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**“Financial Literacy” –
A comparative study in selected countries**

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Preface

In Germany, over 7.3 million people are considered 'overindebted'; this means that more than every 10th adult is not able to cover his/her liabilities with the income available. This situation is frequently triggered off by the loss of employment or a divorce; however, many households lack the basic knowledge to handle their personal budgets. But this is not the only reason why measures targeting the strengthening of financial literacy are gaining more and more importance. Financial markets get increasingly complex and are almost inscrutable for the consumer. At the same time, there is a rising necessity to provide for one's old age on an individual and long-term basis.

But financial literacy is not only an issue for industrialised nations; it is even more important for developing and transformation countries. When combined with other measures of development cooperation, financial literacy can essentially contribute to combating poverty. Only if the individual person is able to understand the functioning of at least simple financial services and make appropriate use of them, he/she is in a position to improve his/her personal economic situation on a sustainable basis. Also on a macro-economic level, financial literacy is of utmost importance for the alleviation of poverty: Only if there is sufficient demand for financial services, (micro) finance institutions are able to reach an adequate number of customers and give sustainable access to financial services even in rural areas.

What are the special features of successful financial literacy measures / programmes, what are the central problems, which local partners are suited best to improve the level of financial literacy? To find answers to these questions, the Sparkassenstiftung für internationale Kooperation commissioned external consultants with a field study on existing financial literacy measures in Mexico,

Botswana, South Africa, Namibia and Vietnam at the end of 2006 / beginning of 2007. In these regions, Sparkassenstiftung is working as implementing agent of German development aid, and our partners are strongly interested in strengthening their capacities in the field of financial literacy. Based on the results of the individual country studies, this paper presents the different approaches of financial literacy, describes the effects of success (or even failure) and gives hints to the factors of success and the options for action of German development cooperation. The results of the individual country studies are summarised in a table which is attached in the annex. On individual request, the detailed country studies can be ordered from Sparkassenstiftung.

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Executive Summary

Financial literacy is intended to empower individuals to handle financial resources effectively, with a view to sustainably improving their individual living conditions and those of their families.

The theme of “financial literacy” is an international new-comer that has only been discussed intensively at the international level for a small number of years. At its core are individual people, the aim being to develop their financial skills and abilities to such an extent that they can make decisions independently and on a financially meaningful basis. This theme has struck a particularly strong chord in developing and transition countries where national financial markets have become more complex but where, at the same time, the ongoing mainstreaming of microfinance within national economies has opened up new opportunities for reducing poverty. Indeed, people need a minimum level of know-how merely to use simple financial services that will allow them to sustainably secure their livelihoods. However, financial (basic) literacy is not just important for the individual. From the macro-economic perspective, a financially literate population is of major importance in terms of combating poverty. Only if this knowledge is on hand, (micro) finance institutions can reach a sufficient number of customers, and so operate sustainably (in rural regions too).

Also in industrialised nations too, the theme of (financial) literacy has now moved into the spotlight. The EU’s White Paper “Financial Services Policy 2005 – 2010” highlights the significance of financial education for EU Member States. The Sparkassen-Finanzgruppe recognised this theme’s relevance a number of years ago and has been supporting financial literacy in Germany through various facilities, such as its “Geld und Haushalt” (Money and Private Households) mechanism and the “Sparkassen School Service”. Sparkassenstiftung (English abbreviation: SBFIC) partner institutions have been mainstreaming financial education into their work for a while now and are looking to strengthen their capacity in this field.

Against this backdrop, external experts were mandated to conduct studies on financial literacy in Mexico, Botswana, South Africa, Namibia and Vietnam at the end of 2006/start of 2007. The aim of these studies was to obtain a comprehensive overview of financial education in the respective countries, to identify success-determining factors and arrive at action plans for German development cooperation.

1. Context

The political, cultural and geographical framework conditions underlying financial education in the five countries looked at in the study were all different. General literacy rates in the countries concerned are all at a similar level on average (with deviations for certain population groups, gender or places of residence). However, in all five countries, secondary and tertiary level education is less widely engaged in than primary education, whereby primary education does mostly tend to be mandatory. High literacy rates do not mean much at all though in terms of the population's financial literacy and certainly do not make financial education superfluous, although they do make it easier for people to access information and thus lower the risk of financial difficulties.

2. Why provide financial education?

Financial education promotes a better understanding of financial services, thus empowering individuals to make the best use possible of the resources they have at their disposal and improve their quality of life. Educating people financially helps stop them from falling into excessive debt and raises their level of savings. It also strengthens people's chances of making provisions, say for their old age (via savings and insurance products), an important factor given the small number of fully-fledged social security systems.

Financial education has its limits though. Preventing excessive debt through literacy training can only be effective, if the income is able to secure the given household's survival in the first place. Financial literacy training can and should complement measures in other sectors – general education, regulation, strengthening of financial institutions.

3. Actors in financial literacy

Providers of financial education can be broken down into:

- Authorities and other state-run organisations
- Non-governmental organisations/private organisations
- Formal, semi-formal and informal financial institutions

Whilst state organisations and some NGOs fulfil an overarching, social mandate (facilitating education, preventing poverty), financial institutions regard financial education as a meaningful starting point for the use of their services and products. Financial literacy helps strengthen (potential) consumers and reduces risks for the service providers. Often financial institutions respond in this way to state regulation, as is the case in Namibia, South Africa and in the meantime in Mexico too. At the same time, financial education measures offer institutions a chance to promote their own products.

4. Target groups

The country studies have shown that target groups in the countries looked at differ greatly from one initiative to the next, whereby measures were designed to target particularly high-risk groups as well as groups particularly worthy of support:

- School children and young adults
- Women
- Marginalised, rural population groups
- Heavily indebted individuals
- Multipliers
- (Potential) clients of financial institutions

5. Range of measures

In all five countries in this study, there are virtually no systematic approaches and programmes in the field of financial literacy. Instead there are a lot of isolated, individual measures and initiatives. In spite of country-specific differences, certain themes are focused on in all of the countries concerned:

- Understanding and using the range of financial services
- Savings behaviour and household planning
- Risk management (debt prevention)

The following distribution channels are of special importance (individually or in combination), if the targeted group is to be reached:

- Public education establishments/curricula
- Use of printed media
- Use of other media
- Organisation of events having an educational component
- Training
- Personal supervision and counselling

6. Costs

Financial literacy is essentially funded by government budgets, international donors and sponsors (including foundations) and financial institutions. The precise costs of financial education measures are often difficult to assess, since in many institutions they are merely a “by-product” and thus not listed as a separate item in the budget. Furthermore, commercial providers, such as financial institutions, are especially coy when it comes to divulging their costs. Ultimately, any comparison of figures is limited, since different price levels exist and because demands in terms of the quality and scope of measures differ considerably between the various countries.

7. Success-determining factors

Measuring success in the education sector is generally a very difficult undertaking – and financial literacy training is no exception here. Determining the level of effectiveness and correctly attributing changes in conduct often constitute particularly difficult tasks. Nevertheless there are certain factors that, country and continental frontiers notwithstanding, can help make a measure succeed:

- Clear objectives and assignment of priorities
- Credibility
- Demand-oriented products (based on market analyses)
- Context-specific alignment
- Use of adequate media
- Quality of measures implemented
- Distribution and organisation
- Networks and partnerships
- Permanence and repetition of contents
- Sufficiently secure resources

8. Challenges and possible action

The theme of financial literacy is established to different extents in the five SBFIC partner countries that took part in the study. In quantitative terms, it is best represented in southern African countries, whilst Vietnam with only two offers of training, is essentially just starting out. In Mexico there are currently eight organisations offering financial education.

Even though the contexts differ, the challenges facing the individual countries are similar in nature:

- Raise awareness of the importance of financial literacy, both amongst (potential) providers / political actors and amongst (potential) consumers.

- Coordinate measures and specify minimum standards for financial education measures; develop instruments for measuring the degree of success (and thus for monitoring success).
- Strengthen impact across the board by mainstreaming this theme into school curricula and / or by having suitable financial institutions implement financial education measures.

What is the upshot of the individual studies in terms of possible courses of action in German development cooperation? In principle, it can be said that measures should be initiated for all of the afore-mentioned challenges. However, since a minimum level of sound, basic knowledge is required to use even simple financial services, and since (micro) finance institutions can only operate sustainably if they have a sufficient number of customers, components that promote financial education inputs should be mainstreamed into existing (micro) finance offers. In countries that have greater needs (because there are hardly any offers or because key target groups are neglected), it makes sense to promote specific projects that develop financial education measures and implement them with suitable partners.

In Mexico with its large number of inhabitants, the main focus is on strengthening the broad-scale impact of financial education measures which have concentrated to date more on the country's urban centres. Potential partners here include CONDUSEF and / or the savings banks associations which could offer training in rural regions too via their member banks.

The challenge in sparsely populated Botswana is to incorporate basic financial literacy into the school curricula and to establish a nation-wide offer of financial education for adults. Potential partners here include a regulatory authority that is currently being set up as well as associations of financial institutions.

The supervisory authority in charge of microfinance institutions in Namibia, NAMFISA, whose mandate also covers the theme of "financial literacy", is a possible partner for setting standards and for coordinating financial education measures (especially via microfinance institutions).

In the Republic of South Africa the challenge is essentially one of developing clear-cut guidelines for financial literacy programmes and of coordinating various initiatives in dialogue with the different actors and in cooperation with other development organisations.

Given Vietnam's still very small-scale offer of financial education measures, efforts could be made through ongoing dialogue with the Ministry of Education and Training to have the theme mainstreamed into the school curricula. Furthermore, it would be expedient to have organisations with nationwide operations, such as the Women's Organisation or the Vietnam Bank for Social Policy (VBSP), engage in broad-scale implementation.

1. Background

Insufficient access to financial services (credit, savings and payment transactions) is a key obstacle on the road to (economic) development in developing and transition countries. However, potential consumers often lack financial know-how too, be it with regard to the kind of services on offer or their correct usage. This also applies to industrialised nations too, as the numbers of indebted households in Germany clearly shows. The EU's White Paper "Financial Services Policy 2005 – 2010" also highlights the importance of financial literacy for EU Member States¹. Having identified the relevance of this theme many years ago, the Sparkassen-Finanzgruppe has since committed itself to promoting financial literacy in Germany through various means, such as its "Geld und Haushalt" mechanism operated by Germany's savings banks association, the Deutscher Sparkassen- und Giroverband (DSGV), and through the "Sparkassen School Service" run by the Deutscher Sparkassen Verlag.

Given the increasing complexity of national and international financial markets, the theme of "financial literacy" has become more important, especially in developing and transition countries. Knowledgeable consumers are of decisive importance – they help keep the financial service market working. Once low-income earners, the poor and marginalised population groups understand what financial products are (such as savings, transfers, microloans), they then become potential customers of (micro) finance institutions. We are talking here about specific and purpose-oriented demand which helps secure the

1 Cf. in particular Chapter 2.6 of the White Paper, Users of financial services: input, education and redress, where the EU points out that.... "there is a need for increased awareness and direct involvement of citizens in financial issues. To strengthen the demand side and promote good investment choices, e.g. for pensions, it is essential to increase transparency and comparability and to help consumers understand financial products."

long-term existence of (micro) finance institutions. Informal financial service providers (e.g. traders, money lenders etc.) potentially become less important, because well-informed customers are no longer prepared to accept overpriced loans or other financial products that fail to conform to market conditions. This is particularly crucial in rural areas, since any decision by a (micro) finance company to open up a branch office at such a location depends on it having a critical mass of customers.

Appropriate offers of basic financial education that are taken up by large numbers of people thus not only contribute substantially to the achievement of the UN objective “Education for Sustainable Development” and to the reduction of poverty as well as to improvements in individual people’s living conditions but, through the widening and consolidation of the finance sector, also help – particularly in connection with other measures – to prevent poverty and foster rural development.

2. Study Implementation and Objectives

What kind of financial education offers do developing and transition countries have? What kind of experience has been gained with them and what has helped them to succeed? Given the growing demand on the part of SBFIC partner institutions² in various countries (wishing) to integrate elements of financial literacy training in their offers and to expand their capacity in this field, the study under review was implemented in five selected developing and transition countries. The regional focal points are southern Africa (Botswana, Namibia, Republic of South Africa), Latin America (Mexico), as well as Asia (Vietnam). The study was conducted by local and international experts that have been living on site for longer periods of time and who thus have sufficient experience of the given country to be able to assess the linguistic and cultural appropriateness of the various offers.

Financial literacy is intended to empower individuals to handle financial resources effectively, with a view to sustainably improving their individual living conditions and those of their families³. This includes information materials that look at key aspects of the theme of “credit”, programmes that teach school students about savings, but also training offered by microfinance institutions aiming to teach their (potential) customers how to draw up a balance sheet. On top of this, individual measures target special themes (such as

2 SBFIC partner institutions that already offer financial literacy training include, inter alia, South Africa's TEBA Bank and the TYM Fund in Vietnam (within the scope of credit meetings).

3 The OECD defines financial literacy as “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”.

how to operate ATMs correctly or stock-exchange investment games that are intended to explain the workings of the real stock market).

The study covered the following thematic areas in the five selected countries:

- a) Inventory and brief description of the education offers available in the field of financial literacy.
- b) Assessment of the impacts had by the individual offers on the targeted population groups (students, adults); where appropriate, description of the (unintended) impacts on other groups.
- c) Brief analysis of the key factors that contribute/have contributed to the success (or failure) of a given measure.
- d) Summary of situation at the outset and of the need for financial literacy training, as well as an assessment of ongoing measures. On the basis of existing measures, preparation of recommendations for the future design of financial literacy training for the countries concerned and identification of potential agencies to execute such measures.

A standard reporting format was specified so as to make it easier for the individual countries to compare the studies (cf. also Annex 1, Terms of Reference). Section 3 below contains a summary of the individual studies, focusing in particular on the success-determining factors in financial literacy training. Section 4 looks at the different possibilities open to German development cooperation in this field.

