

Financial Education at a Glance

Why Financial Education?

Families at all income levels share the same aspirations. They want to put food on the table, educate their children, secure a home of their own, and plan for the future. To be poor is to have these goals with fewer resources and opportunities to achieve them. While access to financial services has increased dramatically over the last few years, the pressures of uncertain income and rising costs make it difficult for many people to take advantage of these opportunities. Add in low levels of financial literacy – which can hamper the ability to make limited funds stretch through tough seasons – and making informed financial decisions can understandably become overwhelming.

This is where financial education comes into play. It provides people with the knowledge, skills and attitudes that they need to adopt good money management practices for earning, spending, saving, borrowing and investing. It empowers people to shift from reactive to proactive financial decision making. Ultimately, it enables people with the confidence and ability to take greater advantage of the financial services – formal and informal – that are available to them.



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The MFO Financial Education Curriculum- Past and Present

In 2003, with the support of the Citi Foundation, MFO and its partner Freedom from Hunger launched the first large-scale, global initiative to build financial capabilities of low-income individuals in developing countries. The partnership conducted market research with six microfinance institutions to determine the appropriate content and delivery mechanisms for consumer education. Since that time, MFO has continued to work with organizations from around the globe to review and adapt the curricula to ensure it is based in the realities of low-income consumers.

The resulting Financial Education Core Curriculum and specialized modules include the following components:

Core Curriculum:

Budgeting: Use Money Wisely

Savings: You Can Do It!

Debt Management: Handle With Care

Bank Services: Know Your Options

Financial Negotiations:

Communicate With Confidence

Specialized Curriculum:

Young People: Your Future, Your Money

Remittances: Make the Most Of Them

Risk Management & Insurance: Protect Your Family's Future

Consumer Protection: Balancing Rights and Responsibilities

Financial education can be delivered in a variety of ways, along a continuum extending from the delivery of deep messaging to generating awareness of key messages. These ranges from training workshops to radio and television campaigns, and in the middle of the spectrum are financial counseling and other advisory mechanisms. The MFO curriculum is designed to be easily adapted to meet the needs of different market segments and target groups.

Since 2006, MFO's Core Curriculum has been used to train over 27,000 trainers in 60 countries. It has reached over 560,000 low-income consumers via direct classroom training, and nearly 30 million people through mass media, print, awareness-raising, and other delivery channels.

How MFO Delivers Financial Education

We work in partnership with financial institutions, governments, microfinance institutions, nonprofits, international development agencies, multilateral organizations, and socially responsible corporations around the world to deliver financial education through a variety of approaches:

- *Curriculum Development and Direct Training:* We design targeted financial education curricula based on thorough market research.
- *Global Networks:* We work through a variety of regional, governmental, and professional networks to train trainers in several hundred institutions worldwide.
- *Mass Media:* Our financial education messages have reached nearly 30 million consumers by working with local institutions to identify and integrate key financial messages into popular media programming, such as television, radio, video, music, comic books, games, street theater, print, and awareness campaigns.
- *National Strategies:* We support governmental institutions in both formulating and supporting targeted implementation of national financial education strategies.
- *Monitoring and Evaluation:* We have developed tools to measure change in selected indicators of financial knowledge, skills, attitudes and behaviors among participants exposed to financial education training.
- *Technology:* We support telecommunications companies, financial service providers, and NGOs with financial education tools to promote the uptake and use of mobile banking products.

Can Financial Education Lead to Behavioral Change?

Financial education programs can lead to increased uptake of financial products, increased customer loyalty, and more regular savings behavior.

In Mongolia, MFO worked with XacBank to develop a financial education program for teenage girls. As part of the program, girls have the chance to open their own account at XacBank. The Temuulel or “Aspire” account is designed for 14-17-year-old girls, and comes with a pink passbook and prizes for meeting small savings goals. Between the rollout of MFO’s financial education program and an impact assessment 15 months later, the number of Temuulel accounts more than doubled¹.

MFIs can also use financial education as a way of increasing their customer base and securing customer loyalty. For example, Opportunity Bank of Malawi (OBM) uses financial education to create more stable borrowers. In a 2009 interview, an OBM representative commented: “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!”²

Outcome assessments that MFO conducted in Bolivia and Sri Lanka suggest that financial education leads to both increased savings and higher rates of debt repayment. Financial education offered in conjunction with the opportunity to immediately put new knowledge and skills into practice can lead to more effective financial behaviors. This, in turn, allows those at the base of the pyramid to more effectively reach their financial goals.

Additionally, in Zambia, MFO worked with a two local partners -- the micro-lending institution VisionFund and real-time payments provider Zoona -- to implement the Consumer Education for Branchless Banking program. The objective of the project was to see whether consumer education could improve VisionFund clients’ understanding of Zoona’s loan disbursement process while also improving their financial capabilities. The overall results were positive. VisionFund and Zoona staff reported that clients were more comfortable with the service and displayed improved money management behavior. Regression analysis showed that clients improved their financial management knowledge and changed their behavior. Clients who received financial education took out more manageable loans than those that did not while the proportion of 30-Day portfolio-at-risk was, on average, 7.7 percentage points lower after the intervention occurred. Together, these findings suggest that consumer education has the potential to improve clients’ financial capabilities and reduce defaults in the long term.³

¹ Savings and Financial Education for Girls in Mongolia: Impact Assessment Baseline Study. Tower, Craig and Elizabeth McGuinness, with Jennefer Sebstad. 2010.

² Taking Stock: Financial Education Initiatives for the Poor. The MasterCard Foundation, Microfinance Opportunities, Genesis Analytics. Toronto, CA: 2011.

³ Consumer Education for Branchless Banking Outcomes Assessment: Zoona and VisionFund, Zambia. Tower, Craig, Eric Noggle, and Guy Stuart. 2014.

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