



Transforming the Lives of the Poorest through Financial Education A Way Out of Rural Poverty

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Savings and Credit Forum, Berne, May 13th 2011



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Confédération suisse
Confederazione Svizzera
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Cooperación Suiza
en América Central

Triodos  Facet



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WHO

+100 MFIs

1 MIO Clients

6 NETWORKS

WHERE

WHEN

AUG 2003

2009-2013

MF GOVERNANCE

GROUP SAV.&LENDING

FINANCIAL EDUCATION

BUDGET

CHF 1 MIO/YEAR

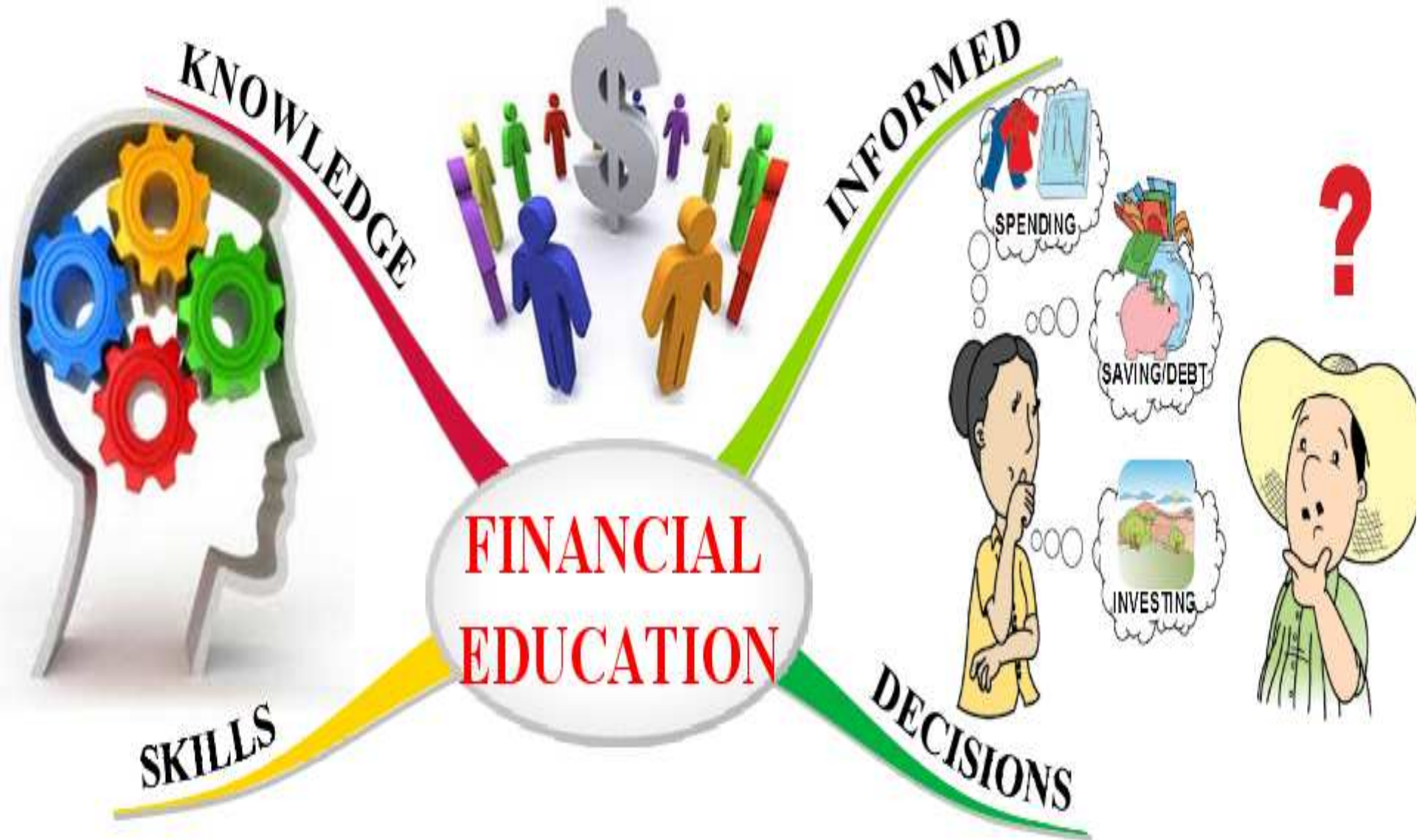
40% NIC

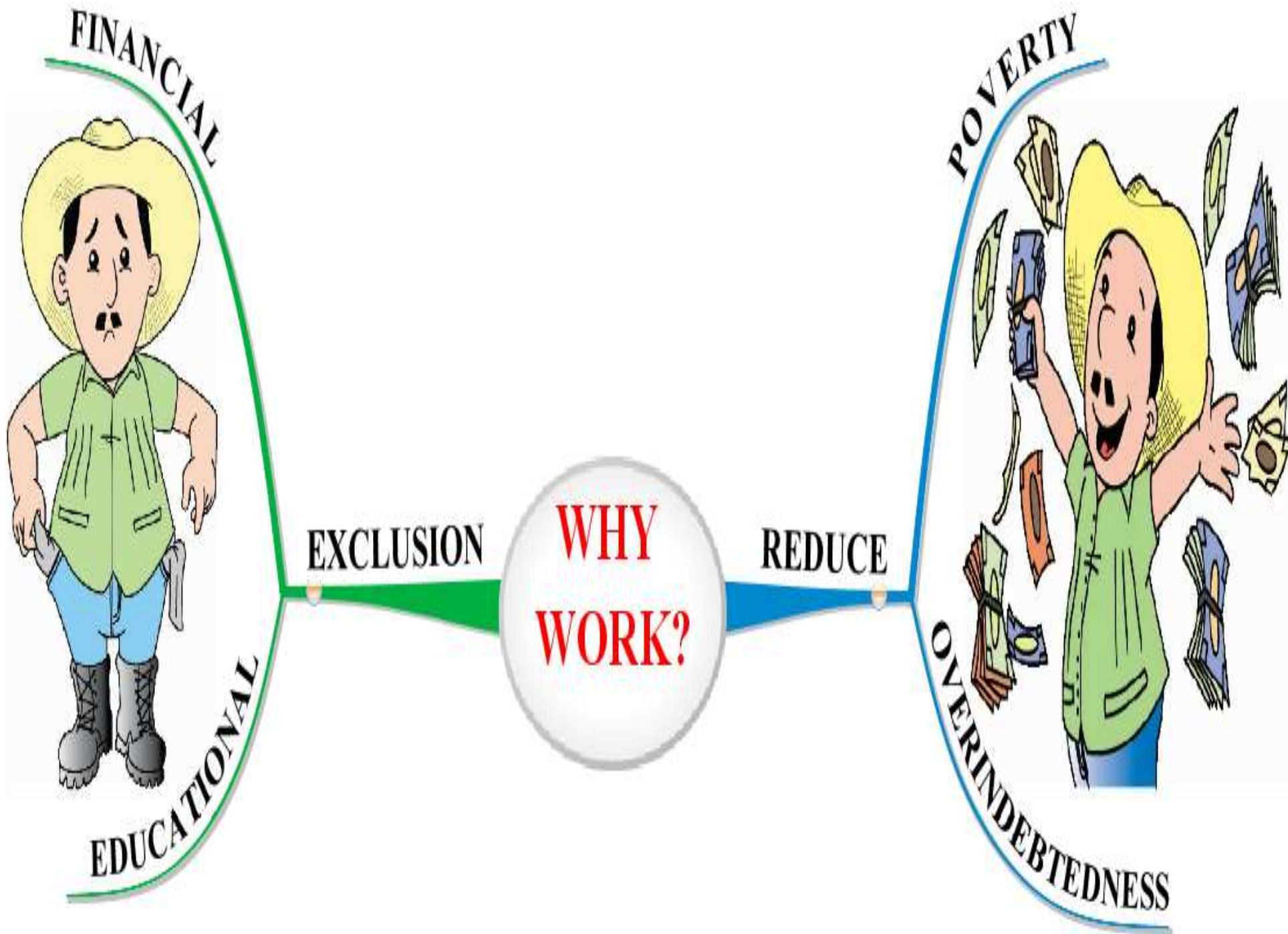
40% HON.