3. Summary of Individual Studies

3.1 Context

The study focused on five fundamentally different countries on three continents with different histories and distinctly evolved cultures, standards and institutions – and each with different starting points for the theme of “financial literacy”. These differences – but similarities as well – are briefly outlined below from a political and educational perspective. In Western terms, only four of the five countries are classified as democracies. Vietnam, a country with a socialist past and post-socialist⁴ present has been in a state of radical change for the past 20 years or more. The process of Doi moi – renewal - launched in 1986 heralded wide-sweeping economic reforms, which still shape the country’s economic dynamics to this day. Positive growth and development rates have led to increasing prosperity for the nearly 85.3 million inhabitants – albeit with differences in urban and rural areas.

Contrasts of this kind between social groups are to be found in the other four project countries too: Mexico, with more than 108.7 million inhabitants, has been confronted by growing socio-economic disparities between urban and rural areas, but also between the north and south of the country, since the mid-nineties. The three project countries in southern Africa - Botswana, Namibia and South Africa – are struggling with similar inequalities. The Republic of South Africa with around 47 million inhabitants wields the most power in this region. Following the collapse of the Apartheid regime in 1994, this country has undertaken key steps towards establishing a socio-economic system

4 Vietnam has made the transition from a centrally planned economy to a capitalistic free-market economy; nevertheless there are still many cases of state intervention.

that is fair to all. However, unemployment, high HIV/AIDS rates, poverty and criminality remain pressing social problems.

Namibia, which today has some 1.89 million inhabitants, did not gain independence from its southern neighbour South Africa until 1990. With its natural resources, sound infrastructure and access to markets, this country has an enormous economic potential, but one that has not been exploited to the full as yet. A lack of diversification, large disparities between poor and rich and a high rate of HIV/AIDS of nearly 20% are holding back development.

In contrast, Botswana, which is a direct neighbour of both Namibia and South Africa, has experienced extremely dynamic development in past decades, making this country with its 1.82-million-strong population into one of the few middle-income countries in the region. In spite of progressive political commitment in the field of social policy and the promotion of civil society, Botswana too is faced with the negative humanitarian, societal and economic effects of the AIDS pandemic.

Regardless of their political and economic differences, all countries can present similar success stories in the field of education. In principle, all countries have relatively high general literacy rates amongst the younger members of the population: in Vietnam some 93.3% of all young people are able to read and write, in Mexico 96.6 %, in South Africa 93.9 %, in Namibia 92.3 % and finally in Botswana 89.1 %. With regard to general adult literacy, the rates are only marginally smaller, although they are always above 85 %.

And yet, virtually all of the countries have gender-specific, ethnically-specific and / or regionally specific differences. Furthermore, various factors in the individual countries are jeopardising the successes achieved.

Vietnam, as a post-socialist country, essentially has a well-educated population which attaches considerable importance to education. The general literacy rates here are on average in excess of 90%. Men and women enjoy equally good access to education, although problems do exist in some rural regions. The risk of education standards dropping – which incidentally has often been seen in other post-socialist countries – would appear negligible for Vietnam where there is a high level of interest in education, both on part of the government and individual citizens.

Mexico has succeeded in recent years in evening out differences in male and female literacy. Indeed, in many disadvantaged areas, literacy campaigns

have achieved a quite considerable level of success. More than 70% of young people now attend a secondary-level school. However, although progress has been made in recent years, some considerable differences in quality persist – as becomes clear on analysing the figures for students completing their school education – whereby the more prosperous north sets itself apart from the poorer regions in the south. Furthermore, literacy rates amongst the ethnic Indian population are well below the average rate (around 60%).

The average general literacy rates in the south African countries involved in the study are also quite high. In relatively prosperous Botswana, some 92.1% of men in the 15-24 age group are literate; and the rate for women in the same age group is even higher at 95.6%. In Namibia literacy rates for men over 15 are just around 87%; the rate for women in this age group is 83.5%. The considerable success had by literacy campaigns in recent years manifests itself in a literacy rate that has risen to 92.3% among the under-fifteens. The story is similar in the Republic of South Africa – in general adult literacy rates are quite high (87%) and the rates amongst younger members of society are even higher.

Nevertheless, in both Namibia and South Africa, the quality of education differs greatly depending on ethnicity. Just as in the other countries, education levels in poorer urban (townships) and rural regions are below those in wealthier urban areas. What is more, there are qualitative differences in teaching capacity for various subjects – they are often still below par in English, mathematics and natural sciences.

Success in the fight against illiteracy in these southern African countries is at risk on various fronts. The countries concerned are the target destinations for a large number of refugees from neighbouring, poorer regions where the illiteracy rates are higher, leading to an increase in illiteracy rates in these countries too. Providing education for the children of refugees is a difficult task – the upshot being that a large number remain unable to read and write. Furthermore, there is the high rate of HIV infections resulting in the death of parents and teachers. A lot of children are orphaned and unable to continue their school education, because they are forced to earn a living. In the medium term, both of these factors lead to a worsening of the education situation.

Being illiterate does not necessarily mean however that people completely lack financial competence – in the countries concerned, there are people who, in spite of being unable to read and write, actively and successfully participate in economic life as employees or as micro/small entrepreneurs and who have

their finances under control. Conversely, being able to read, write and do basic maths does not necessarily imply that the person concerned has attained a (sufficient) level of financial literacy. Even well-educated individuals still require support in certain complex areas, such as old-age provisions for example. Nevertheless, people have a greater chance of finding themselves in an economically difficult situation, if they lack basic financial literacy, since their income will tend to be more in the lower brackets and they will not be able to procure key information, or not enough. On top of this, the existing level of education has to be taken into account when designing financial education measures. Even a clear, straight-forward brochure on the risks of taking out a loan is useless, if the target group is unable to read it.

3.2 Why provide financial education?

What significance is attached to the theme of “financial literacy” in the five societies involved in the study? What is the rationale behind financial education, which specific problems can be resolved through financial literacy?

1. Understand how financial issues correlate: Having basic knowledge about the way in which financial issues interact (what is my available income, what is a contract, what does interest mean etc.) makes it possible for a person to make correct use of the various types of financial services. This in turn enhances personal living conditions – because more money can be put aside as savings, because budgets are under control, because the best-priced money transfer options can be identified or because loans can be handled “sensibly”, i.e. no untenable levels of credit are taken on and offers of credit can be compared instead of succumbing to the one that looks cheapest at first sight. Together with regulatory measures, knowing how finance works offers protection against deceit. In general economic terms, this should lead to greater use of financial services and strengthen the respective national financial sectors⁵.
2. Avoid debt: If used properly, financial services can improve living conditions. Conversely, insufficient financial literacy can mean that fewer or abso-

5 Greater use of financial services has a range of other effects too. In Namibia, people often do not invest savings in pecuniary interests but in cattle instead, most of which are kept in the north of the country, resulting in increased land degradation here. Thus, the use of financial services can have positive impacts on the environment.

In Vietnam too, savings were for a long time “invested” in hens – however the outbreak of avian flu caused thousands of households to lose their savings. At the same time, the importance of financial institutions increased.

lutely no savings are made. In extreme cases, this can lead to serious debts, for example in cases where a person is unable to assess the true costs of a loan, with the result that even smaller credit payments soon mount up. This situation is aggravated by the fact that, in some of the countries looked at, the financial sector is very difficult to fathom, and is only partially regulated. Thus even informed consumers have a hard time comparing offers. Let us look at South Africa by way of example where a large number of consumer loan providers are engaged in serious competition. The offers are not transparent and there are not enough provisions in place to protect the consumer (such as the obligation to state the effective interest rate). Lacking the knowledge they need to compare these offers and having a desire after many years of discrimination to own televisions and cars etc., (as in the Republic of South Africa following the end of Apartheid), people are now eager to access credit of this kind. Most borrowers succeed in repaying these loans, albeit at great cost and effort. However, the spin-off effect is that it seriously restricts their ability to form any savings. What is more, it often leads people to take out further (even more expensive) loans, either to pay off existing credit or because they lack savings later on to purchase long-term consumable goods. Thus, this kind of credit often culminates in a debt trap⁶.

3. Strengthen own financial safety net: If the social system is lacking (because the state's budget is too low and tax income too meagre to build up a social security system in the first place or because social security within the context of the larger family breaks down due to AIDS), private insurance cover and/or own savings offer people a chance to protect themselves should times get hard. In the absence of proper insurance markets, it is mainly private savings that are of greatest importance. Financial literacy can help people handle their personal budgets with greater awareness and so mobilise (additional) savings. This is of relevance to all the countries involved in the study, but particularly to post-socialist countries such as Vietnam. Prior to the transition to a free-market system, people's lives were mostly planned out, as were their income and hence social welfare. Since there was very little scope for consumption, people were forced to save. In future, as the state cuts back its range of welfare mechanisms, Vietnam's citizens will have to assume greater responsibility for securing their livelihoods. Experience from other post-socialist countries confirms this. In the African

6 Competition pressure not only means that the number of indebted households is rising in South Africa but in its neighbouring countries too, since credit suppliers are expanding their activities to these countries too.

countries involved in the study, it is essentially the aftermath of AIDS that is making it more important for people to make their own provisions.

4. Improve living conditions: When used correctly, financial services can help people save more, make provisions to secure their livelihoods and enable them to afford more at a later date. This applies to all echelons of society, but it is especially important for households generally more at risk. This is because, with their low budget, they need particularly good plans and planning tools, since planning errors can swiftly bring about permanent financial ruin for poorer households. Life-enhancing measures are all those measures that aim to make (micro) small enterprises financially literate – starting with the preparation of simple balance sheets through to more complex themes, such as the correct financing of investments. A lot of microfinance institutions offer their customers corresponding training. Given that many (very) small enterprises are family run, positive interactions are generated between the measures. Thus, by planning available income carefully, it is possible to reduce the amount of money that has to be borrowed. Conversely, sensible borrowing leads in the medium-term to an increase in available income and opens up new prospects with regard to provisions for old age or sickness.

However, it is within the context of poorer population groups that the debt-avoidance approach through financial education reveals its limitations: financial literacy and sustainable financial planning are vital in order to promote welfare – if however the financial basis is not sufficient and people are unable to get by on their income, then financial literacy cannot provide a way out of the debt trap. This applies particularly if non-insurable or only inadequately insurable risks come into play.

With many problems (such as excess debt or no savings), financial literacy measures can and should complement others; for example, general education measures, the fight against AIDS or consumer protection measures. Financial literacy measures by no means obviate the need to regulate financial institutions. This applies to the creation and consolidation of financial institutions having nationwide operations. If a rural household succeeds in raising its level of savings through better budgeting, this is undoubtedly to be welcomed. However, it remains economically ineffective, if the household concerned does not have access to financial services that would facilitate the profitable and above all safe investment of these savings – be it because the next branch office is 50 km away or because deposits can only be accepted as of a certain amount. Seen from the other side, (micro) finance institutions, especially in

rural regions, can only operate on a sustainable basis, if a sufficient number of customers can generate savings and/or are able to handle credit.

3.3 Between self-interest and social responsibility – Who has a stake in financial literacy?

In principle, stakeholders in the field of financial literacy can be put into three categories, whose motives and interests in providing financial education differ:

1. Authorities and other state organisations, such as schools and extra-curricular educational institutions, central banks, supervisory authorities and consumer protection associations
2. Non-governmental organisations (national and international) / private
3. Formal, semi-formal and informal financial service providers

Financial education providers (and those who plan to offer such services) do so for different reasons – for many it has to do with legitimate self-interests, whilst for others it is part of their social mandate and/or a key duty incumbent on them by virtue of what they perceive as being their social responsibility:

1. Generate a win-win situation – financial institutions are naturally interested in low-risk customers. Through training measures, they can strengthen the capacity of their own customers in terms of saving and long-term planning. If, after training, people save more, they are (potentially) more attractive customers for the respective financial institutions. In a wider sense, offers of this kind are really marketing activities⁷ whose objective is to acquire new customers⁸. In this context, the approach by the most successful financial education provider in Vietnam – the insurance company Prudential plc. – is particularly interesting. After the first phase of their financial literacy campaign, the project team decided to shift the target group focus from the “poorest of the poor” to the “poor” (i.e. to people with a low, but steady income). In other words, they singled out a target group that is essentially able to avail itself of the services they had to offer. This ties in with the experience gained by the German “Geld und Haushalt” mechanism, one of whose core products is in most demand amongst households with low and moderate incomes, i.e. potential Sparkassen customers. Households in precarious situations (households with serious debt) are not (primarily) targeted by this product, but are catered for by special programmes (also

⁷ Often the costs incurred by such measures are part of the advertising budget.

⁸ In Mexico there are around 30 million people under the age of 14 – if, through financial literacy training, a financial institution succeeds in attracting just a fraction of this number as new members, then the costs have certainly proved worthwhile from a business perspective.

because the difficult situation being experienced by such households demands intensive counselling and supervision that goes beyond the mere provision of information)⁹. At the same time, by providing financial education, financial institutions often fulfil their statutory obligations – financial institutions in South Africa for example are obliged to spend 0.2% of their after-tax profit on measures intended to promote consumer protection.

2. Financial literacy as part of a social and overarching state mandate – this perspective applies mainly, but not exclusively, to state institutions. Many private companies regard this as an important activity within the scope of their social programme which is often linked up with other matters of interest – companies involve employees (for example individual measures within the scope of the “Saber Cuenta” programme by Banamex, such as events for employees’ children or business management games for students) or protect themselves against workers with debts (this applies to various initiatives in southern Africa)¹⁰. Numerous national and international NGOs see it as their social responsibility to offer financial literacy training to individual groups that are perceived as being at risk or marginalised (e.g.: Promujer in Mexico, which is geared to women in five poorly developed states in Mexico). For NGOs that also offer financial services the bias is often more on the aspect of customer acquisition (i.e. they address potential customers and/or enhance NGO customer potential, thus empowering people to access their NGO’s financial services). But state institutions are not completely devoid of self-interest either – the programme by Botswana’s central bank for example aims, inter alia, to make it clear that it does not extend loans.

