

Child & Youth Financial Capability

South-East European Countries Working Group

3 November 2015

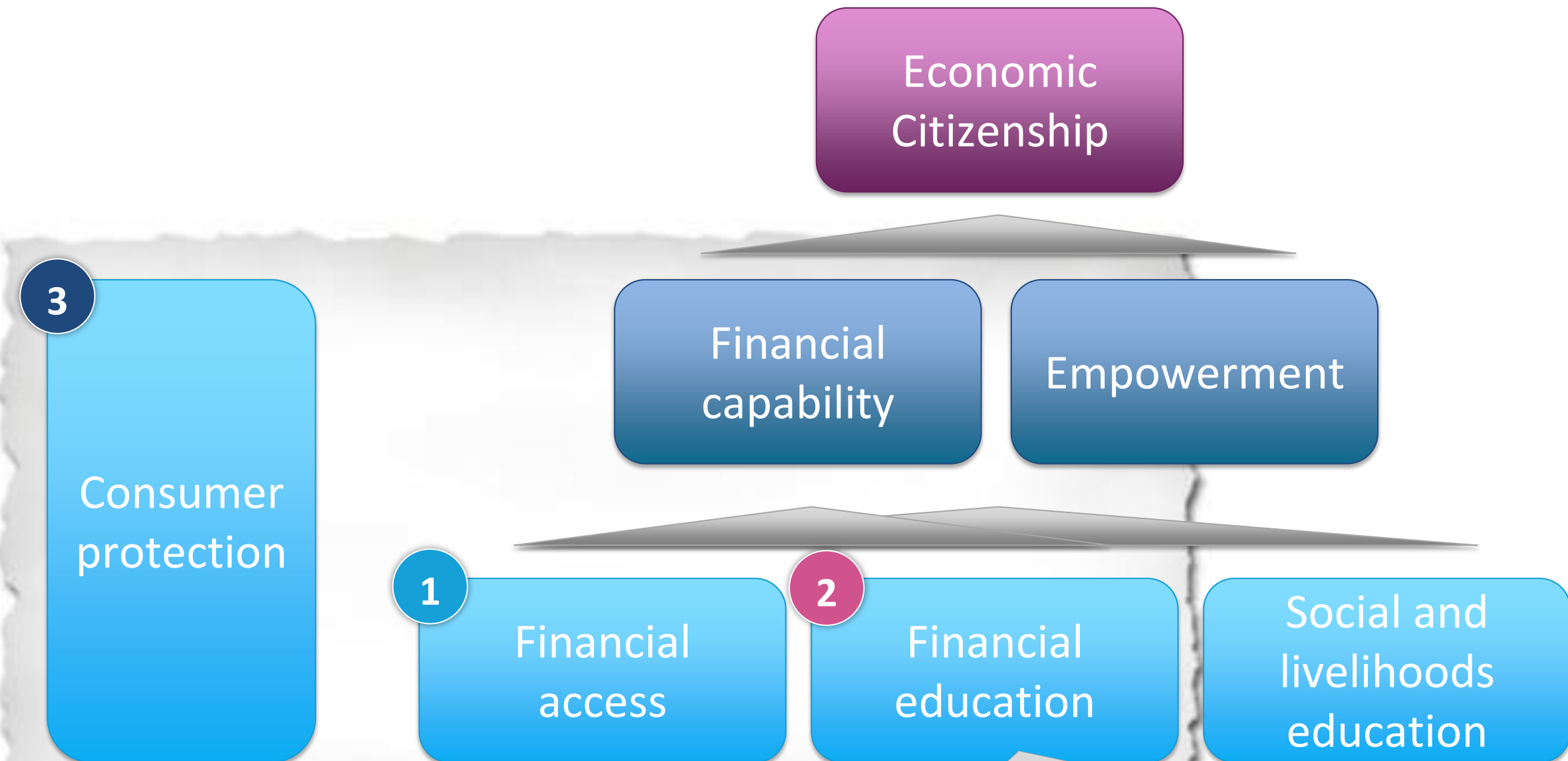


NATIONAL BANK OF ROMANIA

- **Introduction to children & youth financial capability**
- **The role of national authorities**
- **Break-out 1**
- **The role of financial institutions**
- **The CYFI SchoolBank model**
- **Break-out 2**








Financial capability has several components

Our theory of Change shows that a combination of financial, social and livelihoods education and access to finance is required to create economic citizens



In the context of children & youth this means to a **safe place** to keep money and accumulate savings: a basic **savings or current account** that is **child & youth friendly** and encourages **responsible financial behavior**

1 The basic products Children & Youth need are savings accounts and current accounts

	<i>Savings account</i>	<i>Current account or prepaid card</i>	<i>(Micro) loans</i>
<p><i>Level 1</i> 0-5 years</p>	 Savings account by parents to support future education		
<p><i>Level 2</i> 6-9 years</p>	 Savings account in name of child, with parental controls		
<p><i>Level 3</i> 10-15 years</p>	 Savings account fully owned by child, parental insights	 Current account in child's name, with parental controls (optional)	
<p><i>Level 4</i> 16+ years</p>	 Savings account fully owned by child	 Current account in child's name	 Microloans available to support entrepreneurship (18+)

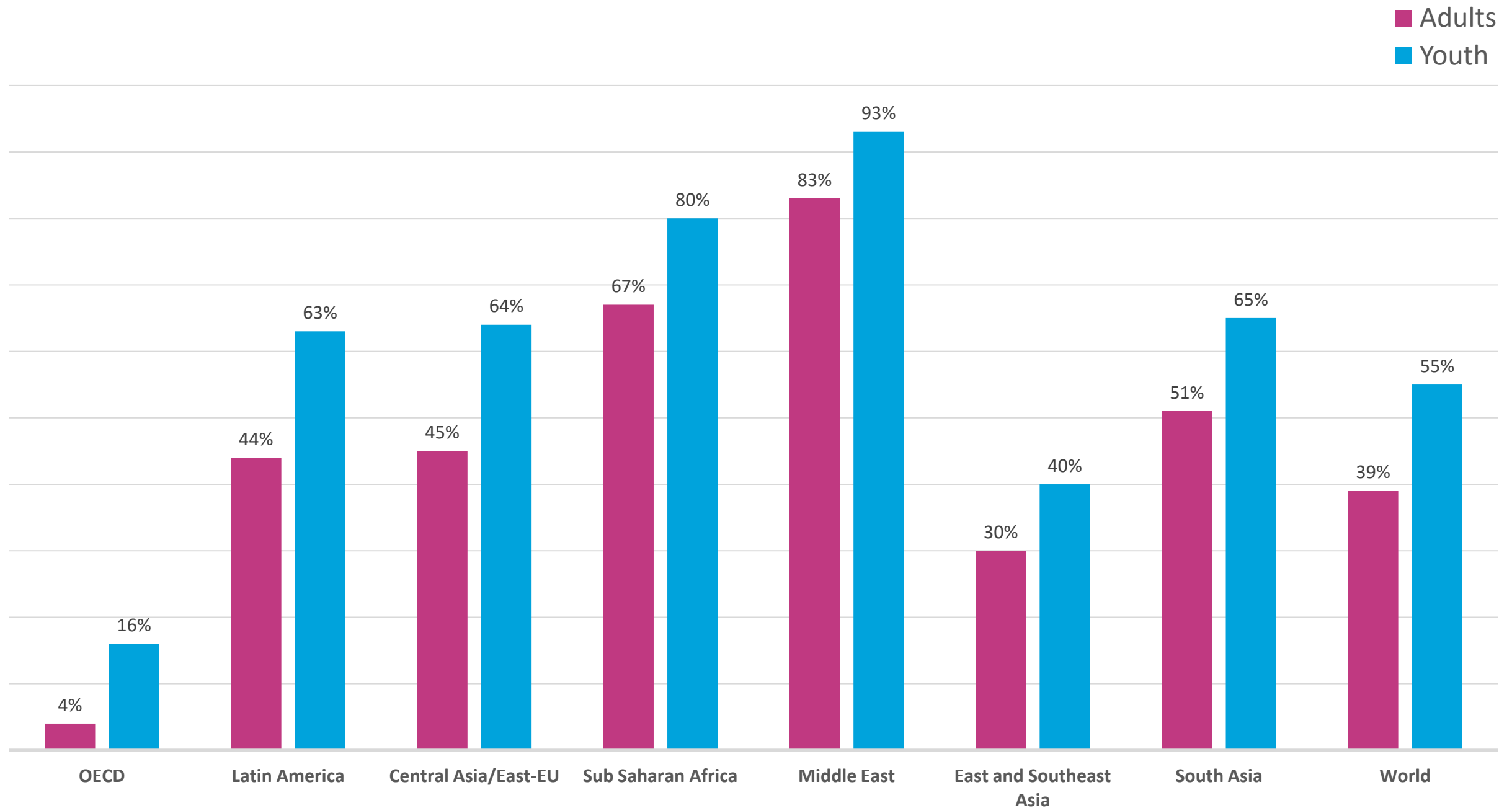
Is financial capability an issue in our region?

