Reducing Financial Vulnerability: Innovation & Impact
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This publication is a companion to the Citi-FT Financial Education Summit 2008, held in Beijing, China, November 25–26, 2008, and attended by more than 220 financial education experts and advocates from around the world.
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Introduction
COMMITMENT TO FINANCIAL EDUCATION

To help meet the growing need for personal finance knowledge and skills, Citi has made financial education one of our highest priorities.

We partner with non-profit organizations to support community programs that meet the financial education needs of low-income and disadvantaged groups, such as youth, women, older people, microentrepreneurs, and marginalized communities. In addition, through our businesses, we provide objective information that helps both our clients and the general public to make more informed financial decisions.

In China, recent examples of our financial education initiatives include a grant to support the China Foundation for Development of Financial Education's Rural Financial Education Ten-Year Plan. This plan is expected to benefit eighty million people in the poorest counties in twenty provinces in central and western China. We have started a three-year partnership with Tsinghua University's School of Economics and Management that has established a new financial education hub to undertake consumer financial research and education. We are also continuing to roll out “Making $ense of Money” for teenagers and the “Adventures of Agent Penny” for primary school students, so that young people in China learn good financial habits and values from an early age.

To promote financial education in China on a much wider scale, we were delighted to host the 2008 Citi-FT Financial Education Summit in Beijing.

With the theme of “Reducing Financial Vulnerability: Innovation & Impact,” participants from China and more than twenty other countries and territories learned about some of the most innovative and progressive financial education programs, as well as the methodologies and challenges related to measuring the effectiveness of financial education.

As this was such a unique knowledge-building forum, we have compiled this publication for 2008 Summit delegates who would like to deepen their understanding of some of the featured programs, or for those of you who were not able to attend.

Citi is looking forward to partnering with the Pearson Foundation and the Financial Times again on the 2009 Citi-FT Financial Education Summit in Singapore, and we thank them for sharing our strong commitment to financial education.

ANDREW AU
CEO
Citi China
The Financial Times is delighted to have been associated with the Citi-FT Financial Education Summit 2008 and to have helped organize in Beijing one of the largest and most significant international gatherings of financial education experts and advocates ever held.

Hosting the Summit in China was particularly important given the country’s vast population, fast-growing economy, disproportionate wealth distribution, and strategic significance. Plugging the financial literacy gap in China will clearly have a positive impact, not just across mainland urban and rural society, but also in the Asian region and worldwide.

The financial crisis has highlighted how damaging the lack of financial knowledge and skills can be for individuals, families, communities, and entire nations across developed and emerging markets. The Summit in Beijing succeeded in gathering key stakeholders from around the world to discuss how governments, NGOs, and private-sector institutions can develop, implement, and measure the most effective financial education programs.

The focus was on innovations that could enhance already-established programs and help launch new ones, and also on the thorny issue of evaluation—the best ways to measure the outcome of financial education programs across various social and age groups. It was enriching and enlightening to listen to practitioners share their experiences in these areas and discuss how programs could be customized for different environments.

The focus on innovation and assessment also allowed the conference to expand the discussion to behavioral economics and impact measurement systems in other life-skills education.

Based on the feedback we received, it’s clear that many of the participants learned new approaches and methods and made important contacts that we hope will help boost financial literacy efforts, not only in China, but in many other countries.

We would like to thank the Citi Foundation and the Pearson Foundation for spearheading the annual Financial Education Summits and also for co-sponsoring this publication, which summarizes some of the key issues and learnings generated by the very successful event in Beijing.

GEOFF DYER
Beijing Bureau Chief
Financial Times
INNOVATION AND IMPACT

Once again, the Pearson Foundation is proud to have helped host and sponsor the Citi-FT Financial Education Summit.

This year, the changes in local economies that took hold just before our gathering underscored the need to make the most of exemplary financial literacy strategies and programs around the world. More than 220 Summit delegates arrived in Beijing, all of them considering ways they could continue to do more in this most uncertain time to assist the people they serve. They were hoping to learn from innovators who could help them enhance and scale their existing programs, and to fine-tune their own assumptions about what makes a successful financial education program worthy of continued support in such an unprecedented, difficult economic climate.

This collection of profiles presents the expertise and experiences of some of these individuals—and it documents clearly the success of the organizations they represent. Our hope is that stories of their challenges and successes will be of service to those similarly considering their own approaches to innovation and assessment in financial education.

- A first group of profiles brings together international representatives from Sri Lanka, Malaysia, the United Kingdom, and Australia. Each has developed a particularly innovative solution that delivers focused financial literacy support to young people, to consumers, to members of marginalized communities, or to financial investors.

- A second group provides similar insights into effective ways to introduce impactful assessment within local program design. These delegates and their organizations collectively represent the United Kingdom and the United States. All have developed metrics that help them better recognize and scale local program successes. All have also uncovered important lessons as they in turn considered changes and improvements to their existing programs as a result of what they learned.

Of course, there’s always more to such stories. To learn about these exemplary organizations in greater detail—and to hear firsthand from other individuals who helped to make the 2008 Citi-FT Financial Education Summit so compelling—please visit the Summit website at www.FinancialEducationSummit.org.

MARK NIEKER
President
Pearson Foundation
Innovation in Financial Education
After Sri Lanka was rocked by youth uprisings in 1971 and 1989, the Hatton National Bank (HNB) recognized that the health of private institution sectors like banking would be a major factor in the survival of the country. Bank executives noted the low formal savings rates in Sri Lanka compared to other countries in the region and determined that the bank had a responsibility to improve national savings habits and involve young people and the rural poor. Because banks connect people to the economy and ultimately to the progress of their country, HNB set out on a course to educate young people and the rural poor about banking, link them to the banking community, and build their awareness of the financial industry.

The roots of HNB, formerly known as the Hatton Bank, can be traced back to 1888, when the enterprise commenced business to cater to investors in the large plantations that produced tea (the country’s most famous export), as well as to small savers among the plantation workers. While the big banks of Sri Lanka operated in the city, Hatton was a much smaller bank operating in the countryside. Hatton Bank became popular in the hill regions and rural communities, where it operated through mobile banks and supplied special services, such as delivery of labor pay, on a fee-levy basis.

Remaining quite small, Hatton Bank continued to operate in its own unique way, assisting in the growth of the plantation economy that became the mainstay of post-independence Sri Lanka in the twentieth century. Then, in 1970, Hatton Bank took on national scope and the new name of Hatton National Bank as a result of amalgamation with the Kandy and Nuwara Eliya branches of the then National & Grindlays Bank Ltd. Thus, over the past century HNB has grown from a tiny rural bank with humble aspirations to become Sri Lanka’s flagship commercial bank—a leader in bringing young people into banking and the world of microfinance.

HNB’s outreach effort to the country’s young people began in 1989. Because Sri Lanka enjoys an astonishing 95 percent literacy rate and almost all children attend school, the bank approached the Minister of Education with a proposal to develop small banking units
throughout the country's extensive school infrastructure. As stated in the proposal, the goals of the endeavor were to provide opportunities for students to save, enhance students’ financial education, and help students to learn skills for possible future employment in the banking sector. The proposal was accepted, and the initiative, named *Nana Pubuduwa* (“Awaken the Knowledge”), began.

Children aged 6 to 18 can now bring money to school on a regular basis and save it in a formal bank account. These savings can be withdrawn only when a child turns 18.

According to Chandula Abeywickrema, HNB deputy general manager of Personal Banking and Network Management, 70 to 80 percent of students save for higher education, while others save in order to start small businesses after leaving school. This latter group is also able to take advantage of the bank’s microfinance program.

HNB offers students a variety of savings accounts, from fixed one- or two-year deposit products (where both the amount and term are fixed), to regular savings accounts starting at U.S.$5 (with no amount or term limits). Interest rates are approximately 15 percent per annum on fixed-deposit accounts and 4.5 percent on simple savings accounts. HNB has also developed a “big bonus” interest savings product, in which savings accounts with less frequent withdrawals receive higher interest and are not subject to withdrawal fees. HNB’s executives decided to support the bank’s long-term lending products (seven to ten years) with long-term deposit products. As a result, the bank began to offer fixed-savings products and build a stable capital base.

