

Reaching Scale with Financial Education for Youth

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case study

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Abstract

This case study considers the role that financial education for youth can play in scaling up youth financial services by examining the experiences of Hatton National Bank in Sri Lanka and XacBank in Mongolia. Although these institutions differ on many levels, they have both found that financial education for youth can help with their dual missions of business growth and corporate social responsibility. By examining the different financial education programs of these two banks, including best practices in design and delivery, a link between youth financial education and scaling up is explored.

Acronyms

CSR	Corporate Social Responsibility
GFDA	Golden Fund for Development Association NGO, (XacNGO)
HNB	Hatton National Bank
MNT	Mongolian Tugriks (currency)
NGO	Nongovernmental Organization
PLP	Practitioner Learning Program, The SEEP Network
TOT	Training of Trainers
YFS	Youth Financial Services

Introduction

This case study compares and contrasts the youth financial education programs of Hatton National Bank (HNB) and XacBank, exploring their design, content, segmentation, target groups, and delivery methods. In particular, the case study focuses on how providing appropriate financial education services can ultimately contribute to scaling up financial services for youth. Preliminary results from MEDA's Youth-Invest project in Morocco established a link between participatory financial education and an increase in the uptake and use of financial services on the part of young people, in this case, savings accounts.¹ Based on this emerging evidence, as well as the experience of XacBank and HNB, financial education programs that are pedagogically strong and appropriate to their target groups appear to contribute to the increased uptake of financial products.

Both HNB and XacBank have invested significant time and resources in their financial education programs, designing them in accordance with internal and external factors of their respective organizations, operating environments, and youth clients. This study explores the major differences and similarities between these two programs and demonstrates how and why two major private sector banks place such a high priority on financial education programming for young people.

The Importance of Financial Education for Youth

Appropriate financial and nonfinancial services (such as education and training) can help youth better manage their finances in the short term and develop responsible financial habits in the long term. In particular, financial education programs can teach youth how to make informed decisions about how to spend their money to fulfill both immediate and longer-term needs. Financial education has benefits not only for individuals, but also for banks and financial institutions, because it provides clients with valuable financial knowledge. Clients who have an understanding of basic financial concepts, such as the importance of saving and the difference between need and desire, can better utilize the services of a formal financial institution. Therefore, from the perspective of such an institution, financial education for youth at an early age helps educate financially responsible citizens and creates reliable future bank customers.

XacBank and Hatton National Bank believe that financial education for youth is important for both social and business reasons. In Mongolia, financial literacy has not typically been a part of the curriculum of the education system, partly due to the country's socialist history. Although educational content began to improve after the collapse of the Soviet Union, Mongolia's education curriculum still lacks core financial content, such as good money management practices for planning, budgeting, saving, spending, borrowing, and risk management.

Through its experience with lending to entrepreneurs, Hatton National Bank has found that the single biggest reason for a failed microenterprise is lack of adequate financial knowledge among entrepreneurs. HNB loan officers found that providing financial information to loan clients on an individual basis, through informal coaching and business development services, actually improved these clients' repayment rates. HNB extrapolated this learning for their youth clients and began placing a high priority on financial education as a tool to develop more knowledgeable and disciplined clients.

¹ Jennifer Gurbin Harley, Adil Sadoq, Khadija Saoudi, Leah Katerberg, and Jennifer Denomy, 2010, "YouthInvest: A Case Study of Savings Behavior as an Indicator of Change through Experiential Learning," *Enterprise Development and Microfinance* [Practical Action Publishing] 21 (4): 293–306.

Scaling up Financial Services for Youth with Financial Education

Although financial education programs for youth are not always a core component of an organization's strategy for scaling up, Hatton National Bank and XacBank have found that implementing such programs can, in fact, play an important role in this process. In Sri Lanka, the youth financial services market is extremely competitive, with almost every commercial bank offering some form of youth product. Most of these products have similar features and delivery channels. HNB determined that offering financial education is one way to differentiate its organization in the youth market. Financial education builds strong relationships between young people and the bank and is often an additional way to market to youth. Having knowledge of specific products and services often makes it easier for young people to enter the bank and request a savings account or a loan. HNB thus considers financial education a crucial element of scaling up its outreach to youth in order to reach larger numbers of clients.

For XacBank, financial education for young people is also a critical component of scaling up its financial products. After 70 years of socialism, Mongolian families became accustomed to the government providing for citizens' financial needs, including housing, education, and retirement. As a result, the concept of saving money for large future costs or to protect against financial shocks is often absent. In this environment, XacBank decided to expand the market for its savings and loan products through financial education. Since 1999, the bank has been providing training for adult clients in financial planning and budgeting and, after seeing improved loan repayment rates, transferred this approach to young clients. While other Mongolian financial institutions offer youth products, XacBank is currently the only such institution offering youth financial services combined with financial education.

Case Study 1: XacBank

A. Identifying the Need: Country Context and Market Research

According to demographic statistics from 2010, 40 percent of Mongolia's total population—over one million people—is between the ages of 6 and 25 (table 1). Among this population of young people, 60 percent live in rural areas, while 40 percent live in the capital city of Ulaanbaatar.