20% REG.



What is FE?





FE is fully in line with SDC financial sector policies' 4 pillars

1. Demand Side:

Empowering clients through financial education

2. Supply side:

MFIs doing FE achieve **better social and financial results**
(less default of empowered clients)

3. Infrastructure:

Collaboration via **networks/associations** and
communication (TV, Radio, mobile phones)

4. Regulation and Public Policy:

Client protection and integration into **education systems**

PROMIFIN's Vision

Low income countries have a **functioning financial education system**. It allows **growing inclusive financial services to meet an educated demand (clients)** contributing to an inclusive and sustainable microfinance industry **for the benefit of people living in poverty.**



Marilu Membreño, shows the small oven built thanks to what she learned through Financial Education and her first micro credit



1
INPUT:
FINANCIAL EDUCATION



NICARAGUA



HONDURAS

PUBLIC & PRIVATE
FINANCIAL & EDUCATION
INSTITUTIONS



RADIO, TV & PRESS
TRAINING & PRODUCTION



DELIVER PRESS RADIO & TV
CARTOONS & PROGRAMS

2
OUTPUT



DELIVER IN SITU TRAINING

2
OUTPUT



CONTROL OF
EXPENSES

3
OUTCOME



RURAL HOUSEHOLD MEMBERS
LEARN FINANCIAL EDUCATION,
REPLICATE IT IN COMMUNITY



BOARD GAME

3
OUTCOME



INCREASED SAVING
BETTER DEBT MANAGEMENT



INCREASED INVESTMENT
IMPROVED BUSINESS
AND LIVES

HOW?

Tools: Practical, Useful, Simple

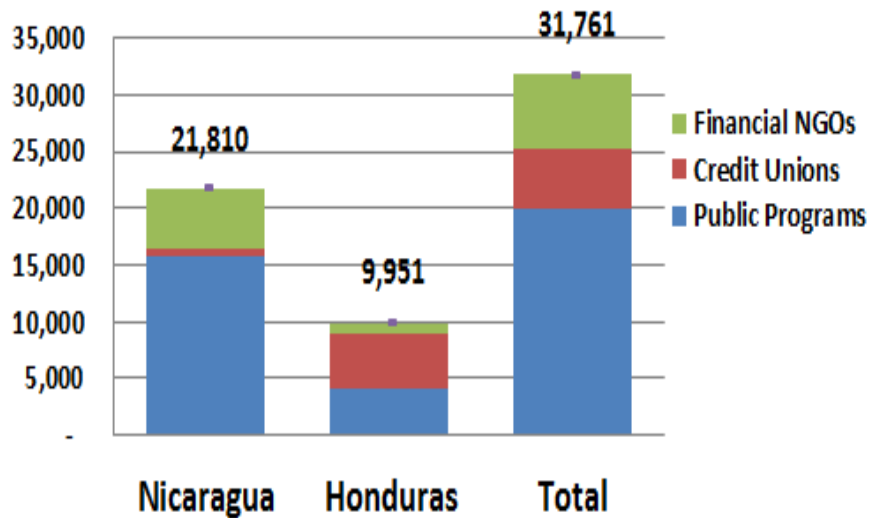
Month: _____ Week: _____ DAY	Expense Record					Expense Target:  _____	Achieved? <input type="checkbox"/> Yes 😊 <input type="checkbox"/> No 😞
	Necessary Expenses 	Unnecessary Expenses 	Debt Payments 	Business Expenses 	TOTAL EXPENSES 		
Monday							
Tuesday							
Thursday							
Wednesday							
Friday							
Saturday							
Sunday							
TOTAL WEEK							

