Innovations in
Youth Financial
Services Practitioner
Learning Program

Institutionalizing Youth Financial Services to Achieve Scale

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About SEEP

The SEEP Network (www.seepnetwork.org), founded in 1985 and headquartered in Washington, DC, is an association of 120 international organizations that support micro and small enterprise development programs in 171 countries around the world. SEEP works towards its vision of a sustainable income in every household by connecting microenterprise practitioners in a global learning community. SEEP plays a unique role by connecting these practitioners so that they may access, co-create and exchange the tools and experiences needed to strengthen their organization and programs and, ultimately, their impact.

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Acronyms

CSR – Corporate Social Responsibility

HNB – Hatton National Bank

IT – Information Technology

PLP – Practitioner Learning Program, The SEEP Network

Introduction

With over 1.8 billion young people in the world today, youth represent one of the fastest-growing segments of the global population. According to the United Nations Department of Economic and Social Affairs Population Division, youth in 2010 comprised 17.6 percent of the world's population and 20.2 percent of the population in least developed countries.[1] Most young people, especially in developing countries, do not have access to the financial services and education that could help them move out of poverty and become productive citizens in their communities. Although numbers vary, it is evident that the demand for financial services by young people far exceeds their availability, with some sources estimating that less than 10 percent of the world's youth are currently being reached by financial services.

The period of youth is an excellent time to learn responsible financial habits and attitudes toward saving, borrowing, and spending. Research has supported the hypothesis that appropriate financial and non financial services (such as education and training), tailored to the unique needs and capabilities of youth, can help young people better manage their finances to support themselves and their families over both the short and long term.

Scaling up youth financial services is one way to address the enormous gap between demand and availability. However, scaling up is not a simple process; many organizations find that they need to consider certain unique factors when scaling up youth financial services. Often, youth products are developed as part of a financial institution's corporate social mission; as a result, they are not always fully incorporated into the organization's business plan, structure, and processes. This may be acceptable in the short term, but, as the organization begins to scale up youth initiatives, integration of these services becomes more important. The institutionalization of youth financial products into an organization's operations is a key component of deliberate, responsible scaling up, ensuring that the products have the required support and resources to grow and expand. By gaining organizational buy-in through all major stages of the life cycle of a youth product, institutions can scale up more effectively, systematically, and sustainably.

In this technical note, FINCA Uganda and Hatton National Bank Sri Lanka (HNB) explore key components and issues around the institutionalization of youth financial services, based on their individual experiences. Topics that are explored include key considerations, steps, and challenges of institutionalization. While some universal aspects of institutionalization are covered, this document primarily examines differences in institutionalizing youth financial products as opposed to financial products targeted to non-youth.

A. Key Definitions and Concepts

In order to effectively discuss the institutionalization of youth financial services, it is necessary to define key terms and concepts related to the topic. While a variety of definitions exist, for the purposes of this learning product, youth financial services, scaling up, and institutionalization will be conceptualized in the following ways.

Youth financial services

Youth financial services encompass a wide range of financial products and services offered by financial institutions to young people. These can include savings, credit, fixed deposits, insurance, and transfers. The definition of youth varies widely but, for the purposes of the Innovations in Youth Financial Services Practitioner Learning Program (PLP) of The SEEP Network, youth are defined as between the ages of 12 to 24 years. While complementary services, such as education and skills training, are not strictly defined

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[1] UN Department of Economic and Social Affairs Population Division, n.d., "Detailed Population Indicators," UN, New York, http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm, (accessed August 24, 2011).

[2] Making Cents International, 2009, "State of Youth Financial Services," Plenary Session, International Global Youth Enterprise Conference," Washington, DC, September 30.

as financial services, it is necessary to include them in the discussion of youth financial services as they are often integral components in youth products.

Scaling up youth financial services

Scaling up is the process of expanding the delivery and/or impact of a product. Scaling up can be approached in different ways, but for the purposes of the above-mentioned PLP, scaling up is defined to include depth, breadth, scope, and market penetration. Breadth refers to outreach and the number of clients reached by a financial institution, while depth of outreach refers to reaching more vulnerable clients at varying economic levels. With respect to scaling up, scope means increasing the number of services and products offered by a financial provider, while market penetration refers to reaching more clients in different market segments—geographical, cultural, or otherwise.[3] Scaling up can also involve the process of moving a product or service from a pilot stage to a roll-out stage (which can be either limited or full). While all of these aspects of scaling up—breadth, depth, scope, and market penetration—do not necessarily have to be pursued concurrently to effectively achieve scale, they can complement each other in various ways.

FINCA Uganda and Hatton National Bank's strategy for scaling up includes increasing breadth, scope, and market penetration. In April 2011, FINCA Uganda rolled out the StarGirl youth product to two additional branches located in the rural areas of Masaka and Mityana (market penetration). Additionally, it planned for an increased uptake of youth clients in all branches where StarGirl was offered (breadth). Finally, FINCA Uganda has begun the process of developing two new youth financial products to reach older youth and adolescent boys (scope and market penetration).