The process for small savers typically begins with a simple savings account and transitions to a bonus-interest product and then a fixed-deposit product. According to Abeywickrema, clients appreciate the high interest rates, which generate goodwill and promote the brand in the communities it serves.

“The bank funds the construction cost of the school banking units, with HNB branches each adopting three schools, two in the countryside and one in the city,” said Abeywickrema. To prepare students for possible future careers in banking, each year five different students manage their school’s banking unit and teach other students about financial services under the close supervision of HNB branch officials. More than one thousand student leaders now operate throughout the country at any given time, with more than twenty thousand students trained in the last ten years. To build even greater awareness in the youth community, HNB also teaches young people about loans and other banking services. In addition, the bank sponsors enrichment programs in sports, arts, literacy, and science in its partner schools.
Based on the success of its school banking program, HNB has launched several banking products for younger children. The bank gives younger children special elephant-shaped tills and opens a savings account with a 5.5 percent interest rate for them at the bank.

Schools continue to approach HNB to start school banking programs, and HNB is committed to meeting the demand, expecting to have five hundred small banking units in operation by 2013 and exploring technology-based solutions for the envisioned expansion. HNB now has more than five hundred thousand children’s and young people’s savings accounts, with a balance of over U.S.$50 million, and opens twenty-five thousand new accounts a year. The program has also become a successful marketing tool, since it attracts many parents and grandparents into banking relationships.

For its work with the rural poor, HNB chose the name *Gami Pubuduwa* (“Awaken the Village”). According to Abeywickrema, the bank views this initiative as “a total solution program, not just a lending program,” made up of four components: savings, lending, insurance, and migrant worker remittances. Its commercial interest rates are widely accepted by the target population. “People are less concerned about the interest rate than the overall long-term value of the program,” Abeywickrema said.

Abeywickrema stressed the importance of partnerships. “If we were to just talk about banking, they wouldn’t be interested. So we work with entities in the health sector, or agriculture, or the environment, to bring relevance. Then the milk farmers, for example, can see the benefit.” He explained that a banking field officer is viewed in rural areas as a respected village leader, along with the local school principal, the post office official, and the Buddhist priest.

About 10 percent of HNB’s microfinance clients receive further financial education from the bank. In addition, about twenty clients are selected each year to attend a ten-day financial awareness program in India, at the expense of the bank.

Over 70 percent of the Sri Lankan rural population had no banking relationship before HNB began its program. Now the bank has extended U.S.$60 million in credit and empowered 100,000 micro entrepreneurs, who have created employment for a further 400,000 people. HNB is actively involved in reaching out to the families of those employed by its microfinance clients, providing a total financial solution that includes savings, insurance, and housing and education loans. “I call it bringing light, life, and liberty through sustainable financial initiatives,” Abeywickrema commented.

HNB has reached close to 1.5 million people through its youth and rural poor initiatives. Although its microfinance, or “financial inclusion,” programs represent only 3 percent of
its total portfolio, HNB intends to sustain the program over the long term. The bank prides itself on its integrity, adaptability, and customer-centric focus. It is now the largest private sector bank in Sri Lanka and the only one that has downscaled to microfinance.

For more information, please visit: www.hnb.net

ABOUT CHANDULA ABEYWICKREMA

Chandula Abeywickrema is the deputy general manager of Personal Banking and Network Management and a member of the corporate management team at Hatton National Bank, where he leads several key divisions, including microfinance and agricultural banking, personal/retail banking, marketing, network management, credit cards, leasing, and pawning. Abeywickrema joined the bank in 1991. He currently serves as the chairman of both the Banking with the Poor Network and the Lanka Financial Services for Underserved Settlements (LFSUS), a United Nations Development Programme–funded organization with private and public sector participation.

A recognized innovator in microfinance, Abeywickrema was recently appointed team leader for Microfinance for the Asian Bankers Association. He graduated from the University of Kelaniya, Sri Lanka, with a Bachelor of Commerce (Special) degree. He has also obtained professional experience overseas in credit analysis, marketing, and business and leadership skills, as well as finance and banking experience in South East Asia.
CHANDULA ABEYWICKREMA’S TIPS FOR SUCCESS

1) Offer a full solution.
For the rural poor, the availability of a wider range of financial services, beyond just a bank account or a microfinance loan, is very empowering. This contributes to a deeper level of financial literacy and the betterment of individuals and the broader community, because people are able to share appropriate information with others as well as extend their financial activity into related areas as needed. For the student leaders in our youth program, learning about a range of services as well as building good savings habits prepares them for citizenship in a functioning economy.

2) Build a broad base of partnerships.
Our work in the rural areas of Sri Lanka is greatly enhanced by our partnerships with other groups that impact the lives of the local people. If villagers can hear from an expert in dairy farming, for example, how to manage their small business more effectively, financial services education makes more sense to them in the context of a larger picture. As a result, we are able to involve far more people in financial education than if we attempted to go it alone in these communities. And, of course, our partnerships with the Sri Lanka Ministry of Education and the schools throughout the country have been the foundation of our youth initiative.

3) Reach out to underserved populations.
Although microfinance represents only 3 percent of our total portfolio, we believe that we are building the business of the future for our bank as well as the economy of the future for our country. The situation we were facing in Sri Lanka, with 70 percent of the rural population not involved in banking, was not tenable for the country over the long term. Our micro entrepreneurs, along with the students who are learning about financial services, are gradually driving change in our country from the bottom up—sustainable change that will impact not only their lives but also the economy as a whole for years to come. A population educated about banking is an asset to the individuals concerned, the banking industry, and the country.
A major challenge facing the Malaysian Credit Counselling and Debt Management Agency, more commonly known in the national language as Agensi Kaunseling Dan Pengurusan Kredit (AKPK), was how to effectively reach its target groups. Although the agency wanted to work with schools and universities, agreement had to be reached with each education provider individually. The agency was able to achieve a good measure of success through the education sector, but it also determined that a wider outreach effort was called for.

AKPK was established by Bank Negara Malaysia in 2006 to provide free financial counseling, financial education, and debt management services to help individuals take control of their financial situation. The goals of the agency are to ensure continued resiliency of the household sector by helping borrowers and potential borrowers to manage debt, credit, and finances and by promoting a sound banking system. AKPK does not provide loans or financing; rather, its overarching objective is to make prudent financial management a way of life for the country’s population, with services provided to all Malaysians, not just to customers of Bank Negara Malaysia.

Malaysia has a population of 27.73 million, with a GDP of U.S.$53.9 billion. Household debt is estimated at U.S.$109.8 million, with household NPL (non-performing loan) figures at 4.1 percent. According to AKPK CEO Mohamed Akwal, “There is a general consensus in Malaysia that most people are not financially literate. Although more than 80 percent of people have access to banking, most lack experience and good skills, particularly those who do not complete their tertiary education.”

The agency focuses on facilitating debt repayment efforts and minimizing the incidence of non-payment arising from poor debt management. The program provides services in three areas—personalized debt management; one-on-one counseling and advice; and a financial education program that covers money management and the proper use of credit, along with tips on using credit responsibly and managing debt.

Over the last three years, twelve of Malaysia’s twenty-four public universities have adopted the AKPK program, and the feedback from students has been positive. Many have
commented that they wish they had been taught money management skills earlier in life. In July 2008, AKPK launched its book for students, *MONEY $ENSE—Getting Smart with Your Money*, at an event in Kuala Lumpur officiated by the Minister of Higher Education. Full-day programs are also offered three times a year to students who are required to undergo the country’s national service program. Annually, more than 100,000 students who have just completed high school attend in 70 locations throughout the country.

As part of a strategic alliance with the central bank, the wider outreach program offers briefing sessions tailored to the needs of various groups, including corporations and organizations, government agencies, nongovernmental organizations (NGOs), women’s organizations, the UNDP rural women’s program, and Malaysia’s National Service Program. AKPK conducts numerous road shows, exhibitions, workshops, and seminars in banks, offices, community halls, and other venues throughout the country. According to Akwal, “These one- or half-day financial clinics reach people in all walks of life, and the response has been overwhelming. Two or three sessions are conducted every day in different parts of the country, with thirty to one hundred people attending.”