Tools: Funny to learn and use



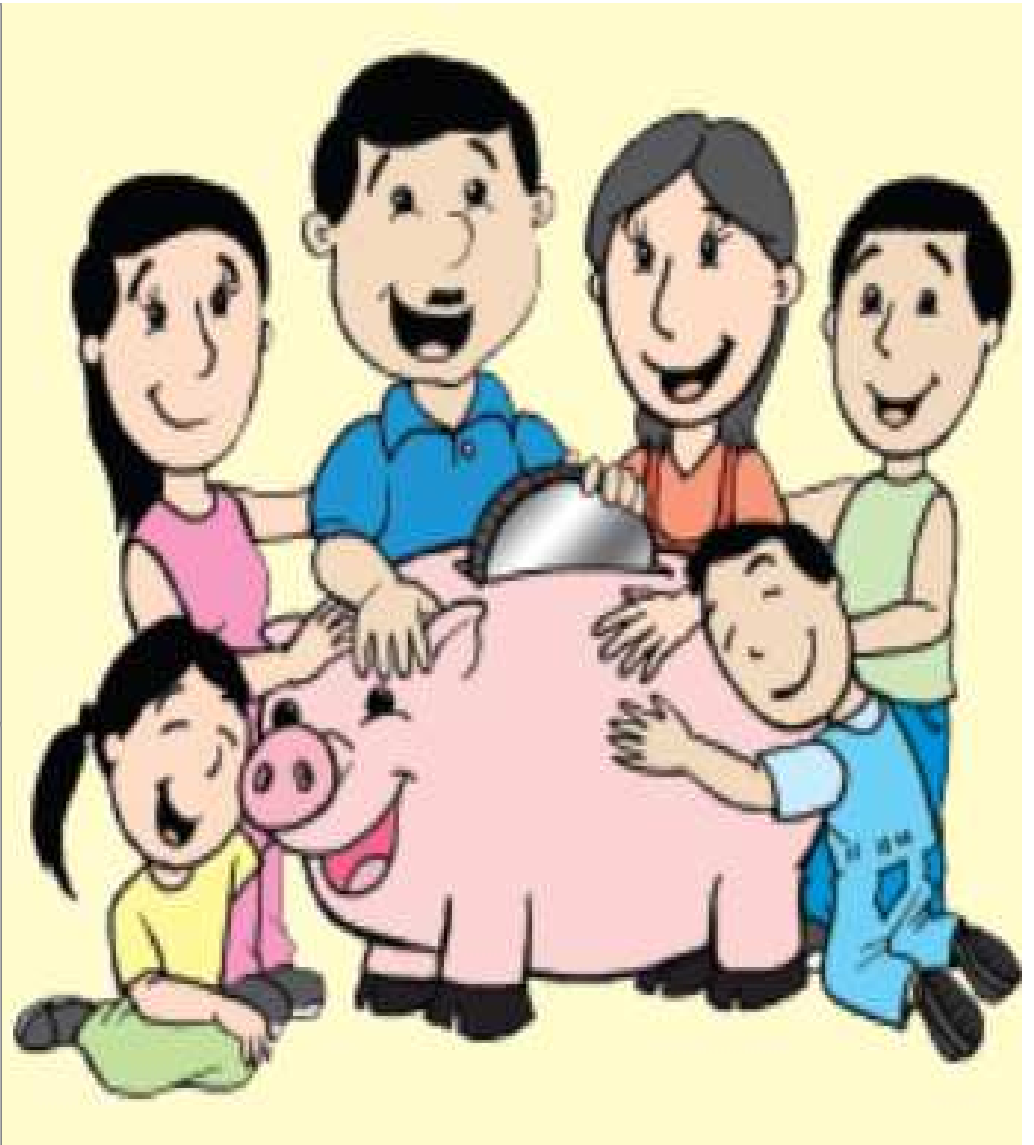
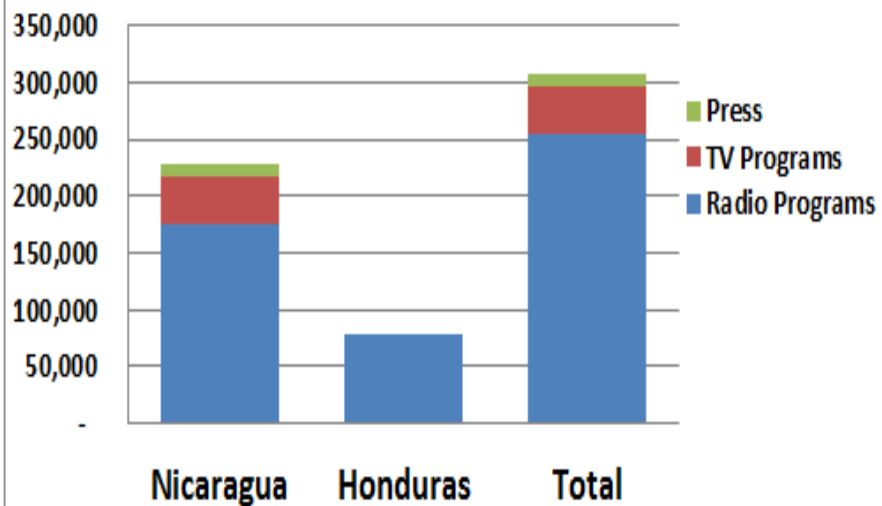
People with Financial Education