<u>Country</u>	<u>Account at a FI</u>	<u>Saving at a FI</u>
■ Slovenia	92%	32%
■ Croatia	58%	17%
■ Romania	55%	9%
■ Macedonia	47%	8%
■ Albania	30%	7%
■ Kosovo	41%	5%
■ Moldova	12%	5%
■ Montenegro	41%	3%

<u>Country</u>	<u>Account</u>	<u>Saving</u>	<u>Country</u>	<u>Account</u>	<u>Saving</u>
■ Indonesia	35%	22%	■ Norway	100%	85%
■ Honduras	25%	13%	■ Germany	94%	67%
■ Rwanda	17%	13%	■ Netherlands	99%	65%
■ Bangladesh	18%	6%	■ Australia	95%	64%
■ DRC	5%	4%	■ USA	88%	54%
■ Sierra Leone	6%	3%	■ France	79%	54%
■ Jordan	12%	2%	■ Singapore	93%	39%
■ Yemen	2%	<1%	■ UK	91%	30%

Across all regions, young people between 15-24 years are more often unbanked than adults

% of people with no account at a financial institution



Financial capability brings clear benefits for children & youth

Evidence for the benefits of children & youth financial capability

1 Access: Evidence on the financial access of children and youth, and positive outcomes appear to fall into six broad categories:

- Economic and financial well-being (Key evidence by Ssewamala, Elliott and Friedline)
- Financial knowledge and skills (Adams and Sherraden)
- Psychological health (Sebstad, Ssewamala)
- Reproductive and sexual health (Austrian, Erulkar)
- Academic achievement (Friedline and Elliott)
- Education attainment and expectations (Elliott and Beverly)

2 Ideally: Access plus Education – the case for learning while doing

Gradually the impact of combining financial education with access to savings is showing, including on financial literacy (SALSA Uganda and PISA), account uptake (YouthSave) and **savings levels and avoiding account dormancy** (CFED, 2014)

3 Consumer protection

is particularly important to ensure accounts are offered and used in a responsible way – hence there needs to be the right balance in regulation to allow for access, and ensure appropriate protection

1 Youth with savings accounts have increased economic and financial well-being

Access evidence

Research in Kenya finds a positive association between participating in a youth savings program and higher income, savings and household assets

In Uganda, research finds a positive association between participating in a youth savings accounts program and higher savings levels

1

Youth with savings accounts have a positive influence on mental, reproductive and sexual health

Access evidence

Impact on mental health

In India and Uganda, research finds a positive relationship between youth savings and **higher levels of self-esteem and participation in social groups**

Another study in India suggests that having control over one's savings is associated with **greater decision-making and formation of specific savings goals**

Impact on sexual and reproductive health

Studies in Kenya and Uganda suggest that there is a positive association between youth savings and **improved reproductive and sexual health knowledge and behavior**

Participants of savings programs demonstrate development of **more empowered gender attitudes, lower approval rates of risky sexual behaviors, and improved HIV prevention scores**



1 Youth with personal savings have higher academic performance

Access evidence

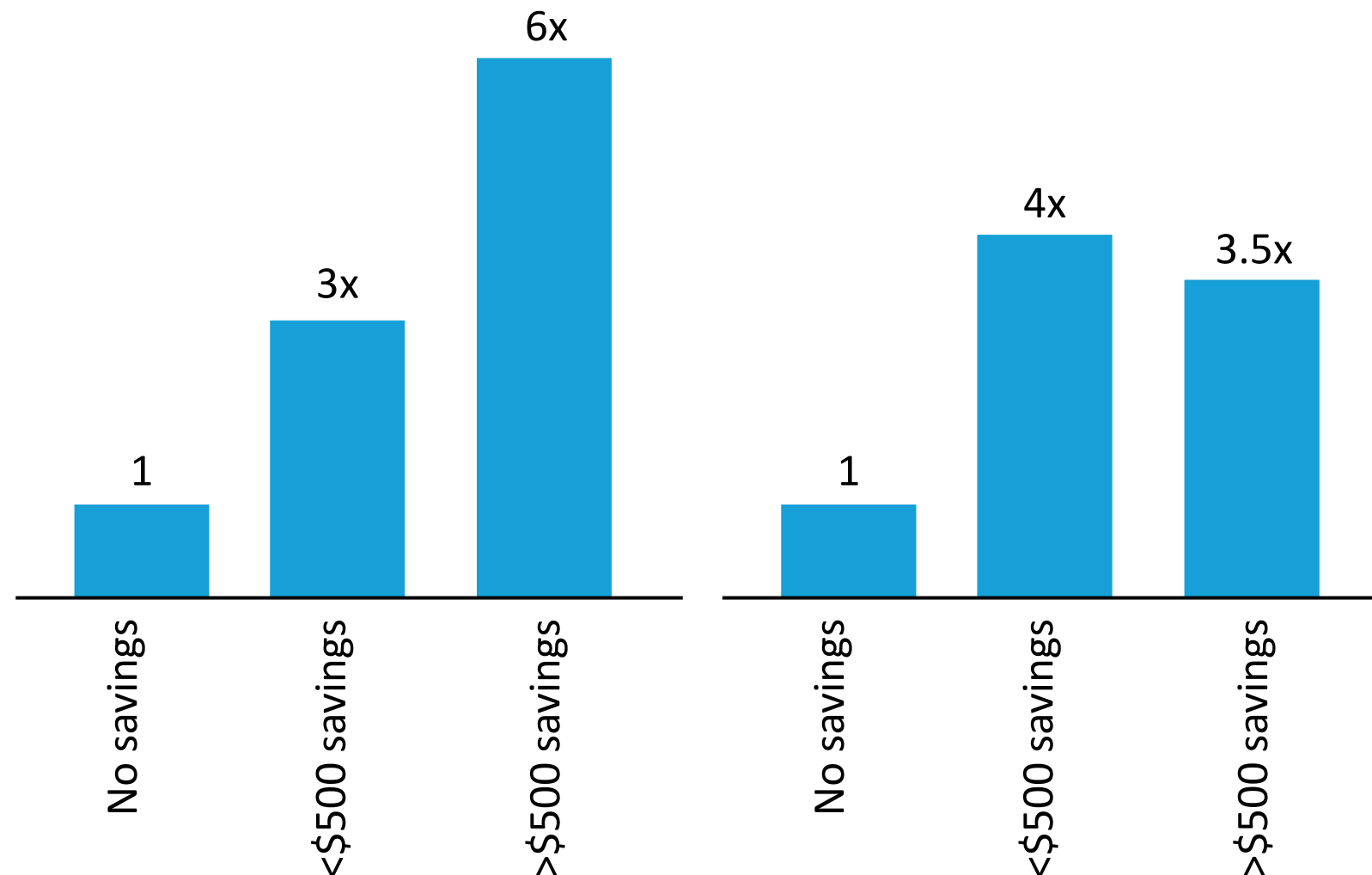
Research shows that children and youth with savings are more likely to attend and finish college...

...and similar findings have been reported in developing countries

Likelihood to enroll in college compared to youth with no savings¹

Likelihood to graduate college compared to youth with no savings¹

A study conducted in Uganda shows a positive relationship between youth savings and higher grades, test scores, and improved attitudes on education



¹ Based on research of black US youth by Elliot, Friedman and Nan (2013). Correlation does not hold for wealthier white families where financial limitations to join college are less profound

- 1 Research & programs show that C&Y are willing to
- 2 save when given access opportunity, especially when combined with education

Access & Education evidence

- **UNCDF YouthStart program:** increasing access to financial services for low-income youth in sub-Saharan Africa. For example, Ugandan participants were saving on average US\$6.33 more than non participants




- **Bangladesh SchoolBanking:** since 2010 over 800,000 accounts opened for children aged 6-18, of which 325,000 in rural areas, saving Tk 7.17 billion in them (>100mIn USD)



BANGLADESH BANK
Central Bank of Bangladesh



- **YouthSave:** showing youth across Colombia, Ghana, Kenya and Nepal can save, when financial institutions make safe and affordable savings accounts accessible




- **Kindergarten to college:** a program run by the City of San Francisco and Citi, automatically provides a college savings account to children when they start kindergarten




Research shows that impact will be vastly increased if **inclusion is linked to education (learning by doing)**, both in terms of account uptake and savings attitude & behavior (see for instance Atkinson, A. & Messy, F (2013), Sherraden & Ansong (2013), Jamison, J. Karlan, D. and Zinman, J. (2014))

- 1 Financial inclusion works best when combined with financial and/or social and livelihoods education**
- 2 Access & Education evidence**

Complementing Financial Inclusion with Financial Education

Next to the benefits of Financial Inclusion, financial education programs are associated with:

- Higher financial literacy
- Higher savings
- Better understanding of how to avoid debt
- Understanding how to write a checks and plan budgets

Recent studies have indicated significant impact of combining access with education on financial literacy and savings behavior.