HNB has worked to achieve scale in its youth initiatives by increasing the number of school banking access points, as well as the number of overall youth clients of both the HNB Teen product and the Gami Pabuduwa product (market penetration and breadth). In addition, HNB has developed a financial product targeted to youth over the age of 18 to bridge the gap between youth and adult services offered by the bank (scope).

Source: Authors.

Institutionalizing youth financial services

In the simplest of definitions, institutionalization is defined as "establish[ing] something, typically a practice or activity, as a convention or norm in an organization or culture."[4] Philip Selznick, one of the earliest scholars of institutional theory, viewed institutionalization as a way of "instilling value, supplying intrinsic worth to a structure or process that, before institutionalization, had only instrumental value."[5] According to Selznick, institutionalization is a process subject to conscious design and intervention that occurs within an organization over a period of time.[6] For organizations providing financial services (with youth being one target client group), institutionalization specifically involves the process of integrating youth financial services into an organization's mission and overall strategy, while garnering buy-in and support through the provision of resources, both human and financial.

The process of institutionalization can take different forms and may progress through different stages. For the purposes of this document, institutionalization is linked to the scale up process, thus the following typical project phases are examined: pilot, initial roll-out, and full roll-out. These phases are common to the development of most products, not just youth products, and demonstrate the gradual stages of expanding client services. It is important to note that while there is a relationship between institutionalization and scaling up, the two terms are not identical. Scaling up involves the expansion of services to clients and institutionalization is one way of effectively doing so.

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[3] Mark Schreiner, 2002, "Aspects of Outreach: A Framework for a Discussion of the Social Benefits of Microfinance," Journal of International Development 14 (5): 591–603.

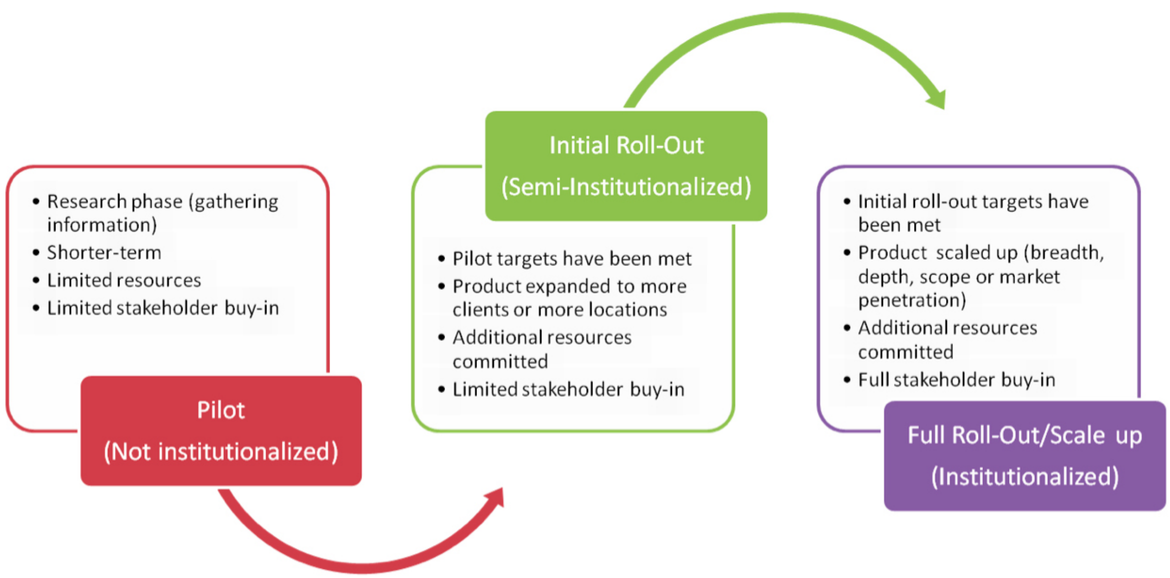
[4] Concise Oxford English Language Dictionary, 2009, 11th ed., rev. (New York: Oxford University Press USA)

[5] Richard W. Scott, 1987, "The Adolescent of Institutional Theory," Administrative Science Quarterly (December): 493.

[6] Philip Selznick, 1957, Leadership in Administration (New York: Harper and Row), 16.

- ***Pilot phase:*** Products in the pilot phase are typically not institutionalized within an organization. They may be shorter-term research projects with limited committed resources designed to help an organization determine the viability of a particular product or service.
- ***Initial roll-out:*** If pilot targets have been met and demand is present, decision makers may decide to roll-out the product or service to a larger group of clients or to a select number of branches. This "initial roll-out" stage can be categorized as "semi-institutionalized," during which buy-in and approval from key internal and external stakeholders is obtained and more resources (both financial and human) are committed. However, the product or service may or may not, at this point in time, be integrated into an organizational business plan or strategy, which is one of the determining factors of full institutionalization.
- ***Full roll-out/scale up:*** If a product or service has continually met set targets and demand for expanded services is identified, it may then be fully rolled out and scaled up. At this point, the product can be said to be fully institutionalized with a high level of stakeholder buy-in and the highest level of resources committed, compared to other points along the process continuum (see figure 1).