(Number of Persons Trained Directly)



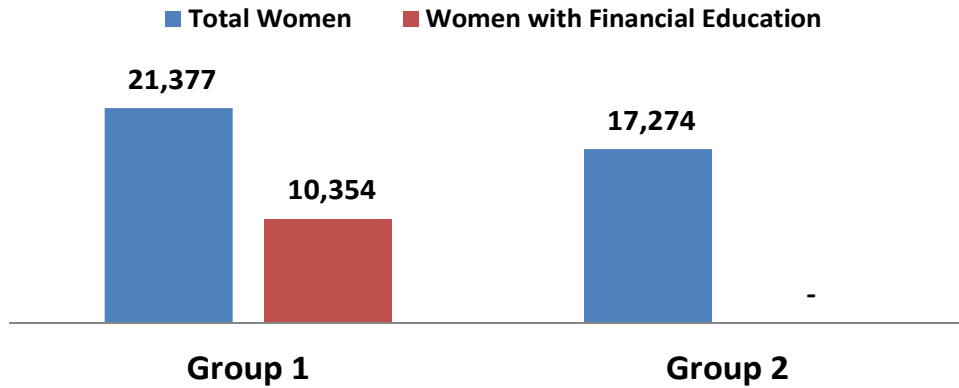
People with Financial Education

(Number of Persons Trained through Mass Media)

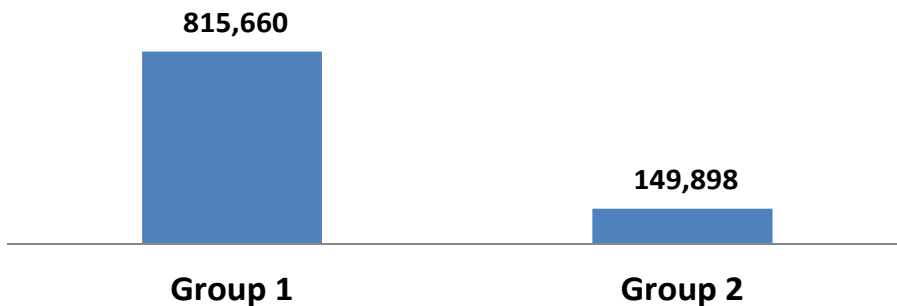


***The family plans together,
Promoting Savings!***

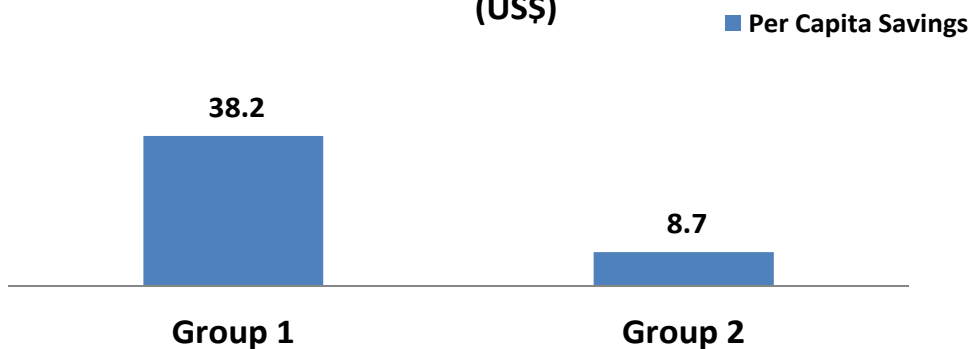
Effects of Financial Education on Savings (Number of Women)



Effects of Financial Education on Savings (Amount Saved US\$)



Effects of Financial Education on Savings (US\$)



SOME RESULTS

Changes Through Financial Education

To understand that...

