

Defining and Measuring Financial Education - *MicroSave's* Perspective

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Market-led solutions for financial services

Financial education programmes – who do we do it for?

Here's Meena



Meena's Husband



Meena's trusted opinion leader



Financial service provider's staff



Meena's financial decision making process is the key to defining financial education programme for Meena

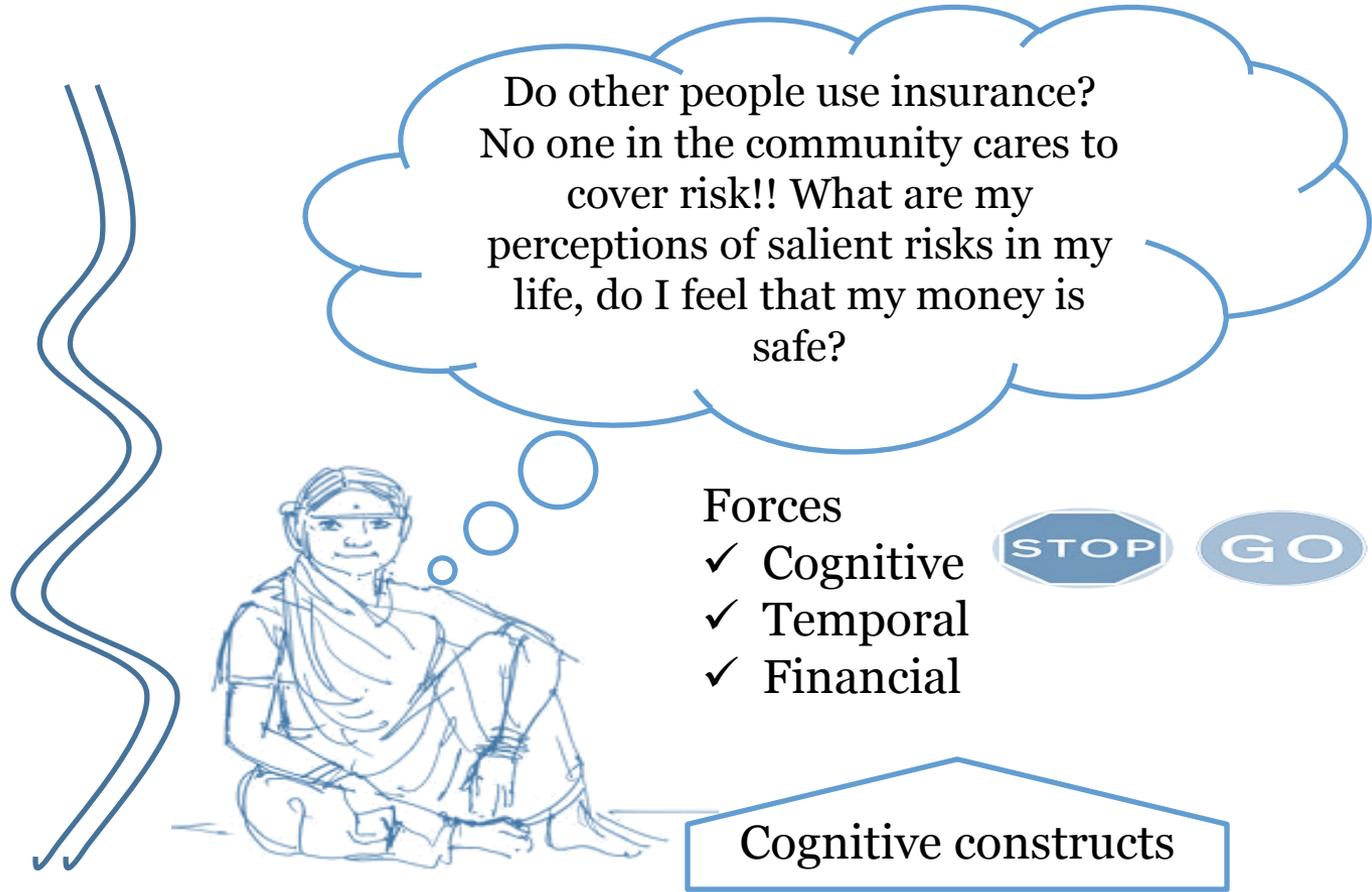
Let's take a step back to understand how financial decisions are taken

Product-led journey

information sharing by known people, promotional activities of FSP

Need-led journey

information sought arising out of family situation



Awareness

Understanding

Continued...

