



Building Financial Capability – Embedded Financial Education

**Savings Groups: What are they? And how could
they link to banks?**



15 July 2013

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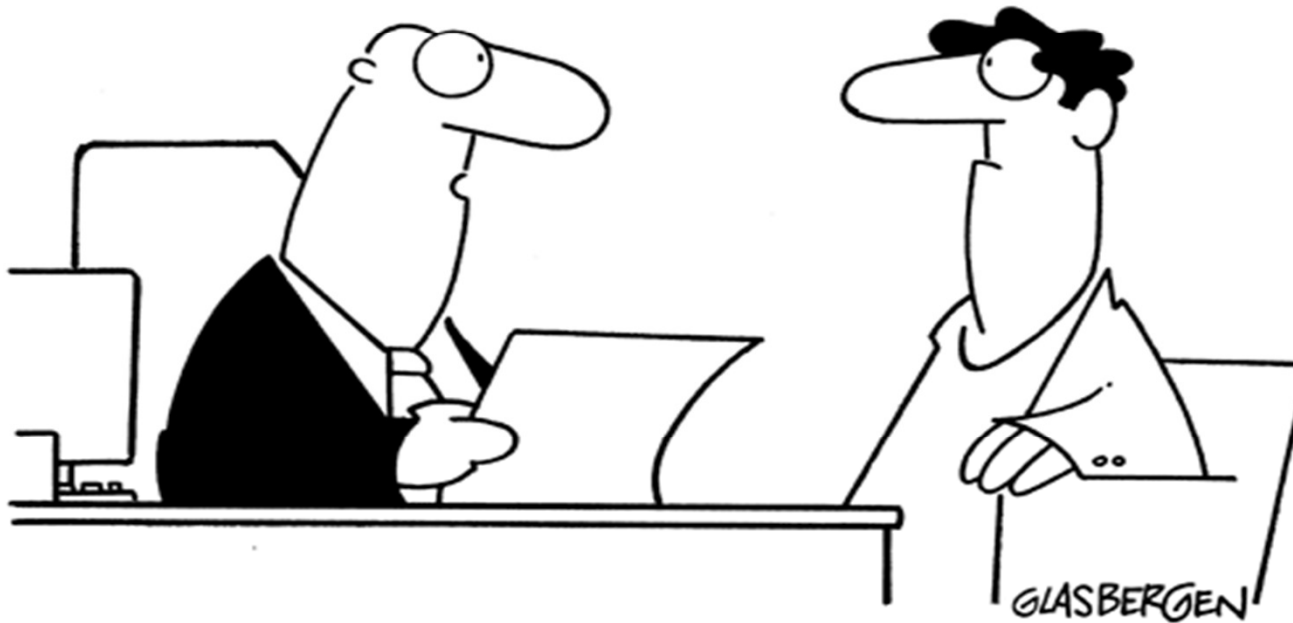


Financial inclusion is a multi-dimensional, concept, encompassing better access, better products and services, and better use