In addition, the OECD has indicated that the lack of financial literacy is a key driver for over-indebtedness and bankruptcy of households.

Source: CYFI: Children, Youth & Finance. From Momentum to Action (2013)

Complementing Financial Inclusion with Social and livelihoods education

Other studies show that complementing financial education with social education or livelihoods education positively affects:

- children's feeling of control over their actions and decisions
- the likelihood of youth to obtain a job.

Finally, by combining education and access to financial products, children and youth will learn by doing, resulting in a **better retention of the learnings and lower dormancy rates of the accounts** (CFED, 2014)

“Financial education should start at school”

–OECD

- 1 Empirical research supports the value of having an integrated approach to increasing financial capability
- 2 Access & Education evidence

Research design

Elementary students were randomly assigned into 4 groups:

- Control group: **no treatment**
- Treatment group 1: Receiving in-school **financial education** by classroom
- Treatment group 2: Participate in an in-school credit union or bank, receiving **account access**
- Treatment group 3: Receiving in-school **financial education AND account access**

Outcomes

- Significantly **positive results for all treatments groups** compared to control group
- Students with bank accounts were found to have **larger effects in learning** as opposed to students who just received financial education
- Students receiving education were found to have **more active usage of their accounts**

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Overcoming barriers to children and youth financial capability

Barriers to youth financial capability

We identify **seven main barriers to financial capability** for children:

- **‘Natural’ barriers** such as the distance to a bank
- Lack of financial **infrastructure**
- Restrictive **regulations**
- **Governance** failures
- Lack of suitable **products**
- Financial **illiteracy or distrust**
- No access to **quality education**

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What can national authorities do?

Financial access + education

- Develop **national strategy** and work **in coordination** with other institutions to increase financial capability

- a** Invest in **projects & programs** around FI & FE

Financial education

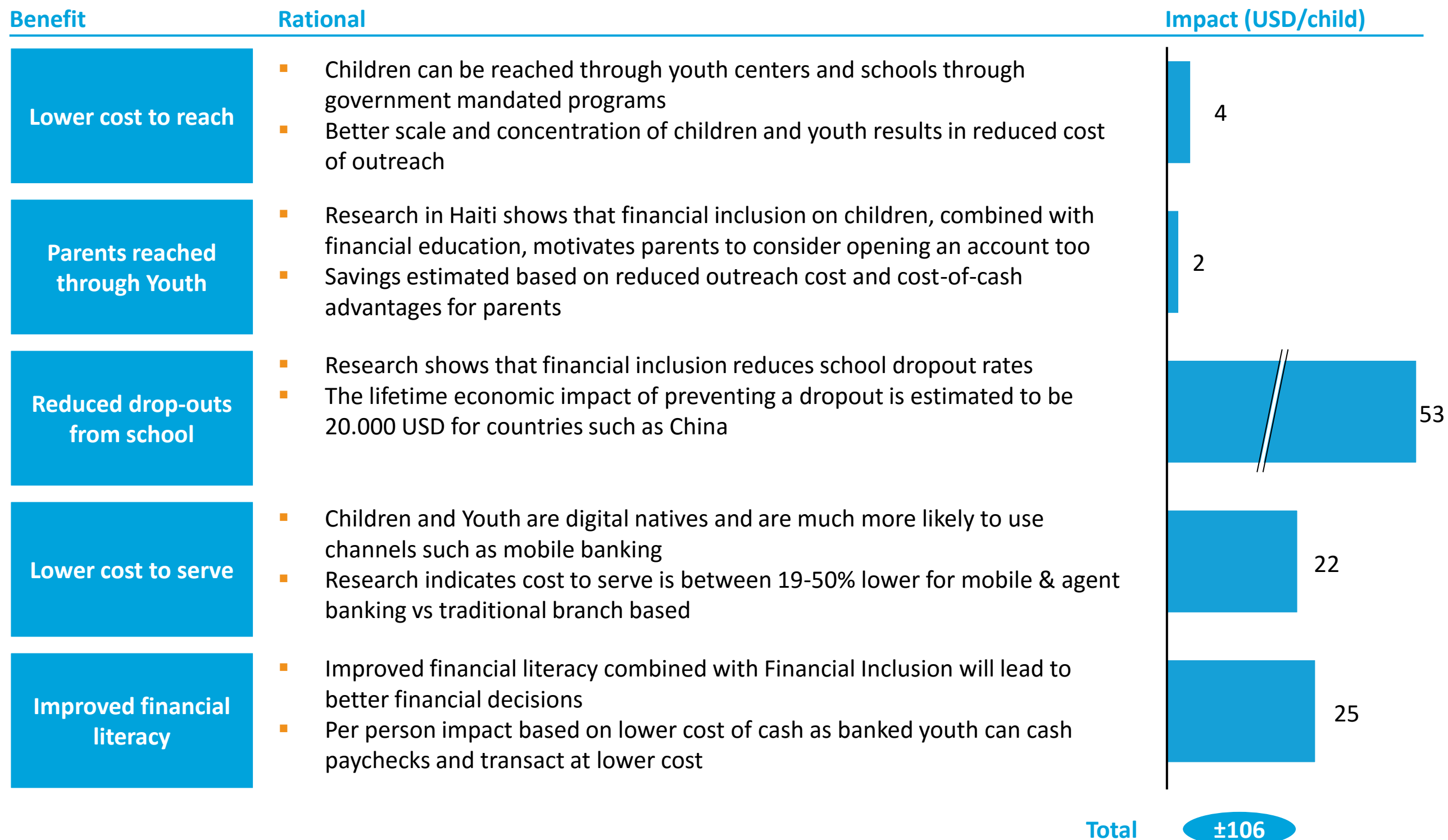
- Integrate financial education in **national curriculum**
- Support **non-formal** and **informal** financial education

Financial access

- b** Support financial institutions in **developing and promoting youth financial products** (e.g., product development workshop; launching a national account)
- c** Adapt **regulation** to facilitate youth financial access
 - Support new technology development and **innovations** that drive financial access for youth

Note: Financial inclusion is not a panacea and has risks, particularly if the regulatory environment is weak. Therefore **consumer protection regulations** are key to protect children’s rights.

a **There are additional benefits when investing in financial capability of children and youth compared to adults**



a Bangladesh Schoolbanking, led by the Central Bank of Bangladesh, has resulted in 800,000 youth accounts opened and considerable savings



BANGLADESH BANK
Central Bank of Bangladesh

Situation

In 2010 the Central Bank of Bangladesh issued a formal circular that asked all banks to open school banking branches. The Central Bank intended to enhance financial inclusion of the country by ensuring the participation of school students in the economic vis-à-vis banking activities through savings and creating savings attitudes among students.

Actions taken

17 Banks introduced and provided school banking services under their usual branches. Students aged 6-18 have been offered the opportunity to open a savings account. Anyone can deposit money at these accounts, but money can only be withdrawn with consent from the parents or legal guardians



Outcome

- 800,000 youth have thus far opened an account, on which with a total of approximately USD 100 million has been deposited since.
- School banking program is extending beyond cities to also become popular in village areas, where approximately 40% (325,000) of the total accounts have been opened.
- Another 24 banks are in line to engage in school banking soon.
- CYFI is now working with Bangladesh Bank to include an education component into the Schoolbanking program

b Egyptian Banking Institute furthers youth financial inclusion by supporting banks with product development

Representing Egypt as a pioneer of Financial Literacy in the region has been a challenge and a privilege; we strongly believe that raising the bankable population as well as including youngsters will lead to the sustainable economic growth of our country, eradication of poverty and furthermore bridging the inequality gap

Mona El Baradei - Executive Director
Egyptian Banking Institute

In March 2015, the Egyptian Banking Institute (IBE) in collaboration with MasterCard and CYFI organized workshop with **25 participants from seven Egyptian banks and policy makers**. During the two day workshop participants worked on topics related to financial education and financial inclusion of children and youth in Egypt. There was a special **focus on the business case for Egyptian banks to offer financial products and services to youth**.