An analysis of the various measures reveals that there are only a few programmes but a great many initiatives which are often tailored to suit a small group of participants and which, owing to their high degree of specialisation, frequently generate good levels of success. Often financial literacy measures only make up a small part of measures designed to communicate skills and know-how of everyday use (e.g. as with many NGOs that have set themselves the objective of improving the living conditions of various target groups

9 The Sparkassen-Finanzgruppe is also active in this field. The “Geld und Haushalt“ mechanism works closely with debt counselling centres; Sparkasse Leverkusen is cooperating with the Arbeitsgemeinschaft Leverkusen (AGL) to provide counselling for unemployed people living on social welfare (Hartz-IV).

10 Serious debt burdens are a wide-spread problem – surveys by the Life Offices Association of South Africa work on the assumption that 50% of employees with an annual income below ZAR 96,000 (around EUR 10,000) have absolutely no financial resources left at the end of the month.

through education measures in the field of “nutrition”, “health” but also “financial literacy”).

3.4 On target: Which groups does financial education aim to reach?

Target groups in individual countries differ quite distinctly in places – this has to do with the specific context in the given country and the ongoing problems generating a need for financial education. By way of example: All of the countries in southern Africa have training offers for company employees with a low level of qualification, since this target group is potentially more prone to debt. The companies financing these training offers have a vested interest in preventing their employees from getting into such a predicament – workers with heavy debt burdens are often less reliable and there is a risk that the company will suffer damage as a result. Furthermore, offers for employees have a marketing aspect (“corporate social responsibility”). Indeed, such training offers are a manifestation of employers’ welfare obligations (the Republic of South Africa has special programmes geared to civil servants).

Measures designed to improve financial literacy can essentially be divided up into ones that are geared to particularly high-risk target groups (poor people in disadvantaged regions, people who are already in debt), and those that focus more on prevention. Often the measures do not just address the target group itself, but include multipliers and people having the wherewithal to implement education offers (i.e. to women who apply their knowledge of budget planning and thus increase the family’s savings). Some providers conduct training measures encompassing broad sections of society, without any specific focus being readily discernible (e.g. the consumer protection office CONDUSEF in Mexico).

(1) School children of different ages and young adults

A lot of providers believe that financial literacy training should start as early as possible – young people should consciously practise handling their financial resources, allowing this to become second nature. Only Vietnam presently lacks any kind of programme that is geared to school students / young people. The programmes ongoing in the other four countries sometimes concentrate on all school students in a given year, but there are other programmes and initiatives that target specific groups. For example, the Republic of South Africa has programmes for school children in grades 4- 9 who are being taught at schools in disadvantaged areas. In Namibia and the Republic of South Africa,

programmes are also geared to young adults between the ages of 18 and 25 (who are also considered relatively susceptible to debt); in Namibia, one project is specifically focusing on the “San” population group. A Namibian programme especially for school children aged between 16 and 17 is less about the basic principles of budget planning and more about generating a basic understanding of the way in which in the stock market works. The material distributed in Botswana focuses very heavily on the ins-and-outs of business start-ups – with essentially no information having been communicated on personal budget planning to date.

(2) Women

In Mexico and Vietnam, women are targeted by measures specifically tailored to their needs. Prudential Vietnam (one of the two providers currently operating in Vietnam) regards women (quite rightly) as the administrators of the family budget and thus as the individuals who are in a position to implement the recommended measures. In Mexico, the programmes are mainly geared to women who live in poorer, rural regions (such as, inter alia, the states of Oaxaca, Chiapas and Queretaro). In the countries looked at in southern Africa, women, although part of the target group (since they belong to the poorer population groups mentioned above), do not have any measures that are specifically designed to meet their needs.

(3) Population in disadvantaged, often rural regions

In addition to the above-mentioned programmes targeting women in poorer, rural regions, there are also programmes that attempt to reach all individuals within a disadvantaged region. The target groups here are often low-income groups and the programmes are frequently geared to people who are illiterate (who are generally more likely to be found in disadvantaged regions). Programmes of this type are often provided by state institutions wishing to help improve the population’s living conditions. This kind of programme is typical of Mexico and also of all of the countries looked at in southern Africa. However, the state is not always the sole provider – a commercial bank in Botswana for example is hoping to gain a stronger foothold on the region’s market by offering financial literacy training.

(4) The heavily indebted / groups susceptible to debt

Programmes geared to these target groups are mainly found in the southern African countries where debt is a serious risk for many households. The focus here is predominantly on preventive measures for employees and farm workers with a low level of education. Specific providers such as “Free to Grow” or “Ikhumiseng Consulting” mostly work on behalf of (state and private) com-

panies and conduct training sessions for groups of up to 20 people. The aim of this training is to heighten people's awareness of the need to handle their finances with care. On top of this, they also communicate practical skills that are intended to empower them to make correct financial decisions and generally handle their financial resources better,

Furthermore, in the Republic of South Africa and in Mexico measures are ongoing for people who have already fallen into debt – these are designed to show people ways out of the debt trap and prevent them from falling back into it. This kind of training is mostly intensive, interactive training in small groups, a good example of which is the work by the Life Offices Association of South Africa (LOA). LOA targets employees in state companies (via the implementing organisation Careways) and, based on a rehabilitation measure (i.e. existing debt has been reduced/cancelled), provides hands-on training at the workplace, so as to illustrate ways of mobilising savings and to point out the pitfalls and risks involved in taking out a loan. This programme is very successful (cf. also Section 3.7.2, Success-determining factors) with some 85% of programme participants attaining a positive cash flow. The Mexican consumer protection office CONDUSEF¹¹ was also set up to assist a growing number of people in debt. CONDUSEF's activities have a more preventive character – they inform (mainly via the Internet and regular publications) about the conditions underlying various financial service products¹².

(5) Measures for multipliers

A number of programmes/initiatives focus on people who operate as multipliers within the actual target group. This includes programmes for social workers/organisations in rural communities (Republic of South Africa and Mexico) that are intended to pass on their insights to the rural population they are assisting. The regulatory authority for consumer credit in the Republic of South Africa NCR (National Credit Regulator) harnesses a range of different channels to provide information on financial service products (workshops, print media etc.) for all consumers. Furthermore, there are special offers for the authority's own employees, for union representatives and employers who, in their capacity as multipliers, are to communicate knowledge about financial products. In

11 CONDUSEF (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros) was founded in 1999 and pools the activities of three predecessor institutions in the field of financial information services for consumers.

12 Whether or not CONDUSEF has been successful in tackling debt would appear questionable, since to use these offers it is necessary to have Internet access as well as other basic know-how, something that indebted/debt-risk individuals often lack, cf. also Section 3.7. Success-determining factors.

Vietnam it is credit group managers and insurance agents who, as multipliers for the actual target group (women in rural regions and potential insurance policy holders), are addressed and trained.

(6) (Potential) customers / users of financial institutions / financial services

Measures implemented by financial institutions often tend to be geared to this target group in particular¹³. This applies especially to countries in which financial institutions are obliged to invest a certain amount of their profit in consumer protection measures (such as South Africa). Financial institutions make use of the opportunity afforded by this obligation to establish contact with groups of interest to them. The focus is thus not so much on the poor, the unemployed or uneducated rural members of society, but on low to middle-income earners as well as on young people too. Given that many Mexicans do not have any faith in banks / the financial system and in view of new legal statutes and, not least, the fact that around 30 million of Mexico's inhabitants are under 14 years of age – and thus constitute huge customer potential - the theme of “financial literacy” is now also becoming more important for the Mexican bank association (ABM) as well.

NamPostSavings Bank (NPSB) came up with a particularly successful approach that combined social aspects with greater dissemination of its own company offers; namely, a model campaign that aimed to highlight the importance of saving whilst providing information on the best ways to compare products. In addition to mobilising savings activities, NPSB's aim was to disseminate a savings Smart Card which identified the user via biometric data (via finger print). The campaign not only involved various types of mass media, but its own staff members and a total of four specially founded teams who even visited remote villages to provide training, particularly for low-income earners and pensioners. These efforts paid off, as the Smart Card is now used by more than 150,000 people, and particularly by pensioners, even though they were initially very sceptical about the new technology. Besides the (successful) dissemination of its Smart Card, NPSB has seen an increase in the use of other products too. However, this measure has had yet another effect – the widespread dissemination of the Smart Card led competitors (in Namibia these

13 It is not just financial institutions that are active in this field. Apple Seeds for example, which was originally an initiative by law students from Harvard University, offers legal aid free of charge to poor members of the population. In the USA, a network of consulates, bank branches and immigrant organisations provides information on favourably-priced options for transferring money back home. These brochures have since been adapted to the Mexican context and are to be distributed via the regional offices of various social organisations. Given the present funding difficulties, Apple Seeds is now planning to engage in cooperation with the Banamex initiative “Saber Cuenta”.

are essentially four South African commercial banks) to lower their prices for similar products they are offering.

3.5 Range of financial literacy measures

3.5.1 Priority areas

In all five countries, measures targeting the correct use of financial services (e.g. credit, savings deposits, insurance) are at the forefront, followed by measures designed to promote saving (through appropriate planning of household income and expenditure). Yet another, very important area dealt with is risk management, i.e. the prevention and/or reduction of debt and the provision of information on consumer rights. The following Table provides an overview of the focal points of individual measures in the countries surveyed. Some programmes cover several fields, inter alia because many measures targeting saving concomitantly help prevent the build-up of debt. As a result, the column totals exceed the number of measures presented in the individual studies. The category “other measures”, for example, includes initiatives designed to clarify the role of the central bank, initiatives that communicate skills needed to manage a micro/small enterprise and initiatives that explain the way in which the stock market works.

Overview of priority areas:

	Household and budget planning / promotion of saving	Use of financial services	Risk management	Other
Mexico	4	8	3	2
Botswana	5	8	3	5
Namibia	2	3	1	3
Republic of South Africa	8	4	9	4
Vietnam	2	2	-	-

3.5.2 From brochures through TV ads to school curricula – A detailed look at various media and measures

Below is a description of the various media and measures used to communicate the corresponding know-how.

(1) Impact on public education institutions and curricula

Children and young people are major target groups for financial education measures. As a result, many organisations target schools as a key starting point. The idea behind this is that, given a corresponding educational offer, children and young people can and should be taught to use their financial resources properly at an early age, so as to avoid problems such as debt¹⁴. What is more, school attendance is mandatory for a certain minimum period at least in all of the countries involved in the study, which means a large group of people can be reached¹⁵.

Of the five project countries, it is in the Republic of South Africa and Botswana that ministries, external actors such as the central bank (Botswana), interest groups (South Africa) and private commercial and non-commercial organisations (Botswana and South Africa) cooperate in aligning curricula. In Namibia the central bank is engaged in schools within the scope of its outreach programmes, albeit at an informal level. In future, the supervisory authority for financial institutions is to help co-design school curricula.

In Mexico and Vietnam, school curricula do not yet provide for financial education. However, various institutions in both countries have attempted to get schools to take different aspects on board. The Education Ministry in Vietnam has announced it is very interested in “financial literacy” and would like to become more involved here in future¹⁶. This is particularly important because learning from parents – a key source of financial literacy in other countries – is not as straight forward in Vietnam where the parents grew up under a socialist system in which goods were in short supply rather than the money needed to buy them.

(2) Using printed media

Printed media, including manuals, brochures, flyers, posters and newsletters, are the most common form of sensitisation. Printed media of this kind are either disseminated through an organisation’s own network, as in the case of Mexico’s CONDUSEF, which distributes its publications (brochures, magazines and posters) to a national network of universities, book shops and unions, or

14 In principle, this applies to Western industrialised countries too. In public debate at least the focus would appear to be shifting to measures that communicate basic financial literacy. Whereas, in the past, it was assumed that parents would educate their children along these lines, the growing number of debt-stricken households proves that this assumption is no longer reliable.

15 A lot of very well-designed measures geared to the adult population ultimately fail to reach their target because the target group itself refuses to acknowledge any need to deal with the issue of financial literacy.

16 However, the theme of “financial literacy” has to compete with other issues here – cf. Section 4.

through publication in independent, national and/or regional newspapers and magazines. Southern African countries in particular favour this kind of approach to financial education (Bank of Botswana, Standard Chartered, Bank of Namibia, Mindset Network of South Africa). In Vietnam only one provider plans to implement literacy projects using printed media (Association of Vietnamese Insurers).

(3) Accessing other media

Countries in southern Africa are particularly creative in their use of multi-media-based techniques to promote financial literacy. Indeed there are numerous initiatives offering financial literacy training via the radio (e.g. money talks, Botswana or the National Consumer Forum, Republic of South Africa), television (Standard Bank Foundation/Mindset Network, Remarkable Lives Trust, both in the Republic of South Africa) and the Internet (ITESM's CCA's, Saber Cuenta, both in Mexico). Radio and television are also suitable for reaching people who are unable to read or write. The Internet is the main platform used by CONDUSEF, Mexico's consumer protection office.

(4) Organising events with educational components

A number of institutions are increasingly focusing on education measures with an event character. Here again, southern African countries lead the way in comparison with the other countries involved in the study. Within the scope of the so-called "Banking Week", all three southern African countries put on road or theatre shows which communicate key aspects of financial literacy in a playful and entertaining manner. The road shows often include interviews with important local figures who take on a role model function by demonstrating to everyone that it is possible to successfully handle their budget. Competitions too, such as the one for school students in Namibia put on by the stock exchange supervisory authority, contribute to a better understanding of the information that has been provided.

(5) Training

In addition to printed and other mass media, a lot of institutions organise and implement workshops, (multiplier) seminars and similar forms of awareness-raising. The difference between these personal financial literacy measures is the extent to which they (are able to) involve the participants. Whilst the Prudential plc in Vietnam attempts to involve several hundred people in day-long seminars, Mexico and southern African countries frequently offer smaller-scale training. Information events that are to reach a large number of participants are only effective, if there is sufficient interest and basic knowledge. As a rule,

the more specific the subject matter and the more difficult and heterogeneous the target group, the smaller the training group tends to be.

(6) Personal supervision/counselling

Within the context of consumer protection and themes such as debt, a key role falls to personal counselling and sensitisation offers. Once again, out of the five countries, it is southern Africa - and the Republic of South Africa in particular - that is leading the way here. In addition to debt counselling by the national credit authority, initiatives such as the one entitled “You and your Money” offer consultancy via email and telephone.