Challenge to better use



**Offset information
imbalance between
service providers
and consumers**

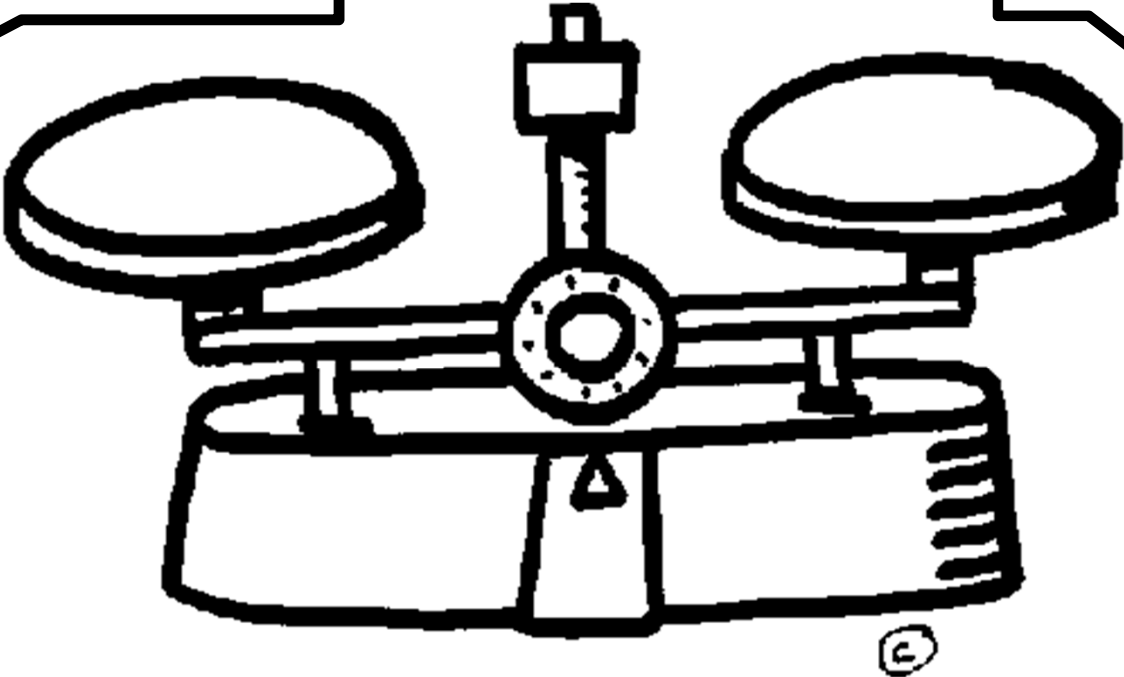


**“Banks are being more cautious these days.
For mortgages, we require 300% down-payment to
cover whatever crisis may show up in tomorrow’s news.”**

Striking the balance

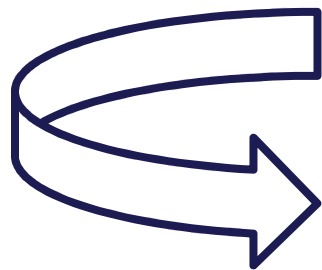
**Financial
Inclusion**

**Consumer
Empowerment
education &
protection**



Rate of Inclusion v Rate of Capability

Financial capability in sub-Saharan Africa has not improved at the same rate as access to financial services



The
Financial
Capability
Gap



Closing the gap

Financial capability

- The ability to make sound decisions related to personal financial management
- An integral component of responsible, inclusive and sustainable financial systems



Financial education seeks to close the financial capability gap

Provides people with the knowledge, skills and attitudes associated with sound money management

Definitions

Financial Education

Aims to **teach** people knowledge, skills and tools to manage their finances effectively and protect them from exploitation

Financial Literacy

The **skills and knowledge** that allow people to understand financial principles and products to make informed financial decisions about their financial well-being



Financial Capability

Ability to **choose and utilise** financial products and **engage in behaviour** necessary to make sound financial decisions and achieve financial wellbeing