They say I must know about the agent very well; the village head says insurance is a good product

- Forces
- ✓ Cognitive
 - ✓ Temporal
 - ✓ Financial



Social constructs

Understanding this chain helps identify financial education intervention areas – the gaps in financial decision making, and areas where Meena is unclear and needs support.

This helps in identification of target areas for the **Financial Education Programme**, and also give insights on the delivery channel that could be used.

Awareness / Understanding

Action

Defining Financial Education Programmes

Identifying Factors: What factors play a role in financial decision making

- Information sources
- Cognitive constructs
- Social constructs
- The influence of these sources and constructs vary for each individual
 - Of course there are common denominators amongst different customer segments

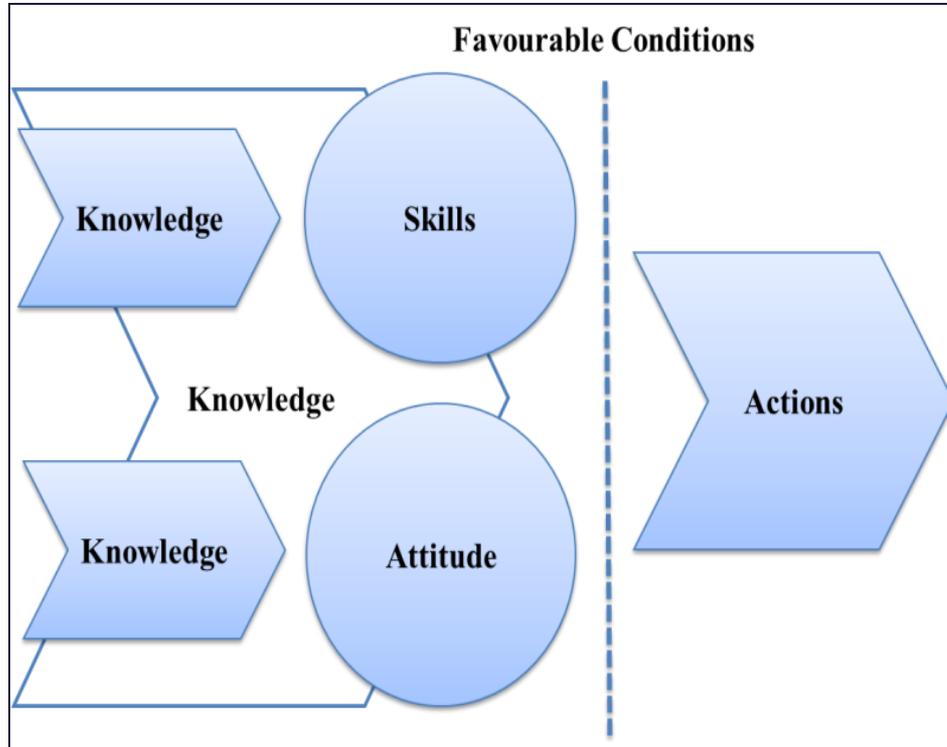
Identifying Owner: Who will own the financial education programme

- Service providers
- Regulators
- Donor organisations
- They have different motivations and *modus operandi*

Defining Financial Education Programme will vary for each **segment** and **lead organisation** thus.

Design and Evaluation of FE Programme

What is KSAP Framework with respect to Financial Education and why it is important?



Definition of elements of KSAP

Knowledge refers to the awareness or deeper understanding of financial service or financial management practices

Skill refers to the know-how and the ability to use a financial service or financial management practice