The UDEC-URAC organisation in Mexico offers yet another form of personal counselling and networking by acting as a type of forum for communities and offering education services in connection with income-generating measures.

(7) Combination of various measures

A lot of institutions combine various measures to better reach their target group(s). Often they bring together measures that, via the mass media, are first intended to sensitise a large group of people; specific needs are then met through individual training measures. A good example of this is the offer by the Mexican NGO UDEC which supports rural communities in the country and awards microloans via URAC. Special training sessions discuss the contents of a widely distributed brochure and deepen participants’ knowledge in this sector. The “Public Education Department” in the Bank of Botswana uses newspapers, radio shows and television reports to pass on information. However, it also visits schools and universities and has a question-time slot on a radio show, which listeners actively use.

3.6 Financial jungle – Allocating resources for financial education

Financial literacy measures are essentially funded by the state, international donors and sponsors (including foundations) and by financial institutions. Assessing and/or allocating costs for various initiatives and programmes is a difficult undertaking. There are several factors that make it difficult to collect data: money for measures in the field of financial literacy are often integrated within a larger overall budget – be it as part of a budget for education measures within the scope of government spending, or as part of an overall budget for marketing measures by a commercial bank. As a result, the precise cost of a financial literacy measure is seldom stated. Furthermore, individual, mostly

commercial organisations purposefully hold back information about costs for fear it will put them at a disadvantage vis-à-vis their competitors. Finally, a lot of offers are still in their infancy and the only data available are estimates which usually have to be revised. The comparability of data is limited owing to the differing price tariffs in the given countries and also due to sometimes considerable differences in the scope and professional nature of the measures by different institutions.

In spite of the difficulties outlined above, a rough overview of the information gained is given below. This looks at the overall budget that organisations earmark for financial literacy measures, but also at the costs of individual measures. Data concerning the overall budget pertains to South Africa, Botswana and Mexico. Following this initial, general look at the overall budget, data concerning the costs of individual measures are listed by country.

Organisations with above-average resources (nominal) for financial education are found in Mexico. The consumer protection office CONDUSEF, with an annual budget of some MXP 400 million (approx. EUR 26.7 million), has by far the most funds at hand – however, the authority is responsible for the protection of more than 100 million Mexicans. Relatively speaking, the best equipped financial institution is Banamex Bank, whose initiative “Saber Cuenta”, receives generous financial support from its main share holder, Citybank, and from Freedom from Hunger, thus giving it more than MXP 120 million (approx. EUR 8 million) over a ten-year period. At present, “Saber Cuenta” reaches some 12,000 people¹⁷. Still in the planning stage are two more projects that are basically suitable for reaching a larger number of people (“Saber Cuenta” estimates around 1.6 million people)¹⁸. The NGO Promujer, which operates throughout Mexico, has some MXP 15,920,000 (around EUR 1 million) a year for planning and implementing education measures which currently have an outreach of around 16,000 women. The non-profit arm of the financial institution UDEC-URAC has an annual budget of MXP 1,700,000 (approx. EUR 115,000), to implement its education measures, which presently have a 17,000-strong outreach. The respective budgets of Promujer and UDEC-URAC however are not just intended for measures in the field of financial literacy.

17 This figure does not include the approx. 100,000 individuals who visited the exhibition – “the abacus to know beyond what counts”.

18 This is, on the one hand, a module that is essentially designed for Mexicans living in the USA (“how can I transfer money to Mexico?”) and, on the other, a programme that is intended to communicate the basic principles of budget planning.

In the case of the Republic of South Africa too, individual organisations would at first sight appear to have a relatively good financial resource base. The financially strongest organisations have between ZAR 10 million (around EUR 1 million, Standard Bank Foundation and Mindset Network), ZAR 7.5 million (around EUR 786,000, South African Insurance Association) and around ZAR 3 million (approx. EUR 300,000, National Credit Regulator). In addition to these organisations, there are also smaller projects and budgets in the Republic of South Africa whose budget volume tends to be below the average level in the countries surveyed: e.g. in particular, Organisation Black Sash with a moderate-scale budget of ZAR 500,000 (approx. EUR 53,000) and BankSeta with a programme budget of the same amount for village banks.

The data on hand for neighbouring Botswana also show that resources here are in the lower bracket. For example, Bank of Botswana has an annual education budget of BWP 0.7 to 0.9 million (ca. EUR 87,000-112,000) and the Consumer Protection Office has BWP 1 million (around EUR 125,000).

In principle, it can be said that: the more intensive the measure, the more expensive it is – a large number of people can be reached through a radio campaign at a relatively low price per person, whilst the price of training measures (depending on the level in the given country) ranges between EUR 7.50 (Vietnam) and EUR 75 (southern African countries) and more (Republic of South Africa).

	Mexico	Botswana	Namibia	South Africa	Vietnam
Printed media	<p>UDEC-URAC: approx. EUR 120,000 p.a.</p>	No data	No data	<p><i>National Consumer Forum:</i> Costs are above income generated through publication of a newspaper (estimated at approx. € 50,000)</p> <p><i>Life Offices Association:</i> A total of around EUR 31,500</p> <p><i>Ikhumiseng Consulting:</i> Around EUR 16 per manual</p> <p><i>Read Education Trust:</i> A total of EUR 42,000</p>	<p>AVI: Per manual: approx. EUR 2.50-5.00</p>
Training	<p><i>Promujer:</i> Overall budget of around EUR 1.25 million for training measures. No data available on financial literacy</p>	<p><i>Free to Grow:</i> Approx. EUR 75 per person</p>	<p><i>Free to Grow:</i> Approx. EUR 75 per person</p>	<p><i>BankSeta:</i> A total of EUR 53,000</p> <p><i>Life Offices Association:</i> Approx. EUR 183,800</p> <p><i>TEBA Bank:</i> At least EUR 45,000</p> <p><i>Ikhumiseng Consulting:</i> Approx. EUR 95- 125 per person</p> <p><i>You and Your Money:</i> Approx. EUR 85-157 per person</p> <p><i>Business E. Design:</i> Approx. EUR 10.50 per person</p>	<p><i>Prudential plc:</i> Approx. EUR 7.50 per person</p>

	Mexico	Botswana	Namibia	South Africa	Vietnam
Cooperation with education facilities	No data	No data	No data	Standard Bank Foundation: „Winning Teams Education Programme“; Approx. EUR 2.60 per person Standard Bank Foundation and Mindset Network: a total of around EUR 1.1 million.	No data
Events (e.g. road shows)	No data	Bank of Botswana: „Banking Week“ A total of between EUR 32,000 and 38,000 Consumer Protection Office: EUR 125,000	Namibia Stock Exchange: „Namibian Scholars Investment Challenge“ A total of around EUR 10,000	Read Education Trust: Approx. EUR 45,000 No data	No data
Individual counselling	No data	No data	No data	„Tele-Counselling“ A total of approx. EUR 25,200	No data

	Mexico	Botswana	Namibia	South Africa	Vietnam
Other media / measure combinations	<p>FFH/BANSEFI: Total: EUR 550,000 for a period of nearly two years</p> <p>Banamex: Approx. EUR 0.8 million a year for various measures</p> <p>TESM CCA: Financial literacy as part of an overall budget of around EUR 1.8 million per annum.</p> <p>CONDUSEF: Approx. EUR 26.7 million</p>	<p>Bank of Botswana: Total budget: approx. 87,000 to 112,000</p> <p>Consumer Protection Office: Total budget of approx. EUR 125,000</p>	<p>NAMFISA: Total budget of approx. EUR 7 million, time frame for measures not yet specified.</p>	<p>National Credit Regulator: Approx. EUR 300,000 p.a. (without ads)</p> <p>Life Offices Association: A total of approx. EUR 250,000, see distribution above.</p> <p>Black Sash: Approx. EUR 53,000</p>	No data

3.7 Blueprints for good measures – Success-determining factors in financial literacy

3.7.1 Measuring success

A central question in all studies asked which factors contributed to the success of a measure in the field of financial literacy. This begs the question as to how success can be measured properly in this field. Any analysis of this kind in the project countries (and indeed elsewhere too) involves a certain degree of difficulty. Implementing organisations mostly only have participant numbers or circulation figures at hand, and it is rare that any attempt is made to estimate the intended effects. The approach by Standard Bank and Mindset, which commissioned an independent company to appraise and assess the materials on offer, constitutes a positive exception here¹⁹. The Mexican consumer protection office CONDUSEF conducts surveys twice a year on the use of its services in which it asks about the reasons the services are used and the users' levels of satisfaction. The results are not made public, but are meant to help CONDUSEF control the quality of its work and, if necessary, to make improvements. The Mexican initiative Promujer tries to integrate success controls into its measures. The programme is geared to women who receive a manual describing the given theme in five to six simple articles; more in-depth information is then provided to participants in training (approx. 20 to 25 women). The women answer questions on this theme both before and after training, thus enabling them to determine their specific level of progress in connection with the given theme. At the same time, the event organiser is able to get valuable feedback that helps to determine whether and how the materials and actual training need to be adapted. This method is also applied by the NCR (National Credit Regulator, a department within the Ministry of Trade and Industry in the Republic of South Africa).

Difficulties in measuring success are due, inter alia, to the fact that a lot of programmes and initiatives are relatively young and have thus not been able to develop much of an impact. Some organisations now use surveys to determine whether training was satisfactory or not – whether or not it was ultimately successful is difficult to gauge, since a great many measures depend

19 A programme was evaluated that disseminated materials to school students and teachers (including guidelines on how to treat the contents of these materials). In principle, the users surveyed said they agreed with the materials, but at least one third of schools stated they did not use them/no longer used them. Other schools made such heavy use of the materials that a reprint / follow-on delivery would really have been in order. The survey was conducted by JET Education Services South Africa in 2005 and can be obtained via the author.

on behavioural changes. Indirect attempts are made to measure the success of a measure by determining whether the level of demand for a product related to the education measure has gone up. This may be an indicator of success; however increased demand can be due to advertising and the product's attractiveness as well as to other factors. Measuring the success of products in the financial literacy sector is thus just as difficult as estimating the impacts of other educational measures.

3.7.2 Success-determining factors

A cross-frontier survey was conducted that asked organisations which factors they believed had contributed to the success of their programmes and initiatives. The responses led to the following findings that are considered to be crucial aspects for a successful measure.

Factor 1: Clear objectives and focus on priorities

A successful measure has to have a clear objective. This would appear to be self-evident, but is a particular problem in those instances in which financial literacy training is part of a wider approach and understood to be more of a by-product. The question as to whom a measure is to target, where, when and with what purpose is central to the design, organisation and implementation and thus success of a measure. A distinctive feature of smaller initiatives especially is that they frequently gear their measures with great precision to a very clearly delineated target group – this applies, for example, to the NGO SEFIA in Mexico, which offers financial services to women in 15 rural communities in two states of Mexico.

To develop successful programmes (especially by state institutions), it is important to focus on the basic principles of financial literacy, placing them at the core of all activities, i.e. it is vital to deal with those themes that are of direct significance to the welfare of the individual person / household. Sound household planning, the ability to correctly assess the risks of the financial products on offer and knowing where to access more detailed information (and possibly also support in the event of problems), as well as the capacity to carefully think through all aspects of a loan, are thus more important than knowledge about the way in which the central bank operates²⁰. To be able to communicate this know-how, it is frequently necessary to be in possession of other basic skills

20 A survey amongst users of education services offered by Botswana's consumer protection office revealed that they wanted to see greater emphasis on budget issues.

– therefore a lot of participants first have to be taught the four basic kinds of arithmetic. This underpins once again the importance of other measures for the successful outcome of financial literacy promotion, which cannot be regarded as a stand-alone issue.

Factor 2: Credibility – Standards for financial education measures

Yet another key aspect in terms of the design and implementation of a measure relates to the credibility of the organisations offering these services. Indeed, information is only noticed and assimilated, if the target group acknowledges and trusts the implementing organisation and believes it is capable of supplying relevant information. In principle state institutions have a certain advantage here, as private institutions are often suspected of hiding a secret, self-benefiting agenda. In the case of financial services in particular, measures can forfeit their credibility, if marketing inputs for a certain product are too prominent. Thus, institutions such as La Colmena Milenaria in Mexico (a group of NGOs operating in rural areas) often enjoy a particularly high level of public trust and sympathy, because potential customers expect these institutions to pursue social objectives (in the case of Colmena Milenaria comprehensive rural development) and do not assume any self-interest-driven motives. By involving (sometimes former) employees and enforcing a strict separation from commercial activities, the private bank Banamex succeeded in generating a high level of credibility within its programme “Saber Cuenta”. Users of “Saber Cuenta” also develop the sense that “real experts” tackle their problems and queries.

This all shows that those people targeted by a financial service company have to be clear about just what is being offered: is it a financial literacy measure, does it provide information about a financial product being promoted by the company concerned or is the company offering fee-based financial counselling? This last area in particular requires action on the part of policy-makers who, by clearly specifying guidelines, should set and control (minimum) standards²¹.

Factor 3: Demand-oriented products (based on market studies)

A large number of organisations believe that having a broad understanding of the target market is crucial to the meaningful design of an initiative or programme. In countries such as Vietnam in particular which generally have little experience with the concept of “financial literacy” and where there is only

21 Furthermore, it is incumbent on state institutions to coordinate existing activities, so as to make optimum use of scarce resources and to circumvent any duplication; cf. Section 4.

little information about key target groups and their living conditions, detailed analyses are a prerequisite for the planning and implementation of demand-oriented products.

Some providers, such as Promujer for example, make use of experience from other countries in the region – however not without first aligning them to country-specific circumstances on the basis of extensive market studies. In Botswana, the consumer protection office altered its offer following a customer survey. A successful example here is Stanbic Bank (Botswana) whose material originated from the Republic of South Africa. Following extensive surveys, a team from Botswana adapted it in line with ongoing market needs in Botswana. Banamex adopted a similar approach in the development of its programme “Saber Cuenta”. Citi Bank (Banamex’s major shareholder) had originally devised this initiative for the US-American market. Now, however, following comprehensive re-adjustment in keeping with the Mexican context, “Saber Cuenta” contains a multitude of modules that are geared to different target groups.