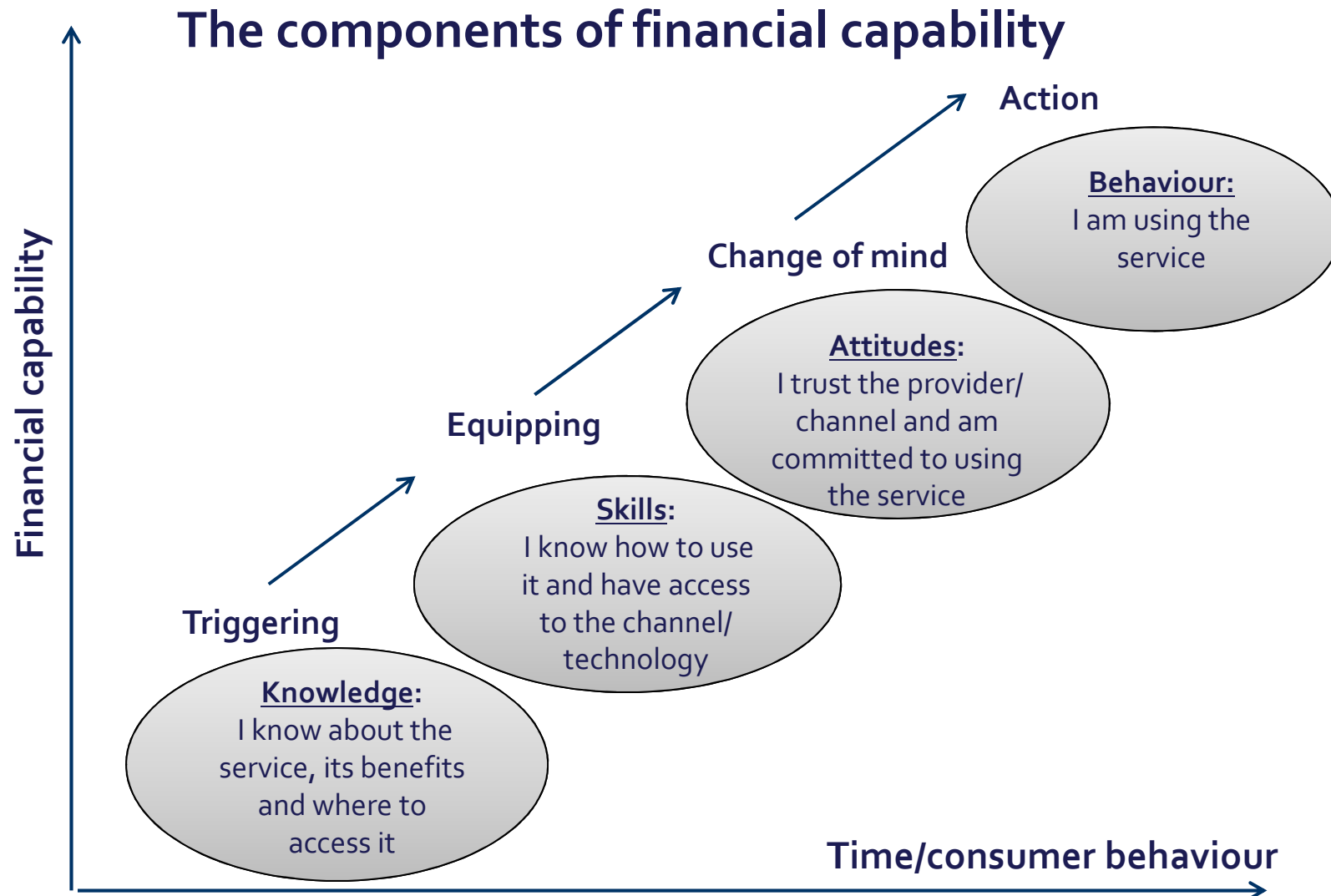
Building Financial Capability

Consumers have a responsibility to inform themselves about the products they are 'purchasing'