Table 1. Number of Children and Youth (aged 6–25) in Mongolia, 2010

Location	Female	%	Male	%	Total	%
Urban	218,522	52%	204,809	48%	423,331	40%
Rural	316,593	49%	324,088	51%	640,681	60%
Total number of youth					1,064,012	40%
Total population of Mongolia					2,671,786	

Source: National Statistical Office of Mongolia, Ulaanbaatar, Mongolia, <http://www.nso.mn/v3/index2.php> (accessed May 7, 2011)

Throughout Mongolia's history, education has been highly valued. However, literacy rates were lower than 10 percent at the beginning of twentieth century due to economic hardship. Educational improvement was a significant achievement of the socialist period, when illiteracy was virtually eliminated.² Currently, free compulsory primary education is part of Mongolia's constitution. As of 2010, Mongolia's literacy rate was 97 percent, a rate that held roughly for both women (98 percent) and men (97 percent).³ In addition, secondary school attendance in 2010 was higher for girls than it was for boys, with rates of 97 percent and 87 percent, respectively.⁴

However, even though literacy is high in the country, progress has been slow in improving the *content* of education, particularly with respect to financial concepts. Since 2009, XacBank has worked closely with the nongovernmental organization Golden Fund for Development Association (GFDA) to implement a financial education program for children and youth.⁵ Before developing their financial education program, GFDA and XacBank, with assistance from Women's World Banking (WWB), conducted extensive market research that identified a clear need for financial education among young people. In addition, the market research also found that provision of financial education could help create a market for the bank's savings and loan products by introducing young people to available services while at the same time helping to overcome a negative cultural association with banks.

A Mongolian Educator's Perspective on Financial Education

"We are extremely glad that with the support of XacBank, GFDA [Golden Fund for Development Association] is implementing a social and financial education program for children and youth at our school. We are constantly observing the progress of this class, trying to see what new things the kids are learning. We think that they are learning lot of things about money, as well as being part of a team and community.

We have been paying attention to how the kids are spending their lunch money. Before, they were interested in buying biscuits or candies from the cafeteria with the 100–500 MNT that their parents give them. But now, they're thinking differently."

—Enkhzaya, Principal
Bayan-Undur Primary School

² The socialist period in Mongolia lasted approximately from 1921 to 1990.

³ United Nations Statistics Division. 2007. Statistical Databases, Social Indicators, Literacy. <http://unstats.un.org/unsd/demographic/products/socind/literacy.htm> (accessed May 7, 2011).

⁴ United Nations Children's Fund. 2010. Human Development Database, Country Statistics, Mongolia. http://www.unicef.org/infobycountry/mongolia_statistics.html (accessed May 7, 2011).

⁵ GFDA was founded in 2003 by XacBank employees to benefit children and the environment. The NGO's resources come from membership fees, private donations, grants, and income from its activities. GFDA is XacBank's implementation partner for the bank's financial education programming.

B. Youth Financial Education: Mission Driven

One of the main objectives of XacBank and GFDA is to develop a system of social and financial education for Mongolian youth that will benefit them throughout their lives. XacBank sees financial education as fulfilling their corporate social responsibility (CSR) objectives while facilitating the development of an informed, reliable future customer base.

In 2002, XacBank became a pioneer in launching children’s savings accounts in Mongolia through its Future Millionaire product. Future Millionaire became extremely popular among both youth and parents in Mongolia and, as of first quarter 2011, 86,000 accounts had been registered. Building on this demand, XacBank launched the Aspire Girl and Aspire Boy savings and financial education products in 2009, followed by the Aflatoun financial education program in 2010. The bank’s suite of youth products has allowed it to scale up by reaching a new client base; simultaneously, it promoted positive social change through financial education.

C. XacBank’s Financial Education Services for Youth

Table 2 lists the following financial education products and services that XacBank offers young people:⁶

Table 2. XacBank’s Youth Financial Education Products

	Aflatoun	Aspire
Participant age	8–13	14–18
Content	Social and financial education	Financial education
Goals and core elements	<ul style="list-style-type: none"> • Personal understanding and exploration • Understanding rights and responsibilities • Concepts of saving and spending • Planning and budgeting resources 	<ul style="list-style-type: none"> • Understanding and valuing savings • Learning savings strategies • Opening formal accounts • Developing the habit of saving
Delivery location	Based in primary schools	Based in schools and communities
Curriculum hours	30 hours over one school year	13 hours over half a school year
Instructors	Primary school teachers	University students studying finance and social work (peer educators)
Implementation range	Urban and rural	Urban and rural
Accompanying financial product (savings)	Future Millionaire savings (long term, parent managed, provides incentives)	Aspire savings (time and demand deposit, long term, youth managed, provides incentives)
Methodology	Child centered ^a	Team focused, activity based ^b

Source: Authors.

Note: ^a Child-centered methodologies focus on enhancing the knowledge and skills acquisition of each child, while respecting the fact that all children learn differently and at a different pace. Activities are participatory and encourage self-directed learning; teachers act as guides and facilitators.

^b Team-focused methodologies may share many features with child-centered methodologies, although their focus is on cultivating communication and cooperation skills, in addition to conveying content.

6 In addition to the Aflatoun, Aspire, and Future Millionaire products, XacBank also offers student loans in partnership with Vitana and Kiva International. However, this product does not currently have a financial education component.

