

Microfinance Opportunities is committed to understanding the financial realities of low-income households, to ensure that the design and development of financial education is consumer-focused and best placed to enable financial capability development.

At the same time, MFO leverages its consumer insights to work with financial service providers (FSPs), telcos, and other private sector organizations to align their financial product offerings and service delivery systems with the financial capabilities of consumers in the low-income market (in an effort to enhance customer uptake, use and retention).

MFO is at the forefront of *embedded financial education*. It is actively piloting and monitoring a variety of financial education content and channels that are both responsive to consumer needs and integrated into the 'core business' of the FSP, telco, or other organization, rather than being peripheral.

Embedded education is the practice of educating consumers through encounters they have with service delivery systems that exist primarily for non-educational purposes. This means the process of identifying and leveraging existing consumer contact points and 'teachable moments' within an organization's existing infrastructure, for the express purpose of developing a full coverage financial education program that is integrated into the financial service delivery system. In other words, an organization that '*embeds*' financial education, demonstrates effective use of every meeting or contact point with consumers to deliver or reinforce key messages that consumers need to make and exercise money management decisions that best fit the circumstances of their lives.

Too often, even if the consumer was the focal point during the creation of the content, when it comes to the delivery of financial education we forget to hold the consumer central. Operational efficiencies, economies of scale, staff bandwidth, and offerings made available to suit slow periods in branch are all important considerations in determining when, where, and how we offer financial capability development opportunities. Nevertheless, the overall objective of enabling consumer behavior change must not drop off.

The key ingredient required to make '*embedded financial education*' work as a model is 'intentionality' – intentionality throughout the design of the content, depth of learning, packaging of tools and resources, frequency of exposure, mode of delivery and the positioning of the overall financial education program.

MFO's embedded financial education strategy includes the following essential activities:

- Identify key contact or touch points the organization already has with consumers as well as how much available interaction time exists at each, to ensure financial education offerings are seamlessly integrated into the operations of the organization;
- Develop clear, concise financial management messages that resonate and connect with the low-income consumer;
- Design and build engaging tools that can support the delivery of consistent and accurate messages throughout the organization's communication channels;
- Explore enabling agents that can be empowered and engaged at each touch point to expand consumer access to deliver or reinforce key financial management messages;
- Consider partnerships or multi-stakeholder engagement to support consumer access and exposure points, or strengthen the enabling environment required for consumer financial capability development.

FINANCIAL EDUCATION

...equips people
with **KNOWLEDGE**
and **SKILLS**
and strengthens
their **ATTITUDES**
and **BELIEF**
IN THEMSELVES
to make and
exercise **INFORMED,**
CONFIDENT and
TIMELY money
management
DECISIONS.



MFO's experience to date has demonstrated that there is an emerging business case for *embedded financial education*, when there is a commitment from the financial service provider, telco, or other organization. Here are some case studies supporting the growing body of evidence:

- In Kenya, we worked with a bank to train their frontline staff in the basics of facilitating financial education. Included in the tailored curriculum were modules on using ATMs and mobile money agents instead of bank tellers. The bank reported that they saw a migration of consumers from tellers to ATMs and mobile agents as a result of consumer financial education, resulting in savings for the clients and the bank.
- In India, we worked with a financial service technology firm to provide embedded financial education through its network of business correspondents in order to help increase low-income consumers' use of smart cards linked to savings accounts. Despite substantial operational problems in the pilot test region with the servicing of the cards themselves and challenges within the business correspondent network, integrating financial education into the operations of the organization had a direct impact. MFO analysis of 100,000's of transactions records show that where consumer financial education was offered, there were more clients transacting on any given day of the month. This *supply-side* effect of embedding consumer financial education demonstrates significant organizational gain where business correspondents and employees better understand what it means to be a responsible provider of financial services.
- In the Philippines, we worked with rural banks to support their efforts to develop a mobile banking system, piggy-backing on the G-Cash payments platform. Qualitative data show that embedding consumer financial education had a positive impact on client's understanding of mobile banking and on addressing challenges related to trust in the financial system. Further, bank staff and agents stated that the consumer financial education tools that they used better engaged customers about mobile banking. An analysis of one bank branch's transactions records, where a full coverage financial education delivery model was implemented, showed that the average number of clients using mobile banking at least once in a month increased during the pilot study period.



Instead of creating additional spaces or costly once-off services to provide consumer financial education training, *embedded financial education* identifies ways to integrate education into existing interactions between the consumer and the organization. This approach effectively leverages staff to make consumer financial education training accessible, cost effective and in line with the organization's objectives.

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