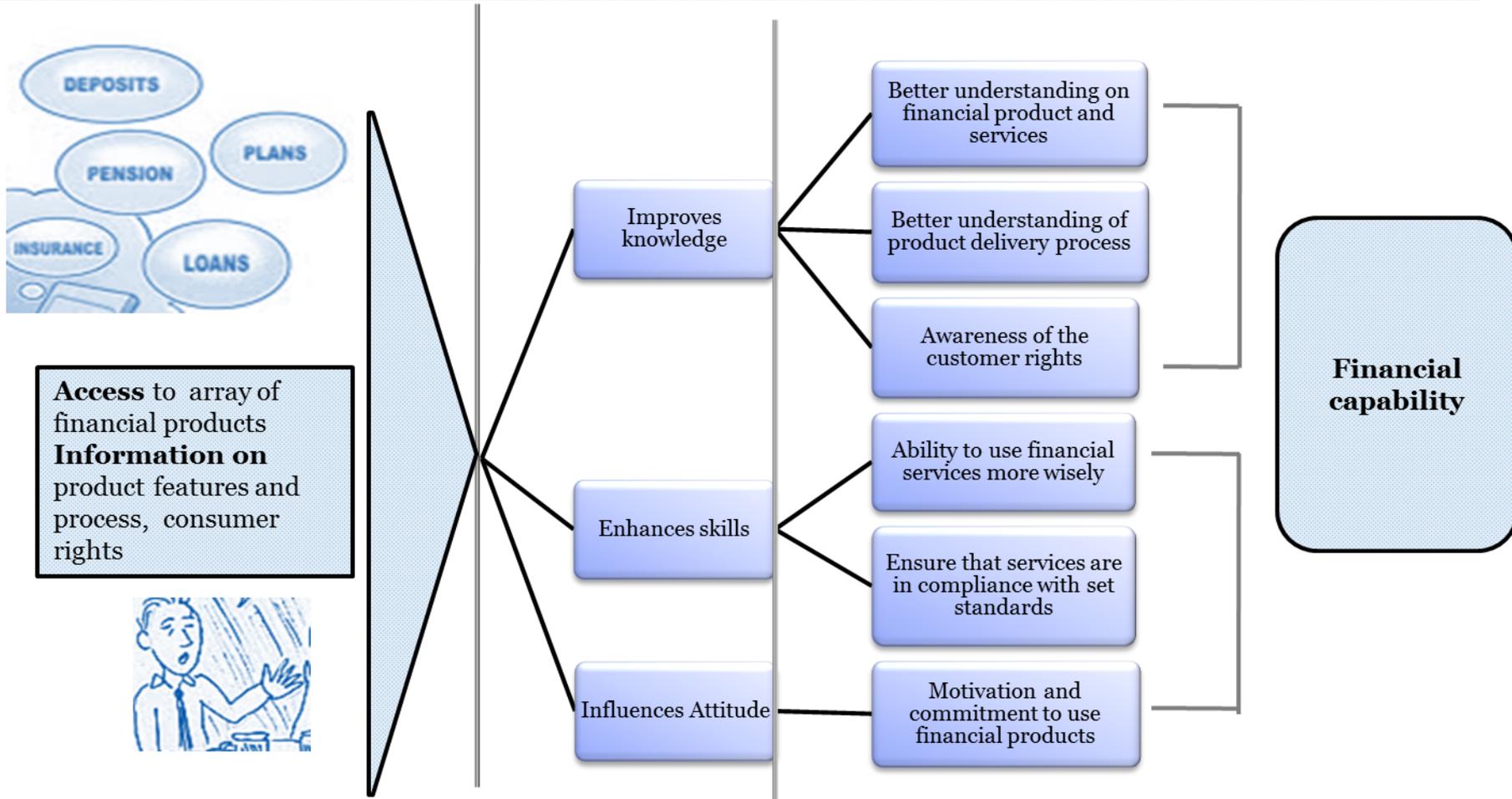
Attitude refers to the outlook of the recipients and the propensity to use knowledge and skill

Practice reflects concrete behavior changes, actions and is the extent to which people practice what they learn

- ✓ Helps in design of FE programme
- ✓ Provides a framework for evaluation

How *MicroSave's* Defines Product-led FE Programme

MicroSave's Approach to Financial Capability



Example: Product-led Financial Education Programmes

MicroSave's Alternative Financial Education Programme with Cashpor:

- ✓ The programme's primary objective is to increase the uptake and use of financial products offered by Cashpor – Pensions, Savings, Credit
 - ✓ Messages take through challenges that clients face when they do not use these products. These messages are very strong and compelling!!
 - ✓ Then Cashpor products are brought-in and discussed
- ✓ FE programme is part of center managers' routine activities at the center
 - ✓ Thus gets monitored as per usual monitoring process
 - ✓ No additional cost/cadre is involved
 - ✓ No additional time of staff is required
- ✓ Use tools – that clients relate to
 - ✓ Influencing Knowledge, Attitudes, Skills, and achieve Practice changes
 - ✓ Use contextual images; and stories that have come out from them

Example: Tools to Measuring FE

Knowledge Skills Attitude and Practice framework provides a broad approach to measure level of financial literacy and progress. There are, however, some important considerations