From thinking that...

We can't save because we're poor

Buying what is strictly needed, we CAN save



I do not know what my financial costs are



I CAN compare the cost of different loans

INTEREST/MOTIVATION

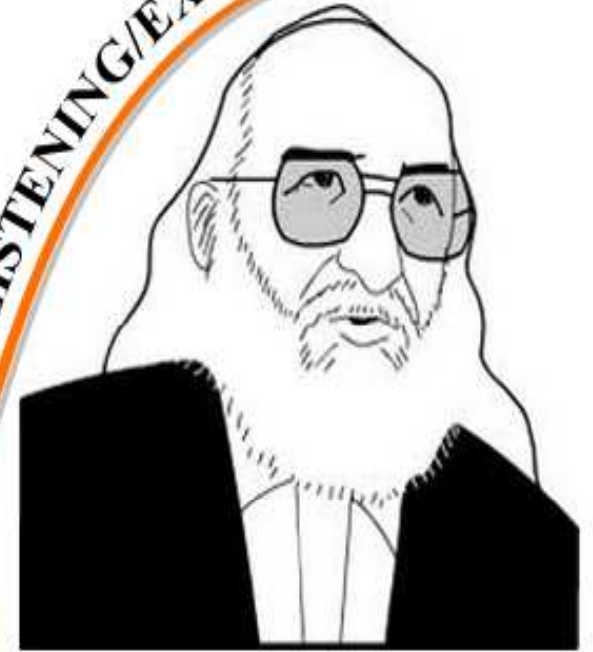


ADAPT/ CONTEXT

TRAINEE

TRAINER

LISTENING/EXPRESSING



EMPATHY/ PASSION

**SUCCESS
FACTORS**

Challenges

Joining Supply & Demand Side: MFIs as Multipliers

- FE is partially a **public good**
- Still **MFIs** can be **expected to contribute**
- Depending on the form of FE, **multi-actor coordination** necessary ...
- ... and **donor support** welcome.



Challenges Public Policies (Political Economy)

- Raise **awareness** at national level
- Improve **regulation** (Client/Savers Protection)
- Strengthen **incentives** for private sector to promote FE, **create markets** for FE

And:

- **Integrate FE in National Education Systems**

But, **who pays?**

- Capacity Building at government level
- Logistic / Follow up / Quality Assurance

NEXT STEPS

1. Solid **Result Measurement**

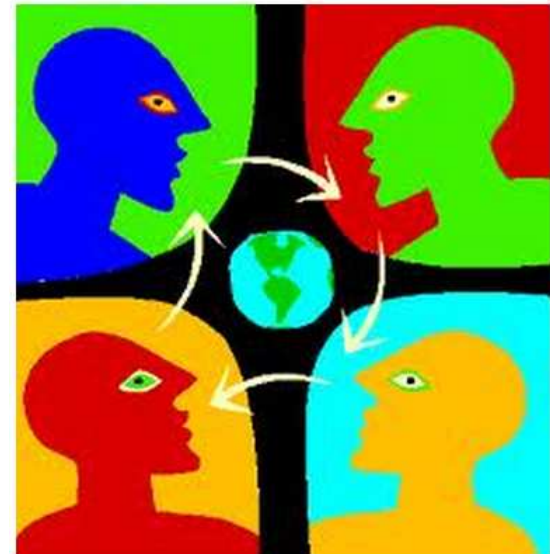
- In particular Mass Media outcomes

2. Plan **Massive Replication/Dissemination**

- In Latin America
- Worldwide

3. Solve **“who pays”** problems

- Market creation,
- Incentives
- Smart subsidies



CONCLUSIONS FE

1. Huge *replication potential*

2. *Empowerment of clients*

- *Control for over-indebtedness is most effective by self-control*

3. Significant *financial benefits*

- *More Savings and better investments of clients*
- *Less default for MFIs*

4. Significant *Additional benefits*

- *Better planning of finances often even leads to better planning of whole lives*