As part of the workshop, **experts from other banks** with significant youth offerings shared their experiences in developing and marketing youth friendly products



CENTRAL BANK OF EGYPT
Egyptian Banking Institute



The session had several positive outcomes:

- EBI expressed their **commitment to engage with national policy makers** to make financial inclusion a priority on the national policy agenda
- Delegates from financial services providers asked for support of policy makers to **contribute to the development of youth and child friendly products**
- Several Egyptian banks have **developed products for children and youth** as a result of the workshop



b Example agenda: workshop in Nigeria with the Central Bank of Nigeria



Day 1

9:00	<ul style="list-style-type: none"> Introductions Introduction to CYFI
10:00	Coffee break
11:00	Why Child & Youth Friendly products are important
12:00	Expert speaker 1: Example of a child friendly product portfolio (Postbank Kenya)
13:00	Lunch
14:00	The business case for Child & Youth Friendly products
15:00	Coffee break
16:00	Break-out 1 <ul style="list-style-type: none"> Motivation for child friendly products? Value proposition towards children & youth
	Combining access with education: SchoolBank
17:00	Wrap-up day 1

Day 2

	Key learnings day 1
	<ul style="list-style-type: none"> What do Children & Youth want/need? What makes a Child & Youth Friendly product?
	Coffee break
	Expert speaker 2 Enhancing access and product buy-in through financial literacy (Lynx Nigeria)
	Expert speaker 3: Regulatory context (CBN)
	Lunch
	Break-out 2 <ul style="list-style-type: none"> How Child & Youth Friendly are your products? What would you want to change to your portfolio?
	Coffee break
	Break-out groups present back to plenary
	Wrap-up day 2

Day 3

	Key learnings day 2
	How to develop Child & Youth Friendly products
	Coffee break
	Marketing Child & Youth Friendly products
	Expert speaker 4: Example of a child friendly product portfolio (Hatton National Bank of Sri Lanka)
	Lunch
	Break-out 3 <ul style="list-style-type: none"> How will you implement changes to your youth product strategy? What are your next steps?
	Coffee break
	Break-out groups present back to plenary
	How CYFI can support you going forward
	Wrap-up and closing

C There are 3 regulatory dimensions that are relevant for children & youth financial inclusion

*Degree of
autonomy*

- Age for opening a savings account independently
- Age for operating a savings account independently
- Ownership in the name of the child
- Age for conducting transactions

*Degree of
accessibility*

- Interpretation of the KYC principle (and other documents required)
- Allowing for innovations that can help reach the unbanked (including branchless banking regulations)
- Free of discrimination

*Consumer
protection and
facilitating
responsible use*

- Consumer protection laws
- Financial education



Best practices for child and youth financial capability



Child & Youth
Finance International

Examples of recent changes in regulation and results

India (2014)



- A new regulation allows all minors above the **age of 10 years to open and operate** a savings bank account independently
- Banks are free to offer **additional banking facilities** like internet banking, ATM/debit card, etc. subject to the safeguards that minor accounts are **not allowed to be overdrawn** and always remain in credit
- The Reserve Bank of India addresses various target groups, including school and college going children, with **financial literacy programs**
- Banks are encouraged to **work jointly with NGOs and government agencies** to design and implement their own financial inclusion programmes
- Kotak Mahindra Bank, one of the pioneers, is reporting **35,000 additional youth accounts per month**

The Philippines (2009)



- Already since 1975, regulations were in place to allow **7 year olds to independently open** a savings account
- Yet only after the government started a **national financial inclusion strategy in 2009** that also specifically targeted financial institutions did banks begin offering financial products to children and youth
- Lessons on **saving and money management included in the curriculum** from grade one to six
- The resulting **'Kiddie Account Programme'**, set up by the Central Bank in collaboration with 12 Philippine banks, has an estimated impact of **12 million school children aged 7-12**

C Working with schools and regulators enabled banks in the Philippines to open accounts for over 600.000 children



Situation

A 2008 survey showed that only 5% of Filipino children saved money regularly. In addition, only 20% of Philippine households had bank accounts.

There was a need from the government to improve the knowledge and usage of financial services

Actions taken

12 participating banks started the Kiddie Account Program, offering savings accounts for kids 7 years and older, with registration through school IDs. The program accepts opening deposits of as little as \$2.50.

Complementary financial education was institutionalized through the Department of Education of Philippines. The education is complemented by the child-friendly Kiddie Account Program.

Outcome

Successful results in the Philippines include:

- Over half a million savings accounts opened by kids across the country
- Recognized as a world-wide best practice of bringing forward financial inclusion and education
- The Philippine central bank believes that the uptake by kids will motivate parents to also open bank accounts
- Lessons on saving and money management included in the curriculum from grade one to six, reaching 12 mln children





Several countries have developed specific regulations to enhance children and youth financial inclusion

- Considering needs and capacity
 - Ethiopia and working youth: minimum **age of 14 for working youth** instead of regular 18
 - Uruguay and gender: minimum age for independent account opening at **12 for girls, 14 for boys** (since 2010)

- Considering autonomy and flexibility
 - Ghana and **co-signing with any trusted adult** (e.g., school teacher, older sibling)
 - Uganda and **alternative documentation** (e.g., letter of reference, school ID)

C The Banco de la República oriental del Uruguay allows children and youth to open and manage savings accounts

Situation

In 2010, Uruguay's parliament passed legislation modifying the Banco de la Republica Oriental del Uruguay (BROU, Uruguay's commercial national bank) Articles of Incorporation. The modified Articles allow children and youth to open and manage savings accounts at BROU.

Actions taken

This reform allows "the bank to open savings accounts for children and adolescents who may privately make deposits and withdrawals.. In addition, legal representatives such as parents are not allowed to make withdrawals without the account owner's consent.



Outcome

- As a result, these accounts are the sole property of the children and youth that open them, and these children are the only ones authorized to conduct transactions on the account.
- One result of this legislation has been the development of "XmiCuenta" by BROU: a savings account directed at children between 14 to 17. The account has no minimum balance and no administrative charges. The account includes a debit card and online banking services at no extra charge. The account also offers the option of saving in both the local currency and indexed foreign currencies.

Learnings

By empowering society's youngsters to take charge of their own financial futures, this important reform is an example to other governments worldwide.

There is still a long way to create enabling regulations

Overview of regulations in selected countries

Country	Age regulations	Opening a savings account by parent/guardian	Opening a savings account Independently	Ownership of savings account in name of child	Operating a savings account independently
Armenia			14	14	14
Colombia			7	7	7
D.R.C.			18		18
Egypt			18	18	18
El Salvador			16	12	16
Ethiopia			14/18	14/18	14/18
Fiji			18	18	18
India		0	10	10	10
Kenya		12	18	18	18
Morocco			18	18	18
Moldova			18		14
Nepal		10	16	10	16
Netherlands		0	18	18	18
Philippines			7	7	7
Portugal		0	16-18	0	16-18
Rwanda		0	16		16
Singapore			18	18	18
Uganda		10	18	18	18
United Kingdom		0	11	7	11

d There are several C&Y financial consumer protection concerns that need to be addressed in regulation

Despite the potential benefits of autonomy and access, children and youth's financial vulnerability requires proper consumer protection regulations in place that address common sources of harm

Product transparency

- No understanding of the services' total cost
- Deceptive advertisements
- Complicated terms to are not tailored to child and youth friendly language
- Inadequately trained staff

Transformation to adult account

- Forced cancellation of account
- Abrupted access to account due to requirements for additional (stricter) identification documentation
- Uninformed change of regulations governing the account

Payment services

- Children and youth transfer money to the wrong person or mobile phone and do not know how to correct the error
- Loss of personal identification number
- Interception of personal identification number by relatives, fraudsters or others

Recourse

- Children and youth do not know that they have the right to complain or get errors resolved, know how and where to lodge a complaint (with no cost attached)
- Not receiving appropriate redress

Overcharging

- Extra fees and commissions charged that are not authorised or proper

Inadequate documentation

- Children and youth do not receive copies of contracts, receipts, etc.

Hidden fees savings accounts

- Savings are eroded or lost to fraud, discouraging saving behaviour

Coercion

- Inadequate training of staff to recognise coercion and preventative measures to put in place

d OECD principles for consumer protection

- Legal, Regulatory & Supervisory Structures
- Responsible Business Conduct
- Disclosure & Transparency
- Consumer Financial Education
- Fair Treatment
- Protection of Consumer Assets, Data & Privacy
- Complaints Handling & Redress
- Competition
- Enforcement

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Breakout: what does your regulatory and consumer protection landscape for child & youth finance look like, and what would you change?

Regulation

- What are the **current regulations**: minimum age for opening & operating accounts, identification requirements, special provisions, etc.
- What **changes** should be made?

Consumer protection

- Are there currently any **consumer protection provisions** targeting children & youth finance?
- Should any **new provisions** be introduced?

