

Youth-Inclusive Financial Services Case Study Series 2009



**Youth-Inclusive Financial
Services Linkage Program
(YFS-Link)**

Case Study No. 9:

*Using Innovative Partnerships and Market
Research to Link Financial Education and
Savings Products for Girls*

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ABSTRACT

Microfinance Opportunities (MFO) is committed to effective market research to develop financial education curricula that are relevant to a variety of low-income target audiences. Through the Savings and Economic Empowerment grant, funded by the Nike Foundation, MFO formed innovative partnerships to support three grantees in five countries to develop financial education materials that will reinforce savings behaviors and savings products for adolescent girls. If adolescent girls and young women have access to high quality, low cost savings accounts, supported by financial education, not only will their propensity to save increase, but their attitudes towards and management and use of money will undergo a lifelong change. Market research is informing both the structure of the financial education component and the design of financial products for young women. For example, in Mongolia, MFO found that girls equate savings only with large amounts of money, which implies that saving a small amount of money has little perceived value. Given this information, it was deemed important with respect to product design to keep the minimum deposit small enough to encourage girls to open an account, while the learning session emphasized that savings can be a small or a large amount of money. Moving forward, a key lesson learned is that families do play an integral role in the financial education and the savings behavior of young people and must be involved in the process.

This case study was written by Jessica Massie, with input from Jennefer Sebstad, Candace Nelson, and Danielle Hopkins.

1. Background

A. Microfinance Opportunities (MFO)

Microfinance Opportunities (MFO) was established in 2002 as a microenterprise resource center that promotes client-led microfinance. MFO occupies a specialized market niche within the microfinance industry, providing action-oriented research, training, and technical assistance in three client-focused areas: financial education, microinsurance, and client assessment. We work globally to help low-income people increase their financial literacy and thus increase their access to well-designed and delivered financial services.

MFO uses market research to develop financial education curricula that are relevant to a variety of low-income target audiences. At the initial stage of module development, we gather information from the target audience of learners, key informants, stakeholders, trainers other institutional actors and secondary sources of information. We use and advocate market research to adapt the module's learning sessions to local contexts and make them relevant to learners by ensuring that names, stories, situations, and other aspects of the learning sessions reflect local realities. Since mid-2008, MFO has been adapting *Young People: Your Future, Your Money* to respond to the needs of the Nike Foundation Savings and Economic Empowerment grantees.

B. Nike Foundation Project: Economic Empowerment through Savings and Financial Literacy

As a Nike Foundation Savings and Economic Empowerment grantee, Microfinance Opportunities is applying our expertise in market research for financial education to support the development of savings products and financial literacy programs for adolescent girls and young women through innovative partnerships. The Nike Foundation invests exclusively in adolescent girls as the most powerful force for change and poverty alleviation in the developing world. The Foundation's investments are designed to get girls on the global agenda and drive resources to them. The work of the Nike Foundation is supported by Nike, Inc. and by significant investments from the NoVo Foundation, which has enabled exponential impact of the Girl Effect. The Girl Effect signifies the powerful social and economic change brought about when girls have the opportunity to participate in their societies.

Microfinance Opportunities' role in the Savings and Economic Empowerment grant is to support three grantees in five countries to develop financial education that will reinforce savings behaviors and savings products for adolescent girls. Examples in this case study will focus on Microfinance Opportunities market research work with two Nike partners in three countries (Women's World Banking in Mongolia and the Dominican Republic, and CARE in Burundi), and present challenges and lessons learned thus far.

2. Opportunity and Challenge

Adolescence is a critical time of transition from childhood to adulthood, and a critical part of this transition is the shift from economic dependence to economic independence. During these years,

many girls and young women start to work, earn money, and take on more financial responsibilities. At this time, financial education, linked to savings opportunities, can help girls build knowledge, skills, and attitudes to make informed judgments and take effective decisions about the use and management of money throughout their lives. Having a safe and accessible place to save is an important part of this process and is especially important for managing unexpected expenses and other risks.

Until recently, this target group and these topics have received limited attention in the youth development field and in the world of financial services for the poor. While training in entrepreneurship and business skills is more common, household level financial literacy has been absent from educational curricula and product design by microfinance institutions. Yet, lack of financial knowledge, skills and experience is often cited by financial institutions as a reason for not tailoring financial products and services to young people.

Partners in this project operate under the assumption that if adolescent girls and young women have access to high quality, low cost savings accounts, supported by financial education, not only will their propensity to save increase, but their attitudes towards and management and use of money will undergo a lifelong change.