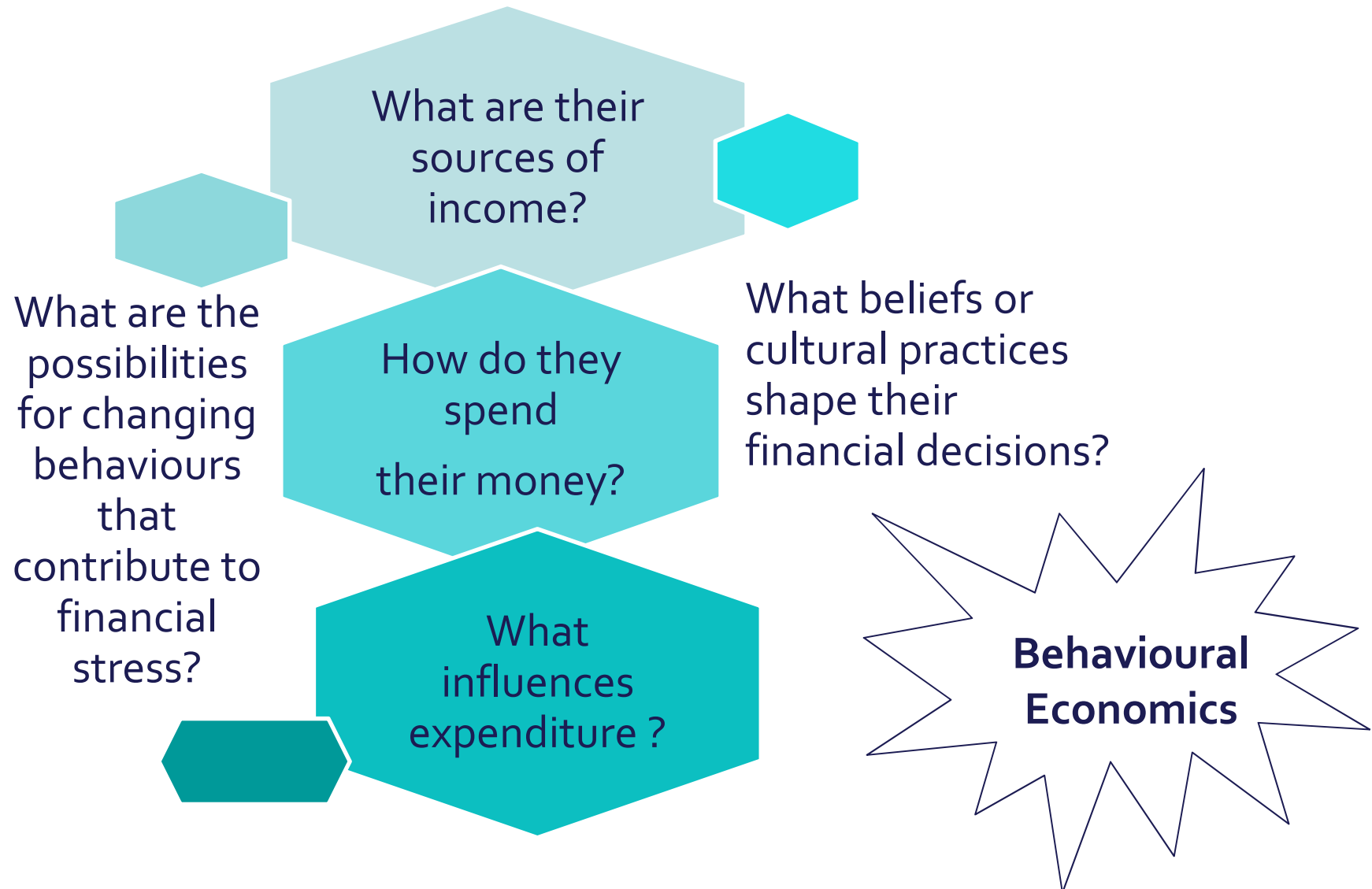


Service providers need to meet the customer where they are, not solely on the financial institution's terms

Building Financial Capability



Understanding the financial behaviours of the target audience



Faulu Kenya - financial education as a key performance indicator



Who - Faulu Kenya (a microfinance institution), with support from the DFID funded 'Financial Education Fund'

Aim - to educate bank clients – as well as potential clients who were not engaged with the formal banking system - about financial issue

How - an adult-friendly curriculum, supported by DVD clips, comic strips and laminated pictures; professional trainers provided once-off workshops followed by interactive coaching sessions with Faulu loan officials



Impact - increased knowledge, greater awareness, a decrease in the portfolios at risk, staff members more engaged in advising clients and more thoughtful about management of their own finances

Smart Campaign: Mission & Goals

The Smart Campaign is a global effort to unite microfinance providers around a common goal: to keep clients as the driving force of the industry

Protecting clients is not only the right thing to do; it's the smart thing to do

- build strong, lasting relationships with clients,
- increase client retention,
- reduce financial risk

"We can strengthen the microfinance industry and elevate it as a model of responsible banking around the world"



FinMark study - best practices in FE



Covered international cases from developed and developing countries

- Included comparable markets outside of Africa such as Brazil, Turkey, Mongolia, Peru
- Programmes recognised globally as “best in class”
- Specific focus on **Sub-Saharan Africa** and **South Africa**



Best practices in FE



Defining objectives and expected outcomes

Securing trust and meeting expectations

Language and literacy

Training arrangements

Leveraging existing structures

Lifecycle interventions

Applicability and practice

Understanding context diversities

Constant innovation

Monitoring and Evaluation



The Save Act study – way forward

SaveAct is **excellently placed to improve the financial capability of its members by leveraging its existing infrastructure and seamlessly integrating the savings and FE components.**

Learnings from the study:

- The delivery of FE messaging should be **viewed as a conversation**
- **Training facilitators on their own financial wellbeing**
- Develop a **single facilitator's guide**
- Restructure how facilitators are **incentivised and remunerated**
- **Embed monitoring processes** in the process as far as possible using impact indicators that measure behavioural change