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The case for child and youth friendly products is built on four pillars



Clear financial case

Additional revenues due to **reduced churn**, additional **cross-selling** to parents, and focus on **low cost channels** offset cost for youth acquisition and product development



Implementation challenging but feasible

Other financial service providers have **successfully overcome (regulatory) barriers** to implementation, and CYFI has the **tools to support you** to do the same



Opportunity cost

Other financial service providers are targeting youth. In addition, **new providers of financial solutions** are rapidly capturing the youth market (e.g. apps)



Corporate social responsibility

Child and Youth Friendly products contribute to the **reduction of poverty**, increases the **economic empowerment** of youth and nurtures a future generation of financial clients

Five reasons to invest in Child and Youth Friendly products

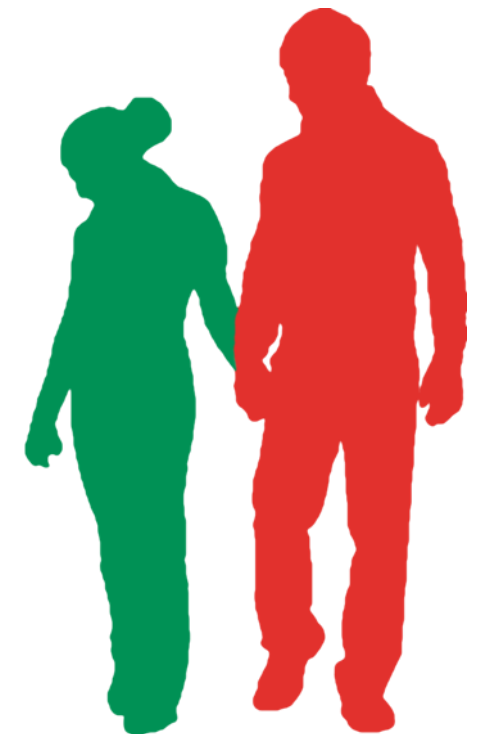
1 *The same investment to acquire **one young professional**, can also be used to acquire **five school students***



2 *Children and Youth are digital natives. They use **low cost self-serve channels***

3 *Children and Youth are **easy to reach** through schools*

4 *Each of them has parents or guardians, who will consider your institution for their own needs*

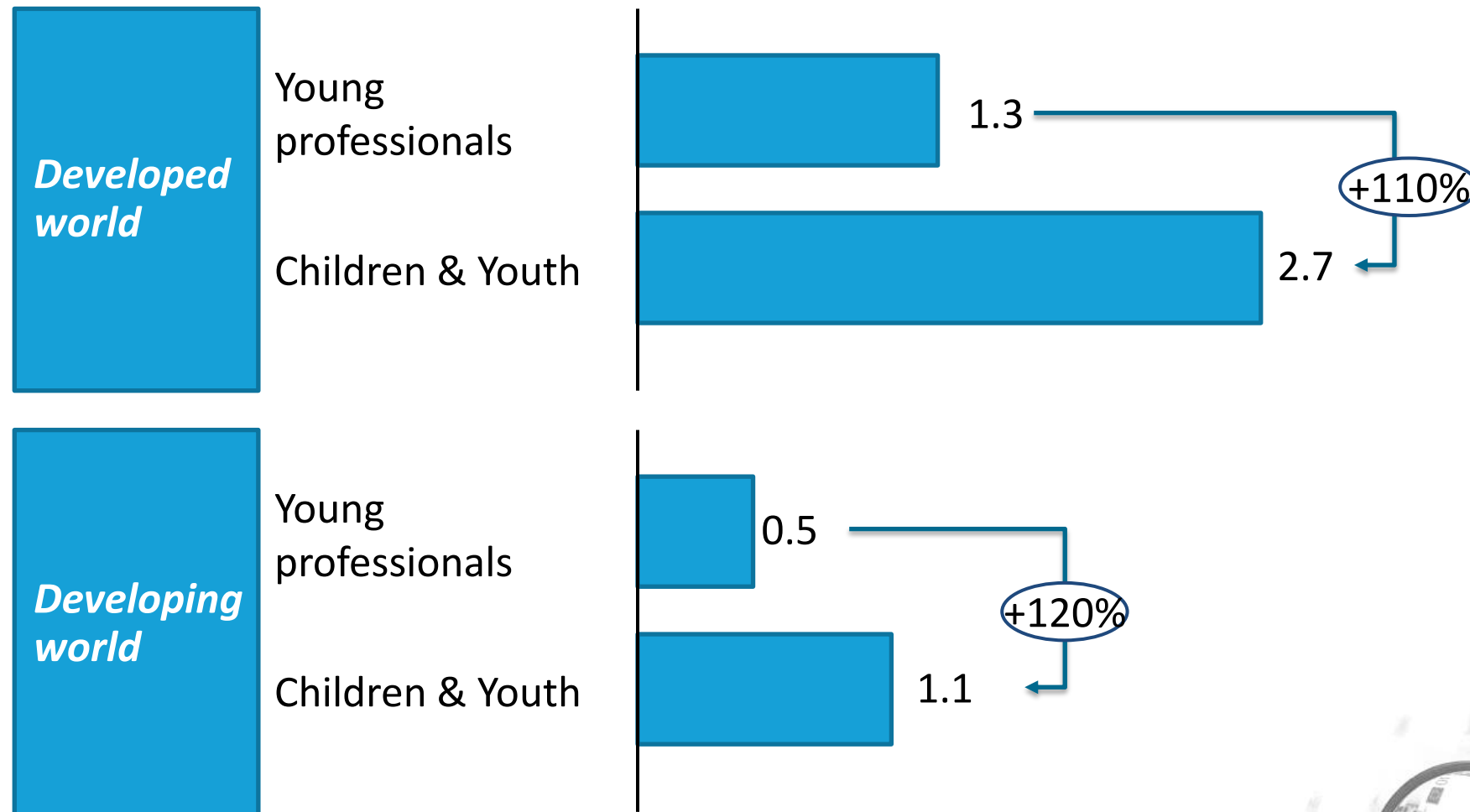


5 *Over time, these **young people will become loyal young professionals**, and already have a long lasting relationship with your institution*

Investing in acquisition of children is more profit-able than investing to acquire young professionals

Expected return on 100k USD investment to acquire new customers per target segment

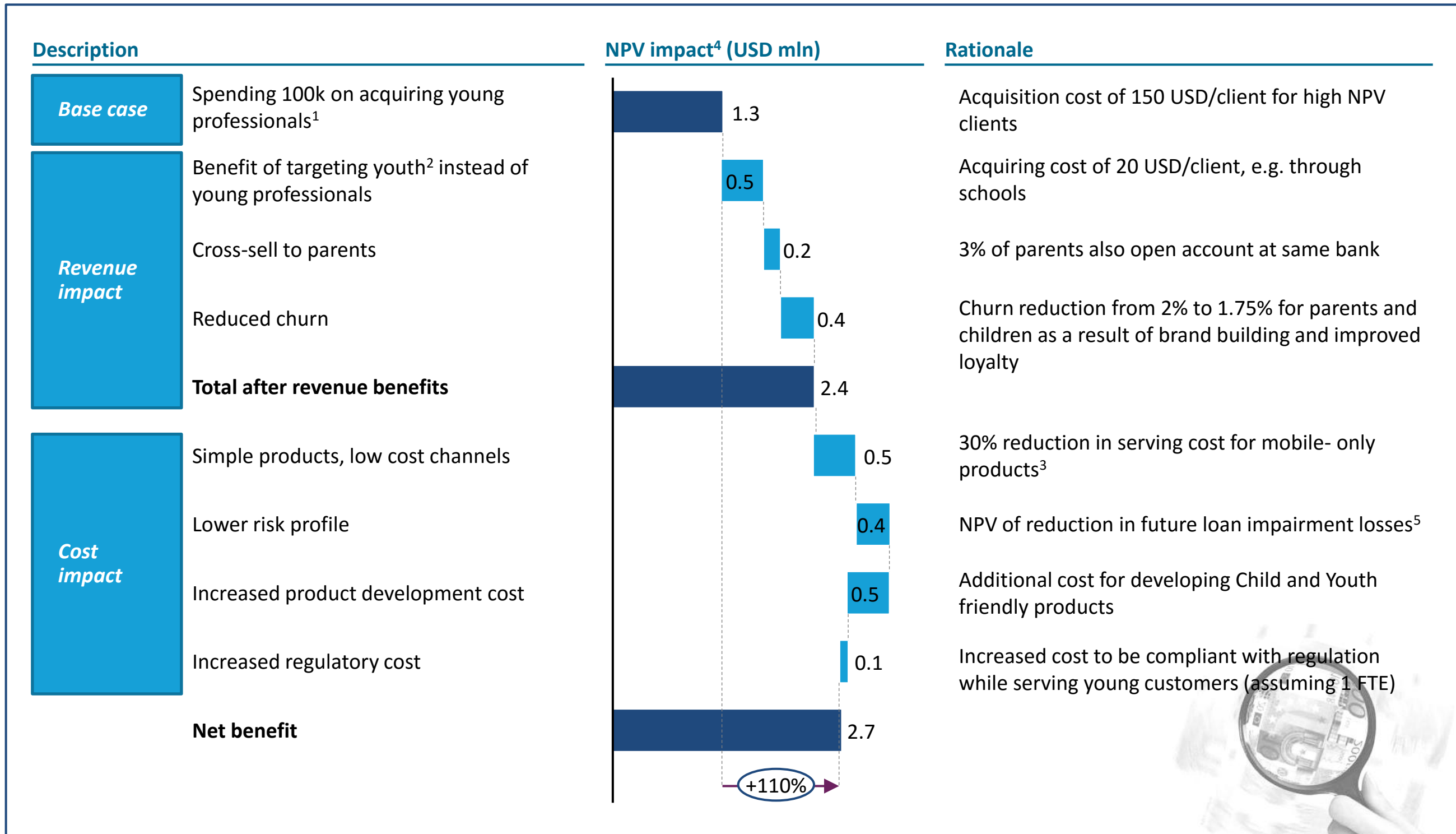
USD mln



- **55% to 110% higher expected returns from investments in acquisition of children and youth as customers compared to young professionals**
- **Returns for larger acquisition campaigns expected to be higher due to dilution of fixed cost**