Figure 1: Scaling Up and Institutionalization Continuum



Source: Authors.

The level of institutionalization of a youth financial product or service often changes over time as products and services mature and are proven "successful" through careful monitoring and financial analysis. For example, FINCA's StarGirl product has recently moved from the pilot phase (non-institutionalized) to the initial rollout phase (semi-institutionalized) by offering services in two additional rural branches. These scale up activities required approval from senior management, as well as additional resources, and became possible for a number of reasons, including a positive product performance review and buy-in from senior management.

Hatton National Bank currently considers its youth products somewhere between the semi-institutionalized and institutionalized phases of the continuum. A strong commitment from HNB's senior management was made a number of years ago to reach Sri Lankan youth through financial services. This commitment has been demonstrated through the regular provision of both financial and human resources. Youth products have been integrated into the bank's business plan and strategy, and significant resources are budgeted each year for marketing, implementation, and other essential costs. However, although HNB has taken steps to institutionalize and scale up its youth financial products, it still sees the need to develop an official "youth brand" before full institutionalization can be realized.

One final point that should be made is that it is not necessary to fully institutionalize or scale up every product or service. Some products are abandoned after the pilot phase, while others may reach only the semi-institutionalized phase. This may be appropriate for some types of products within an organization. However, from the experiences of the PLP partners, institutionalization is essential in order to systematically and sustainably reach scale.

Youth financial services are often categorized as niche products within a financial institution, since they often have specialized product features and are aimed at a targeted client group. It is important to note that niche products can be located at any place along the continuum of scaling up and institutionalization. While niche products may never achieve the level of scale of mainstream products and services, they can be institutionalized within an organization by being incorporated into a business model and securing the commitment of key stakeholders.

Source: Authors.

Institutionalizing Youth Financial Services to Achieve Scale

In 2006, the Aspen Institute and the Association for Enterprise Opportunity conducted a literature review that revealed certain lessons learned from scaling up in the microenterprise industry.[7] Of these lessons, many referred to the importance of treating scale up as a well thought-out process involving the buy-in and commitment of an organization's management team. Furthermore, scaling up often involves a number of steps or processes including "moving from idea and experimentation through early replication, the identification of best practice,….standardization, infrastructure building, and then wide-scale roll-out."[8] These best practices imply that, in order to effectively and sustainably scale up any financial service, it is necessary to institutionalize it within an organization's overall mission, vision, and business plan.

As mentioned in the previous section, although scaling up and institutionalization are related, they are not identical. While it is generally necessary to gain organizational buy-in and support in order to effectively and sustainably scale up a financial service or product, the reverse is not necessarily true. As discussed in the previous section, niche products may remain a relatively small component of an organization's operations, with limited outreach and expansion plans. However, they can still be institutionalized as part of an organization's overall strategy and business plan.

Institutionalization is especially important to consider when discussing the scale up of youth financial services. Traditionally, youth clients have not been a primary focus of financial organizations; as a result, financial products targeted to them have not been as institutionalized as conventional non-youth products. As more organizations begin to offer financial services to young people, they will need to think through not only what products are appropriate for their new target market, but also how these new products fit into their mission, strategy, and existing processes in order to ensure sustainability.

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[7] Aspen Institute/FIELD and the Association for Enterprise Opportunity, 2006, "Lessons Regarding Scale." Available on the website of the Microfinance Gateway, Washington, DC, http://www.microfinancegateway.org/gm/document-1.9.30453/40.pdf (accessed October 11, 2011).

[8] Ibid.

While many aspects of the institutionalization process are similar for all financial products, there are certain unique considerations for organizations providing financial services to young people that should be addressed. These include considerations related to mission compatibility, time frame, stakeholders, resources, and the external environment. In addition, some of the steps and challenges of institutionalizing financial services for young people can also differ. These differences are explored in the following sections.

A. Considerations and Drivers

Organizations have different motivations for scaling up financial services for young people. For some, serving youth clients is a way to fulfill a corporate and social mission to reach more vulnerable individuals. Youth clients can also be seen as a viable future client base that will eventually generate revenue and profit for the organization, both through their own activities as well as through cross-selling to friends and family members. Finally, financial institutions may be responding to the increasing demand of a young population. Regardless of the reason, an organization should consider a number of factors that are essential for successful institutionalization prior to scaling up:

- ***Mission:*** How does providing financial services to youth fit into the organizational mission, strategy, and business plan?
- ***Time frame:*** How long will it take to scale up youth financial products and services, keeping in mind financial sustainability?
- ***Resources:*** Does the organization have the available resources (both financial and human), as well as the needed systems in place, to expand implementation of a youth financial product or service?
- ***Stakeholder support:*** Does the organization have support from both internal and external stakeholders in order to institutionalize youth financial products?
- ***External environment and market demand:*** Does available market research and the external environment (i.e., the sociopolitical, legal, and local context) support expanding the provision of financial services to youth?

Mission

Both FINCA Uganda and Hatton National Bank looked carefully at how further investment in financial products targeted to youth would fit into their respective missions and long-term organizational objectives.