An interactive website, available in English and Bahasa Malaysia, the Malaysian language, provides extensive information about the three AKPK areas of activity—financial education, financial counseling, and debt management—along with FAQs, articles, tips, and links to relevant organizations. The site also offers user-friendly features such as a self-test to determine the level of need, success stories about others who have regained control of their debts, and financial calculators to determine net worth or the monthly cost of a new purchase.

Muslims in Malaysia must attend a two-day course before they get married, so AKPK made arrangements with the appropriate ministry to include a two-hour session on money management as part of the program. In addition, AKPK works with spiritual leaders to give presentations at religious events and provide financial education as part of sermons in mosques.

AKPK has also used many innovative media-based strategies to help spread the word. The agency launched its first creative campaign in 2007 in various media, such as television, radio, print, outdoor media, and websites. Print advertising campaigns have run in magazines, on billboards, and on buses and trains.

As part of this effort, a thirteen-episode TV drama, “RM,” began in November 2008. The broadcast’s thirty-minute episodes, based on real-life AKPK cases, highlight the real-life experiences of financially distressed individuals from diverse backgrounds. It is hoped that the “RM” docudrama will stimulate viewers to take another look at their own financial circumstances and practices.
Akwal commented, “The messages in these dramas are primarily about practicing prudent financial management, adopting a lifestyle within one’s means, and being aware about financial products and scams in the market. We named the series ‘RM’ to leave it to the viewers’ imagination to perceive the title the way they want. ‘RM’ could stand for Ringgit Malaysia, Reality Malaysia, or even Ringgit Management.” [The ringgit is the Malaysian currency.]

A nationwide survey to gauge the effectiveness of the media outreach program indicated that the overall awareness level of AKPK had increased from 11.8 percent in 2007 to 41.7 percent in 2008, and that 74 percent of working adults aged 21 through 39 found AKPK’s services to be relevant to their lives. The survey also showed that television exposure had increased the awareness of AKPK from 48 percent to 89 percent, and that 73 percent of those who were aware of AKPK had a positive impression.

AKPK intends to continue its current program while expanding in several areas. The agency is planning to finalize its National Literacy Program and release a booklet on basic financial management and debt management in four languages. The “RM” docudrama will continue with a new season, and the agency also expects to begin production on a new television reality show dealing with financial education and debt management issues.

For more information, please visit: www.akpk.org.my

ABOUT MOHAMED AKWAL

Mohamed Akwal Sultan is currently the chief executive officer of the Credit Counselling and Debt Management Agency, a company wholly owned by the Central Bank of Malaysia.

Akwal has over twenty-five years of experience in the financial sector, covering both local and foreign banks. He has significant experience in debt resolution, having served in the National Debt Management Agency (which was set up during the 1997 financial crisis) as deputy general manager. He was seconded to the Development Finance and Enterprise Department of the Central Bank in 2003 to assist in setting up the Small and Medium Enterprise Special Unit and was also instrumental in establishing the Small Debt Resolution Scheme.

Akwal is a registered financial planner and obtained his Bachelor of Business Administration from Ohio University in 1979.
MOHAMED AKWAL’S TIPS FOR SUCCESS

1) Take your program into the community.
   Our program has had an outbound focus from the start, and this has contributed to our success. We do have AKPK offices around the country where we hold educational events and conduct counseling sessions, but we proactively reach out to people beyond our offices. We do not wait for people to come to us. We have reached a large number of people in community centers, through local organizations such as women’s groups, and via our media outreach program. This grassroots approach has paid off, and we plan to continue these efforts.

2) Make sure you have buy-in from policymakers before you start.
   Our work has been greatly facilitated by our relationships with senior officials in the ministry of education and other government agencies. We were able to explain to them the purpose of our efforts and the need in our country for this type of work in order to improve overall well-being through better financial management for people at all levels. Their understanding of our goals has led to an important program of collaboration and cooperation, where we are working with a common purpose. We have also built relationships and understanding of our program with religious leaders throughout the country.

3) Develop different programs for different groups.
   It is important to ask “Who is the audience?” and tailor the program accordingly. When we are designing a financial education program for retirees, or housewives, or students, we research the needs of the target group and design the program differently to make sure we are connecting the details to their typical life experiences and concerns.
Although the country of Bangladesh has made a great deal of progress, in the British-Bangladeshi community of East London, customs and culture have changed very little since immigration began fifty years ago. Immigrants in the Tower Hamlets neighborhood have continued to follow older cultural traditions, in which women are assigned a very restricted role. Men go back to Bangladesh to find wives, who, once in the U.K., lead lives that are quite impoverished and homebound. Although women may leave the house on occasion to shop for groceries or take a sick child to the doctor, they are generally isolated, with no opportunity for education or independent self-direction and no connection to the wider community. Many are illiterate and hard to reach.

BRAC UK, established in 2006, works in the East London Bangladeshi and Somali communities to increase educational opportunities, improve health and human rights, and alleviate poverty through economic development. The organization focuses on diaspora communities in the U.K., international advocacy in the U.K., and fundraising for BRAC programs in Africa, primarily in southern Sudan.

BRAC UK follows the same principles as its parent organization, BRAC (Building Resources Across Communities). BRAC is currently the largest nongovernmental organization (NGO) in the world, with more than 100,000 employees, 72 percent of whom are women, reaching over 110 million people. BRAC began in 1972 in Bangladesh as a largely donor-funded, small-scale relief and rehabilitation project after the Liberation War. Its mission is to alleviate poverty, empower the poor, and uphold human rights in Asia, North America, the U.K., and Africa, where it has a particular focus on southern Sudan. BRAC works in four main areas—microfinance, health education, non-formal primary education, and human rights and legal aid.

In 2008, as part of its diaspora outreach program in the Tower Hamlets, BRAC UK undertook a financial needs assessment in which more than three hundred people—two hundred women and one hundred young people—were interviewed. Eighty-six percent of those interviewed were aged between 15 and 44 years. Fifty-one percent had no formal education, 23 percent had a secondary-level education, and almost one-fourth had
graduated from high school or had some college-level education. No one interviewed had any previous exposure to money management in any form.

According to BRAC UK executive director Sandra Kabir, the needs assessment led to a money management program designed to help women take control of their lives using personal finances as a tool. The term “money management” was selected over “financial education” at the request of those interviewed.

The goals were to help women learn:

- How their everyday spending added up to large sums over time
- How they could save money by budgeting, reducing utility bills, and signing up for specialized services
- How saving, banking, and money management skills could improve their lives and be passed on to future generations

Since many of the women were illiterate even in their own language, BRAC UK determined that finding the right mode of communication would be key to the program’s success. In addition, a major objective was to contact those who were hardest to reach. Consequently, the organization piloted an innovative method of sharing information on the doorstep, using Bangla-, Somali-, and English-speaking community organizers, with two-hour sessions designed to meet current needs and maximize impact. “Our sessions are led by people from the community—men and women,” said Kabir.

The program also provides one-on-one outreach at food co-ops and community events. “We work with community organizations, churches, and mosques—anywhere the community, particularly the women, is comfortable congregating,” said Kabir, who also explained that the timing has to be right. “Between 11:00 a.m. and 1:00 p.m. is the best time for the women—after the children have gone to school, after the women have made breakfast for their husbands, and after the men have left the house for a while.”

The first component of the program, Kabir explained, is to help the women understand how much money is coming in and what bills have to be paid. Since many men in the community are not working but receive benefits, which they collect at the post office, some wives do not know how much income the family receives. The program teaches them what they need to know. Then the women learn to differentiate between what is essential and what is not, how to prioritize, and how to save better.

Kabir explained that large recent increases in the cost of gas and electricity have been particularly difficult for poor people in the U.K. “The program teaches the women how to scout around and look for better suppliers. We tell them—these are three questions you can ask, this is the bargaining you can do.” Another simple technique encourages women to go shopping together to take advantage of the “three-for-the-price-of-two” bargains.
offered in many supermarkets. “Finally, we cover bank and credit union products and services,” Kabir noted. “We explain what kinds of accounts are available and even loans. If they don’t already have a bank account, they start thinking about it. If they do already have one, they start evaluating if it best meets their needs or if they should look around.”