Investing in Child and Youth Friendly products can provide up to 110% higher returns in the developed world



1 Young professionals defined as 25 year old citizens

2 Youth defined as acquiring savings accounts from 12 year old children

3 Research shows branchless savings can save up to 50% if implemented efficiently

4 NPV calculated for investing 100k USD in acquisition budget to acquire new clients at either 12 years of age or 25 years of age

5 Research (Palia, 2007) indicates lower loan cost of 23 bp for 8+ yrs relationship

SOURCE: CYFI analysis, Mastercard research on client NPV by age of acquisition and acquisition cost (2010)

We have developed 8 Child & Youth Friendly Banking Principles to assess whether accounts are C&Y friendly

- 1 Available and Accessible to all Children and Youth
- 2 Maximum Control to Children and Youth
- 3 Providing a Positive Financial Incentive
- 4 Unbanked Children and Youth are Banked
- 5 Child and Youth Centered Communication
- 6 Component of Economic Citizenship Education
- 7 Child and Youth Satisfaction is measured
- 8 Internal Control on these Standards



For the product assessment, the 8 principles are broken down into 20 testable controls

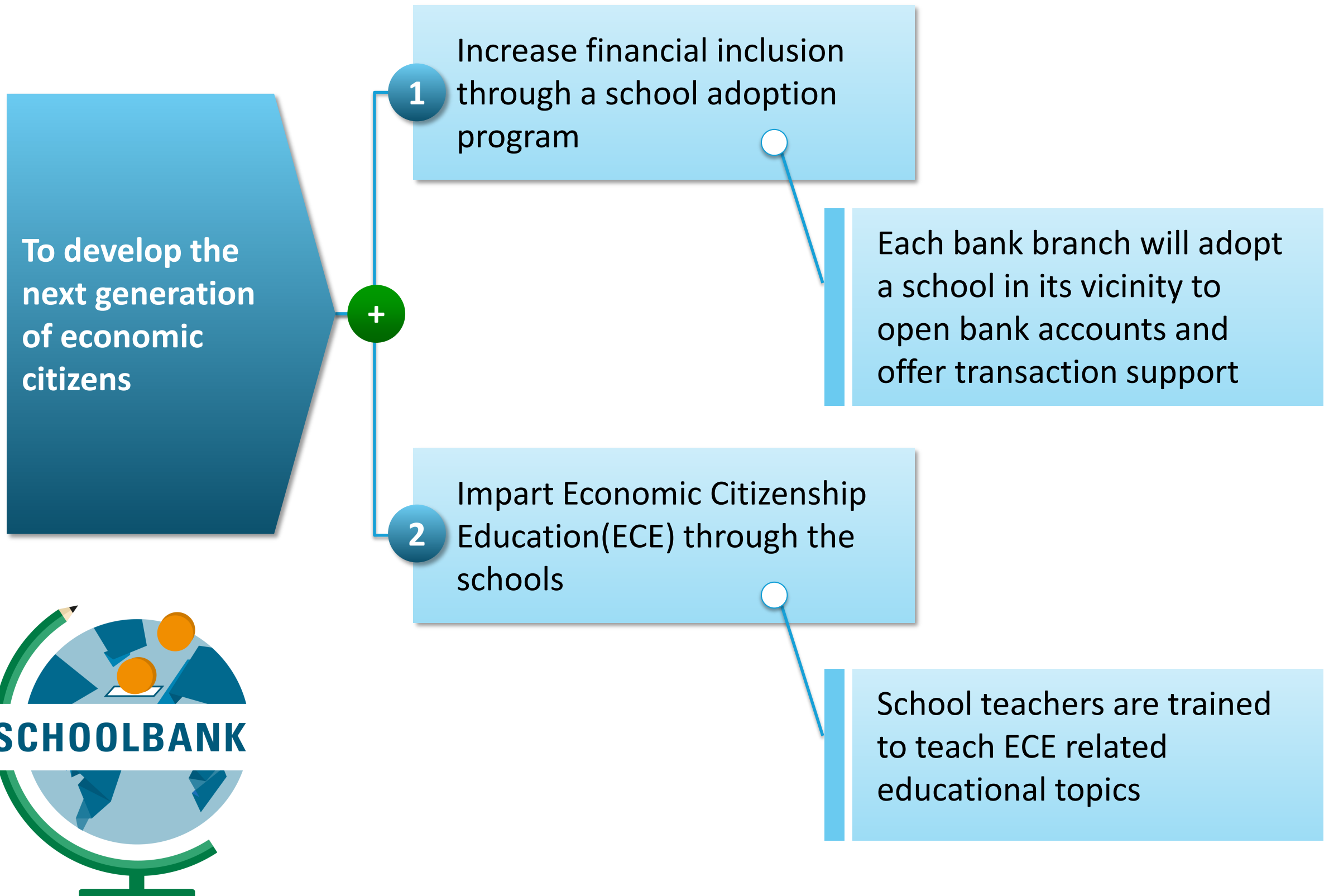
PRINCIPLES	CONTROLS		PRINCIPLES	CONTROLS	
I. Availability & Accessibility	1. No minimum age to open	★	V. Communication strategies	12. Child-tailored comm. strategy	✓
	2. No minimum age to operate	★		13. Clear explanation to youth of rights/ responsibilities	✓
	3. Proactively offered to all youth indiscriminately	✓		14. Train employees on youth interaction	★
II. Max. control to youth	4. Independent opening & ownership	★		VI. Financial Education	15. Component of ECE
	5. Independent operation	★	16. Child-friendly teaching methods		★
	6. Youth determines right to dissemination of personal info	★	VII. Monitoring Satisfaction	17. Monitoring randomly selected children	★
III. Positive financial incentive	7. No overdraft	✓		18. Youth-friendly feedback system	★
	8. Interest outweighs cost of opening account	✓		19. Process feedback	★
	9. No penalty for demand deposits / low penalties for term deposits	★	VIII. Internal Control	20. Risk Assessment and exhaustive monitoring to ensure protection of child	✓
10. No minimum deposits	✓				
IV. Reaching unbanked	11. Targeting the unbanked	★			