FINCA Uganda's mission has a large social component, in that it seeks to reach out to vulnerable populations in the country. Youth are seen by FINCA Uganda as a vulnerable segment, as well as one that will also ultimately contribute to a long-term client base. The provision of financial services to young people also has a designated place within Hatton National Bank's mission and organizational strategy. Although HNB views youth financial services as part of its corporate social responsibility (CSR) to address youth unrest of the previous decades, it also sees youth as a viable future client base. After the last youth insurrection in 1989, HNB's management made a conscious and strategic decision to move into providing

> *"The Youth Financial Services will not only further drive our overall FINCA mission to serve low-income entrepreneurs to build assets, create jobs, and improve their standard of living, but also enhance our brand and build trust in the communities in which our FINCA field officers operate."*
>
> Fabian Kasi,
> Former CEO, FINCA Uganda

financial services to rural youth through the development of the Gami Pubuduwa product. A number of additional youth products followed suit, with young people now recognized as an important client base within the bank.[9]

Time frame

The institutionalization of youth financial products can take longer than traditional financial products for a number of reasons, including the longer time frames in which youth products typically achieve financial sustainability. At times, providing youth products can cost an organization more due to the addition of complementary services, such as financial education and skills training, as well as higher mobilization costs. Due to the highly diverse, segmented nature of youth as a client group, many organizations provide multiple products aimed at young people at different life stages, which can drive up development, implementation, and evaluation costs. It can also be difficult for financial institutions to evaluate product profitability for clients who are quickly transitioning from one product to another. Therefore, to make the argument for investing additional resources into the provision of youth financial services, organizations should look at youth clients as an investment that, with early organizational buy-in and commitment, can become long-term customers and contribute to the organization's sustainability.

"Business continuity of any viable organization and its stability and sustainability now greatly depend on the extent to which that organization engages the youth of the country and creates opportunities for their empowerment. In the long term, sustaining a thriving viable business organization hugely depends on creating opportunities for youth to partner with them as equal stakeholders."

Mr. Chandula Abeywickrema,
Deputy General Manager,
Hatton National Bank

Currently, all of Hatton National Bank's core youth services are financially sustainable. This fact, in combination with HNB's strong commitment to serve young people as part of its mission, has made the process of institutionalization easier in terms of obtaining the necessary buy-in and support of senior management. Although a majority of FINCA Uganda's youth products are not currently financially sustainable,[10] FINCA supports the products through their CSR budget, since they are seen as providing non-quantifiable benefits, such as an enhanced reputation in the community and lifelong customers.

Figures 2 and 3 at right represent estimates by FINCA Uganda and Hatton National Bank of the amount of time it has taken (or will take) the two institutions to fully roll-out their respective youth products. For Hatton National Bank, the time frame was fairly consistent with their non-youth products. For FINCA Uganda, however, the institutionalization time frame for StarGirl was longer than either FINCA's non-youth products or their other youth product, FINCA Junior. FINCA Uganda attributes this difference to the added time needed to test some of StarGirl's unique components (e.g., financial education and intensive community involvement) in rural areas, in addition to external factors, such as national elections that were held in 2011.

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9 Currently, HNB reaches 600,000 young people, with youth comprising one out of every six customers at the bank. (Data provided by HNB, summer 2011.)

10 While FINCA Junior is currently financially sustainable, StarGirl and FINCA Super Saver products are not. (Data provided by FINCA Uganda, fall 2011).

Figure 2: Time Frame for Institutionalization and Scaling Up of FINCA's StarGirl Product

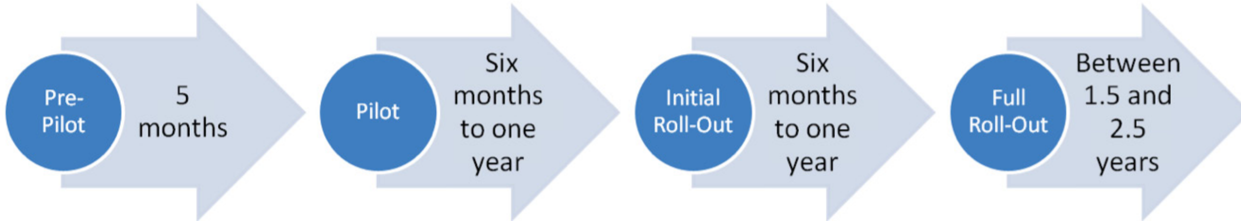

Figure 3: Time Frame for Institutionalization and Scaling Up of Hatton National Bank's Youth Products

Source: Authors.

It should be noted that the size and structure of an organization can also affect the time frame for institutionalization. Due to the increased number of individuals involved, large organizations can take more time to vet and approve new initiatives and strategies, while smaller organizations are often quicker to adapt to new situations. Although FINCA Uganda is not a particularly large organization, it involved senior management from the beginning of the development of the StarGirl product. Although this sometimes delayed the roll-out process (since decisions had to go through multiple departments in order to obtain approval), it ultimately proved beneficial to the product's overall institutionalization. By involving senior management from the beginning, important discussions about mission, resources, and product development occurred prior to scaling up.