Market research helps financial education promoters and providers determine the appropriate content and delivery channels for the financial education. It starts by assessing the current behaviors with respect to girls' use and management of money, and their existing knowledge, skills, attitudes and behaviors regarding saving. It helps to identify effective strategies to reach girls and promote understanding of how, why and when financial products – formal or informal – can benefit them. Market research plays an important role in defining partnership models and in designing financial education that promotes savings behaviors.

3. Approach

In order to address the issues above, MFO is working with Savings and Economic Empowerment grantees to develop financial literacy modules that will be closely linked to their savings products. For the first time, market research is informing both the design of financial education and financial products for young women. This effort is carried out through innovative partnerships between MFO, youth service organizations, and financial institutions. Together they conduct market research, the results of which determine the most appropriate content and delivery channels for financial education training, and inform the design of appropriate savings products.

A. Innovative Partnerships

Across the five countries included in this grant, a number of different types of institutions are involved: an international network of MFIs, a consulting firm for financial service providers, two commercial banks, a non-bank financial institution, several NGOs, and a non-profit microfinance resource center (MFO). To date, MFO has worked with two of the grantees in three countries on the market research for product-development and financial education programs. These are WWB in Mongolia and the Dominican Republic, and CARE in Burundi (ongoing).

B. Collaborative Process

MFO has guided our partners to implement a well-defined market research process that includes designing tools, conducting the research and analyzing the results. We assist partners to adapt the market research tools we have used – individual interview guides, stakeholder interview guides, focus group discussion guides, and participatory rapid appraisal activities – for each new country and local context.

The market research results then inform the design and adaptation of learning sessions so that the financial education program reflects the local context. Once adapted, the revised curriculum (including new sessions and adapted versions of those from *Young People: Your Future Your Money*) is pilot tested and, based on the results, revised one more time. In Mongolia, the pilot test has just finished and the financial education program has been finalized, while in the Dominican Republic, ADOPEM will begin pilot testing in October; in Burundi, MFO and CARE are currently conducting market research (September 2009).

C. Objectives of Collaborative Market Research

The objectives of the market research for these projects have been:

- To gain an understanding of field partners' current financial education programs (if any) and training capacity
- To learn more about the institutional and programmatic landscape for youth services, including financial education and livelihoods education in the target contexts. This information will help identify potential partners for FE dissemination (when necessary)
- To understand the current knowledge, skills, attitudes and behaviors of girls and young women related to spending, saving, and managing money
- To identify the most appropriate learning methods and delivery channels for girls and young women

MFO supports partners to conduct market research on financial knowledge, skills, attitudes and behaviors of young women and use the findings to adapt generic learning sessions from *Young People: Your Future, Your Money* for their target groups. MFO also aims to help Nike grantees identify and develop appropriate delivery systems for financial education and adapt the key messages to those delivery channels.

4. Some Preliminary Results and Findings

In the Nike Foundation project, Microfinance Opportunities - through market research – is the “glue” between financial education and financial product offerings. In fact, because this innovative partnership includes financial service providers, our market research informs their product design as well. And, a targeted financial literacy program has the potential to increase uptake of financial products when girls have legal access to them. While the project is still too new to definitively state whether or not these goals have been reached, some preliminary achievements have been:

- *Assessment of girls' interest in savings products and financial education*

In Mongolia and the Dominican Republic, girls expressed interest in learning more about saving and money management. While adolescent girls in both the DR and Mongolia have limited access to money, the decisions that they make on what to do with this money are very important to them. This reinforced key findings from the market research to develop *Young People: Your Future, Your Money*, which revealed that girls are interested in financial literacy classes, regard savings as important, and want information on income-generating activities. Financial education can help girls outline financial goals, inculcate a savings culture, and teach them to use small amounts of money well.

- *Capacity building of grantees and implementing partners in market research*

In all cases, capacity building has been one of MFO's first priorities. Our partners in the Nike Foundation project – CARE and WWB -- have learned how to conduct market research for financial education. For example, in July, 2009, MFO's Technical Advisor for Financial Education, Danielle Hopkins, traveled to the Dominican Republic with WWB and trained its partner ADOPEM how to design and facilitate focus groups. Currently (September 2009), MFO staff Jennifer Mandel, is in Burundi, where she has just finished training CARE staff in conducting participatory market research with girls.