The response has been very good, according to Kabir. With only one full-time coordinator, as of November 2008 the program had reached 673 women and young people through group sessions and one-on-one communication. Many women have asked for more advanced sessions, which the organization hopes to offer in 2009, as it starts to prepare its next level of support for the community. The next group of sessions will focus more on bank and credit union products and services, as well as on microfinance. “For women who are interested in starting a small business,” said Kabir, “we plan to have microfinance loans available and help them with business planning.”

The organization is well aware that some of this activity may be problematic within families. However, “BRAC has a lot of experience worldwide with this issue,” according to Kabir. “We recognize that there can be difficulties regarding how the family views the situation, the power structure within the family, and so on, and of course we don’t want to create conflict in the family. We have developed successful programs to address this issue in other parts of the world, and these programs involve men as well as women. We plan to adapt those programs to the situation here in the U.K.”

BRAC UK now plans to expand into a more proactive advocacy role, working with other groups in the community to incorporate financial education into existing programs. The organization is also investigating the needs of Somali young people in North West London and reviewing how a program in this area could be linked to its efforts in the Tower Hamlets.

For more information, please visit: www.bracuk.net

ABOUT SANDRA KABIR

Sandra Kabir has worked in international development since 1976, predominantly in the areas of women’s health and development. She has extensive experience in the design and implementation of poverty alleviation and people’s empowerment programs in Asia, Africa, and the U.K., as well as in fund-raising and advocacy.

Kabir began her career in Bangladesh as a program officer for the southwest Asia regional office of FPIA and went on to establish the Bangladesh Women’s Health Coalition in 1979 and play a major role in the creation of El Taller, a worldwide NGO movement based initially in Spain and then in Tunisia. She was awarded the international STIMEZ0 Prize in 1988 for her contribution to making abortion safe worldwide.
In 1995, Kabir moved to the U.K., where she served in senior roles with Interact Worldwide, Reproductive Health Alliance, and ICOMP. In 2006, she established BRAC UK, where she initiated and led the organization’s local and international efforts, in particular its highly regarded work on money management education in East London. Kabir has participated in Bangladeshi and U.K. government delegations to United Nations conferences, was an elected councillor of the London Borough of Brent until May 2006, and serves as a school governor and on the boards of several U.K. nongovernmental organizations.

SANDRA KABIR’S TIPS FOR SUCCESS

1) **Design your program to fit the culture and customs of your target group.**

   The success of our program is due in large part to our awareness of our target group’s cultural habits and limitations. Although the women we sought to reach live in the capital city of a Western country, their lives are quite “ghettoized” and very different from the lives of the population at large. For example, since these women rarely leave their homes, we met them on their doorsteps. Since their husbands are home most of the day, we met them in the short window of time when the men leave the house.

2) **Provide practical money-saving tips that your target group can begin to implement immediately.**

   The women in our program learned that small savings in the grocery store and on utility bills add up quickly—and this was a very empowering experience for them. Our practical tips included providing questions to ask about utility bills, strategies for comparison shopping, and shopping in a group to take advantage of supermarket offers. Small but immediate successes gave them the confidence and motivation to continue their efforts.

3) **Design your banking education program at the level of your target group.**

   Once the women in the Tower Hamlets realized that it was possible to save money through budgeting more carefully and following our practical tips, many became interested in opening or changing their bank account. Our initial introduction to banking and credit union products and services was at a very basic level, with information in their own language targeted to their needs and level of understanding. We expect to move on to the next level of education in this area when we roll out our more advanced sessions.
Most high school students have a sense of unreality about the stock market and are unaware how it impacts their daily lives or the lives of their families. Similarly, many members of the general public are mystified by the workings of a stock exchange. The Education Division of the Australian Securities Exchange (ASX) decided to address this situation and engage Australia’s high school students and interested members of the public by developing a game that would be fun, interesting, and relevant to their lives.

A precursor to the ASX, called the Australian Associated Stock Exchanges, was founded in 1937. An initial venture into the world of educational games was realized with a paper-based game conducted by the Perth Stock Exchange in the 1970s. Then, after a merger of state exchanges to form the ASX, the game took advantage of the Internet and moved online in 1997.

The game operates as a parallel market to the real stock market—not a simulator—so that players have to deal with the actual stock market processes as they occur in real time. Orders are placed into the game and matched out at the same prices as those of the underlying market, with a maximum of ten orders a day, buy or sell. According to ASX CEO and managing director Robert Elstone, “If you were creating a market simulator for people to learn about the market, you would never create market events like these. People would say it is too unrealistic. But the game is never unrealistic, it is reality.”

According to Tony Hunter, ASX head of education services, “Most people don’t absorb information if they don’t see its relevance. For example, teaching kids about managing credit cards is academic when they don’t have a credit card. We designed our game to be real and to give players a stake in the outcome—a sense of relevance. We think this provides a succession of ‘teachable moments’ that could not be achieved through a simulation model.”

Prices in the game match the real ASX market, with the ASX technical team managing both the game and the actual market, ensuring that there are no delays. Although the resource commitment is considerable, “Students start talking to their parents, and the parents get interested,” said Hunter, “so there is a social benefit as well. That’s why we’ve had such a long-term commitment to this project.”
Students are given a hypothetical A$50,000 to trade over a ten-week period, to match the length of a school term. They play the game individually or in syndicates as part of a school subject—commerce, general studies, or math—or as an extracurricular activity. They can win money, including A$2,000 for their school, and winners are flown to Sydney for a special ceremony with parents, ASX executives, and invited guests from the finance industry.

ASX has found that educating teachers is an essential component of its high school program, since many teachers are unfamiliar with the world of the stock market and lack confidence in this area. A wide range of teacher support materials includes lesson plans, getting started resources, online audiovisual presentations, and online courses.

Extensive rules and help are posted online, including troubleshooting tips and teacher and student FAQs. The associated website also includes instructions on what to do before the game starts, reviewing the company list, setting up a personal watch list, doing research, using charts, identifying winning sectors, and developing a trading strategy.

An online newsletter educates students on the historical development of the stock market, reports on which schools are leading the game, and discusses market movements. It also asks students for feedback and any tips they would like to share with other players. A weekly email shows them how they are performing and how they rank compared with others.

ASX is pleased with the learning outcomes but has also found that it is important to maintain a sense of proportion. “We can’t get into too much theory or students lose interest,” said Hunter, who notes that efforts are continually being made to refine and improve the teacher support program: “The game is part of the curriculum for a wide range of years and subjects. In the past, we’ve had a one-size-fits-all approach to teacher materials, but now we are starting to tailor things more to individual subjects and year levels.”

The adult version of the game for the general public runs in fifteen-week sessions. Most players are either new to the stock market or relative newcomers who want to try out some trading plans before committing “real money.” According to Hunter, some players conduct paper trade, write down their intended buys and sells on a piece of paper or a spreadsheet, and use the watch lists on MyASX; but they are also attracted to the game because of its immediacy.

People who participated in the final game for 2008 sought to learn about the market during one of the most volatile periods in the history of the Australian sharemarket. Only 2 percent of people made money during that game, compared to previous games, where returns of 30 percent or 40 percent were not uncommon over the fifteen-week period. “But the interesting thing is that people often find the game more enjoyable in these challenging times than during sustained upward trends,” Hunter commented. “That’s because they
are playing the game to learn about the market, and during these periods they better understand the risks and the unpredictability.”

In addition to ensuring that the game runs in parallel to the real market, the technical team takes care of web security and troubleshoots problems on an ongoing basis. The game also requires additional support and coordination efforts. The marketing staff manages promotional collateral, media relations, sponsor relations, and the awards ceremony, with additional staff responsible for podcasts, teacher resources, and newsletters. A sharegame coordinator sets up and monitors the games and manages teacher-student liaison.

The game has been successful in driving traffic to the ASX website, where visitors generally research company announcements, use price charts, get share prices, and take online education courses. The game has also been successful in bringing people together across the vast landscape of Australia, attracting players from both cities and remote regions. ASX does not, however, view the game as a lead generator, but rather as an educational tool that requires a long-term commitment of resources.

The ASX Sharemarket Game is widely regarded as the leader in its field. Three thousand high schools—half the high schools in Australia—and more than forty thousand students play the game, and both students and teachers have reacted positively. Hunter relates the surprising finding that when students lose money (for example, in a bad market), they not only “learn a lot” but actually “find it more stimulating.”