XacBank designed its financial products for youth with graduation in mind. For instance, when a child with a Future Millionaire saving account reaches 18 years of age, the bank provides other types of savings accounts, as well as debit cards, free of charge. A bank tour is included in the Aflatoun and Aspire financial education programs, during which students are able to visit a XacBank branch to become familiar with its daily operations. XacBank has found that spending a day talking to bank employees and watching them work can help demystify the bank for young people and provides them with a friendly introduction to bank services.

Table 3. Portfolio of Youth Clients Served by XacBank’s Financial Products

Product	Description	Client age	Number of accounts	Portfolio (in MNT)
Future Millionaire (long term)	Parent administered	0-18	96,790	39,639,469,415
Aspire (time deposit)	Youth administered	14-18	2,225	333,606,189
Aspire (long term)	Youth administered	14-18	4,264	140,384,070
Total			103,279	40,113,459,674
Total (in USD)				(\$31,338,640)

Source: XacBank.

Note: Figures are as of September 30, 2011.

Exchange rate: 1,280 MNT = \$1.00 (www.oanda.com, accessed September 30, 2011)

Case Study 2: Hatton National Bank

A. Identifying the Need: Country Context and Market Research

Hatton National Bank has found that there is a strong rationale for providing financial services to youth in Sri Lanka. In 2005, the United Nations Statistics Division reported that 24 percent of Sri Lanka's population was under 15 years old, meaning that a large number of young people will be coming of age and require youth-appropriate services in the coming decade.⁷ In addition, Sri Lanka has unique historical reasons for increasing youth inclusion in society. In the past thirty years, the country has experienced three separate revolutions, all driven by young people (the average age of combatants in these uprisings was 17 years old). HNB thus views youth financial services as part of CSR activities to address youth unrest. After the last youth insurrection in 1989, HNB management made a conscious strategic decision to provide financial services to rural youth through the development of its Gami Pubuduwa product. A number of additional youth products followed, with the bank now recognizing young people as an important client base.

Sri Lanka has a 96 percent literacy rate, an achievement that is supported by free education and strict child protection laws. Approximately 99 percent of children in the country complete primary education and 80 percent complete secondary school.⁸ A fixed curriculum is taught in 99 percent of schools in either the Tamil or Sinhalese language, depending on the region. The government provides free education, including university education.

Table 4. Number of Students in Primary and Secondary School, Sri Lanka, 2006

Item	Number
Total number of students	3,836,550
Female students	1,921,951
Male students	1,914,599
Total number of students entering primary schools	327,601
Total number of graduates	1,227,150
Total population of Sri Lanka	20,653,000

Source: Department of Census and Statistics, Government of Sri Lanka, 2006, "School Census—2006; Preliminary Report," Department of Census and Statistics, Government of Sri Lanka, Colombo, <http://www.statistics.gov.lk/education/SUMMARY%20TABLES%202006.pdf> (accessed October 23, 2011).

While most children in urban areas are exposed to banks and financial institutions in the course of their daily lives, those in rural areas have less contact with formal financial services. Different types of financial services are available to children and youth but, due to regulatory laws, no one under 18 years of age is allowed to either withdraw money from savings accounts or borrow money.

HNB was the first private sector bank in Sri Lanka to introduce a branded savings product for clients under the age of 18,⁹ which subsequently led to the establishment of HNB banking units in schools. By the 1990s, HNB was delivering financial education to both in- and out-of-school children and youth, but without a systematized curriculum or evaluation system. In order to formalize its financial education

7 United Nations Statistics Division, 2005 "Demographic and Social Statistics: Indicators on Youth and Elderly Populations (updated April 22, 2005)," UNSD, New York, New York, <http://unstats.un.org/unsd/demographic/products/socind/youth.htm> (accessed October 23, 2011).

8 Department of Census and Statistics, Government of Sri Lanka, 2006. "Preliminary Report of School Census," Department of Census and Statistics, Government of Sri Lanka, Colombo, <http://www.statistics.gov.lk/page.asp?page=Education> (accessed October 24, 2011).

9 The "Singithi" child savings product.

program, HNB commissioned extensive market research in 2011 that surveyed youth, both those in and out of school, with the following objectives in mind:

1. To understand young people’s attitudes toward and perceptions of financial education.
2. To assess the current level of financial awareness and knowledge among youth.
3. To identify key gaps in the financial knowledge of young people.
4. To explore the best method of designing financial education programs to bridge these gaps.

The research was conducted with in-school youth aged 13–18 and young entrepreneurs aged 18–25 and included both customers and non-customers of HNB. Focus groups were conducted with parents and teachers. Table 5 summarizes the key findings of the research.¹⁰

Table 5. Key Findings from Market Research of Hatton National Bank, 2011

Topics	Urban students	Rural students	Entrepreneurs
Income	No idea about income generation, money primarily from parents	No thoughts about income generation	Knowledge about income generation; however, increase in income and business expansion not taken seriously
Expenditure	Efficiently manage what they get as pocket money	Cannot manage with what they get from parents	Unable to manage finances effectively
Savings	Know and understand the value of savings and engage in savings activities	Know about the importance of savings, but have no money to save	Understand the importance of savings, but minimal commitment
Banks	Significant awareness and exposure to banks and services	Insignificant exposure to banks	Very basic knowledge of interest rates, loans, etc; few have banking relationships
Main influencers	Parents	Parents	n/a ³

Source: TNS Lanka, Colombo, Sri Lanka.
 Note: ^a This question was not asked of young entrepreneurs.