Resources

In order to successfully scale up a youth product or service, financial institutions must critically evaluate whether they currently have (or will be able to obtain) the resources necessary for expanded service delivery. Institutionalization within an organization is integral to resource provision, since the approval of senior-level staff is needed to allocate additional staff members, equipment, and funding to scale up activities. While FINCA Uganda decided that it had the necessary systems in place to scale up its youth portfolio, it brought in additional resources in the form of partners to assist with certain tasks. These partners included youth-serving organizations, as well as research organizations that could assist FINCA Uganda with market research prior to scaling up. In addition, although FINCA already employed qualified field officers to work with its clients, it realized that individuals with specific youth work experience were critical to rolling out its youth products. As a result, it employed field officers with experience in finance as well as social work to work on their youth products. Hatton National Bank has also witnessed the provision of additional resources in the form of new staff members, increased marketing budgets, and more material resources (e.g., computers and vehicles) as it scaled up its youth products. This situation was the result of the increased buy-in and support of senior HNB management as these products become more institutionalized.

Stakeholder support

> *"As a way to achieve scale, we need all FINCA staff to start looking at youth financial services as a growth area for our business."*
>
> Julius Omoding,
> CEO, FINCA Uganda

Stakeholders can significantly contribute to the institutionalization of a youth financial product or service. While many of the same individuals drive the institutionalization of any financial product, certain individuals are unique to a youth financial product, including parents or guardians who oversee the uptake of financial services for their dependents or school officials who assist in the delivery of financial products to young people in school. Additionally, since youth financial products are often not the mainstream products offered by a financial institution, staff members working on a youth product often become key drivers for its institutionalization. At FINCA Uganda, staff members who supported the development and scaling up of youth financial services are unofficially called "product champions" and take the lead in conveying key information to senior staff members.

The involvement of a variety of representatives from both within and outside of a financial services organization ultimately allows for a greater buy-in to a youth financial product within the institution. Greater initial buy-in can contribute to a long-term commitment of the product, resulting in successful institutionalization, implementation, and eventual scaling up. As with any financial product, it is essential to regularly evaluate the needs of the target client group and be flexible and responsive to changing needs. By working with key decision makers early on, major decisions can be made more quickly, so that the quality of service is not interrupted.

In table 1 below, the key functions of individuals typically involved in the institutionalization of youth financial products are explored.

Table 1: Key Players in Institutionalization

Key players	Why they are involved?	What do they do?	FINCA Uganda	Hatton National Bank
Senior management	Decision makers and fund allocators	Give the "go ahead" to move to the next phase; evaluate the product at a strategic level, potentially bringing up issues and concerns that should be addressed before scaling up occurs	✓	✓
Branch managers	Mid-level decision makers and product/staff coordinators	Serve as a bridge between senior management and staff members; communicate with both groups; monitor project success and propose changes as needed	✓	✓
Staff	Product implementers and direct links to clients	Implement the product; gather data on product targets that will be used by managers to determine product viability and potential	✓	✓
Partners and community leaders	Public figures with influence, plus on-the-ground implementers	Obtain buy-in from clients and the local community	✓	✓
Parents/guardians	Legal representatives of youth clients	Provide essential feedback on products and services so that an institution can objectively evaluate their growth potential	✓	✓

Key players	Why they are involved?	What do they do?	FINCA Uganda	Hatton National Bank
Youth	Target group and client base	Provide essential feedback on products and services in order for an institution to objectively evaluate their growth potential	Y	Y

Source: Authors

External environment and market demand

External factors (e.g., market demand, the sociopolitical situation, local contexts, and legal and/or regulatory issues) must also be taken into account when institutionalizing a youth financial product. Market research is essential to ensure that there is sufficient demand and support for the expansion of a service and that the operating environment is conducive to doing so. Specifically, for youth products, it is essential to understand the country-specific legal and regulatory issues regarding the provision of financial services to young people, since many countries have restrictions on providing these services to individuals under a certain age.

Both Hatton National Bank and FINCA Uganda conducted extensive market research to determine whether there was adequate demand for expanded services for youth. Recently, HNB conducted market research prior to the development of its new financial product for older youth (aged 18–24 years), as well as prior to scaling up its financial education activities. Hatton National Bank was originally going to develop separate financial products for older urban and rural youth but, after reviewing findings from the market research, decided to create one comprehensive product that allowed for customization. Similarly, market research conducted on financial education prompted Hatton National Bank to develop a module-based curriculum that addressed the different needs of youth in and out of school and of urban and rural clients. This market research, which was presented to different decision-making committees within the bank, helped gain the support of decision makers for scaling up the products.

B. Steps

After organizations have critically evaluated the key considerations of institutionalization, it is essential to develop a process that is supported not only by senior management, but also by the staff members who will be directly involved in the implementation of the youth financial initiative. The table on the next page compares the steps that Hatton National Bank and FINCA Uganda took to institutionalize their youth financial products, beginning with market research, progressing to the pilot phase, moving into the initial roll-out phase and, eventually, planning for full roll-out and scaling up.