For more information, please visit: www.asx.com.au

ABOUT TONY HUNTER

Tony Hunter is head of education services for the Australian Securities Exchange (ASX). After a career teaching in Australia and overseas, Hunter joined the education and media division of the Melbourne Stock Exchange, where he managed a futures market in individual shares. He then established the ASX warrants market after the formation of the Australian Stock Exchange. In 1993, he took on a broader derivatives business development role, covering warrants and exchange-traded options.

When growing retail participation in derivative markets prompted the introduction of an adviser accreditation regime in the late 1990s, Hunter managed the process of rule change, regulatory liaison, course development, and exam content. In 2002, he took over all retail investor education, including the ASX Sharemarket Game, derivatives adviser accreditation, and online content.
TONY HUNTER’S TIPS FOR SUCCESS

1) Keep it real.
Real-world stock market activities, with the opportunity to make trades in an online world parallel to the real market, hold players’ attention and teach them the skills they need to participate in the real market. Simulations are far less effective in motivating and teaching participants and reinforcing the desired learning outcomes. Players respond very positively to a sense of reality.

2) Be realistic.
Be careful not to be too ambitious in the scope of your project. It’s much more effective to develop practical, realistic goals and seek to achieve those well than to overextend the scope of a project. Remember that teachers have to deal with a lot of curriculum priorities. It’s important not to expect too much in terms of the time and effort they can devote to the game.

3) Teach your teachers.
Teachers are generally not investors and may be unsure in the beginning whether they have the skills to manage the project and teach students about the stock market. If you can provide good teacher materials and help teachers feel confident before they start, they will enjoy the project, their enjoyment will be infectious, and they will be much more successful in engaging their students in the game. In addition, confident teachers will help spread the word about the project to other teachers through viral marketing.
Impact Assessment in Financial Education
Many Americans in underserved communities throughout the United States are not involved in financial services. In particular, a substantial number of elderly people, young people, individuals facing retirement, and those who must rebuild their lives after a unique life circumstance (such as an illness or natural disaster) do not understand how money management can improve their lives and their circumstances.

To educate groups such as these about personal finance, and to empower them to make sound decisions toward reaching their financial goals, the Colorado-based National Endowment for Financial Education (NEFE) was established more than twenty years ago as a nongovernmental organization (NGO) and independent, nonprofit, nonpartisan foundation. Throughout its existence, NEFE has focused keenly on working with young people. More recently, NEFE has also moved into helping other target groups improve their life circumstances. A core component of the NEFE strategy is collaboration with partner organizations.

NEFE’s primary effort is the NEFE High School Financial Planning Program (HSFPP), which is provided to public and private high schools free of charge and additionally operates in other community settings, such as juvenile detention centers and summer camps. Partner organizations for which HSFPP has become the high school financial literacy curriculum of choice include Junior Achievement, Junior ROTC, the Cooperative Extension Service, and the National Academy Foundation, bringing some welcome consolidation into this area. Over six million copies of the initiative’s student guide have been distributed, and the program has been taught in an estimated 200,000 classrooms.

HSFPP is a complete money management curriculum. The program, updated every three to four years and now available online in Spanish, focuses on risk management, goal setting, savings, credit, and the time value of money. Students study needs versus wants, the importance of setting aside money for future needs and wants, and the costs of buying on credit. They learn to “think outcomes, not outputs,” with outcomes defined as the benefits they can expect to see as a result of changing their money management behavior: new knowledge, new skills, changed attitudes, modified behavior, and improved life circumstances.
Teacher training is an important component of HSFPP. NEFE recently launched a research program with six national universities to look at where and how teacher training on personal finance issues can fit into their overall programs, the goal being to improve the financial well-being of teachers so that they in turn feel empowered to instruct students on this topic. According to Brent A. Neiser, NEFE director of strategic programs and alliances, “It’s very important to get the teachers excited about financial education and make sure they are not intimidated by money issues. High-quality, tested materials are important, but the intermediaries are important too.”

In an evaluation conducted by the University of Minnesota, the percentage of HSFPP students who said they knew the difference between needs and wants increased from 42 percent before the program to 70 percent upon completion of the program, and to 81 percent three months after the program. Similarly, the percentage of those who said they understood the costs of buying on credit increased from 12 percent to 31 percent and then to 50 percent; the percentage of those who said they were setting money aside for future needs and wants increased from 19 percent to 30 percent to 36 percent; and the percentage of those who said they believed the way they managed money would affect their future increased from 33 percent to 59 percent to 73 percent. “Students improve their skills in the program, and after they leave the program, behavior change continues,” said Neiser. An earlier University of Minnesota evaluation also pointed to the success of the NEFE high school program, and a new study is being launched in 2009.

NEFE promotes the importance of ongoing evaluation. An underlying tenet of the organization is that measuring success is essential to make sure programs meet the needs of students and secure support from stakeholders. The NEFE Financial Education Evaluation Online Toolkit helps educators understand evaluation concepts, apply them to their programs, and document the impact on students. The toolkit consists of a manual and an easy-to-use evaluation database with templates and forms for several different types of program formats.

Neiser cautioned organizations planning an evaluation to look at both the effectiveness of the evaluation and the effectiveness of the program. He advocated measuring levels of continued improvement, impact, demand, and usage, as well as follow-up incentives and relationship and reputation building. He also advised that participants, clients, and donors should all be given the opportunity to learn from each other’s comments.

Neiser pointed to an evaluation of the FDIC’s Money Smart program for young people as a good example. This study found that 43 percent of those surveyed who were without a checking account before participating in the program had opened one by the time of the follow-up survey; 37 percent of those formerly without a savings account had opened one; and 61 percent of those who had not been using a budget or savings plan had begun to use one.
Other positive behavior changes were reported: The study found that 69 percent of participants said their level of savings had grown after the program, while only 3 percent said it had declined and 28 percent said it had stayed the same. Further, 53 percent said their level of debt had declined, while 12 percent said it had increased and 35 percent said it had stayed the same. Also, 58 percent of respondents said they were now more likely to comparison shop, while 15 percent said they were less likely to do so and 25 percent said that their comparison shopping behavior had not changed.

Beyond its high school program, NEFE has expanded to work with various groups of people in unique life circumstances. NEFE creates customized information and messages for organizations such as Habitat for Humanity, the American Cancer Society, and the American Red Cross to help people understand how money management affects their life circumstances. For example, NEFE developed a handbook to help new Habitat for Humanity homeowners understand the financial details of home ownership and manage their new lives.

NEFE has also worked with the American Red Cross and the Federal Emergency Management Agency (FEMA) to upgrade the financial education component of their disaster preparation and relief program. Here the goal is to help people prevent personal financial disaster after a natural catastrophe, with world-class information and tools provided onsite at a fitting time by trained counselors, so that those affected can take appropriate action to better themselves.

According to Neiser, people are motivated to learn money management skills if they are exposed to the right resources, sensitive targeted messages, and appropriate financial education programs. “The bottom line is behavior change, long as well as short term,” he said. “People can learn about delayed gratification, the importance of savings, and managing debt. They can internalize new behavior and develop a long-term focus by learning how to project themselves mentally and emotionally into the future. This is a little bit about sacrifice, but it’s also about the hunger to learn what they can do to help themselves and their communities. It’s a lifelong process. It doesn’t happen overnight. But people can learn for themselves and share their new skills with others—family and friends.”

Neiser commented that the Citi-FT Summit taking place in the Asia-Pacific region provided the opportunity for “sector labels to fall off and for us to get down to people’s needs, no matter what, no matter where.” Neiser pointed to many commonalities in terms of low-income and marginalized people, people needing credit, people suffering from an excess of credit, and people without savings for emergencies. “The U.S. is an Asia-Pacific country also,” said Neiser, “and we have just as much at stake in getting it right, learning from others, and sharing.”