Researchers also asked parents, teachers, and young people about their thoughts on the importance of financial education. Financial education was identified by parents, teachers, bankers, and students themselves as a vital component of the educational system. In focus groups held by HNB, parents emphasized the importance of educating children on personal finance, since this topic is not covered in the school curriculum; they further stated that the process of educating children about finances should start at a young age.

B. Youth Financial Education: Mission Driven

Providing financial education to youth as a complementary service was examined from two different perspectives by Hatton National Bank. First, HNB looked at the *business case* for providing financial education as a way to build a strong relationship between young people and the bank, ultimately

“In our time there was no one to educate us on financial management. We are still suffering because of it. If we had good guidance at that point, our lives would have been better.”
 –Parent interviewee

“Financial education is a must. This should be done just as the child enters school in grade 1. We need to talk to their hearts, not only their minds, and really explain how savings can benefit them in the long run.”
 –Teacher interviewee

¹⁰ The research was conducted by the consulting firm TNS Lanka in 2011.

resulting in long-term customer loyalty. Like any commercial bank or profit-oriented enterprise, HNB is concerned with the sustainability of its business. The financial sector in Sri Lanka is very competitive, with 23 commercial banks operating around the country, many of which attempt to secure customers at a very early age with targeted services. Providing complementary services to school-aged children has become an effective tool in this process.

Secondly, providing financial education to youth clients is in line with HNB's *social mission*, fulfilling its obligation as a good corporate citizen. The bank has a reputation in Sri Lanka of being a responsible corporation that values social well-being. Investing in community development is seen as vital to the bank's reputation and growth, bringing an increase in both the number of customers and client loyalty. After internal discussions, HNB determined that there were sound mission-related *and* commercial reasons for providing financial education to young people.

C. Hatton National Bank's Financial Education Services for Youth

Hatton National Bank's market research convinced them that urban and rural youth required different training programs because of the variation in their levels of financial knowledge and exposure to commercial activities. Though the needs and aspirations of the two groups were very similar, their level of knowledge and access to money were different, leading HNB to adapt its respective training modules to these differences. The bank also concluded that it was vital to educate parents and involve them in the training program, as they were identified as the key influence on youth of all ages. Finally, based on both market research and the bank's previous experience in delivering financial education, HNB determined that a successful program should be practical, interactive, and activity based.

HNB's financial education programs are offered alongside their suite of youth-oriented products. The bank has adapted its educational programming to suit school-aged and older youth, as well as urban and rural clients. Table 6 summarizes the bank's youth products and services.

Table 6. Youth Financial Education Products of Hatton National Bank

Age	Savings	Loans	Financial education	Credit cards	Internet banking	New initiatives in the pipeline
0-5	Singithi Kirikatiyo	n/a	n/a	n/a	n/a	n/a
5-12	Singithi Lama	n/a	Through school banking units	n/a	n/a	Formal financial education curriculum
13-18	HNB Teen	Information on loans as a future option	Through school banking units and school manager conferences	"Hot shots" ^a	Available (with restrictions)	Formal financial education curriculum
18-24	Gami Pubuduwa ^b	Microfinance ^c	Through the "Divi Saviya" ^d program ^d	Optional	Available	Additional savings and loan account features, value additions, and formal financial education curriculum

Source: HNB, 2011.

1. Note: ^a Hot shots are credit cards that are based on the repayment capacity of parents. Parents choosing the "hot shot" product authorize a card for their teen and receive a statement at the end of each month, which provides a record of expenditures. Parents request a limit that is assessed by the bank. The advantages of the card are that parents can formalize giving money to children for particular purposes and can monitor actual expenditures, unlike when they give children cash. The card also offers increased security, as it can be cancelled if stolen. In June 2011, HNB had issued 475 cards with an outstanding balance of Rs 772 000 (\$7,018).

^b Gami Pubuduwa is a rural microfinance product that includes regular savings accounts, as well as capital, foreign currency, and demand-deposit accounts as additional options.

^c Microfinance loans includes housing, leasing, and business loans, as well as the provision of credit cards.

^d Through the Divi Saviya Program, HNB provides training to youth aged 18–24. This training includes social and business topics, such as marketing and selling, insurance and leasing, personal development, and health. Divi Saviya training does not follow a fixed schedule, but is organized by HNB regional office staff when they determine that training is needed. In addition, government and private sector representatives may be invited to facilitate components of the training, based on their areas of expertise. Training is delivered by HNB staff and paid for out of bank revenues.

Although HNB currently provides financial education to youth through its Divi Saviya Program as part of the Gami Pubuduwa product, in late 2011/early 2012, it will expand its services to provide targeted formal financial education to urban and rural young people, both those in and out of school. Trained bank staff will deliver all training sessions and financial education programming will include pre- and post-evaluations to ascertain the effectiveness of the training.

