

MicroSave Briefing Note # 153

The Essential Ingredients of an Effective Financial Education Programme

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Disillusioned with the results of the traditional approaches of financial education (FE),¹ we decided to test an alternative approach to financial education that is central to the social and commercial objectives of financial service providers rather than on the periphery of their strategic direction.

Working with [17 Triggers](#), MicroSave designed a financial education module – the alternative financial education tool (AFE). The AFE was based on product led financial education approach and thus – 1. valued experiential learning that happens through use of products; 2. enforced peer learning, which is the primary learning method for adults; 3. ensured availability of products which customers can use as they move from knowledge to action; and 4. took into account the organisation’s existing information delivery systems.²

We tested the module with the help of our implementing partner, a large MFI in north India. We found that the AFE programme helped to reduce efforts and bring clarity to MFI staff regarding product communication and sales. Besides, easy and clear information increased client’s awareness of the product features and increased the product uptake and use.³

Our programme design was built on four pillars – perhaps the essential ingredients that any FE programme must include:

1. Clear objective and result expectations;
2. Smart message design that provides information and engages the customer emotionally;
3. Cost effective and scalable by integrating AFE tools in to the MFI operational process; and
4. Creating a favourable environment for FE.

#1. We knew what we wanted

The partner MFI and MicroSave were very clear about the objectives of the programme and the end result. It was to design FE tools and methods that enable clients to make appropriate financial decisions based on their needs; that will inspire clients to seek out, buy and use new financial products and services that best suit their needs; and the

delivery of which will be integrated into existing product delivery channel. We also wanted clients to retell what they learnt in their neighbourhood and home, and thus become information sources for others in the village.

With preliminary research, we had understood the challenges and potential of existing information sources and communication structures. We had very clear understanding of path barriers (knowledge level, physical, financial, and temporal) that clients faces while deciding to use the product.⁴ We knew that we were interested in something ‘outside the box’, creative and simple that both MFI’s staff and clients will be excited about and value.

#2 Smart message design

Clear and Simple Messages with Emotional Connect

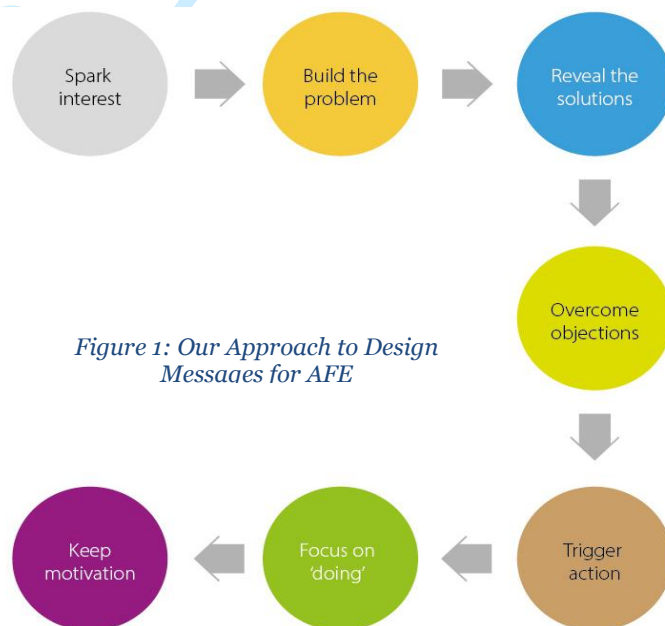


Figure 1: Our Approach to Design Messages for AFE

One of the challenges when designing an FE programme is to make messages stick: when financial education programmes are withdrawn, participants rarely show interest to further enhance their knowledge and understanding, let alone implement the learning.⁵ We therefore incorporated non-traditional training techniques with simple methods in order to capture the attention of, and to motivate, clients. We took [multi intelligence](#)

¹ See MicroSave Briefing Note 112, “[Financial Education – Time for a Rethink](#)”, and Briefing Note 141, “[Breaking Free From Myths of Financial Education](#)”

² Product led financial education is vastly advocated by MicroSave as the best design approach for FE programmes. Here we have listed 4 contours of the approach.