Even if providers that operate in a certain region and which have an essentially comparable social context are able (to a greater or lesser extent) to harness synergies (a standard set of materials is produced for many countries), there always remain some (in part wide-sweeping) alterations that have to be made in line with the respective national conditions.

Factor 4: Context alignment

It is not just an organisation’s technical knowledge about “financial literacy” that opens the door to success, but its sensitivity to social and cultural practices within the given target groups. Consequently, a measure always has to be in keeping with the (local) target-group context. An organisation can be said to know enough about country-specific features if it (regardless of whether state or privately owned) comes from the country itself or has gained experience in the region and is prepared to adapt this to the specific conditions on site in the given country (e.g. Promujer in Mexico).

At the same time, the specific conditions and needs of the target group have to be taken into account here. The theme addressed has to be relevant to the target group and be prepared accordingly. This means looking at aspects such as age, gender, and ethnicity and education status. The measures should link up with target-group experience and be as up-to-date and locally relevant as possible. Information that is visually well presented is generally sufficient for population groups that have a generally good education status. In contrast, problematic population groups often have to be addressed individually.

The more measures go beyond the mere communication of information and engage “interactively” with the individual, the more effective they will be. As such, the success of a given measure depends on its appropriateness. A professionally compiled brochure remains without any effect, if the target group cannot read or not sufficiently well.

Measures intended for children and young people have to be designed differently to those for adults, since both groups learn in different ways. In cultural terms too, a measure should be geared to local conditions, taking care to adapt linguistically to the target group. As shown by the example of the National Credit Regulator in the Republic of South Africa, this may mean having to translate the training and information material into all 11 national languages²². The point in time at which a measure is conducted is also relevant – for example, the topic “don’t spend more than you earn” plays an important role in road shows put on by some of the providers looked at in southern Africa shortly before Christmas (i.e. at a point in time when many people fall into debt).

Factor 5: Use of appropriate media

In principle it can be said that – the larger the target group, the broader the measure, the less intensive the contact. In contrast, the smaller the target group, the more specific the measure, the more intensive contact can and has to be. If the objective is to reach a lot of people who essentially manage to handle their income well, but who would like to optimise this, then mass-media campaigns (via the radio or printed media) are a good way of communicating information effectively. If however a target group has to be reached that is faced with serious debt-related problems, then the broad-scale approach is not appropriate. Instead, measures are needed that directly tackle the specific situation of the person concerned, e.g. training and counselling measures in small groups. This kind of customised training is labour and cost intensive and consequently often more expensive than other measures. Intensive training and counselling are always recommended if changes are to be brought about in behaviour. The website of the Mexican consumer protection office CON-DUSEF, for example, contains a budget planner and information on how to plan income and expenditure – but without access to the Internet and corresponding training (be it at school or the workplace), this will remain ineffective for risk groups (low income earners).

22 In Botswana the consumer protection office is planning to make materials available in the national language of Setswana – to date this applies to just some of the offers only.

The combined use of various types of media can substantially raise a measure's effectiveness and thus success. In this context, the countries in southern Africa are leading the way forward. A great many organisations here praise the radio as a medium having a considerable broad-scale impact enabling the provider to respond to the needs of the target group swiftly and directly. Combined with question times and suitable printed media, it is then possible to deal targetedly with the specific needs of individual people within the scope of smaller-scale group training.

Factor 6: Quality of implemented measures

As with all education measures, quality of implementation is decisive. To ensure this, all measures have to have a target-group orientation (cf. Factor 5). Furthermore, the people conducting the measures (moderators at event-like measures, trainers instructing small groups in budget planning) have to be sufficiently well qualified and sensitised to the target group's needs. For measures geared to young people, for example, this means that correlations have to be explained simply and with concrete examples. The lessons should not overtax the participants and should not be too long – a regular offer of smaller training sessions is most expedient. To be successful, workshops and training with an event-like character require diversity, topicality, an interactive approach and must take account of the respective social context. The measure should not only be informative, but have a certain entertainment value and positively strengthen the participants²³.

To secure the quality of a measure, it is necessary to have a sufficient number of trainers / implementers on hand who should also undergo regular training. Materials need to be adapted too, since products, legal regulations and not least distribution channels change over the course of time. Measuring and monitoring levels of success is of decisive importance here.

Factor 7: Distribution und Organisation

Even a measure that has been optimally customised to fit the needs of a given target group remains ineffective, if it fails to reach the target group itself. In this context it is vital to balance out the options open to the provider against the needs of those people using financial literacy measures. Particularly in the case of target groups in rural regions, measures have to be decentralised to a considerable extent in order to keep the distances travelled to seminars and education facilities down to an acceptable level. What is more, for margin-

23 At its road shows, the First National Bank of Botswana, for example, hands out small gifts to people who have given the right answer to a question about financial literacy.

alised service users and those at risk of debt, the golden rule is that it is not the customer who should come to the measure but the measure that should come to the customer, i.e. to the place of work (or any other location where the target group can be found). Reference is made here again to the example of the NamPostSavings Bank presented in Section 3.4 which seconded specially trained teams to remote villages too. “Free to Grow”, which operates seminars in southern Africa for company employees with debts or at risk of debt, generally organises them on the premises of the company concerned.

Suitable distribution channels are a characteristic feature of a successful measure. Depending on the provider, different channels are selected in individual countries – state institutions make use of state facilities throughout the country, such as schools and libraries etc. NGOs either operate through their own network and/or cooperate with other sponsors pursuing similar objectives (including women’s organisations or unions).

Financial institutions organise financial literacy measures through their branch network; (state) post-office banks with their dense network undoubtedly have an advantage here over other institutions with branch offices at just a few locations. It is quite common for commercial financial institutions to cooperate with state and non-profit organisations – such as Banamex, which works closely with Mexican ministries but also with universities and national as well as international NGOs (e.g. Freedom from Hunger). This offers several advantages: it enhances the measures’ credibility and allows Banamex to harness the knowledge of experienced providers as well as their distribution channels. Yet another good example here is Promujer that has engaged in alliances with various ministries as well as NGOs, in order to distribute its programmes.

Whether or not these measures can develop their broad-scale impact, i.e. also reach rural regions and / or marginalised population groups, ultimately depends on whether and to what extent the financial institutions offering training are prepared to involve locations and regions that lie outside their (potential) branch network.

Factor 8: Networks and partnerships

Against the backdrop outlined above, another key success factor is thus the organisation’s horizontal-level networking with key actors such as government, NGOs and/or the private sector and its vertical-level networking with local and/or supraregional actors. This enables an organisation to use knowledge at various levels and, following corresponding coordination, to address a broader target group. In financial terms too, partnerships can open up new perspectives

– foundations, charitable organisations and international donors facilitate the elaboration of basic materials and the implementation of train-the-trainer seminars, whereby distribution then takes place via other channels/organisations. Examples here include programmes by TebaBank (with resources from the Citigroup Foundation as well as the bank’s own funds) and the American NGOs Freedom from Hunger and Microfinance Opportunities.

Furthermore, networking at the horizontal and vertical level facilitates the use of synergies and contributes to quality assurance. Basic materials and train-the-trainer seminars are implemented centrally by an organisation having experience in the field of financial literacy, thereby promoting the dissemination of uniform knowledge. At the same time, this makes it easier (for state institutions) to set generally valid minimum standards for the contents and presentation of the materials. The swift and favourably-priced distribution of information / communication of knowledge is entrusted to local organisations which can (and as a rule have to) make alterations in line with the local context. Feedback from local partners to headquarters ensures that a high level of quality is maintained.

Factor 9: Sustainability and repetition of contents

One-off measures certainly have the capacity to strengthen a target group’s awareness of correlations and the various possibilities for action, but they will scarcely have any lasting impact on behavioural patterns. Thus, it is also true of measures in the field of “financial literacy” that: constant dropping wears the stone. Thus, if they are to sustainably raise the quality of training, measures have to be offered over the long term. As in many other areas, the principle of lifelong learning also applies to financial literacy too. On the one hand, people’s needs, problems and possibilities for action alter in the course of their lives. On the other, the products and options on offer change too.

Finally, new generations of financial-service users are constantly evolving that also have to learn the most important elements of financial literacy.

Factor 10: Adequately secured resources

Regular implementation of measures presupposes long-term secure financing. Securing measures via state financing would at first appear advantageous, but in times of scarce resources cannot necessarily be taken for granted, as the example of Mexico’s consumer protection office, CONDUSEF proves. CONDUSEF’s annual budget is presently some USD 36 million, with a slight upward tendency, but in times of increasingly complex financial products, CONDUSEF is not only confronted with a growing demand, but is finding that the limited

availability of funding is already curtailing its capacity to provide people in rural areas with the information they need. This also applies to the scheduled implementation of workshops which are not only intended to disseminate important information, but to interactively (and thus sustainably) communicate knowledge of household budget planning.

International sponsors and donors (e.g. Microsoft, Wal-Mart Foundation, Ford Foundation, Inter-American Development Bank) are often important partners, too. However, they cannot always secure long-term financing. Nonetheless, they are of particular importance when it comes to getting measures off the ground. This applies, for example, to the development and adaptation of materials and the implementation of train-the-trainer seminars for financial literacy training. This is how seminars by the organisation “Freedom from Hunger” operate in the entire Southeast Asian region.

Securing the impact of such measures in the long term necessitates long-term financing. Financial institutions have an elementary interest in “good” customers – indeed, this is why, in many countries, they implement financial education themselves and/or are major donors. Sharing the costs with the financial sector or even completely transferring such costs onto this sector would therefore appear an expedient and suitable approach to securing ongoing funding. In this context, it makes sense to organise financing via central financial-sector bodies. The Botswana Banking Week, for example, was initially supported by the central bank of Botswana and financed by various other banks. However, to facilitate “fair” funding, the banking association is now set to assume organisation of the Banking Week. Regulations in some southern African countries, whereby a certain percentage of profit generated by financial institutions has to flow into consumer protection, is a fundamentally meaningful approach to securing long-term funding for financial literacy training.

4. Challenges and Possible Courses of Action

4.1 Different countries – Similar challenges

The theme of “financial literacy” is established to different extents in the five SBFIC partner countries surveyed. From a purely quantitative perspective, the theme is best covered in southern African countries with 15 training offers in the Republic of South Africa, 7 in Namibia and 12 in Botswana. In Mexico a total of eight organisations currently offer training on the theme of “financial literacy”, with four more scheduled to launch initiatives in the months ahead. Vietnam is essentially still only just starting out on the field of financial literacy and only has two institutions offering training to date, with extremely limited impact. However, here again, further offers are in the pipeline.

Although the sheer number of measures differs, the underlying challenges facing financial literacy programmes are actually similar.

(1) Raise awareness of the importance of financial literacy

In all of the countries looked at, the various (political) actors have become more aware in recent years of the importance of financial literacy. This has to do on the one hand with the growing number of people in debt and, on the other, with the increasing complexity of financial markets and how this makes it more important to have better informed financial service customers.

In this context it is of outstanding importance to secure funding for financial literacy training on a permanent basis. In other words, it is important that the state set aside sufficient funds in its budget. Irrespective of this, however, ways have to be found to involve those that stand to gain from financial literacy (i.e. financial institutions) in the financing of appropriate measures. In quite

a few countries, such as the Republic of South Africa, Namibia and, of late in Mexico too, regulations have been introduced that oblige financial institutions to contribute²⁴. And it is precisely in these countries that greater importance is being attached to the coordination of different measures and their quality assurance (cf. sub-section (2) below).

Awareness also has to be generated at a different level – amongst potential customers of financial literacy services. It is precisely those groups of people who are most in need of this kind of measure who are most often convinced²⁵ that they can manage perfectly well on their own and have their finances well under control. Awareness-raising campaigns are the answer here but elementary financial education measures also need to be mainstreamed in school curricula, so as to highlight the significance of this theme and to enable as many people as possible to acquire a basic level of financial literacy.

(2) Coordinate measures, set standards, measure and monitor success

Particularly in countries which already have a series of initiatives and measures targeting financial literacy, their coordination and the specification of (minimum) standards for financial education inputs is of great importance. Coordinating measures can help raise their effectiveness, save money and, at the same time, strengthen the impact of individual activities, e.g. by making available brochures on the correct use of financial services at public libraries.

The (timely) specification of standards secures quality and protects consumers who have to be able to differentiate clearly between materials that are purely promotional and “real” education measures. This is of particularly outstanding importance in those countries in which the financial sector has only recently adopted a free-market approach. Empowering people to differentiate between mere advertising and literature offering real training measures is without doubt a challenge, because effective financial literacy measures are supposed to have an “entertaining” character if the problem group is to take notice and accept them. Finally, (minimum) standards make it easier to compare the various measures with each other and make it possible to “learn” for later measures.

As already mentioned above, measuring the level of success (beyond the number of participants/brochures distributed) is thus of considerable im-

24 This has probably contributed to the relatively large number of financial literacy measures in the Republic of South Africa.

25 Also and indeed especially in Western nations.

portance. Success measurement – in combination with a clear objective – is crucial for the control of measures and can go a long way towards enhancing their efficiency. Generally speaking, suitable success measurement and control mechanisms are vital for assessing a measure's eligibility for promotion.

(3) Strengthen broad-scale impact

In addition to coordinating the implementation of hitherto isolated one-off measures, there are also other means of broadening the impact financial literacy measures. A large number of people can be reached, for example, by mainstreaming basic financial literacy into school curricula. This should be done for younger school children too, since they are subject to compulsory school attendance.

An important alternative when it comes to reaching broad sections of the population is to organise financial literacy training through financial institutions, thereby harnessing these institutions' legitimate interest in knowledgeable consumers. Only if (micro) finance institutions have a minimum number of customers with sound basic financial knowledge will they be in a position to operate sustainably. Therefore, in the case of financial institutions with nationwide operations or those which serve rural regions and/or marginalised population groups, like many microfinance institutions do, financial literacy training should be integrated into ongoing (micro) finance projects.