Table 2: Institutionalization Process of FINCA Uganda and Hatton National Bank

Process	Key questions	Hatton National Bank	FINCA Uganda	Observations
Market research	Who conducts it?	Conducted by internal staff and consultants	Conducted by internal staff and external consultants	While HNB's Product Development Committee is the key recipient of market research results, FINCA's Policy Support and Product Development team is utilized at a later date for strategic planning and cost analysis
	With who are the results shared?	Departmental management teams, marketing, planning, operations, and the product development committee	Operations or sales and marketing department heads	
Product development	Who is involved?	Marketing, planning, operation and information technology (IT) departments	Department heads	Both FINCA Uganda and HNB utilize the expertise of multiple departments, including IT, operations, and finance, in product development Targets are set by both organizations in line with organizational priorities and objectives
	What is the process?	Product proposal produced and discussed among team members; forwarded to product development committee for approval	Write product proposal utilizing expertise from various departments; submit for approval to participating departments and CEO	
	Essential components	Setting targets; designing an incentive program for bank employees working on product	Setting targets; designing an incentive program for bank employees working on product	
Pilot phase	What is the process?	Identify branches for pilot activities Educate branch staff about the product	Identify braches for pilot activities	Senior management and other staff members were regularly informed about pilot results via monthly reports prepared by the FINCA Uganda team
	How long does it take?	6 months (maximum)	6 months to 1 year	

Process	Key questions	Hatton National Bank	FINCA Uganda	Observations
Evaluation and review of pilot phase	Who is involved?	Department under which the pilot falls, plus planning division	Senior management, "product champions," and operations department	FINCA Uganda evaluated the pilot program by looking at the total number of clients in the StarGirl program, operational considerations, and community feedback. Results were very positive. Targets were met, organizational resources were identified, and parents and community members supported further roll-out
	How often are evaluations conducted?	Weekly and monthly	Weekly and monthly, with a final consolidated report	
	How are results shared?	Results from evaluations are reviewed and compared with set targets	Results shared after final review and approval by project development team and senior management	
Roll-out/Scaling up	Who makes the decision?	Product development committee	Senior management and, in certain cases, the donor	FINCA Uganda's roll-out strategy is dependent on the success of the pilot phase, as well as realized and projected business viability
Communication	Before pilot phase	Regional managers	Senior management and selected branch managers	FINCA Uganda found that disseminating knowledge only to senior management and selected branch staff during the pilot phase resulted in misinformation and poor customer service at other service centers. Regional and branch managers are now informed of product activities early on
	During pilot phase	All headquarters and branch staff	Senior management and selected branch staff	
	After pilot phase	Training to staff members	E-mail from CEO to staff; trainings for regional and branch managers, followed by training of youth staff	
	Communication channels	Circulars, product guidelines, events, incentives	Staff meetings, emails, memos, newsletters	

Although many of the steps of institutionalizing a youth financial product are similar to those used to institutionalize any financial product, certain key differences unique to the youth market should be kept in mind.

At the market research and product development phases, it essential to obtain buy-in from key external stakeholders working with youth, in addition to conducting research about possible legal and regulatory issues. The number and type of stakeholders involved with youth can be very different from those working with adults; it is important for a financial institution to think through which are required for successful development and implementation of a youth product. In addition to obtaining the buy-in of external stakeholders (including parents, community leaders, and young people themselves), FINCA Uganda also met with officials from numerous governmental agencies working with youth. These included the Central Bank, the Ministry of Education and Sports, the Ministry of Justice and Constitutional Affairs, the Ministry of Gender, Labour, and Social Development, as well as youth-serving organizations working in the area. While FINCA Uganda needed approval from some of these stakeholders to develop the StarGirl product, others were approached to gain their support and discuss possible collaboration. Hatton National Bank also met with external stakeholders in the automotive, communication, agricultural, and educational fields to discuss possible partnerships.

Since youth under a certain age are legally protected in many countries, organizations looking to develop products for them must also include specific legal and regulatory considerations in their market research. Since Ugandan law stipulates that individuals under the age of 18 must be accompanied by a guardian when withdrawing money from a financial institution, FINCA Uganda consulted with legal advisors and incorporated a mentor element into the StarGirl product that allows clients to withdraw money as long as they are accompanied by an approved mentor.

Finally, organizations should make sure to include youth in the market research and product development phases so as to ensure buy-in. Youth can be included as focus group members or interviewees; they can be asked questions about the features that they would like included in a financial product. By involving youth early on, financial institutions can ensure that as the product is rolled out, youth will continue to find it relevant and attractive.

Prior to the pilot phase, financial institutions should consider training staff members on how to work with youth. Youth clients often require different types of interaction and communication and it can be helpful to train staff on these topics. Staff may need to be instructed to use simpler language and engage youth clients in fun, activity-based interactions to convey essential messages. It is often important to remind staff that even though youth clients may be younger in age, they still deserve the same respect given to any client. FINCA Uganda worked with external organizations such as MicroSave and the Population Council to provide training to its employees working with youth prior to launching youth products.