³ Read [the AFE report](#) for description of the programme and detailed finding of AFE pilot test

⁴ See MicroSave’s research report, “[Role of Information Source in Financial Capability](#)”

⁵ Fernandes D., et al. “[Financial Literacy, Financial Education and Downstream Financial Behaviors](#)”, SSRN, 2014

[approach](#) to learning styles, differentiated instruction methods, and adult learning principles.

“Less is more” was the mantra for the AFE design. The simple ideas and messages were easy to grasp as well as deliver. Our extensive research in the implementation areas helped us to identify core ideas and we took out all unnecessary, peripheral details.

While the messages drew from real life instances (many of which were found during field work), we packaged them into concrete, credible, and expressive stories. The stories provided clear messages to assist participants with the financial decisions, while persuading clients’ emotionally. People care about themselves and their family, particularly their children. Information about any action that could lead to better caring always gets interest of clients. We could do this using SWTICH framework of financial actions.⁶ We defined the problem, told them solutions, countered their reasons for no action, and nudged them to action. The core idea was let clients experience the products, as people have different experience after using the service.

Some quotes from participants

- *“These images tell a lot to us. We see us in these pictures and we want to talk more about it to learn more about the people”*
- *“Their story sounds similar to us – we also save money in trunks and somebody always takes it”*
- *“All of us are like the other woman who is not thinking about old age – what has the woman on other side has done?”*

#3. Making Tools Cost Effective and Scalable Align with the Existing Delivery Mechanisms

Another challenge of FE programme delivery is that it is rarely cost-effective ([Monitor, 2011](#)) and is thus rarely received with enthusiasm by service providers. We made it a point to neither look for additional resources nor burden the operational staff to deliver the programme. But we still generated interest among operational cadre. The delivery of AFE replaced existing knowledge delivery practices at the MFI and was communicated by the “centre managers” (front-line staff) of the MFI within the existing time limits for interaction with the groups (or “centres”).

This integrated approach significantly lowers FE delivery cost for the organisation and increases its impact since customers receive important financial lessons in small capsules as a part of normal service delivery.

Availability of Products and Services

The AFE programme’s tools led to clients seeking financial products that they could use. The availability of a variety of financial products was critical to sustain and translate the increased motivation of the clients into action. The partner MFI (in collaboration with a bank) offered savings, including recurring deposits and term deposits, pension, credit and credit linked insurance.

#4. Creating Favourable Environment

We engaged the MFI’s staff at all levels from tools conceptualisation to tool development and delivery.

A Learning Environment and Ownership

The programme approach required a learning environment where the implementers of the programme shared their feedback on the day’s experience, how some customer questions were handled, and whether running improvements led to better client engagement. There was a sense of ownership of the AFE tools and approaches amongst the staff, which grew as they implemented it and experienced the benefits.

Management Commitment to the AFE Life-cycle

The inputs of the senior and middle management are critical to contextualise the tool and to create an enabling environment for its implementation. During implementation, supervision of lower management and our mentoring support to field implementers should ensure that operations team are aligned with the new communication system in place.⁷

Establish Support and Monitoring Systems

Both quantitative MIS-based and qualitative observational monitoring systems were in place to measure individual performance of staff and the overall progress of AFE. In addition to routine monitoring, we reviewed progress of the programme and identified gaps that were critical to ongoing counselling and handholding of the staff. Such support before, during, and after implementation of AFE is critical to ensure that the approach and learnings do not fizzle out or turn into a one-off event.

Conclusion

Our experiment indicates a direction that service providers could adopt to design their financial education/financial capability programme. Clients and field implementers have long suffered from training fatigue caused due to monologue-based approaches. They need methods that can engage them, create curiosity, and offer solutions that can be acted upon. The AFE is one of the possible approaches to this.

⁶ Heath, C., & Heath, D., “[Switch: How To Change Things When Change Is Hard](#)”, Waterville, Me: Thorndike Press. (2011)

⁷ We could not ensure an ideal alignment as many senior and middle management staff followed their existing practices.