In countries with greater needs (either because there are virtually no offers or because key target groups are neglected), it is expedient to promote specific projects that develop financial education measures and implement them with suitable partners. Potential partners here include, in particular, (state) organisations, financial institutions and groups of financial institutions (associations) that operate across the board at the national and international level.

4.2 Possible courses of action by German development cooperation

Against the backdrop of the challenges described in Section 4.1, German development cooperation faces various courses of action in the countries surveyed: it can help raise awareness for financial literacy, it can help coordinate measures and set standards and, finally, it can strengthen the broad-scale impact of financial literacy training.

The various courses of action for the countries in which the study was conducted are summarised below:

(1) Mexico

Given that Mexico has a population of more than 100 million, of whom around 30 million are under 14 years of age, mainstreaming financial literacy in school curricula is of particular importance here. Furthermore, the broad-scale impact of financial education has to be (further) strengthened. With “Saber Cuenta”, Mexico already has a thematically comprehensive programme that addresses various target groups. However, the implementing institution, Banamex, mainly operates in Mexico’s urban centres. To reach the rural population, it is necessary to strengthen alternative providers. Cooperation with CONDUSEF, the consumer protection office, which basically provides information on financial services along with extensive consumer information through its specialised website, constitutes an expedient course of action.

Furthermore, CONDUSEF as a state-run, nationwide information provider could also succeed in laying down minimum standards for offers of financial literacy, thus facilitating success measurement and control of the respective measures. However, CONDUSEF does not have any power of authority over financial institutions and, what is more, is subject to budgetary limitations, which would mean it would have to cooperate with other organisations in order to implement these tasks.

Cooperation with associations and organisations in the financial sector would be the best option here. Indeed, in its latest strategy paper, the Mexican banking association ABM highlights the importance of financial literacy. Furthermore, in rural regions, financial education measures could essentially be implemented via the member banks (“cajas”) of the various associations in the (cooperative) savings-bank sector in Mexico. The associations would then have the task of developing materials and training trainers (if necessary in close cooperation with CONDUSEF), which would be distributed throughout the individual savings banks. Seminars and training could be provided close to the customers in the savings banks’ catchment areas. Having materials developed/training conducted at a central level would help save costs and concomitantly facilitate standardisation. In contrast to the generally holistically oriented training concepts by other providers, in which financial literacy only accounts for a small part of the knowledge communicated, this set-up would allow for a targeted orientation to financial matters. Dissemination through and/or application by the member savings banks would make it easier to measure success and, if necessary, to align materials and the contents of training measures.

Development cooperation inputs could provide valuable start-up assistance here – however, in the medium term, the success of these measures hinges on the members’ willingness to use association contributions for financial literacy training²⁶.

(2) Botswana

Botswana, with a population of 1.8 million inhabitants, is thinly populated and essentially rurally based. In contrast to other countries, the theme of financial literacy is already on school curricula, albeit with a focus on issues concerning enterprise management. Given the increasing levels of debt and the growing number of complaints about (micro) finance institutions, the introduction of basic modules dealing with budget planning and the use of financial services is of key importance. Furthermore, the study emphasises the need to direct resources into adult education. Finally, Botswana needs to expand on the themes covered. There are, for example, hardly any initiatives that explain insurance or the dangers of credit. Fraudulent action in connection with financial services is not an exception. German development cooperation could positively influence the Ministry for Education, as well as other authorities too, encouraging them to deal with these issues. In this context, the financial institutions’ willingness to provide and adapt materials for schools should be harnessed.

The country’s low population density coupled with the need to offer interactive training underpins the importance of (low-cost) distribution channels. The Botswana Institute of Bankers (BIOB) could be an important multiplier here. BIOB provides further training for bank employees and could be used as a centre for developing materials which would then be distributed via the affiliated banks. At the same time, the institute could train trainers to implement training measures in regions throughout the country. In addition to the commercial banks operating in Botswana (mostly of South African origin), it is predominantly the Botswana Savings Bank and various non-bank financial institutions that could disseminate financial literacy measures across the board.

In a similar scenario to Namibia (see below), a regulatory authority for non-bank financial institutions is now being set up in Botswana and the theme of “financial literacy” is to be part of its mandate. German development cooperation could seize the opportunity to emphasize the importance of this theme to this authority early on and could support the development of materials and

26 This approach is essentially a financially worthwhile option, e.g. in that it would succeed in raising the volume of transfers effected by Mexicans to the USA via Red del Gente from an official annual figure of around USD 15 billion.

help establish distribution channels. Here too, the core problem of securing long-term funding has to be resolved – in the case of themes that concern all banks (such as ATM fraud), this has always proved feasible to date.

(3) Namibia

Namibia is currently discussing a financial sector charter which, in addition to ownership issues and access to financial services, also looks at matters of consumer protection and financial literacy. Just as in the Republic of South Africa, German development cooperation could seek to engage in dialogue with public bodies and foster the development of this charter. In addition to the central bank, which regulates commercial banks, the Namibia Financial Institutions Supervisory Authority, NAMFISA, which monitors non-bank financial institutions (microfinance institutions), has a central role to play. NAMFISA has already indicated its interest in closing an existing gap by not only identifying in concrete terms the need for and orientation of financial training, but by setting standards for financial education measures. Finally, the authority could be supported in its efforts to coordinate evaluation and monitoring of financial literacy inputs.

In its capacity as a supervisory organ for microfinance institutions, NAMFISA could play an important role in coordinating activities by individual microfinance institutions in the field of financial literacy. In Namibia it is essentially the commercial banks that implement financial education measures. However, these institutions tend to gear their activities to their existing customer base. Together with the ongoing activities by NamPostSavingsBank, which is active nationwide, the additional offer of financial literacy training through microfinance institutions could lead to the greater dissemination of these services, which would ultimately benefit the microfinance institutions and thus (further) stabilise this sector.

Furthermore, the need to start financial education for school children at an early age should not be overlooked. Together with the Education Ministry, German development cooperation could help mobilise the integration of the theme of “financial literacy” within national curricula.

(4) Republic of South Africa

The great challenge facing South Africa’s policy-making in the field of financial literacy in the near future will be to develop a national framework that outlines a clear vision and guidelines for the design and development of financial literacy programmes. Various actors, including, inter alia, FinMark Trust and the Financial Services Board, have already come together to sound out the possi-

bilities for developing this kind of strategy. German development cooperation (in cooperation with other development organisations) could seek dialogue with public bodies and influence policy design in its capacity as an advisory institution.

South Africa has a large number of financial literacy initiatives. On the one hand, however, most consumers know nothing about them and, on the other, the various providers are not always aware of the other offers they are competing against. Besides coordinating measures by the different providers, South Africa needs to raise awareness of the need for financial education, particularly amongst potential users. Furthermore, financial education not only needs to be defined in more precise terms, but requires specially designed tools and indicators that will ensure effective and demand-oriented training measures.

In South Africa, financial literacy measures also stand or fall on the suitability of the distribution channels. In principle, though, the Financial Charter that requires financial institutions to use 0.2% of their profit for consumer protection purposes constitutes a good framework condition for the sustainable funding of financial literacy measures.

(5) Vietnam

As far as the theme of “financial literacy” is concerned, Vietnam is presently almost virgin territory. And so the demand for financial education is accordingly great. On top of this, Vietnam is a transition country in which (virtually) everyone has to learn (virtually) everything again. In principle, the following options would thus appear feasible courses of action for German development cooperation:

1. The fact that there are hardly any measures in the field of financial literacy can be seen as an opportunity to set standards from the very start – for example, via cooperation with the Ministry of Education MOET²⁷.
2. Vietnam’s school system is presently being redesigned. Efforts could therefore be made – again in dialogue with the Education Ministry MOET - to have elementary knowledge about financial matters and the way they interact mainstreamed in school curricula. Whether or not this has any chance of success, or whether this theme can only be dealt with in optional lessons known as “side-classes” remains to be seen. At the present moment, a large number of (equally important) themes are being put before the ministry.
3. Vietnam is an example of how, owing to the great need for financial literacy measures, it would be expedient to promote a specific project that devel-

27 MOET = Ministry of Education and Training

ops financial education measures and implements them with a suitable partner. Potential partners here are essentially the Vietnam Social Policy Bank (VSP) and the Women's Union with its affiliated organisations. Both organisations have a social mandate and can reach a large number of customers via their dense network consisting of various facilities and mechanisms. The Women's Union (and the associated training establishment), with which there is already ongoing good and rewarding cooperation, could address the key target group of women as household budget managers.

Annex 1: Terms of Reference “Financial Literacy”

Background: In many developing and transition countries, the lack of access to financial services (credit, savings, payments transactions), is a key obstacle on the road to economic development. However, it is not just the offers of financial services themselves that are often inadequate, but the financial know-how of potential consumers too, both with regard to the kind of services on offer and their correct usage. Education for Sustainable Development” is one of the goals given in the UN’s Agenda 21. Even some highly industrialised economies offer basic financial literacy training. In Germany, for example, elementary financial education can be accessed through the “Geld und Haushalt (GuH)” - Money and Private Households - mechanism operated by Germany’s savings banks association, the DSGV, and through the “Sparkassen School Service” (a UNESCO-certified, official project of the UN decade of “Education for Sustainable Development”); these services are used by a large number of people.

Overall objective: Improvements to the basic (financial and) economic education of school students and adults contributes – in the long term – to improvements in the social and economic situation of poorer (rural) population groups. This study aims to clarify the extent to which offers of financial literacy training already exist, what levels of success they can demonstrate and which factors underlie their success (or lack of success). The study is to form the basis for the development at a later stage of targeted programmes to promote financial literacy.

Anticipated Results: The study is to provide an extensive overview of a group of selected countries in different regions, focusing on the following thematic areas:

1. Inventorise and briefly describe the training offers on hand in the field of financial literacy, whereby “financial literacy” is understood as referring to all courses and methods that empower individual people to better manage their lives from a financial service perspective.
2. Assess the effects of the individual offers on their chosen target groups (school students, adults) and, if necessary, present any (unintended) impacts on other groups.
3. Briefly analyse the key factors that contribute / have contributed to the success (or failure) of a measure.
4. Summarise the context and the need for financial education and evaluate ongoing measures. On the basis of existing measures, compile recommendations for the future design of measures in the field of financial literacy for the countries concerned. Identify agencies to execute measures of this kind.

The report should have the following structure:

Introduction: brief description of financial literacy status (number of adults, illiteracy rates broken down according to gender or rural and urban areas, if necessary).

Overview of “financial literacy”: One page per provider and measure.

Provider of training	Name, legal status, private / state, national / international
Rationale underlying offer	e.g. National education mandate, interest of microfinance institutions in knowledgeable customers etc.
Cost of measure(s)	To the extent possible: total costs and name of funding organisation, one-off or standing measure(s)
Target group(s)	e.g. School students, women in a given region
Brief description of the offer	e.g. Brochures for adults on the theme of “credit”; which channels / mechanisms are used to bring the offer to the consumer
Result of the offer	e.g. Number of printed copies, copies sold, participants in planning exercises, where appropriate, increases in savings deposits, too
Success-determining factors	e.g. Regionally limited, but intensively supervised offer for a certain target group

Summary:

Present context	Determine need for financial literacy
Recommendations	Future design of measures should take account of: <ul style="list-style-type: none"> • •
Identification of potential executing agencies	Institution: <ul style="list-style-type: none"> • •