Features of the expanded program will include:

1. Providing student banking managers at HNB school banking units financial education training in addition to theoretical and practical knowledge of banking.
2. Giving youth aged 12–17 the option of receiving a fixed financial education curriculum, which will be taught by Hatton’s microfinance field officers and teachers after school hours. The financial education training will be held for one-and-a-half hours on every Friday for a continuous period of five weeks.
3. Enabling children below the age of 12 to participate in financial education activities run by student banking units. These activities will promote savings behavior through photographs and simple business models.

HNB’s School Banking Units

HNB’s school banking units are operated by student managers who are selected and trained by bank staff. Before the school year begins, they receive three days of training at a bank branch, where they learn to do basic account opening procedures, cash collection, passbook management, basic marketing, and cash management. Banking units are open at the schools two days per week in the morning and during school breaks.

Branch staff must visit each day that the unit is open. They check the passbooks and ensure that documentation is updated. All cash is brought to the bank on the same day.

Designing and Delivering Financial Education to Youth at Scale

Both Hatton National Bank and XacBank provide large-scale financial education programs for young people in order to meet both business and social objectives. While their delivery mechanisms, content, methodology, partnerships, and curricula differ, they share a common motivation: for both organizations, financial education creates and stimulates demand for their financial products, ultimately contributing to the scaling up of their operations.

The following recommendations are based on the experiences of Hatton National Bank and XacBank as they work to scale up their financial education activities for young people. Recommendations are divided into two sections: (1) design and (2) delivery of effective financial education programs.

Designing Effective Financial Education Programs for Youth

1. Understand your organization's motivation for offering financial education

Organizations should understand why financial education is important to their organization's goals and objectives. Is it a part of the organization's business plan, does it fulfill a corporate social mission, or is it a combination of both? In the cases of XacBank and HNB, both banks identified financial education as an important way to create demand for their youth financial products while positively contributing to their societies. For XacBank, financial education allowed it to teach youth key financial concepts while introducing them to available financial products. This enabled XacBank to attract financially literate, long-term clients at an early age. For Hatton National Bank, fierce competition in the financial sector led them to explore financial education as a way to engage clients from a younger age, resulting in greater long-term customer loyalty. In addition, financial education for youth complemented HNB's social mission of providing additional economic opportunities to young people.

2. Begin financial education for youth at an early age

XacBank and Hatton National Bank have found that financial education is typically most effective when provided to young people at an early age. HNB's financial education curriculum has been structured to provide financial education to clients as young as possible—ideally, on the child's first day at school. HNB's market research found that all groups of adults interviewed, including principals, teachers, and parents, supported the provision of financial education at an early age, since children start receiving money from their parents and relatives when young and can learn and practice positive financial habits.

"Financial education is a key ingredient of making people accountable and responsible and it has to start at an early stage. Financial education starting at the youth level will enable the country to reap significant economic benefits as it is vital for economic development to trickle down to all. Financial literacy creates not only certain rights for youth, but ownership for empowerment."

—Chandula Abeywickrema, Deputy General Manager, Hatton National Bank

XacBank's market research demonstrated that children as young as 9 years old grasped key concepts in financial education and showed rapid behavioral change in connection with respect to savings and other financial activities. By contrast, the baseline survey for the Aspire product, aimed at youth from 14 to 18 years old, showed an increase in financial knowledge but with very little attitude change. As a result, XacBank began offering financial education to youth aged 7 to 14 through the Aflatoun curriculum, in addition to the Aspire financial education program.

3. Involve key adult figures in youth financial education

In Sri Lanka, parents and immediate family exert a strong influence on young people, particularly in connection with their financial behavior. Parents provide almost all of the spending money available to children and typically cover all living expenses until marriage. In some cases, even when young people are working and earning a salary, they give their income to their parents to manage on their behalf. Hatton National Bank has found that involving parents, teachers, principals, and government officials in its youth financial education programming results in a significant positive impact. Parents are more comfortable allowing their children to participate in such lessons when they understand the content themselves. In addition, adults who benefit from learning about positive financial behavior are likely to steer their families towards relationships with trusted financial institutions that provide such programs.

XacBank also seeks parental involvement and buy-in for its financial education programs. Parents are influential in the adoption of financial practices, such as saving, for their children and can positively influence attendance in extracurricular financial education programs. XacBank regularly assesses the impact of its financial education programs on both young clients and their parents through pre- and post-surveys, interviews, and focus groups. After the pilot stage of one of XacBank's recent financial education programs, they held focus groups with parents and found that they had almost universally positive reactions to the education in which children had participated. Parents stated that their children discussed their new knowledge of saving and budgeting with siblings and family members and that sharing this information was valuable for the entire family.

4. Tailor youth financial education programs to different segments of the youth market

Both Hatton National Bank and XacBank segment their financial education programs according to different age groups that roughly correspond to school cohorts. XacBank offers the Aflatoun social and financial education program to children aged 8 to 13 and the Aspire curriculum to young people aged 14 to 18. HNB designed its revised financial education curriculum for children aged 5 to 12 and 13 to 18, and created a third program for graduates and out-of-school youth aged 18 to 24. The content, activities, and delivery methods differ for each group: games and activities are emphasized with younger groups, with more content-oriented sessions reserved for older youth.

