of products. This focus may take precedence over financial education. If their financial education programmes focus on achieving behavioural change, they may be less successful.

2. Financial education projects need to be tailored and appropriate to the context and target audience. However, organisations should realize that, as the needs of the learners change, so must the curriculum and the materials.

3. Organisations that have existing relationships with groups and communities can more easily mobilize for financial education. Organisations without this structure, or access to it, may have high upfront costs that may be prohibitive in starting or scaling up financial education programmes. Donors should facilitate financial education partnerships with the local community and parent groups.

4. Financial education materials need to suit the target audience's stage of life, needs, and time availability.

5. Education alone may not be enough to encourage youth to act on newly acquired financial education knowledge. Programmes need to consider incentives to promote action and financial behaviour change.

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People Interviewed or Sent Questionnaires

Ken Appenteng, microfinance expert, SPEED Ghana
Zainabu Assimwe, consumer affairs specialist, AMFIU
Karen Austrian, staff associate, Poverty, Gender, and Youth Program, Population Council
Yvette Francis, manager, image and reputation, SAIA
G. Galicia, country manager, FINCA Mexico
Alison Moore, MoneySense specialist, Free to Grow
Irene Mutumba, founder and executive director, PEDN
Henry Mwaniki, market research manager, Faulu
Alinda Nortje, executive chair, Free to Grow
Hanna Schommer, financial systems development advisor, Programme for Sustainable Economic Development, GTZ
Ali Taha, project coordinator, FinLit
Kunbi Wuraola, executive director, JA Nigeria
Nadia Zibani, project manager, Ishraq Program, Population Council