"With all the mobilization challenges faced within the pilot phase, all staff must be involved in the YFS operations [and] activities and adopt the appropriate skills when dealing with this unique target group of youth."

Alice Lubwama,
Product Champion,
Business Development Officer

At all stages, it is important to effectively communicate key findings and results from youth product operations, both internally and externally, to demonstrate transparency, encourage feedback, and secure buy-in within the organization. This is particularly important for youth products since they may only make up a small percentage of a financial institution's total products. Effective communication channels will differ between organizations, but possibilities include organizational e-mail announcements, newsletters, memos from management officials, and reporting from staff members working on youth products. Hatton National Bank uses circulars and guidelines to inform staff about youth financial initiatives and encourages staff not directly working on youth products to attend youth-related events. FINCA Uganda found that in order to institutionalize their youth financial products within the organization, it had to increase regular internal communication among staff. This was due to the fact that FINCA Uganda began as a microfinance institution, but was authorized to take deposits in

2004. Since all of FINCA's youth products include a savings component, many staff members needed to be educated on the benefits of providing savings to youth clients.

In addition, it is important to regularly solicit feedback from staff members involved in the implementation of youth financial services. These staff members can include field officers, branch managers, trainers, and community volunteers. Hatton National Bank obtains most of its feedback from regional officer meetings and regularly scheduled bank branch visits. It also issues periodic surveys and questionnaires to staff members and other key external stakeholders to obtain feedback on its youth financial initiatives.

C. Challenges

While institutionalization is important to the scaling up process, organizations may face challenges in this process, including:

- ***Support from key stakeholders***: At all steps of the institutionalization process, it is necessary to obtain the support of key stakeholders and decision makers. However, organizations implementing youth financial services often experience a lack of support from key individuals, including senior management officials, staff members, and external parties. FINCA Uganda addressed this issue by regularly presenting feedback from youth and community members who supported the development of the product. This information, gathered during the market research phase, ultimately convinced FINCA Uganda that a product designed for youth had long-term benefits in the form of enhanced organizational reputation, cross-selling, and a new client base. Hatton National Bank addressed this challenge by engaging key departmental heads early on in youth product development, asking them for input and feedback.

  In addition, providing financial services to youth often requires product designs and delivery mechanisms that may be new or innovative for an organization. These can include group methodology (commonly used in youth savings), new technology (e.g., point-of-sale machines), and the provision of complementary activities (e.g., financial education and skills training). Organizations may be reluctant to adopt these new product features, but by setting clear targets, providing regular client feedback, and participating in field observations, essential support can be obtained.

- ***Funding***: Since youth products do not always generate revenue in the short term, financial institutions may have difficulty securing necessary funding for product research, design, and implementation. Hatton National Bank addressed this issue by adjusting staff responsibilities to allow field officers to take on a larger role in the Gami Pubuduwa project, thereby more evenly distributing work among branch staff members. However, HNB found that by setting and communicating targets to staff members and branches and offering incentives for achievement, they have been able to meet targets and recover the costs of implementing their youth financial products at desired levels.

- ***Time frame***: Individuals working in an organization that provides financial services to young people may not fully understand the amount of time needed to realize the benefits (both social and financial) of such services. One way that both FINCA Uganda and Hatton National Bank have dealt with this challenge is to regularly share the results of research and project activities and evaluate actual results against set targets. By doing this, staff members working in different departments can clearly see the social impact that youth programs are having and may be more willing to provide support.

- ***Human resources***: Staff changes, particularly among the key drivers, supporters, and implementers of a youth financial product, can stall the process of institutionalization. Changes in senior management can slow the roll-out of a youth financial product, since new management will need to become familiar with the organization's youth activities. Replacing staff members (such as field officers) working directly on youth products can also be time consuming because of their unique qualifications. Field officers working with FINCA Uganda, who are required to have both a financial and social and/or community development background, have been difficult to replace. To address this challenge, FINCA Uganda is looking to partner with local organizations specializing in youth that can provide essential non-financial services, allowing FINCA Uganda to focus on product sensitization and delivery.

Key Recommendations

The institutionalization of financial services for youth into an organization's mission, business plan, and regular operating procedures is essential for effective and deliberate scaling up. By institutionalizing early on, organizations can ensure that they have the necessary buy-in to obtain the resources and approval needed to transition such services from one phase to the next. While there are many similarities when institutionalizing a youth financial product, there are also some key differences. Financial institutions should carefully evaluate unique considerations surrounding mission, time frame, resources, key stakeholders, and external factors involved in youth financial services, as well as differences in the process of institutionalizing such services, prior to scaling up.

The following recommendations are based on the experiences of FINCA Uganda and Hatton National Bank in institutionalizing and scaling up financial services for youth. The process of institutionalization will necessarily vary among organizations, but the following guidelines can be adapted to a variety of different operating environments:

1. ***Evaluate whether expanding financial services for youth is in line with an organization's mission and long-term strategy.*** In order to effectively institutionalize financial services for youth prior to scaling up, financial institutions should ensure that these services are supported by their mission and business plans. While youth financial products do not have to be fully incorporated into a mission or business plan at all stages of product design and development, organizations should critically evaluate their compatibility with their respective missions by the time such products are fully rolled out.