FinMark Trust - Financial education toolkit

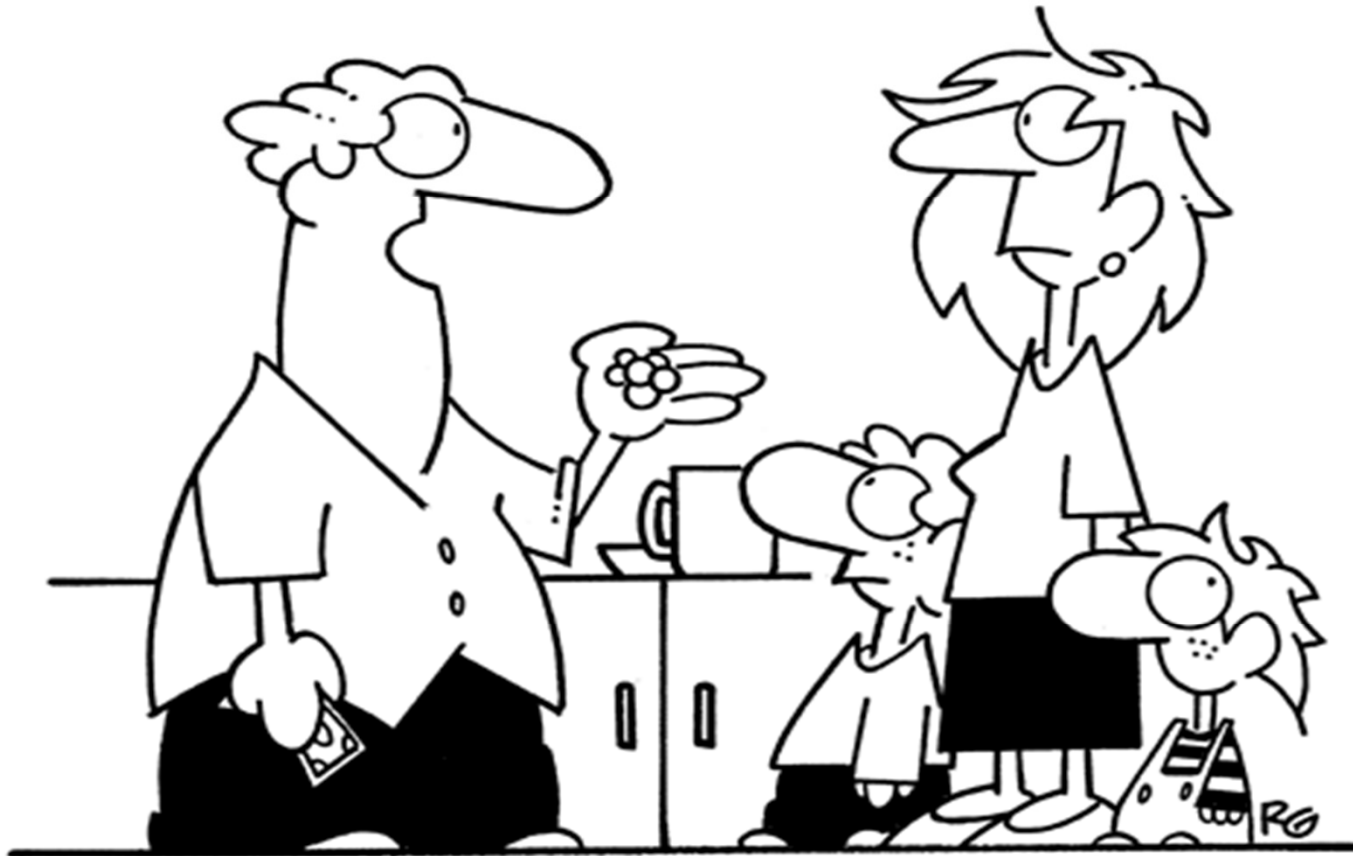


- Overview about FE as a driver of increased financial capability and financial inclusion
- Best practices in FE
- Case study on SaveAct FE
- 10 steps to designing an FE program
- Monitoring and evaluation in FE
- Links to useful FE resources



**Financial Education is a core
component of responsible
service delivery**





“I found \$3.29 under the sofa cushions this week. If we get 10 more sofas, we can pay for a year of college!”



Thank you

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