Objectives

Level of impact – practice versus knowledge/attitude

- Depends on the owner of the programme
- Crucial that you appreciate knowledge/skills level changes

What do you aim to do

- Limited to show impact/progress
- Or further modify content

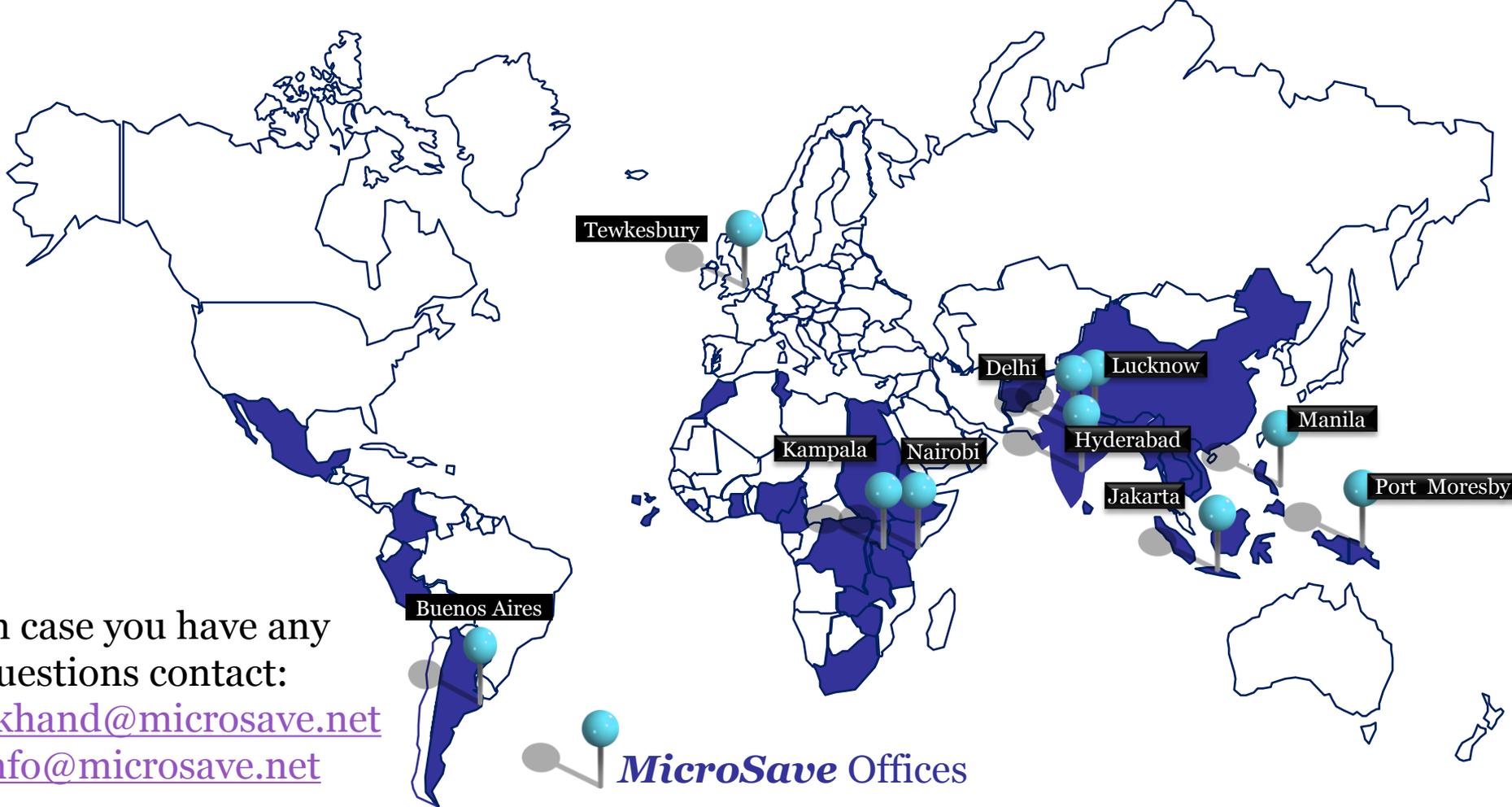
Approach

What time frame you look for—immediate, six months, an year

- Consider KSAP chain

What kind of tools to be used—quantitative or qualitative

- Quant helps in generalise
- Qualitative brings deeper insights



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