✓ FIXED ★ SUBJECT TO LOCAL ADAPTATION

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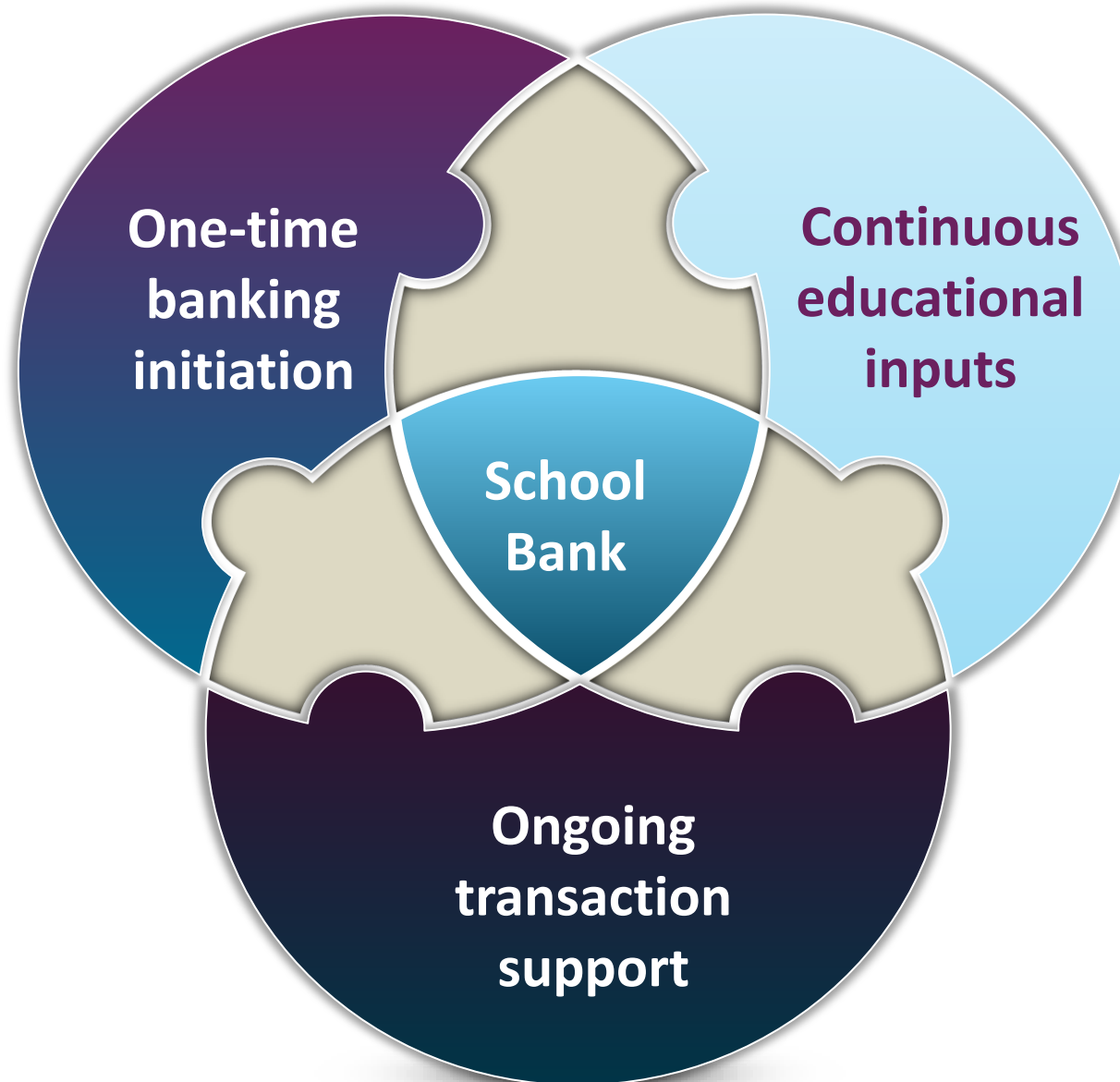
- SchoolBank uses the **integrated approach** to increase financial inclusion and education of young people
- The **school system** is used as a distribution network – bank branches adopt schools through the **school adoption program** and teachers in these schools are trained to deliver financial education
- Students are enabled to **save in the safe place** that is their school
- SchoolBank is a **multi-stakeholder approach**, involving financial institutions, government (incl. regulators) and civil society
- This approach ensures **scale** and wide outreach into urban and rural areas, **reduced account dormancy** and facilitates **sustained behavioral change**
- The first SchoolBank pilot has been rolled out in Kerala, India, other **pipeline countries** include India (nationwide) , Egypt , Mexico, Nigeria , Uganda, Sri Lanka and El Salvador

The objective of SchoolBank is to bring financial inclusion and Economic Citizenship Education through schools



The SchoolBank model delivers three basic services to children and youth

- Banking partners to provide **child-friendly savings accounts**
- Provision of **account collaterals** such as passbooks, ATM cards, cheque books, magnetic cards



- NGO partners and Ministry of Education to provide **economic citizenship education** through innovative delivery methods
- Generating **financial awareness** in children and their communities

- Banking partners and schools to provide **withdrawal and deposit facilities**, transfer of cash between accounts, balance inquiry and interest accrual
- Technology or telecom companies to provide **enabling technology solutions** to improve transaction support

SchoolBank is a multistakeholder approach, including at least three types of stakeholders

Banking association and Bank partners

- Each of the bank branches to **adopt one school each** in the branch's vicinity
- Develop and issue a **child-friendly savings product**
- Provide **bank accounts and on-going banking services** to children of the adopted schools



Extend financial inclusion and education to children and youth

CYFI and Aflatoun and/or local Financial education partner

- Develop **child-friendly financial literacy content** in vernacular languages
- **Train teachers and bank staff** in imparting financial literacy and access to children
- Conduct **marketing and awareness generation** activities

School network, Ministry of Education, Central Bank and/or other national authorities

- Teachers to **impart financial literacy** to children through innovative delivery methods
- **Facilitate banking service delivery** within the school premises
- National authorities to support **scale up** and integrate financial education in the **curriculum**

Potential additional stakeholders include external funders and technology or telecom companies (provider of prepaid or mobile functionalities)

CYFI's comprehensive Economic Citizenship Education Framework is used to guide the SchoolBank curriculum development

	<i>Financial education</i>	<i>Social/life skills education</i>	<i>Livelihoods education</i>
<i>Level 1</i> 0-5 years	Value of money, prices, savings, belongings	Emotions, consequences, health/safety, compassion	Career interests, professions, entrepreneurship, goals, initiative, problem-solving skills, teamwork, taking advice, avoiding hazards
<i>Level 2</i> 6-9 years	Needs and wants, savings plan, rewards, recognize banks and financial services	Children's rights, responsibilities, respect for others, rules, listening skills	
<i>Level 3</i> 10-14 years	Informed consumer, short vs. long term planning, financial risks, effects of advertising	Express opinions, teamwork, research skills, appreciation for life-long learning	Vocations, opportunities, action plan, self-discipline, perseverance, communication
<i>Level 4</i> 15+ years	Negotiation skills, purchasing power, interest rates, financial crimes	Social justice, time management, relationships, leadership	Wages, capital needs, marketing, employability, coping with change, management skills

All SchoolBank products are assessed against our 8 Child & Youth Friendly Banking Principles

- 1 Available and Accessible to all Children and Youth
- 2 Maximum Control to Children and Youth
- 3 Providing a Positive Financial Incentive
- 4 Unbanked Children and Youth are Banked
- 5 Child and Youth Centered Communication
- 6 Component of Economic Citizenship Education
- 7 Child and Youth Satisfaction is measured
- 8 Internal Control on these Standards



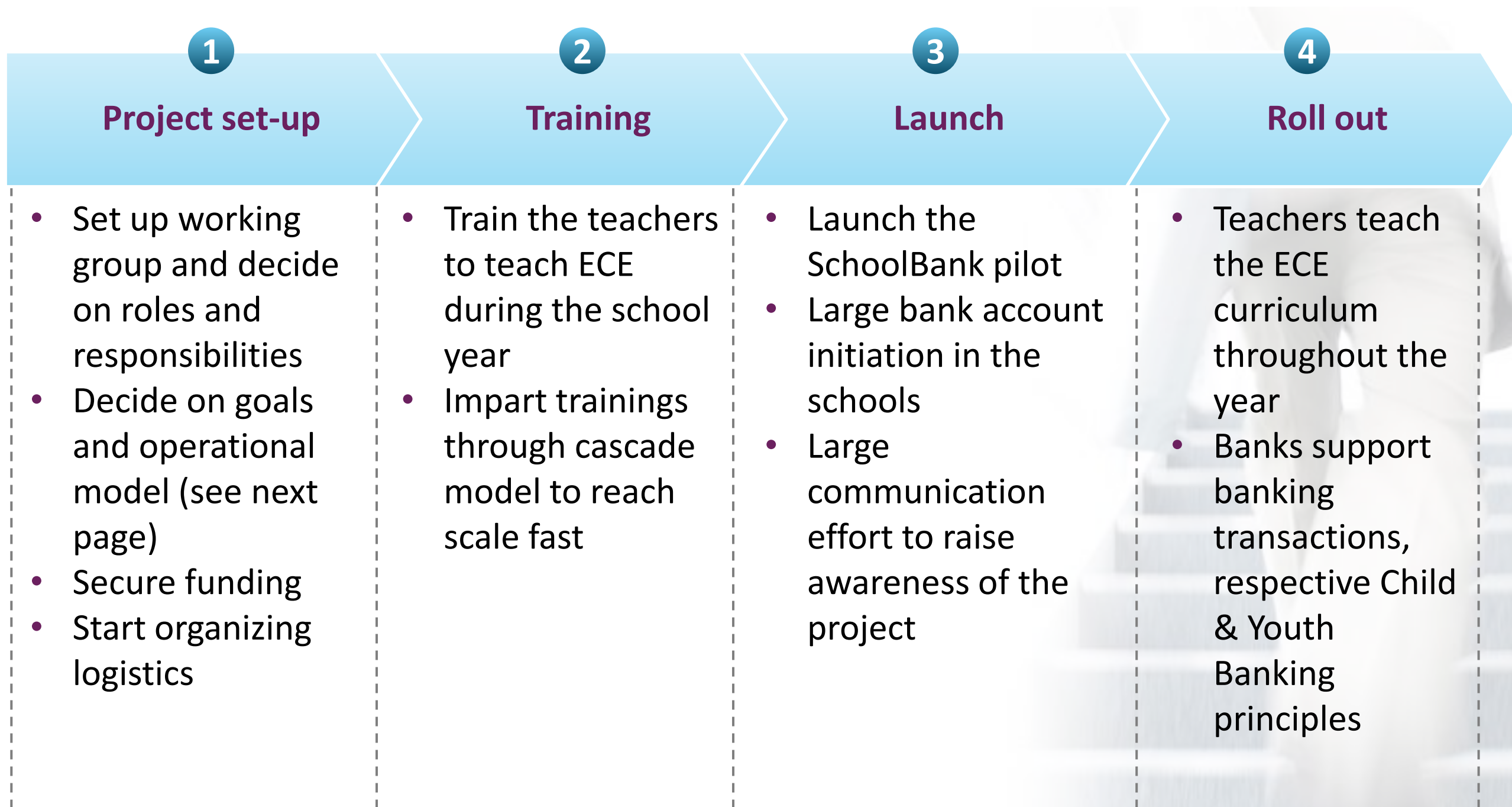
The unique features of SchoolBank

Why the SchoolBank approach works

1. It uses an integrated approach, linking **financial access** and **Economic Citizenship Education**, which leads to **sustained behavioral change** through:
 - Increased **account uptake**
 - Lower **dormancy rates**
 - Higher **effectiveness of the education**
2. SchoolBank (in most cases) is a coordinated approach between financial institutions, government and civil society, leading to **sustainability of the project** and the **appropriate checks and balances**
3. By involving the government, going through schools and using the school adoption program, **maximum scale is secured**, even in **rural areas**