For more information, please visit: www.nefe.org
ABOUT BRET A. NEISER

Brent A. Neiser is director of strategic programs and alliances for the National Endowment for Financial Education. His major focus is on developing financial education initiatives through collaboration with nonprofit organizations. Neiser also directed NEFE’s think tank on retirement income decumulation (www.decumulation.org) and led the development of a comprehensive personal finance Internet platform (www.cashcourse.org) to educate college and university students about their personal finances. He leads public policy and government affairs strategy and has worked on financial literacy issues with the U.S. Department of the Treasury and Congress, including a recent Congressional testimony.

Neiser is a fellow with the Center for Social Innovation at the Stanford University Graduate School of Business. He previously served as the executive director of the Institute of Certified Financial Planners, and he holds a Master of Global Studies degree with an emphasis on Public Diplomacy and International Security (University of Denver), an MBA (University of Louisville), an MA (Occidental College), and a BA (George Washington University).
BRENT A. NEISER’S TIPS FOR SUCCESS

1) Tailor your financial services education program to the appropriate level and circumstances.

We have been successful in both our high school and other community-based programs largely because we are sensitive to the level and needs of each target group. When we are working with high school students, for example, we talk about their future need to manage a salary, college expenses, and independent living, as well as about their current need to manage their allowance or income from an after-school job, stay within budget, and learn to think ahead. For people recovering from a natural disaster, clearly we need to focus on certain expenses—housing, transportation, health care, etc.—that may have been affected by the disaster.

2) Evaluate and incorporate improvements on an ongoing basis.

We feel that measuring the success of our programs has been key to our progress and improvement over the years. Without a constant evaluation loop, it’s impossible to know what’s working and what’s not. Regular evaluation cycles have allowed us to incorporate improvements on an ongoing basis to better serve our target groups. We have also found that it’s important to continually review our surveys to make sure we are asking the right questions in the right way and seeking out the best information to continually refine our programs.

3) When working with young people, don’t forget the teachers.

Our HFSPP high school program includes a seven-unit print study guide for the student, an instructor’s guide, and a dynamic website with a wide range of resources for teachers, parents, and students. Although the program is very complete, we know that the level of financial literacy and comfort with financial issues among the teachers who deliver the course is key to its success. That’s why we are working with several universities to see where we can improve our efforts in this area.
Despite a lack of understanding about what works, many organizations around the world—private sector entities, governments, and nongovernmental organizations (NGOs)—continue to invest in financial education programs for the general public. However, although it appears that consumers are using various financial education resources and tools, there is only limited evidence of success.

The Personal Finance Research Centre (PFRC) at the University of Bristol in the U.K. is based in the School of Geographical Sciences. Much of its early research concentrated on the difficulties of financial inclusion after the closure of bank branches. Its mandate has now broadened to focus on social research across areas of consumer personal finance that serve the policy interests of most countries, including financial exclusion and inclusion, credit use and over-indebtedness, financial capability and decision-making, and money management and savings.

Consumer financial education tools are developed by numerous entities, including governments, not-for-profit organizations, financial service regulators, and banks and credit card companies. For example, the New Zealand government developed the highly regarded Sorted program; the U.K. Financial Services Authority (FSA) developed Money Made Clear; and the U.S. Federal Reserve developed the Federal Reserve Economic Data program. The range spans web-based information and tools, printed booklets and brochures, board games, computer games, CD-ROMs, TV and radio shows, videos, and mobile phone technology.

According to research reported by PFRC research fellow Adele Atkinson, financial services education provision from Standard Bank’s E Plan in South Africa was seen as a model in the 1990s. South Africa has continued to develop financial education, with innovations such as educational videos playing in bank branches, shopping malls, taxi ranks, trains, and buses. Other examples of the range of financial education tools include an educational television game show in Poland, computer games from the U.S. Treasury, and online self-paced education from the Open University in the U.K.
Consumer education tools offer several benefits not provided by face-to-face communication, including flexibility, repeatability, interactivity, speed of understanding, worldwide reach, and lack of time constraints. However, they also offer some challenges, including demand creation, clarity, distribution, and avoidance of marketing messages. Web-based tools contend with a particular challenge in that visits are usually brief.

According to Atkinson, consumers need a variety of different ways to learn—tools they can take away and use as they see fit—plus the opportunity for face-to-face interaction for those who prefer it. Atkinson advocated a consumer “toolbox” of education, information, and advice; but she also stressed that complex financial products such as mortgages require regulation as well as education, to provide a basic level of security across the board.

Very little is known about the effectiveness of the various tools and resources, however. “There is a pressing need to better understand the effectiveness of current financial education programs,” said Atkinson. “We need to look at directing funds into evaluations. Most organizations presumably have some sense that their efforts are worthwhile, but more evaluation is needed to share the results and learn from best practices. We need to promote a culture of evaluation and sharing results—both good and bad.”

One evaluation example cited by Atkinson is an FSA initiative in the U.K. The FSA promotes public understanding of the financial system, working alongside government, the private sector, and charities. In partnership with the PFRC, the FSA embarked on an initiative to review its financial education literature and websites targeted at several groups—children and young adults, employees at work, pregnant women, the disabled, and the elderly. The goal was to benchmark its strategy compared with other initiatives around the world. The FSA was able to identify the aspects of financial literacy that caused the most difficulty—planning ahead and choosing products—and the people who needed the most help, including young people and parents with children.

However, since little evidence currently exists about the overall effectiveness of the FSA strategy, Atkinson explained that a second survey is planned to identify improvements in the levels of financial capability across the U.K. But even this new survey will leave many questions unanswered. “While the survey results might indicate that the strategy has been successful overall,” said Atkinson, “they won’t tell us what worked, or how it worked.”

Although understanding of what works is still limited, the available evidence indicates several things. First, most people prefer to learn from a real person in one-to-one counseling or small groups. Second, it seems that people have been able to change their behavior after receiving financial education. Third, financial education does not always improve knowledge. Fourth, increased knowledge does not always lead to improved behavior.
The existing evidence provides some reassurance that financial education can make a difference. However, according to Atkinson, to ensure continued funding of the right projects and to make the best use of resources, we also need to be able to answer several questions:

- Which target groups benefit most from education?
- What should be taught, and how much is enough?
- When, where, and how should education be delivered?
- Who is the most appropriate provider?
- What is the best way to measure success?

Despite the number of financial initiatives underway, answers to these questions remain elusive because program aims are often imprecise, education is combined with other initiatives (making it difficult to isolate the impact of the education), the number of variables is large, or funding is too small to allow evaluation. New programs do not always include an evaluation process, and there is no consensus on what an evaluation should measure. In addition, many of the existing evaluations have small or unrepresentative samples. There may be data collection problems, previous levels of competence may be overlooked, and confounding factors such as an economic downturn are rarely reported.

Hitherto, there has been little consensus on what to measure, how to measure, or the period of time the measurement should encompass. Sample size and design have generally been inadequate, with unrepresentative samples, high rates of attrition, and a lack of control or comparison groups. Data collection has often been an issue, and there has been a reliance on self-reported changes. Few before-and-after surveys, little follow-up, and a tendency to measure knowledge and confidence levels rather than behavior have all contributed to the confusing picture.

Although qualitative studies have been helpful in developing a general understanding of people’s wants and needs, their experiences, their level of satisfaction, and the reasons for different outcomes, these studies cannot measure the size of the effect. Some quantitative studies report only counts or percentages and, ironically, often collect far more data than is used, with no attempt to explore the data. Statistical interpretation and reporting are generally lacking.

In general, according to Atkinson, we would be more confident about the findings of evaluations if we routinely looked for evidence that things have changed, rather than simply asking people whether they have changed their behavior. “And even when both the project and the evaluation have been well designed,” said Atkinson, “we often struggle to draw conclusions because the evaluation report does not make clear which results are statistically significant.”
Moving forward, Atkinson advocated for agreement on the purpose and desired outcomes of financial education, more use of national surveys to identify target groups and priority topics, international comparison surveys, and programs with clear objectives and in-built independent evaluations.

“To begin to make progress in this area, we need a design that allows comparisons across initiatives and a clear reporting structure at sensible intervals,” Atkinson commented. She also proposed before-and-after measures, adequate sample sizes, methods of ensuring low attrition during longitudinal surveys, and reports that provide full information about methods, effect size, statistical significance, and insignificant results.