Although age is not the only way that organizations can segment youth financial education programs, it is often easier to group young people in this way when delivering services in conjunction with local schools. However, examples of other possible segmentation options include rural and urban youth, males and females, and youth in and out of school. Regardless of how an organization decides to segment its youth clients for financial education programs, market research should be conducted prior to program design in order to fully understand the needs and capabilities of the target clients.

5. Maintain programmatic continuity as youth age

XacBank and Hatton National Bank have found that financial education programs for youth are most effective when they are structured, building each lesson on existing knowledge and previously taught material. In addition, wherever possible, programs designed to change behavior should be delivered extensively (a few hours a week over several months), rather than intensively (full days over a shorter time frame) in order to result in optimal behavioral change. Financial education programs that target youth at an early age and develop over time to include more sophisticated topics as youth grow older also help deliver appropriate messages to different youth segments while maintaining continuity.

In addition, both XacBank and HNB have observed that youth needs can change rapidly. Youth may suddenly find themselves in a position where they need to contribute to family income or require savings for a major life change, such as graduation, marriage, or childbirth. Financial education programs for youth must accommodate these rapid changes, while continuing to build on existing knowledge and skills acquired either through experience or earlier training.

6. Conduct market research and pilot programs prior to scaling up

Both Hatton National Bank and XacBank conducted thorough market research before designing their financial education programs. Young people were surveyed and interviewed to determine their existing level of financial knowledge and level of demand for financial education. Research was also conducted with parents, teachers, and other adult stakeholders to create buy-in for the future financial education programs, as well as to assess their level of comfort with having children learn about money. Finally, HNB and XacBank used the market research process to explore the availability and capacity of potential partners who could support the delivery of financial education.

After initial market research was completed, a pilot phase was essential for both institutions in order to determine the effectiveness of the content and delivery methods of financial education materials, as well as the segmentation of client groups. XacBank funded its market research and pilot phase with revenue from banking operations. HNB used core funding in addition to resources from external donors to fund its market research and pilot activities.

7. Consider linking financial education to specific financial products

XacBank and Hatton National Bank both offer financial education for a number of reasons. As previously mentioned, one reason is to support the scaling up of their financial services and the maximum uptake of their respective products, particularly savings products. Both organizations tie financial education delivery to specific products that allow for immediate application of the lessons conveyed in the training. This not only benefits the banks, it also benefits young clients by giving them a practical way to apply the knowledge and skills that they learn from the training.

For Hatton National Bank, this means ensuring that as many young people as possible have access to a school banking unit or receive a visit from a banking officer. For older youth, the Gami Pubuduwa product (part of the Divi Savaya Program) has a built-in component that combines financial education training with financial products, such as savings, loans and leasing. XacBank links the Aflatoun and Aspire education programs to savings products tailored to primary and secondary school-aged students, respectively.¹¹ In addition, both training programs include school visits by bank personnel to familiarize young people with bank staff and basic bank operations.

Delivering Effective Financial Education Programs for Youth

1. Leverage effective partnerships

Effective partnerships are essential for the financial education programs of both XacBank and HNB, allowing them to reduce costs, operate on a larger scale, and draw on the core expertise of their expert education partners. Cultivating strategic partners achieves the buy-in of essential stakeholders, including government ministries, education systems, and local and international NGOs.

In Mongolia, the GFDA works closely with the primary and secondary school systems, as well as with vocational training centers, to implement the financial education program of XacBank. Much of the bank's financial education programming is delivered through the formal school system and carefully developed system school partnerships have been essential to its success. After a suitable school is identified, an agreement that clearly specifies the rights and responsibilities of the respective parties is signed. As of 2011, XacBank was partnering with 93 schools in rural areas and 25 schools in the capital city of Ulaanbaatar.

¹¹ Aflatoun financial education activities are linked to XacBank's Future Millionaire savings product, while Aspire financial education activities are linked directly to Aspire time and demand deposit savings accounts.

In addition to education sector partnerships, XacBank works with the Mongolian Educational Alliance, an NGO that provides assistance in organizing training for teachers and developing training and teaching methodologies. Partnerships have also been critical for reducing the cost of providing XacBank financial education, given increased market segmentation. For example, schools delivering the Aflatoun curriculum paid the teacher training costs and bought student books and training materials. Other costs are shared by XacBank and GDFA, which raises funds from corporate and private donations. XacBank's international partners include WWB, Microfinance Opportunities, and The SEEP Network.¹² These partners have provided a range of technical assistance on product development, methodology, and scaling up.

Hatton National Bank has focused its partnership strategy on developing strong relationships with key government stakeholders, including the Ministry of Education, the central bank, the formal school sector, and select private sector companies, rather than NGOs or community development organizations. In 2011, the bank had partnerships with over 530 schools, of which over 350 housed permanent and temporary student banking units. Teachers volunteer to guide the school children involved in the program and a team of student managers is appointed by the school to handle the day-to-day activities of the banking unit. In addition, private sector institutions facilitate market linkages for young entrepreneurs; learning opportunities are also provided to young people through the Divi Saviya financial education program.