- *Development of tools that assess financial literacy and product demand*

In our estimation, this project marks the first time that market research for financial education and product development have been combined in developing contexts. It has offered a unique opportunity to learn how to develop complimentary or combined tools. In Mongolia, our first experiment in combining market research for product development and financial education, we learned together with WWB about what types and numbers of tools to use. We found that individual interviews could be long enough to cover both product development and financial education topics, while for focus groups it was more efficient to develop separate FGD guides for each topic. We later applied this lesson when developing tools for ADOPEM in the Dominican Republic.

- *Development of financial education that promote savings behaviors*

Market research has so far yielded rich information on girls' knowledge, skills, attitudes, and behaviors that continues to inform the design of financial education sessions linked to savings products. For example, in Mongolia we found that girls equate savings only with large amounts of money, which implies that saving a small amount of money has little perceived value. Additionally, they believe that while savings accounts may be a good place to save large amounts of money, small amounts are better saved at home. This information has influenced the design of both the savings account product and financial education curriculum. For the account, it was deemed important to keep the minimum deposit small enough to encourage girls to open one. The learning session emphasizes that savings can be a small OR large amount of money.

- *Design of learning sessions that are linked to appropriate and targeted savings products*

Furthermore, as part of the harmonization of savings products and financial education, the market research has informed MFO's design of learning sessions that are specifically linked to the savings products or mechanisms that the implementing partners offer. In Mongolia, we designed learning sessions with activities that clarify myths about banks, learn how savings

accounts work, identify advantages and disadvantages of saving at home vs. saving at a bank, and help girls evaluate and compare different types of savings accounts. With CARE, MFO will design our learning sessions to link up with their *Nawe Nuze* Village Savings & Loan (VS&L) methodology and reinforce the girls' savings there.

- *Better understanding of financial landscape (as related to adolescent girls) in grantee contexts – which leads to viable models for delivery of financial education*

Market research for financial education, as conducted by MFO, considers the local financial landscape. Our research so far has led to a better understanding of a) the financial and educational landscape of these contexts and b) the capacity of implementing partner institutions to deliver financial education in conjunction with the new products. These findings have led to the development of new and innovative delivery models for financial education. One important bit of information gained in Mongolia was that training was not a core capacity of XacBank, the implementing partner that would offer the savings product. The stakeholder/key informant interviews helped guide us to engage two local institutions with strong training capacity to aid in the adaptation and delivery of the financial education: The Equal Step Center and the Mongolian Education Alliance. These institutions are able to provide the added benefit of reaching girls of different income levels.

5. Lessons Learned

A number of lessons have been learned that will contribute to MFO's continued work with partners in the Nike Foundation project and future projects involving youth:

- *Market research results can lead to institutional buy-in from reluctant partner organizations, MFIs or banks for both savings and financial education:*

Market research is a way for people in institutions to get to know more about a new program activity – financial education – and how it supports the effective use and demand for financial services. As stated in section II, young people's lack of knowledge and skills often leads banks to consider them unfit for financial products and services. However, well-designed and conducted market research can help financial institutions or other partners understand a) how much money young people actually have, b) their interest in financial services, and c) the specific gaps in knowledge, skills, attitudes and behaviors that can be addressed through financial education, thus helping them to tap into that market.

- *When institutions deliver financial education to young people, other target groups benefit:*

For example, banks in Kenya have found that the young women who serve as mentors for the girls in their savings clubs are benefitting from the training they receive money management. Furthermore, parents have become interested in saving as their daughters have started to save. The banks – the implementing partners in this case – are now looking at options for savings products for those underserved populations as well as financial education that could reach them.

- *Families play an integral role in the financial education and savings behaviors of young people – especially girls – and must be involved in the process:*

Market research (both in the Nike Foundation grant and previously) has shown that the role of the family as motivators or gatekeepers is central to whether or not young people will be able to even attend financial education sessions or be able to use available products. Parents and guardians must therefore be included in the education process, at the beginning, middle and end.

6. Conclusion and Next Steps

Market research conducted so far has led to knowledge about young people, especially young girls, that aids both the product developer/provider and the financial education program. The information about knowledge, skills, attitudes and behaviors related to savings, spending, use of financial services, etc. is invaluable for all partners involved. Ideally, this rich knowledge will help us to develop programs in which financial education is a draw to these financial services, ties in with the products, and encourages the development of savings behaviors.

ANNEX 1: CASE STUDY REFERENCE AND RESOURCES

Balatti, Jo, *Financial Literacy and Social Networks – What’s the Connection?* Presentation at the ALA National Conference, Cairns, November 2007.