“Evaluations should be designed to give a measure of impact and information from which we can generalize,” said Atkinson. “To do this, we need to create valid outcome measures. We need to test people before and after they receive education and try hard to follow up with them later. A control group should be identified so that we can find out what happens to people who do not receive the education. We need independent evaluations, with reporting structured to facilitate learning.”

For more information, please visit: www.pfrc.bris.ac.uk
ABOUT ADELE ATKINSON

Adele Atkinson is a research fellow at the Personal Finance Research Centre, University of Bristol. She has over eight years’ research experience covering various aspects of education and personal finance and is a co-author of the U.K. Baseline Survey of Financial Capability. She has provided advice to the designers of financial capability surveys in several countries and is currently working with the World Bank to design a survey instrument to measure financial capability across less-developed nations.

Atkinson is also a member of a European consortium that is creating innovative financial capability learning games and was an advisor to the BBC Raw Team, which has recently developed online financial capability resources.
ADELE ATKINSON’S TIPS FOR SUCCESS

1) Consider the role of evaluation when designing consumer tools.

When designing financial education tools for consumers—websites, brochures, or computer games—first decide what you would like to know about their impact on your target groups. It’s important to set clear and achievable objectives from the start and consider how you would measure the outcomes, the necessary sample size, and other factors, such as how you might identify a suitable control group. This will allow you to feed results back into your program and build a continual improvement loop.

2) The “toolbox” should include information, advice, and regulation, as well as a range of education approaches.

Since different consumers learn in different ways, it’s important to have a range of approaches available. Some consumers, particularly young people, may be more responsive to digital education programs such as computer games, TV shows, videos, or cell phone technology. Many consumers who read brochures and literature, or visit websites, may also need face-to-face contact to ask questions and move to the next step. Others may be comfortable only with face-to-face interaction with teachers and facilitators. However, the other tools in the toolbox—information, advice, and regulation—also play a key role.

3) When designing a financial education program, look at the existing evidence.

Much can be learned from the range of financial education programs around the world. For example, if you are designing a scheme to develop a savings habit, look at what savings programs already exist that reach your target group, and speak to the organizations that have developed these programs.

Consider using the same delivery methods, whether web-based, print-based, or classroom-based. And bear in mind the type of education you wish to provide—promoting knowledge and skills or changing attitudes and behavior—and see what has already been done along those lines that is relevant to your program. If these existing programs have not been formally evaluated, consider whether you might be able to test any claims that certain methods are effective, or that particular outcomes are likely, in order to build a firm evidence base for future initiatives.
Expanding the Global Financial Education Program

Financial education is not a new idea. But in the developing world, where poor families need basic money management skills to stay ahead of the next crisis, such training is scarce. Many poor people are good money managers. They develop strategies that serve them well in environments where the available financial services are largely informal and often include accessing finance from family, friends, and moneylenders. However, these strategies are not always transferable to accessing formal financial services effectively.

The Global Financial Education Program (GFEP) was started in 2003 to improve levels of financial literacy among low-income households in developing countries and to move microfinance clients toward the goal of making informed choices about the use of financial services. It is the first large-scale global program targeted at those just above and below the poverty line in developing countries. Led by a strategic partnership between two U.S.-based organizations, Microfinance Opportunities and Freedom from Hunger, it develops curriculum and trains a broad range of service organizations. The curriculum is disseminated around the globe through train-the-trainer events and technical assistance. GFEP develops new curricula and tracks outcomes on an ongoing basis.

Financial education as implemented through GFEP empowers the poor to make wise financial decisions. It teaches people how to save more, spend practically, borrow prudently, and manage debt with discipline. It can also help more experienced learners understand an array of financial services from money transfers to insurance.

In the context of microfinance/microenterprise development, GFEP views financial education as the next training frontier. Overlooked for decades, financial education is a complement to the more common business skills training. It is broader in scope and more relevant to a wider range of learners—anyone who makes decisions about money and finances.

To develop its financial education curriculum, GFEP conducted market research and pilot testing in partnership with groups in Africa, Asia, and Latin America. According to Microfinance Opportunities senior technical advisor Jennefer Sebstad, “Our from-the-
ground-up curriculum development is based in the field, and we also cross-test and share the findings.”

The curriculum is based on adult learning principles, with guidance on implementation, market research, outcomes, and adaptation. Trainers’ guides were developed, along with train-the-trainer manuals and content notes. Managers and trainers have been able to use the various components to adapt the materials to local needs and target populations. International partners contributed to the design of the curriculum, which is available in English, Spanish, Russian, Portuguese, Arabic, Chinese, and French.

Five core-curriculum training modules were developed over a three-year period spanning 2003 to 2005:

- **Budgeting:** *Use Money Wisely*
- **Debt Management:** *Handle with Care*
- **Savings:** *You Can Do It!*
- **Bank Services:** *Know Your Options*
- **Financial Negotiations:** *Communicate with Confidence*

Beginning in 2006, four new modules were developed with different partners. Each module was designed to target a specific population or product:

- **Young People:** *Your Future, Your Money*
- **Remittances:** *Make the Most of Them*
- **Risk Management and Insurance:** *Protect Your Family’s Future*
- **Consumer Protection:** *Balancing Rights and Responsibilities*

GFEP has encouraged a variety of dissemination channels. It works with partners such as financial service providers, microfinance networks, training institutions, and other development organizations. Various activities are used to disseminate financial education, including regional and country train-the-trainer workshops, end-user training conducted by partners, and other channels such as radio and print.

GFEP’s train-the-trainer program is designed to disseminate financial education throughout the world. A series of workshops uses a cascading approach to train staff on the GFEP core curriculum, who then in turn train others in their networks, organizations, or target populations. During the eight-day workshop, participants are trained in adult learning principles and practices, GFEP training methodology and techniques, and market research, to adapt to the local context and to measure outcomes.

Since 2006, GFEP has conducted fourteen train-the-trainer workshops around the world. Regional workshops have been conducted in Latin America, Southeast Asia, Central America, the Middle East, North Africa, and East Africa, and country-specific workshops have convened in the Philippines, Russia, Uganda, Pakistan, India, Brazil, Colombia, and China.
During that same period, GFEP directly trained and provided technical assistance to 313 master trainers from nearly two hundred organizations in forty-five countries. As a result, these trainers have in turn trained more than 5,400 country trainers and 350,000 end users. Financial education messages have reached almost nineteen million people through media including radio, television, print, music, dance, and drama.

According to Sebstad, studying impacts presents several challenges, such as deciding:

- What to study the impact of
- What to study the impact on
- When to study what
- Which programs to study

GFEP implementers feel they have played a role in moving toward greater financial literacy in their target groups. The GFEP inputs (financial education and experience) have led to a set of outcomes (improved financial knowledge, skills, and experience), which have in turn produced further changes in financial behaviors and practices that have led to increased assets, reduced vulnerability, improved financial capabilities, and greater financial well-being.

Many of the recipients of financial education came to the program in an “unbanked” state. Exposure of the unbanked to the GFEP curriculum has increased trust and understanding of the formal financial sector. A savings culture has begun, and the knowledge and skills to improve money management have been provided. Participants are being equipped with the knowledge and skills to make more informed financial decisions.

The GFEP leadership defines capability as the ability to act or to do something if one chooses. Financial capability is a key impact that occurs as a result of access to financial education. “We view financial capability as a critical dimension of financial well-being,” said Sebstad, “strengthened through a combination of financial knowledge and experience—education and the opportunity to apply it—reflected indirectly through behavior change.”

For more information, please visit: www.microfinanceopportunities.org

ABOUT JENNEFER SEBSTAD

Jennefer Sebstad serves as a Microfinance Opportunities senior technical advisor for the Global Financial Education Program and as a member of the steering committee. Formerly affiliated with the Ford Foundation, Sebstad is a well-recognized exponent of impact assessment and client assessment in microfinance. She served as a key member of the USAID-funded AIMS team from 1994 to 2002 and now contributes to financial education programs for young people worldwide.
JENNEFER SEBSTAD’S TIPS FOR SUCCESS

1) Adapt the curriculum to the local context.

The GFEP curriculum was developed with on-the-ground partners, and this has been key to its success. Grounded in the financial challenges facing low-income populations, the content reflects their money management priorities and recognizes that decisions about financial management and financial options will be based on their life circumstances. Local partner organizations and input from the local community are key to the curriculum development process.