These strategic partnerships have allowed HNB's financial education program to reach a scale that is unprecedented in Sri Lanka. Rather than working with a larger network of small organizations, HNB chose to partner with fewer, large-scale institutions. Though these relationships can be challenging to establish, HNB hopes that this model will allow for more systematic delivery of financial education to young people across the country.

2. Manage employee expectations and workloads

When scaling up any product, it is vital to understand who is responsible for planning and delivering the service and how costs will be covered. This is particularly important in cases where the product may fall outside the core business of the organization, as may be true of financial education for youth clients in commercial financial institutions. In some organizations, existing staff may be well suited and able to take on the responsibility for delivering financial education while in other organizations, it is more appropriate to either outsource delivery to a partner or hire additional, specialized staff.

In the case of Hatton National Bank, bank personnel organize all of its financial education programming. In an employee survey, HNB staff indicated that they value the market exposure and opportunities for cross-selling that financial education gives the bank. Microfinance field officers deliver the bank's out-of-school financial education programming, as this target market for financial education is identical to the market for the financial products that they sell. To clearly communicate expectations and encourage participation, HNB has developed targets and incentives for all field officers and bank staff working on youth financial products.

Both XacBank and HNB stress the importance of creating clear procedures and instructions for staff members who take on youth financial education tasks and responsibilities. Employee job descriptions and work schedules should clearly accommodate their financial education responsibilities. Expectations and incentives should be included in job descriptions and performance reviews. By doing so, financial institutions can effectively engage their staff to deliver quality services to youth at scale.

3. Utilize technology to reach youth clients

Technology can support the scaling up of both financial and non-financial products, such as financial education. Youth are generally early adopters of new technology, meaning that the medium may draw

12 The SEEP Network supports the program in partnership with The MasterCard Foundation.

greater numbers of young people to a product. While neither XacBank nor HNB currently use technology for their respective financial education activities, they are researching ways to leverage mobile phone and Internet technology to increase outreach and lower the cost of youth financial products.

XacBank is currently conducting research on a mobile bank service for child and youth savings products. With the help of this service, customers would be able to make deposits to their accounts from their mobile phones using any given mobile bank agent. In addition, XacBank is creating a multimedia financial education program that can be used with young people in remote areas; the program combines video, PowerPoint slides, and computer graphics.

Hatton National Bank is also considering a mobile telephone network as a financial education tool in addition to looking at ways to deliver savings tips and loan advice via text message. In the future, HNB hopes to include a dedicated page for youth on its website through which financial education will be delivered.

4. Regularly evaluate effectiveness

Ongoing evaluation allows financial institutions to assess the effectiveness of programming, enhance components that are successful, and adjust those that are not achieving desired outcomes. Pre- and post-training evaluations are accordingly an important part of the ongoing financial education programming of both Hatton National Bank and XacBank. Such evaluations can be used to assess the quality and efficiency of training and changes in the behavior and attitudes of both teachers and students. XacBank conducts surveys with teachers and students who have participated in financial education activities to collect the following data (see appendix 1 for a sample survey):

Student Survey

a. Pre-training survey:

- Determines social and financial education level of students
- Assesses student behavior

b. Post-training survey:

- Assesses student understanding of the financial concepts that were taught
- Determines changes in student behavior

Teacher Survey

c. Pre and post-training survey for teachers involved in financial education programming:

- Assesses the program's overall content and compatibility (specifically, whether lessons fit into the flow of the school day and whether materials and techniques are appropriate)
- Assesses changes in teaching methods
- Assesses the behavioral and attitude changes of teachers, particularly as they relate to changes in teaching style¹³
- Obtain teachers' assessments of changes in student behavior

In addition to surveys, XacBank also conducts focus group discussions with teachers after the pilot phase of a financial education program has been completed. In the focus groups, bank officials ask teachers for information and input on the content, methodology, schedule, and overall organization

¹³ XacBank has observed an increase in participatory learning techniques, problem solving, team building, and child-centered activities on the part of teachers who participate in financial education programs.

of the program. In addition, teachers have an opportunity to share their observations on behavioral change among students, as well as parent responses to the training. XacBank has found that focus group discussions should be conducted at two critical times during a financial education program:

- (1) during the initial phase of the program, in order to assess early attitudes towards the program; and
- (2) upon completion of the program, in order to assess the understanding, attitudes, and behaviors of young people, teachers, and parents as they relate to the financial education.

To measure the potential impact that financial education activities have had on the overall scaling up of its youth financial products, XacBank also regularly measures the frequency of youth client visits to the bank, as well as the number and amount of youth savings accounts.

Although Hatton National Bank has not yet systematically evaluated the effectiveness of its financial education programs for youth, it recently developed pre- and post evaluation tools that will be piloted when its revised financial education curriculum is rolled out at the end of 2011. Prior to developing these tools, HNB used informal interviews and focus groups to regularly speak with young people and field officers who deliver financial education. The information gathered from these interactions was then fed back to headquarters staff and evaluated.

Conclusions and Next Steps

The previous section explored best practices and lessons learned about how to effectively design and deliver financial education to young people at scale, based on the experiences of XacBank and Hatton National Bank. In this section, practical questions and considerations are offered to practitioners looking to scale up their financial services for youth through financial education programs. Practitioners may want to consider the following questions prior to scaling up such programs:

Who is the target market for your financial education program?