The Girl Effect: www.girleffect.org

Global Financial Education Program: www.globalfinancialed.org

Microfinance Opportunities: www.microfinanceopportunities.org

Nelson, Candace, *Young People: Your Future, Your Money*, Microfinance Opportunities, Washington DC, 2008.

Nike Foundation: www.nikefoundation.org

Sebstad, Jennefer, Monique Cohen and Kathleen Stack, *Market Research Guidance for Financial Education*, Microfinance Opportunities, Washington DC, 2006.

ANNEX 2: BIBLIOGRAPHY OF YFS CASE STUDY SERIES

1. Abeywickrema, C. (2009, September). The role of the Hatton National Bank in creating access to financial services for youth in Sri Lanka. Hatton National Bank. Accessible at: http://www.makingcents.com/products_services/resources.php

Hatton National Bank (HNB), a prominent commercial bank in Sri Lanka, has been committed to providing financial services in rural areas and to more vulnerable populations for years. More recently, HNB has begun to focus on serving youth in two key ways: 1) establishing Student Banking Centers in schools 2) targeting youth in rural areas in their village microfinance programs to receive both financial and non-financial services. This case study examines key methodologies to effectively serving youth with financial services through a commercial lending model.

2. Ahammed, I. (2009, September). A case study on financial services for street children. Padakhep. Accessible at: http://www.makingcents.com/products_services/resources.php

Padakhep is a non-government organization (NGO) in Bangladesh that strives to reach street children through an integrated approach. This case study details the innovative “Introduction of Financial Services” program which provides both credit and savings services to Dhaka street kids to encourage them to initiate income generating activities of their own. A key lesson that emerged was that flexible terms and conditions of financial products are essential for working with an extremely vulnerable target population like urban street children.

3. Austrian, K. & Ngurukie, C. (2009, September). Safe and smart savings products for vulnerable adolescent girls in Kenya & Uganda. Population Council & MicroSave Consulting Ltd. Accessible at: http://www.makingcents.com/products_services/resources.php

This case study details the unique partnership between Population Council, a research-focused NGO, and MicroSave, a consulting firm, to develop and deliver critical financial services to adolescent girls by partnering with four financial institutions in Kenya. This case study shows that by offering girls secure savings products they can mitigate some of the hardships they endure as well as encourage positive savings habits, thereby increasing their economic stability as they transition to adulthood.

4. Chandani, T. & Twamuhabwa, W. (2009, September). A partnership to offer educational loans to nursing students in Uganda. Banyan Global & Equity Bank. Accessible at: http://www.makingcents.com/products_services/resources.php

Equity Bank-Uganda and Banyan Global have successfully partnered in Uganda to develop an innovative loan product that links workforce development in the health sector with microfinance. This case study describes the key elements of success of their pilot to bring education loans to aspiring nurses between the ages of 17 and 24. Equity Bank proves that by approaching youth who are formally affiliated with a training institution can be critical to alleviating risk, gaining trust and achieving market share.

5. Kashfi, F. (2009, September). Youth financial services: The case of BRAC and the adolescent girls of Bangladesh. BRAC. Accessible at: <http://www.cyesnetwork.org/sites/default/files/Case%20Study%20on%20BRAC%20and%20Youth.pdf>

Ten years after beginning adolescent-focused initiatives in Bangladesh, BRAC realized that financial independence can play a key role in empowering adolescent girls further. This case study focuses on the Employment and Livelihood for Adolescents (ELA), which offers both credit and savings services to adolescent girls. Findings indicate that using a holistic approach to financial service delivery customized to the needs of adolescents will equip the girls to invest better and take higher loans on average.

6. Gepaya, L.Y. (2009, September). Youth inclusive financial services: Marketing and delivery is what matters. Panabo Multi-Purpose Cooperative. Accessible at: http://www.makingcents.com/products_services/resources.php

The Panabo Multi-Purpose Cooperative (PMPC) is a cooperative based in the Philippines and a part of the global World Council of Credit Unions (WOCCU) network. This case study describes how PMPC discovered that partnerships with schools can be an effective form of growing membership, promoting a culture of savings at a young age, and delivering much-needed financial services to underserved youth populations.