2. ***Allow sufficient time for institutionalization of a youth financial product or service.*** Institutionalization of youth financial services is a sensitive process that often requires additional time due to the newness of such initiatives and the changing needs of young clients. In addition, financial sustainability often plays a key role in garnering support for scaling up youth financial services. Since many youth initiatives are not financially sustainable in the short term, financial institutions should make sure to demonstrate how youth activities will be incorporated into the overall organizational budget and when (if ever) youth services are expected to contribute to organizational revenue.

3. ***Incorporate youth financial services into existing organizational structures and operating processes.*** One key characteristic of institutionalization is incorporating youth financial products into existing processes or structures. Although new resources may have to be procured and processes may have to be adjusted for new activities, youth financial services should ultimately work within the established structure of an organization. By doing so, these services will become a part of an organization's regular operations.

4. ***Obtain the buy-in of key stakeholders early on.*** The support of a variety of different stakeholders, both internal and external, is crucial for effective institutionalization and scaling up of youth financial services. By garnering the support of key internal decision makers, scaling up activities can possibly obtain needed resources and progress at a faster rate. Similarly, the support of key external

stakeholders can influence internal decision makers and ensure the long-term sustainability of youth services.

5. ***Effectively communicate information about youth initiatives and encourage staff participation in youth activities.*** Regular communication about product results will help gain the necessary buy-in and support of key stakeholders in an institution. Communication strategies will vary by organization, but all strategies should keep in mind the size of the organization, the locations of staff members, and Internet connectivity. In addition, it is essential to listen to the thoughts and experiences of staff working on a youth initiative, as they are an integral component of institutionalizing the initiative at the implementation level. While senior management may make crucial decisions in terms of funding and resource allocation, it is ultimately the staff members working on a specific product who ensure that services are provided to the target client group in a satisfactory manner.

About FINCA Uganda

FINCA Uganda is a microfinance deposit-taking institution located in Uganda and an affiliate of FINCA International, which is based in Washington, DC. FINCA Uganda's mission is to provide financial services to Uganda's lowest-income entrepreneurs so they can create jobs, build assets, and improve their standard of living. FINCA Uganda began providing financial services to youth in 2009. Currently FINCA Uganda offers two youth financial products: the "FINCA Junior" savings account for youth under 18 years of age and the "StarGirl" savings product offered to adolescent girls aged 10–19. In addition to FINCA Junior and StarGirl, FINCA Uganda is currently in the pilot and research phase for two new youth products.

About Hatton National Bank

Hatton National Bank was established in 1888 to cater to the flourishing tea industry in central Sri Lanka and is currently the largest private sector commercial bank in the country. Hatton National Bank and its subsidiaries provide a wide range of financial services, including corporate banking, trade finance, retail banking, international banking, development finance, corporate finance, equities, fixed income securities, and insurance. HNB was one of the first private sector commercial banks in Sri Lanka to identify the need to address the financial needs of youth, starting with various rural youth microfinance initiatives in the 1970s. Currently HNB has a number of youth financial products and services including:

- Singithi Kirikatiyo: savings accounts for children under five years of age
- Singithi Lama: savings accounts for children up to 12 years of age
- HNB Teen/School Banking: savings accounts for youth aged 12–18 through school banking units; this product also includes a financial education component
- Gami Pubuduwa: credit, insurance, money transfers, and training for rural youth; this product also includes a financial education component (Divi Saviya)
- Youth Product for Older Youth Clients (development underway): integrated package with savings, loans, and insurance, combined with financial education and skills training

About the Innovations in Youth Financial Services Practitioner Learning Program

The Practitioner Learning Program (PLP) methodology was developed by SEEP as a way to engage microenterprise practitioners in a collaborative learning process to document and share findings and to identify effective and replicable practices and innovations that can benefit the industry as a whole. The PLP combines a small grant program with an intensive small group-facilitated learning process, usually over a period of one or more years.

PLPs focus on learning at three levels: the individual organization, the PLP group, and the industry at large. At the individual level, organizations have the opportunity to share with other organizations and to revise their individual work plans. At the group level, all participants involved in the PLP share experiences and ideas. Participants decide by consensus the common themes that they want to explore as a group, which is called the learning agenda. At the industry level, PLP participants produce learning products documenting their lessons learned, challenges, and promising prac¬tices to benefit the microenterprise and microfinance industries.

The SEEP Practitioner Learning Program (PLP) on Innovations in Youth Financial Services is an action learning project bringing together key stakeholders to explore innovations in youth financial services to help microfinance and microenterprise institutions better respond to the growing need for appropriate and accessible products for young people (ages 12-24 inclusive). The PLP, implemented in partnership with The MasterCard Foundation, focuses on reaching scale with youth financial services by exploring viable models as well as seeking to understand critical stages organizations must move through to achieve scale. The envisioned impact of this PLP is to expand the number of youth clients served by appropriate financial services, and improve the quality and breadth of service provision to youth.

Powering connections

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