Appropriate market segmentation is important for delivering tailored financial education programs applicable to different target groups. However, delivering different services to multiple market segments can increase costs. Organizations wishing to segment their financial education programming should engage in market research to determine the appropriate balance between reaching individual market segments with tailored materials and the associated financial implications.

Key considerations include:

- Is your target market determined by age, geographic location, school status, or gender?
- How specific do you want to be in tailoring your financial education materials?
- Is a phased approach appropriate? (For example, starting a program for one target group and adapting materials for subsequent groups, rather than simultaneously starting with multiple groups.)

What topics are most important for your target market?

Market research is essential for designing financial education materials that are relevant and appropriate. Training content may differ depending on youth age, location (e.g., urban versus rural), socioeconomic status, education level, and previous exposure to financial services. However, young people who have participated in financial education should have the opportunity to access and use a financial product as soon as possible in order to put into practice what they have learned.

Key considerations include:

- Do training materials from partners or other organizations exist that can be used or adapted?
- Are the financial education topics relevant to the financial services being promoted?
- Are content and delivery methods appropriate to the target group(s)?

When will the training be offered?

Organizations may be able to integrate financial education into existing education systems, such as vocational training or government curricula. Alternatively, financial education can be offered as a stand-alone initiative. Determining the timing of such training is critical for allocating human and financial resources to a financial education program.

Key considerations include:

- Will financial education programs be offered extensively (a few hours a week over several weeks or months) or intensively (full days over a short period of time)?
- Will training take place during the school year or during holidays?

Where will the training occur?

Organizations looking to scale up their financial education programs for youth must take into account logistical considerations, such as the most appropriate location to deliver financial education training. Locations may differ according to market segment, such as rural and urban youth and in- and out-of-school youth clients. Through market research prior to the design phase, organizations can determine where young people spend their time and thus where the delivery of financial education training would be most appropriate.

Key considerations include:

- What is the most appropriate location for youth to gather, keeping in mind their safety and the ease of training delivery?
- Can partners host training in their facilities?
- Can the target group or groups easily access the location?

Why does the organization seek to offer financial education to youth?

Organizations should consider where financial education to youth fits into their respective business models: Is it intended to generate business for the organization or is it part of a CSR agenda? These two goals are not mutually exclusive, but may determine how an organization determines the funding model for such programs. These are essential questions to ask both during the initial design phase as well as during any scaling up of a financial education program.

Key considerations include:

- Will financial education be subsidized by other products or departments, or should it be sustainable on its own?
- Do the financial education materials reflect the organization's goals? For example, if building assets is a priority, savings behavior may be an important topic to include in training materials.
- Does the financial education program promote the uptake of specific financial products?

How will financial education to youth be delivered: through partnerships or by utilizing core staff?

Partnerships may allow financial institutions to focus on their core business, while benefiting from the expertise of educational partners. XacBank relies on NGOs and school partners to deliver financial education at scale. Hatton National Bank delivers some training with bank staff, which has resulted in stronger relationships with young entrepreneurs. However, in the future, HNB plans to work with schools and teachers to deliver training in classrooms, either during or after school hours.

Key considerations include:

- Does your organization have staff who can focus on non-financial service delivery?
- Can costs potentially be shared through partnerships?
- Which is more appropriate for your organization's goals for scaling up: smaller, more regional partners with local knowledge and expertise, or larger organizations that can offer regional or national consistency?

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. HNB 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 5 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 XacBank

XacBank was formed in 2001 by merging the two largest non-bank financial institutions in Mongolia. XacBank is now the fourth largest bank in Mongolia, with more than 70 branches located in all *aimags* (provinces) of the country. The mission of XacBank is to contribute to the socioeconomic development of Mongolia through inclusive, value-adding, and reliable financial services, with a focus on “Planet, People, and Profit.” XacBank, together with its partners, offers a wide range of financial products and services to youth, including the Future Millionaire savings product, the Aspire and Aflatoun savings and financial education products, and loans for university students. XacBank works closely with the Golden Fund for Development Association (GDFA) on its youth financial education programs.

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 practices 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.

Appendix 1: XacBank's Pre- and Post-Training Survey

XacBank uses the following pre- and post-training survey to gather data on students and teachers who have participated in the Aflatoun lessons. The survey is a fast and effective way to assess the quality and efficiency of financial training and resulting changes in the knowledge, skills, and attitudes of both teachers and students. Survey results are useful for developing future training manuals and evaluating teacher training quality.

During the financial education program, two types of tests for teachers and students are conducted. The pre-training test for students is conducted on the first day of training, and the post-training test, on the last day. Teachers conduct both tests.

Financial Topics:

- If you saved money, where do you save your money?
- What are the three most important things that you can save?

Social Topics (agree or disagree):

- All children should be treated the same way.
- It is important to consider others when making a decision.
- I am comfortable asking teachers for help.
- I am able to make changes in my life to improve it.
- I have someone to speak to when I have a problem.

Financial Topics:

- If you save money, where do you save your money?
- If you received MNT 500 every week, how much would you spend?
- If you received MNT 5,000 today, how much would you spend right now?



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