Annex 2: Overview of Individual Studies

Country: Mexico

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<i>Promujer-Mexico</i> (NGO), part of international Promujer network.	Provide poor women with the means to build livelihoods for themselves and futures for their families; Social responsibility.	Women located in a region covering five states: Hidalgo, Estado de México, Puebla, Querétaro and Tlaxcala.	Pre Credit Training based on manuals, questions before and after the sessions in order to check on progress.	Total annual costs are about € 1.25 million; however financial literacy is one of many topics, to date more than 15,860 women.	<ul style="list-style-type: none"> ▪ Know-how from other Latin American countries successfully adapted to Mexican circumstances ▪ Alliances with key government agencies ▪ Wide variety of international sponsors.
<i>UDEC (Unión de Esfuerzos para el Campo)</i> non-profit, NGO <i>Apoyo Campesino</i> , cooperative stemming from UDEC to provide financial services to its members.	The promotion of human development of rural communities in a micro-region of the state of Querétaro. Understand financial services offered by UDEC.	Rural communities of a micro-region in the State of Querétaro.	Organization of periodical meetings at several levels (the community level and the organization level) in order to discuss topics covering a very wide variety of issues. Publishing brochures.	Publishes 17,000 brochures per month.	Strong basis in the rural communities, however the effects might be limited as the focus is rather on discussion than on training.
<i>La Colmena Milenaria</i> is a Mexican network of rural NGOs.	NGOs sharing the philosophy of a holistic rural development. Promotion of financial services stressing savings vis-à-vis credit.	People from rural communities.	Publication of books and quarterly journals. Workshops on regional and local level.	No information on costs or number of participants of workshops.	Regular meetings seem to strengthen the member organisations, effects on financial education most probably limited.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
SEFIA, private Mexican financial inter-mediation company (<i>Sociedad Financiera Popular</i>).	Promote rural development among women. Education efforts focus on the use of financial services offered by SEFIA.	Women from 15 municipalities in the states of Oaxaca and Chiapas.	Four weeks formation, stressing savings, through the institution's instructors. Then, weekly sessions with supervisors, who also assess group performance through a standardized grading tool.	Around 1,500 users of SEFIA's financial intermediation services, who constantly interact with the institution's supervisors.	<ul style="list-style-type: none"> ▪ Clear target (also in terms of geography) ▪ Performance evaluation tools implemented to groups ▪ Participation in network (through La Colmena Milenaria).
<i>Freedom From Hunger</i> (FFH), international NGO, <i>Alcance A.C.</i> is a local NGO carrying out FFH's mission in Mexico.	Bring sustainable self-help solutions to the fight against chronic hunger and poverty using education as one of the main tools.	Poor rural households.	Didactic materials covering savings, use of banking services, debt and loan management, financial negotiations, remittances, financial education for young people, credit cards etc. A DVD covering financial education is planned (focussing on remittances).	Total: EUR 550,000 for a period of nearly two years Publishing of 10,000 DVD via a network of 100 institutions foreseen - effect is still to be seen as the program is only fully operational in 2007.	<ul style="list-style-type: none"> ▪ Specialization and thematic variety of material developed ▪ Adapted to the needs of the target groups ▪ Promotes network formation and linkages.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>Saber Cuenta</i> is an initiative implemented by the bank <i>Banamex</i>, a member of <i>Citigroup</i>.</p>	<p>Enhancement of financial education as important part of Corporate Social Responsibility activities of Citigroup USA, later on implemented in Mexico through <i>Banamex</i>. Reach large number of potential clients.</p>	<p><i>Saber Cuenta</i> targets various groups, ranging from children, young people, to adults and families. Through various partners <i>Saber Cuenta</i> has operated in different locations and regions of the country.</p>	<p>Different materials and media are used to reach the different target groups – workshops (based on different small brochures and manuals), online courses, exhibitions and other events. <i>Saber Cuenta</i> also undertakes research.</p>	<p>Approx. € 0.8 million a year for various measures Approximately 650,000 persons have profited from the measures (110,000 children, 350,000 young people, and 190,000 adults).</p>	<ul style="list-style-type: none"> ▪ Material adapted to the needs of the different target groups ▪ Strong institutional networking permitting solid partnerships with key actors ▪ Sufficient budget.
<p><i>Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM)</i>, private Mexican technological institute of superior education.</p>	<p>Formation of professionals in several areas. Participation in the social development of the country through further education of the public (especially but not limited to the use of IT technologies).</p>	<p>(Poor and or rural) communities traditionally deprived of access to information technologies and educational supply.</p>	<p>Courses for different target groups (women, students, etc.) Development of “Radio Chat” for <i>Saber Cuenta</i>.</p>	<p>Financial literacy as part of an overall budget of around € 1.8 million per annum. Institution operates in 1,630 locations (90 per cent of them rural) in the north, centre and south of the country. Web portal provides 88 courses and guides on a wide variety of projects.</p>	<ul style="list-style-type: none"> ▪ Partnerships with key government agencies on state and municipality level ▪ Partnership with <i>Banamex</i>'s <i>Saber Cuenta</i> program ▪ Human and pedagogical resources with long term experience.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p>Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros, CONDUSEF, national Mexican government agency.</p>	<p>Promoting, assessing, protecting and defending the rights and interests of users of financial services and products supplied by financial institutions within the Mexican Territory. Create and promote a financial culture.</p>	<p>CONDUSEF does not have a specific target in terms of age, gender or region. It seeks to promote financial culture for all Mexican citizens. Users of financial services that seek the help of the agency in case of need.</p>	<p>Internet website. Monthly magazine (40,000 issues). Brochures and books on specific topics (work of CONDUSEF, use of credit bureau, etc.) DVDs All of the printed material is distributed through its 35 delegations (one for each of the 32 states and three in Mexico City).</p>	<p>Yearly budget of €26.7 million. Around 25,000 visits to website per day at the moment (up from 4,000 per day in 2000). The institution prints (books and brochures) for potential users range between 15 and 20 thousand issues. The institution printed a comic about the Mexican Financial System reaching 200,000 issues. For DVDs, CONDUSEF has issued only 500 units.</p>	<ul style="list-style-type: none"> ▪ Very specific and timely information ▪ National distribution network. ▪ However emphasis is on information rather than on pedagogics ▪ Regular surveys of people using its services – surveys are supposed to be used internally to improve on the work of CONDUSEF.

Country: Botswana

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
Bank of Botswana – Department of Public Education	Increase the level of usage of bank services in Botswana (economy was very cash based, savings in the form of livestock). Public should know about qualities of authentic bank notes, the role of the BOB in the economy and the financial sector and the nature of money.	BOB targets different groups – from school children and young people to adults.	Influence on school curriculum through the Department of Education. Visiting schools and universities. Publishing articles in newspapers. Holding specific events (Banking Week). Radio shows, fairs, exhibitions by banks and TV coverage. Publications targeted at various groups (distributed in bank branches etc.). Hosting industrial theatre – dramas.	Total budget: approx. €87,000 to 112,000, no detailed information on the number of participants.	<ul style="list-style-type: none"> ▪ Appropriate mediums of communication for different target groups ▪ Feedback from customers / clients is used to adapt the education offers.

Provider	Motivation	Target Group(s)	Brief Description of Education Offer	Cost and Effect	Factors of Success
<i>Ministry of Education</i> – Department of Curriculum Development and Evaluation	Prepare learners for the real world, encourage young people to found their own business.	School children.	The focus of the material is on business (starting/running a business, bookkeeping, office procedures) and on money and banking (role of banks, how to access finance for your business, and different types of bank accounts and their uses).	Part of Government Budget. A performance Management System measures access, attendance, payment, etc.; monitor what happens in classrooms, and conduct evaluations of the curriculum prior to the review thereof.	Performance Management System is clearly an advantage, however the success of the measure is questionable.
<i>Ministry of Education</i> – Department of non-formal education (Adult Education)	Improve life skills of the adult population – enhance (economic) wellbeing.	All adults, especially in rural areas.	Various courses offered targeting the overall education needs of adults – financial literacy is just one of a large number of topics.	Part of Government Budget.	Integration of financial literacy topics into overall adult education – effectiveness however questionable.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>Ministry of Trade and Industry – Consumer Protection Office</i></p>	<p>The education offer aims to protect consumers against exploitation and malpractice through providing them with information on products, services and after-sales service.</p>	<p>No specific target group, although it is felt that especially children and youth should be targeted.</p>	<p>The education offer focuses on practising safe borrowing habits and on budgeting and saving. Road shows held in central business areas in both urban and rural areas. Kgotla - (community) addresses and organisational addresses – mostly employees. Voluntary consumer groups. Radio programs. Presence at the annual regional agricultural shows (hand outs, discussions), provide counselling and advice.</p>	<p>Total budget of approx. € 125,000. Impact assessment of one of the road shows – conducted in 10 towns with a total of 1440 attendants. The majority of the 247 interviewees said they found it interesting and they would have learned about budgeting.</p>	<ul style="list-style-type: none"> ▪ Adequate language ▪ Road shows are supposed to be most effective as they are informative and entertaining.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<i>Botswana Institute of Bankers (BIOB)</i>	Non-profit membership based organisation established to educate and foster professional development within the banking sector in Botswana. The focus of their current activities is on educating bank staff.	Schools, tertiary education organisations and the general public, who all require further education on financial issues.	Partner of Bankers Association and the Bank of Botswana on initiatives such as "Banking Week". Starting a small library which currently includes textbooks of relevance to the courses they offer bank employees and periodicals.	They intend to take over part of the costs of the Banking Week	<p>The following is seen as important:</p> <ul style="list-style-type: none"> ▪ Properly conducted and coordinated education ▪ Evaluations to measure success to learn and for accountability ▪ Contents has to be target group oriented (also in terms of the form) ▪ Local input and cultural relevance are essential ▪ Use of role models (especially with regard to children).
<i>Botswana Building Society (BBS)</i>	Financial education offer is part of promotion of the services.	Target group not explicitly stated, however measures are geared to potential clients of the BBS (people with small but stable income), plan to address students.	Mainly working with employers to reach their employees. Albeit the seminars serve largely sales purposes they enable discussion and a forum for clients/prospective clients to raise questions concerning the benefits of savings and property investment.	Part of the marketing budget, number of participants not recorded.	Face to face interaction with attendants of the measures / potential clients.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
Stanbic Bank, an associate of Standard Bank South Africa	Education offer is part of CRS measures, also to attract potential clients.	High school children, people in rural regions.	A publication covering topics such as personal finances, money and banking, savings and investment, introduction to business finance. Integration into school curricula is planned. Materials have been published and are distributed to libraries throughout Botswana.	Stanbic is willing to continue to cover the cost of updating materials annually, based on feedback from teachers and schools. Response from MOE awaited concerning the possibility to print the materials on the government press. The publication is available in 73 libraries and 238 'book boxes' (small rural library facilities).	<ul style="list-style-type: none"> ▪ Adaptation to local circumstances (material originally stemming from South Africa) ▪ Face to face interaction ▪ Belief that impact evaluation is necessary to improve the effectiveness of measures.
First National Bank (FNB) Botswana	Increase the utilisation of the Visa enabled debit card. See debit cards as playing an instrumental role in the advancing access to financial services.	Rural un-banked market.	Industrial theatre during road-shows (Visa used this method in South Africa and saw an impact on uptake of the VISA electron debit card as a result). This approach enables the use of different languages. Appearances on the "money talks" radio show. Brochures.	No information of costs given - initially sponsored by VISA - in future FNB and VISA will jointly share the cost. Uptake of products as a result of the road-show has been observed in South Africa – effect in Botswana remains to be seen.	<ul style="list-style-type: none"> ▪ Local language in order that people do identify with the message ▪ Participation (provide gifts for people) ▪ Clear measurement indicators in future.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<i>Standard Chartered</i>	Would like to increase the usage of ATMs in order to reduce queues in the banking halls (government pays all civil servant salaries on the same day).	Existing and future cheque and savings account holders.	A weekly publication to the Sunday Standard newspaper and magazines, covering various topics including Interest Rates. Collaboration with the Bankers' Association on initiatives across banks e.g. currently works on a Visa card education drive using industrial theatre, and on a previous Banking Week.	Part of marketing budget, therefore unknown. Effects currently not measured.	<ul style="list-style-type: none"> ▪ Belief that measurement of effects is crucial. ▪ Interactive learning rather than papers and brochures – therefore engage in new approach.
<i>Barclay's Bank of Botswana</i>	Would like to increase the usage of ATMs and promote the use of services.	Potential clients.	Developing a program on the benefits of savings, Visa electron card usage and ATM usage (with Barclay's in Johannesburg).	Costs and effects not yet known as still under design.	Adaptation to local circumstances.
<i>Botswana Savings Bank</i>	Focus on improving access to financial services and partners with the Botswana Postal service in an effort to provide broad-based access to savings.	Rurally-based communities.	Savings promotion week once every two years. Promotions are conducted in Kgotla meetings and through collaborating with local authorities.	Part of the marketing/promotional budget. Effects not measured.	Potentially good distribution channels.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
Free to Grow	Corporate sector is aware of the impact of financial behaviour (especially the high debt level) on their human resources.	Primary target is employees with low literacy level (primary education).	Two-day workshop attended by a maximum of 20 participants. Active learning that encourages people to actively participate and to think for themselves.	Approximately € 1,500 (20 participants/2 days) per workshop. Feedback is provided at the end of each training session. Main changes observed would be increased motivation to save.	<ul style="list-style-type: none"> ▪ Level of engagement of the participant, since must be active learning to be effective. ▪ Focus on content which is relevant to the target market and can trigger behaviour changes; no unnecessary information.

Country: Namibia

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<i>Bank of Namibia</i>	Make the public aware of the role of the Central Bank.	Broad public program especially in remote areas for people who are not fully literate.	Supplement to news-papers during Banking Week. Road-shows held in various locations which included some humorous theatre performances on the topic of using financial services, Outreach program: talks to high schools, distribution of brochures through schools and on demand.	Undisclosed. It is planned to at least compile the number of participants of the measures.	Not known.
<i>Namfisa (Namibia Financial Institutions Supervisory Authority).</i>	Namfisa has the mandate to educate and protect the consumer of financial services. There is a need in Namibia for a coordinating body in terms of Financial Education initiatives. The objective is to set standards for consumer education and protection.	All potential and existing users of financial services including schoolchildren.	Namfisa is in the process of designing a program that will cover all financial services. Namfisa can be both a facilitator (of various initiatives) and an implementer. The mechanisms are not yet defined but it is envisaged that the following will be used: radio, print media and road-shows as well as the school curriculum.	Not defined yet but there is a budget of around € 700,000 available.	Effects still to be seen, however there is a clear need to set standards for financial education.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<i>Namibian Stock Exchange</i>	Increase knowledge of the stock exchange ultimately increasing the number of individuals investing through the stock exchange.	School children (aged around 16/17 years old).	Yearly school competition: Investment game running over 6 months - the team which produces the highest return is the winner. Brochures (used for the competition and to distribute to the general public).	Around € 10,000 per year. Last year, 70 groups started the competition and 50 finished (around 200 participants).	Game character of the measure – however influence is limited due to the low number of overall participants
<i>Bank of Windhoek</i>	Focus on so far unbanked population, provision of financial education in order to sell its new products.	The general public focusing on the bank's customers. The bank is also aware that the articles are used by some schools and youth groups.	Weekly contributions in a newspaper also re-printed in a booklet format that includes 20 articles per booklet. The booklets are available free of charge at Bank of Windhoek branches.	Undisclosed; part of the bank's marketing budget. The impact of each article is monitored by using a weekly pool question – the bank believes that there is a better brand recognition. Still in the planning phase, final budget not available.	Not precisely identified – feedback is used to improve on the weekly contributions and the booklets.
<i>Standard Bank</i>	Standard Bank is the main sponsor – in the frame of corporate social responsibility activities.	Youth from 18 to 25 from the San ethnic group.	It is planned to have group intervention, peer education.	Still in the planning phase, final budget not available.	Not defined yet.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
NamPost Savings Bank	Launch of new product and fit into overall objective of NamPost to increase savings in Namibia. Increase awareness for different savings products.	Low to medium income earners with a specific focus on low-salaried people and pensioners.	Pamphlets, posters and newsletters in different languages. Distribution at branch level as well as through four roll-out teams going into small villages. Media campaign especially through radio talk shows and newspapers, focusing on transparency in charges and interest rates.	Undisclosed; part of NamPost marketing budget. The campaign has had a dramatic effect on increasing the number of savers - new Smart Card Savings, launched in 2005 has more than 150,000 accountholders.	<ul style="list-style-type: none"> ▪ Measures geared to the specific needs of the target group(s) ▪ Delivery mechanism ▪ Credible offer (focusing on transparency) ▪ Intensive, interactive approach.
Free to Grow.	Corporate sector is aware of the impact of financial behaviour (especially the high debt level) on their human resources.	Primary target is employees with low literacy level (primary education).	Two-day workshop attended by a maximum of 20 participants. Active learning that encourages people to actively participate and to think for themselves.	Approximately € 1,500 (20 participants/2 days) per workshop. Feedback is provided at the end of each training session. Main changes observed would be increased motivation to save.	<ul style="list-style-type: none"> ▪ Level of engagement of the participant, since must be active learning to be effective ▪ Focus on content which is relevant to the target market and can trigger behaviour changes; no unnecessary information.