7. Harnest, J. & Neilson, E. (2009, September). Microfinance and “the next generation” The FINCA Aflatoun curriculum implemented in an MFI setting. Finca Peru & Aflatoun. Accessible at: http://www.makingcents.com/products_services/resources.php

Aflatoun, an organization committed to social development and financial literacy for children between the ages of 6-14, has begun partnering with select microfinance institutions (MFIs) to offer its curricula to clients’ children. This case study discusses Aflatoun’s work with FINCA Peru detailing the strengths, weaknesses, opportunities and challenges associated with implementing Aflatoun curricula in a non-formal school setting with children of microfinance beneficiaries. Findings from this project indicate that children who consistently attend classes have demonstrated a strong willingness to save.

8. Denomy, J. (2009, September). MEDA works with youth: YouthInvest. Mennonite Economic Development Associates. Accessible at: http://www.makingcents.com/products_services/resources.php

This case study provides an overview of MEDA's work on increasing youth access to financial services, particularly through YouthInvest in Egypt and Morocco. Detailed in this case study, YouthInvest was designed with a strong market research component, the results of which are crucial to designing successful financial and non-financial services for youth.

9. Massie, J.(2009, September). Using innovative partnerships and market research to link financial education and savings products for girls. MicroFinance Opportunities. Accessible at: http://www.makingcents.com/products_services/resources.php

Microfinance Opportunities working with Savings and Economic Empowerment grantees to develop financial literacy modules that will be closely linked to their savings products. For the first time, market research is informing both the design of financial education and financial products for young women. This effort is carried out through innovative partnerships between MFO, youth service organizations, and financial institutions. This case study provides an overview of these partnerships and how they conduct market research, the integral role of these results in designing of appropriate savings products for youth.

10. Nazneen, S. (2009, September). Save the Children's youth financial services: Adolescent girls project. Save the Children. Accessible at: http://www.makingcents.com/products_services/resources.php

This case study describes the Kishoree Kontha (Adolescent Girls' Voices) Project implemented by Save the Children in 5 sub-districts of southern Bangladesh. The goal of this intervention is to link savings schemes with other non-financial services, such as health and education, to allow rural adolescent girls to build their human, social and economic assets. Additionally, this case study details how Save the Children dealt with traditional gender roles, as adolescent girls are not decision-makers, through intense community outreach and sensitization.

11. Cilimkovic, S. & Jahic, S. (2009, September). Youth inclusive financial services: A case study from Bosnia. Partner Microcredit Foundation. Accessible at: http://www.makingcents.com/products_services/resources.php

Partner Microcredit Foundation is a non-profit microfinance institution in Bosnia Herzegovina that recently piloted a youth loan product. The goal of this youth program was to increase self-employment opportunities for young people in Bosnia and Herzegovina by providing access to loan capital in addition to market-oriented business training and mentorship services for youth clients. This case study describes in extensive detail the experience of Partner MK in conducting market, research, designing a specialized youth loan product, and the preliminary outcomes and lessons learned of this program.

12. Schiller, J. (2009, September). Making financial services and business skills development available to African children and youth: Accomplishments and limitations of research and monitoring. Plan International. Accessible at: http://www.makingcents.com/products_services/resources.php

This case study examines Plan International's situation analysis research carried out in Senegal, Niger and Sierra Leone. This project identifies active youth groups and presents a profile of youth and their activities and their general socio-economic conditions in each locality. This project focuses on the Village Savings and Loan (VSL) program in the three countries. The associations formed are sustainable and replicable, and the local implementing partner institutions have been effective and successful in all three program countries Overall, youth's response has encouraged the project to believe that dramatic upscale is possible.

13. Storm-Swire, L. (2009, September). Exploring youth financial services: The case of ProMujer in Bolivia. ProMujer. Accessible at: http://www.makingcents.com/products_services/resources.php

Pro Mujer is an international women's development and microfinance organization that alleviates poverty in Latin America by providing financial services, healthcare and training to poor women entrepreneurs. This case study details the process of developing a group-based loan product targeted at youth, with results indicating that significant investment in proper market research, product development, staff and infrastructure is required to determine the differing needs of this heterogeneous market.

14. Shell, B. (2009, September). Product development for girls: Girls' savings and financial education. Women's World Banking. Accessible at: http://www.makingcents.com/products_services/resources.php

This case study examines how Women's World Banking has helped two of its network members, XacBank of Mongolia and Banco ADOPEM in the Dominican Republic, design and roll out savings products and financial education programs for girls and young woman ages 7-24. WWB found that reaching girls cost-effectively required developing strategic partnerships – with experienced youth education professionals, since the bank did not have that expertise in-house, and with institutions already interacting with girls, since convenience is an important issue for both the products and the financial education program.