When working with the poor in the developing world, it is essential to recognize local social and economic contexts. People need to be able to relate the new information on financial services to their current circumstances and local communities, and to see how the new information can affect their day-to-day lives. A one-size-fits-all curriculum is unlikely to be effective, as confirmed by field research.

2) Develop a participatory pedagogy.

It is important to base any program targeted at adults in the developing world on adult learning principles and effective ways to reach adults. Trainers must actively involve adult participants in the learning process and serve as facilitators. They must solicit participants’ perspectives about which topics to cover, let them work on projects that reflect their interests, and allow the participants to assume some responsibility. Adults have accumulated a foundation of life experiences and knowledge, and they need to connect learning to this knowledge/experience base. Adults are typically practical, goal oriented, and relevancy oriented. They want to understand the reasons for learning as well as the benefits.

3) Develop a flexible and scalable curriculum.

A scalable curriculum that can be adapted to different countries and communities is essential in any broad-based effort. When the curriculum is presented in a classroom training format, the participants can take it, modify it, and use it in different ways. Some have taken the GFEP content and made it into a comic book, radio program, or dramatic performance, incorporating ideas, key messages, tangible tools, and practical applications.
Looking at the issue of how to help individuals in the United States become more financially capable, the New America Foundation recognized that many financial education programs exist throughout the country, but that most reach only a few dozen or a few hundred people. Although all communities are in need, financial education is not being delivered to scale. As a result, the foundation undertook a research project to examine the feasibility of using the workplace environment to deliver financial education on a larger scope.

The New America Foundation is a nonprofit, nonpartisan public policy institute that invests in new thinkers and ideas to address the next generation of challenges facing the United States. The foundation’s mission is animated by the American ideal that each generation will live better than the last—an ideal that is under strain today. The organization emphasizes work that is responsive to the changing conditions and problems of the information-age economy of the 21st century—an era shaped by innovation and wealth creation, but also by shortened job tenures, longer life spans, mobile capital, financial imbalances, and rising inequality.

With the goal of bringing promising new voices and ideas to the forefront of public discourse in the United States, the New America Foundation spans a wide range of issues in its policy papers, articles, events, and in-house expertise. These issues include economic growth, education, energy and the environment, family and children, fiscal policy, foreign policy, health policy, ownership and assets, political reform, retirement security, telecom and technology, and trade and globalization.

According to Karen L. Murrell (senior research fellow in the New America Foundation Asset Building Program), who led the workplace feasibility research project, “Financial education doesn’t take place in schools in the U.S. The next-best environment for a large-scale effort is the workplace.”

The foundation set out to examine why some employers provide financial education and why many do not, as well as to identify opportunities and develop policy recommendations. Several challenges were identified, including low demand from consumers, lack of evidence about best practices and effectiveness, the nonexistence of a national infrastructure to
coordinate and ensure effective practices, and a weak financial education distribution system for children and adults.

At the same time, the project defined the growing need for such education resources, recognizing that many consumers are unable to make critical personal financial decisions, that financial decisions are becoming more complex, and that there has been little success in teaching financial literacy at the high school level. “The workplace provides an appropriate environment for this much-needed work,” said Murrell, “since it reliably concentrates adults into somewhat homogeneous groups.”

The foundation reviewed the available findings, including a special Gallup-NFIB survey and surveys conducted in Pennsylvania and Wisconsin, and conducted interviews with employers and third-party providers. It determined that, particularly in small- and medium-sized companies, the benefits to employers of providing financial education to employees included ERISA compliance, 401(k) nondiscrimination, improved employee morale, the perception of social responsibility, and the ability to attract and retain workers.

According to Murrell, the level of support among employers has been mixed. “Some have been leaders and have provided broad-based financial education. Most provide retirement education but not general money management education. We found that the reasons to provide or not provide financial education varied widely based on the type of company. Small and medium companies were more likely to provide financial education because they felt they could provide it, because salaries were not high, and because it would make a difference. Most larger companies saw it as a cost issue and were not providing financial education unless they had to do so to comply with regulations.”

Although the research found that the cost varied according to the scope of the financial education program, the type of delivery, and the teacher or facilitator, employers cited the already high costs of benefits—a third of the cost of labor—and rising health insurance costs as a major factor. Non-retirement-related financial education is not a qualified benefit, taxable to the employee, and few employees valued financial education and viewed it as an attractive benefit. In addition, although employees may have been under financial stress, the research found that employers found it difficult to relate productivity to any one stress factor.

In terms of opportunities, the research showed that there is great value in providing financial education to the less well-compensated component of the workforce. According to Murrell, “Lower-compensated workers are more difficult to reach. They are less educated and less interested in financial education. But they have the greatest need and the greatest potential. Incentives and compulsion are effective with this group, and viral marketing is effective. Workers pass on the word to friends and co-workers, who value their personal endorsement and recommendation. However, single workshops are not effective with this group. A sustained program is needed.”
Based on its research findings, the foundation has developed several policy ideas to support financial education in the workplace, including:

- Changes to the tax code to qualify financial education
- Pilot programs, which experiment with best practices and begin with committed employers, to reach lower-paid workers
- Self-regulatory organization status for third-party providers based on a code of ethics, competence to teach, and effective disclosure
- In the longer term, inversely progressive tax credits for effective implementation
- Mandated financial education in K–12, linked to standardized tests, with funding for teacher training
- Just-in-time financial education opportunities for adults
- Public awareness campaigns to build demand
- Expanded evaluation of financial education activities
- A financial services corps to ensure access to financial planning services
- National standards for financial education
- State-provided financial education for TANF (Temporary Assistance for Needy Families) recipients

For more information, please visit: www.newamerica.net

**ABOUT KAREN L. MURRELL**

As a senior research fellow in the Asset Building Program of the New America Foundation, Karen L. Murrell explores and advances policy innovations in financial services and asset-building fields. She also plays a leadership role in shaping the program’s policy work to promote effective financial education.

Murrell is the founder and president of Higher Heights Consulting and Training, a privately held firm that works with the financial services industry to develop programs and products to improve the financial well-being of lower-income consumers. She has also held leadership positions at Fannie Mae and the Fannie Mae Foundation, where she launched initiatives to increase home ownership. She has developed several financial education publications for corporate clients and financial publications in multiple languages.

Murrell is the co-author of *You and Your Money: A No-Stress Guide to Becoming Financially Fit*, which examines the impact of societal change on personal finances and identifies the character traits of financially savvy people.
KAREN L. MURRELL’S TIPS FOR SUCCESS

1) Don’t reinvent the wheel.
Organizations wishing to embark on this type of work should start with a thorough review of the materials and programs that are already available. A wide range of curriculum resources already exists, and many current resources can be used or adapted to different needs. This saves time, incorporates the expertise and past experience of various groups, and allows for the development of a more targeted program.

2) Work with partners.
Financial education is very wide-ranging, with many issues needing to be addressed. However, it’s important not to tackle specialized issues without the assistance of specialized partners and organizations. Look for groups with expertise in a particular area, such as debit and credit management, and see how you can learn from their findings and recommendations and incorporate their work into your program. Including the work of experts in niche areas will lead to better and more complete programs and products.

3) Know your audience.
Before you develop a program, it’s important to thoroughly research your target audience. Make sure you understand their needs as well as their preferences in terms of program delivery, so that you can develop a program targeted to their needs.
USEFUL WEBSITES

• Australian Securities Exchange: www.asx.com.au

• BRAC UK: www.bracuk.net

• CashCourse: www.cashcourse.org

• Decumulation.org: www.decumulation.org

• Hatton National Bank: www.hnb.net

• Malaysian Credit Counselling and Debt Management Agency (AKPK): www.akpk.org.my

• Microfinance Opportunities: www.microfinanceopportunities.org

• National Endowment for Financial Education: www.nefe.org

• New America Foundation: www.newamerica.net

• Personal Finance Research Centre: www.pfrc.bris.ac.uk

CITI WEBSITES

• Citi Financial Education: www.citigroup.com/citi/financialeducation

• Citi Foundation: www.citigroup.com/citi/foundation

• Citi-FT Financial Education Summit: www.FinancialEducationSummit.org