Country: Republic of South Africa

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
National Consumer Forum.	Organisation established to promote and protect consumer rights and interests in South Africa.	The program is targeted at all consumers of financial services.	A community radio station; program newspaper called "Consumer Fair"; launched in 2005; 100 000 copies published bi-monthly and distributed through ABSA branches and Consumer Affairs Offices throughout the country. They are negotiating with two commercial banks to fund their consumer education workshops in South Africa.	Negotiations with commercial banks to fund consumer education workshops. Costs are above income generated through publication of a newspaper (estimated at approx. € 50,000). Feedback from South Africa Broadcasting Corporation indicated that number of listeners to NCF's morning slot on Ikwekwezi FM has grown in three years to about 550 000.	<ul style="list-style-type: none"> ▪ Usage of a combination of different media to obtain outreach ▪ Simple material that all categories of consumers can easily understand ▪ Secure funding sources.
BankSeta – a statutory body, established by the Minister of Labour, to support and grow the level of current and future skills needed in the banking sector.	Part of strategic focus of BankSeta.	Village bank members.	Workshops for village banks' members. Plan to include community radio stations. Financial literacy measures consist of three modules focussing on budget and savings, managing risk, and the encouragement to follow income generating activities.	A total of EUR 53,000, success indicators not yet established, however it is planned to measure the effects.	Not yet defined.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>Life Offices Association (LOA)</i> – an association of registered long-term insurance companies conducting business in South Africa.</p>	<p>To help government employees to manage their funds better and gain more attractive clients.</p>	<p>Government employees with little personal financial management experience.</p>	<p>Employee in-house workshops; use of tools are visuals, practical examples and interactive discussions. Contents focussing on budgets, the power of savings, and the dangers of borrowing.</p>	<p>A total of approx. € 250,000, print media € 32,000, training 183,000 and other measures such as tele counselling. Measure effects as participants complete evaluation forms. Furthermore comparison of trainees cash flows before and three months after the intervention (85% success rate converting negative cash flow into positive ones).</p>	<ul style="list-style-type: none"> ▪ Contents of material and form of education offer is target group oriented. ▪ Monitoring of training and the availability of support after training measures.
<p><i>South African Insurance Association - (SAIA)</i> is the representative body of South African short term insurers.</p>	<p>To provide basic financial appreciation as a prerequisite to consumer protection and recourse in the process of complying with the Financial Sector Charter.</p>	<p>Organized community groups, school children – Further Education and Training (FET) level, commuters.</p>	<p>Workshops especially for people in poor rural communities; Classroom based training sessions; Radio and TV. Contents focussing on four different topics - money management, debt, short-term insurance and rights and responsibilities of financial services consumers.</p>	<p>Estimated costs around € 700,000 per year. In addition € 1. million for financial education of black-low income communities collected. Assisted 1,357 teachers in 750 schools; 96,109 copies of manuals were distributed across the country; 295 workshops were held and 8,164 trainees were trained.</p>	<p>Not yet defined as measurement of effects only in terms of numbers of participants or copies distributed.</p>

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p>Standard Bank Foundation and Winning Teams (WT) – WT is a private company that helps corporate firms to achieve their business objectives by organising corporate knowledge and assuring its successful transfer.</p>	<p>Concern about the levels of financial literacy amongst the youth.</p>	<p>All grade 10, 11 and 12 learners in government schools in South Africa. In 2007 the program will be run in Gauteng and piloted in Kwa-Zulu Natal, Western Cape and Eastern Cape.</p>	<p>Self-directed/group learning by learners outside the classroom. Testing by learners using the game, within the classroom. Coaching by educators only where necessary, within the classroom.</p>	<p>No detailed information about funding, cost per learner is estimated at €2.50. Method seems to be effective as learners seem to retain a large part of the information covered.</p>	<ul style="list-style-type: none"> ▪ Reinforced learning over a six to eight week period (game character, targets set for each of the 6 rounds of the competition) ▪ Intensive care.

Provider	Motivation	Target Group(s)	Brief Description of Education Offer	Cost and Effect	Factors of Success
<p>Standard Bank Foundation and Mindset Network, NGO which creates multimedia content for schooling, health and vocational sectors).</p>	<p>Promote a culture of responsible savings and money usage by supporting the introduction of Economic and Management Sciences (EMS) into the school curriculum and overall support to the topic.</p>	<p>High schools learners (Grades 10, 11 and 12).</p>	<p>The material consists of four learner workbooks, a teacher guide, a dictionary of economic and management science terms and a set of posters. Modules cover personal finance, money and banking, savings and investing as well as an introduction to business finance. 8 financial literacy supplements are published as part of the Mindset Learn magazine which is distributed in the Sunday Times (covering usage of ATMs, growing ones money, entrepreneurship).</p>	<p>Total cost approximately EUR 1 million. Utilization of the material was evaluated in 2005 and both teachers and learners enjoyed the content of the material as they found it easy to understand. Learners reported gains in valuable life skills through the use of the materials; e.g. use of ATMs, budgeting, increased awareness of the range of financial services.</p>	<ul style="list-style-type: none"> ▪ Content is aligned to the curriculum of the National Department of Education ▪ Delivery platforms enable different ways of accessing the content, thus ensuring greater reach ▪ Provision of support to teachers to use the technology and to integrate it into their lessons ▪ The financial literacy content is simple and can be easily applied to other audiences, e.g. factory workers.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>Teba Bank</i> – authorized financial services provider which has its origins in the mining industry, officially registered as a fully-fledged bank in 2000 targeting the lower segments of the market.</p>	<p>Part of corporate social responsibility activities - assist mineworkers and client communities in planning their financial lives and to make informed financial decisions and manage their debt and household income.</p>	<p>The program is targeted at the bank's current clients (predominantly mineworkers and their families) and communities where Teba bank is present (potential clients).</p>	<p>The program has been developed in cooperation with Microfinance opportunity (Washington) and consists of two modules - basic banking and debt management. The material contains stories and games; workshops are highly interactive. Teba Bank rolled out their program at the beginning of 2006.</p>	<p>Part of the program was funded by Citigroup and details are confidential. Teba bank itself spent € 50,000 to roll out the program. Pre- and post-assessment of participants' knowledge and attitudes towards 'banking' and 'debt' is undertaken. In most cases, improvement in knowledge and attitudes is observed.</p>	<ul style="list-style-type: none"> ▪ The material is simple and customized to the needs of participants ▪ Delivery methodology is interactive and accommodates differences in literacy levels.
<p><i>Ikhumiseng Consulting</i> – is a private company specializing in personal financial literacy training of employees.</p>	<p>Employers seek the services of Ikhumiseng because over indebted employees may have a negative impact on the company.</p>	<p>Primarily highly indebted employees of private companies and in government departments. Anyone interested in gaining knowledge in personal finance management.</p>	<p>The program encompasses material related to the management of household finance. Workshops/classroom interaction and simulation-based delivery mechanism. Methodology employed is highly interactive and allows for everyone's involvement using personal experiences, group work, use of game cards etc.</p>	<p>Training is approximately € 95 to 1.25 per person. Participants are required to complete an assessment form before and after training. The assessment is aimed at measuring attitudes towards money; follow-up workshops are conducted 8 weeks after the initial training to establish impact and post-training support needs.</p>	<ul style="list-style-type: none"> ▪ Highly interactive methodology employed ▪ Method is very well adapted to the needs of (often) illiterate participants.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
Kagiso TV & Communications – an independent multi-media production company mostly working on behalf of banks.	The company is hired by banks and the South African Broadcasting Corporation in order to promote a sound learning culture about banks. It focuses on the concepts of borrowing, saving, investment and insurance.	Low income earners and consumers in rural and semi-urban areas.	30-minute radio talk show with a pre-recorded drama insert and live interaction, called “Financially Smart”. It was first broadcast in January 2006 in most local languages, including X-K.FM - a Khoisan station.	Budget not known as it is part of marketing budgets of the banks. Listenership has increased from 3.2 million to 5.2 million listeners across all African language stations.	Broad outreach of media chosen (radio).
Read Education Trust – READ is a literacy organization that focuses on teaching learners how to read and write.	Joint initiative of Citigroup and READ – combining corporate social responsibility with the goals of an NGO.	Intermediate and Senior learners (Grades 4-9) at disadvantaged schools.	Book on financial literacy to be used with Intermediate and Senior Phase teachers and learners. The book is linked to three primary learning areas as and is accompanied by a Teacher's Guide, which incorporates lessons and reproducible worksheets for learners. READ also undertook educator training.	In 2006, Citigroup provided approximately €43,000 to READ. Effects not yet measured as project has just started - however in general all activities of READ undergo monitoring.	<ul style="list-style-type: none"> ▪ Simple content of the book, adapted to the needs of the target group ▪ Credibility of the institution ▪ Good distribution channels ▪ Possibility to monitor and to use feedback for improvements.

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>You & Your Money</i> – NGO established in 2001 focussing on financial literacy training and debt counselling.</p>	<p>Protections of financially illiterate consumer against exploitation (avoid / recover). Avoidance of over indebtedness.</p>	<p>Rural community workers ("debt activists" within their communities). Rural communities and vulnerable groups. Corporate employees. People under administration and/or judgment (earning less than EUR 500 a month).</p>	<p>Free debt advice services. Training of rural community workers to act as debt activists in rural areas to prevent indebtedness. Financial life skills training (savings, budgeting, costs of lending etc.) in workshops.</p>	<p>Funding received from various national and international sources. Effective set of impact of their program is still under development.</p>	<ul style="list-style-type: none"> ▪ Delivery mechanism. ▪ Alignment/relevance to needs and events in the economy. ▪ Research – needs assessment needed. ▪ Success limited by funding constraints.
<p><i>Black Sash</i> – NGO contributing to different areas of national policy.</p>	<p>Black Sash as a service provider on the NCR Debt Relief program fulfils its target to improve the overall living situation.</p>	<p>Learners, civil servants and inhabitants of rural communities.</p>	<p>Workshops, community radio, presentations, practical exercises and skills tests. Black Sash also provides individual intervention. They advise their program through local news papers.</p>	<p>Approx. € 53,000. Effect/Impact measurement processes not in place.</p>	<p>Factors of success (if any) not known.</p>
<p><i>Remarkable Lives Trust</i> – consulting firm that providing various types of financial education.</p>	<p>Employers seek the services because over indebted employees may have a negative impact on the company.</p>	<p>The primary target group is low income earners of corporate companies. High school youth aged 15 – 25.</p>	<p>Besides multiple mass delivery mechanisms e.g. television, national newspaper, radio, internet and development theatre they also provide seminars.</p>	<p>The program is still new and assessment has not been done to measure impact. However, through the Community Radio station talk show "Money Talk", some positive feedback has been received.</p>	<p>Use of local language / adaptation to regional specifics.</p>

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p><i>Business E Design (Pty) Ltd</i> – company offering workshops to help people to improve their business.</p>	<p>Promote profitable enterprises and improve financial literacy.</p>	<p>Owners / (potential) founders of companies</p>	<p>Workshops and classroom, broad based program that covers everything on fundamentals for successful business. Use of business games.</p>	<p>Approximately EUR 10 per person, however positive feedback from participants is noted.</p>	<ul style="list-style-type: none"> • Not exactly known, as effects are not measured • Intensive delivery mechanism.

Country: Vietnam

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p>Prudential Vietnam PLC, a privately owned multinational enterprise.</p>	<p>Prudential is running this project in the scope of its Corporate Social Responsibility (CSR) program. However there is a long-term interest in educating potential clients about risks and their management.</p>	<p>Prudential first focused on low-income women without stable income. However, they assessed later that this target group was too poor and thus upgraded the project to higher income women (with ~ 800.000 VND/month).</p>	<p>Main activity is to carry out seminars on financial issues. Cooperating partners were local Women's Unions or Trade Unions that provided their networks/channels to find participants for the respective seminars. The seminars last about 3-4 hours with some interactive elements and cover topics such as "Understanding your financial needs", "Understanding the need for a financial plan", "Introduction of financial products" followed by various case studies.</p>	<p>Estimated total costs are around € 30,000. Until now, a total of 3,501 participants have been instructed in a total of 18 seminars in the North and Central of Vietnam (Hanoi, Thai Nguyen, Quang Ninh, Thanh Hoa, Nghe An).</p>	<ul style="list-style-type: none"> ▪ Cooperation with local partners with well-established networks ▪ Interactive, participatory approach, e.g. through case studies ▪ Focusing on women with stable income ▪ Covering the expenses of participants (very usual in Vietnam).

Provider	Motivation	Target Group(s)	Brief Description Education Offer	Cost and Effect	Factors of Success
<p>Initiative set up by two US American NGOs - <i>Microfinance Opportunities</i> and <i>Freedom from Hunger</i>.</p>	<p>Win-win investment: Both NGOs are active in finance and estimate that with the growing range of financial products and the increasing complexity of financial markets, it becomes more essential that clients can manage their resources and understand their financial options.</p>	<p>Broad range of service organizations, eventually targeting low income households.</p>	<p>Based on a comprehensive market research carried out in 7 microfinance institutions outside Vietnam a training program was designed including topics such as budgeting, debt management, savings, bank services and financial negotiations. TOT-seminars have been carried out in different countries since 2006 (including one in Indonesia for 14 South Asian organizations, two from Vietnam). Initiative offers a comprehensive training guide.</p>	<p>Overall budget for the region is approximately €3 million for three years. So far mainly development of train-the-trainer seminars, conduct of train-the-trainer seminars.</p>	<ul style="list-style-type: none"> ▪ Comprehensive market research ▪ Reliable budget ▪ Initiative is not donor-driven (participants have to make an effort themselves to participate) ▪ Adoption to the respective context ▪ Installing an outcomes assessment.