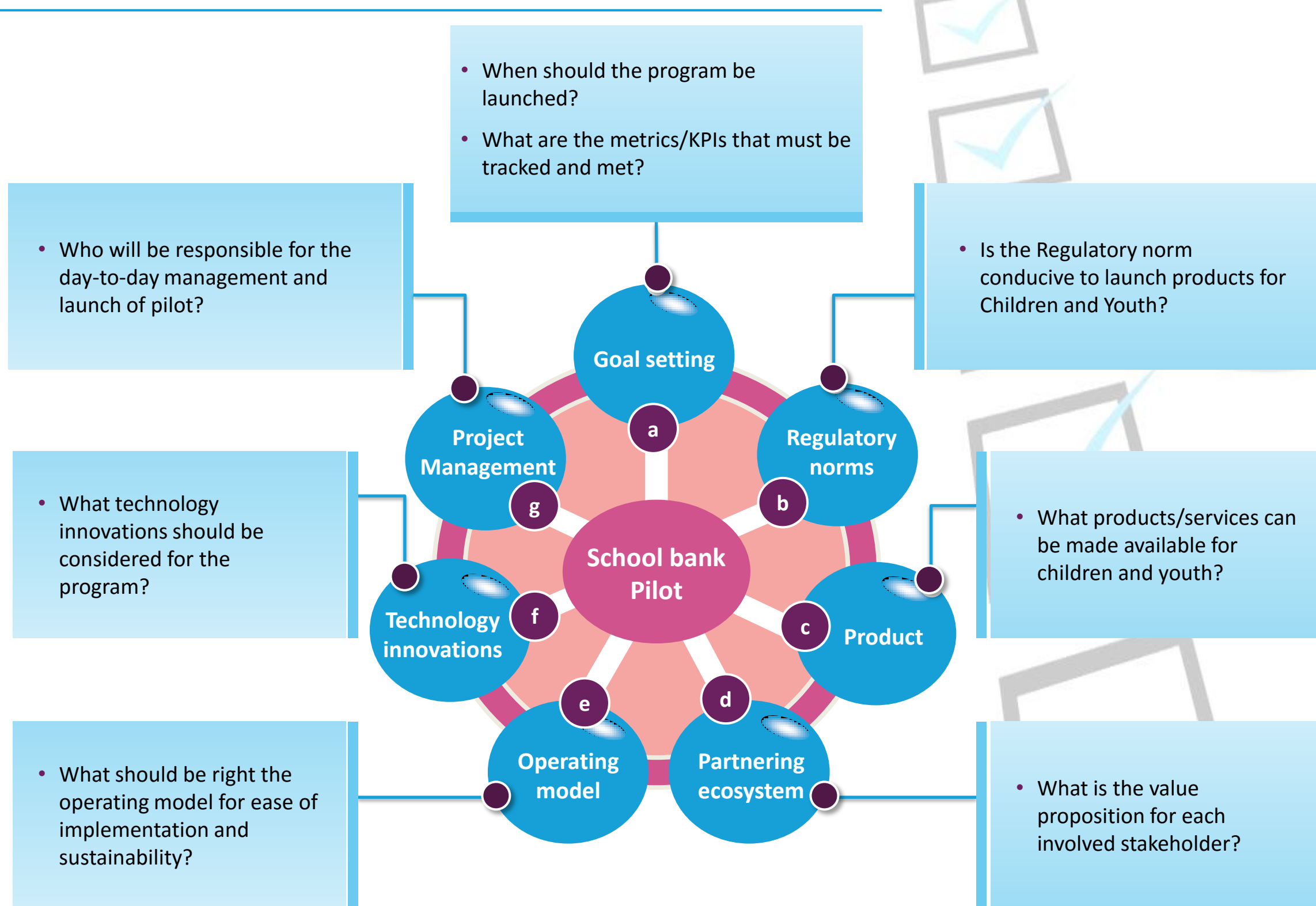
High level SchoolBank implementation plan




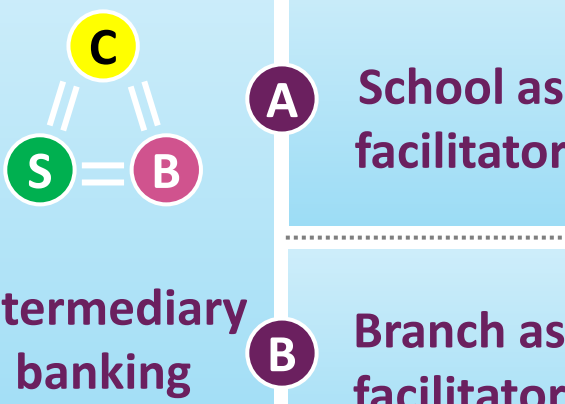

Monitor teacher (and banker) financial education training to maintain quality and interest

Comprehensive implementation guide and action plan available

Several questions need to be answered when setting up a SchoolBank project











There are 3 operating models that are viable for SchoolBank

Model type	Educational inputs	Banking initiation	Ongoing transaction support
<p>I</p>  <p>School as a "proxy" bank</p>	<p>S</p> <ul style="list-style-type: none"> School/NGO to provide educational inputs to children 	<p>S</p> <ul style="list-style-type: none"> Children open a/c with school; school to create single aggregate account with bank 	<p>S</p> <ul style="list-style-type: none"> School to provide interest; withdrawal and deposit to students; schools to aggregate transactions at bank (weekly)
<p>II</p>  <p>Intermediary banking</p> <p>School as facilitator</p> <p>Branch as facilitator</p>	<p>S</p> <ul style="list-style-type: none"> Same as model 1 	<p>B</p> <ul style="list-style-type: none"> Children to open a/c directly with bank 	<p>S</p> <ul style="list-style-type: none"> School (teacher) to provide support transaction as facilitator
<p>III</p>  <p>Direct banking</p>	<p>S</p> <ul style="list-style-type: none"> Same as model 1 	<p>B</p> <ul style="list-style-type: none"> Same as model 2a 	<p>B</p> <ul style="list-style-type: none"> Children to visit bank branches/ATM to avail transaction support

Note: Under model 2 a third option where the intermediary is a telecom provider can also be explored

Overview immediate pipeline countries

Country	Partners	Target outreach	Planned launch date	Comments
 Kerala, India	Kudumbashree, NABARD, Rajagiri Kerala State (<i>funder</i>)	1,000,000	Ongoing (Oct 2015 scale up started)	First pilot completed, scaling up, rural focus
 India	Indian Banks Association (IBA, <i>funder</i>), Ministry of Finance (<i>funder</i>), Ministry of Education	4,600,000	Ongoing (trainings commenced early 2015)	All banks participating, urban + rural
 Egypt	Ministry of Communications, Ministry of Education, Egypt Post (<i>funder</i>), Egyptian Banking Institute (<i>funder</i>)	100,000	January 2016	Urban + rural
 Mexico	Bansefi (state-owned bank, <i>funder</i>), Ministry of Treasury	100 schools (±100,000 children)	Ongoing (mid-Sept 2015)	Urban + rural
 Osun, Nigeria	Access Bank (<i>funder</i>), Osun State government (<i>funder</i>), Lynx Nigeria	100,000	January 2016	Rural focus, Osun gvt to deposit 100 NN into each account
 El Salvador	WSBI, Fedecredito (<i>funder</i>), BMGF (<i>funder</i>), BeeOne	3-5 schools (±3,000 children)	November 2015	Urban + rural, using a mobile application
 Sri Lanka	WSBI, National Savings Bank of Sri Lanka (<i>funder</i>), BMGF (<i>funder</i>), BeeOne	3-5 schools (±3,000 children)	November 2015	Urban + rural, using a mobile application
 Kasese, Uganda	SmartMoney (<i>funder</i>), PEDN	10-20 schools (±10,000 children)	November 2015	Rural focus, with sms-based mobile app. School's payments will also be digitized
Total (approximate)		5,9 mln children		

Kudumbashree allowed children and youth in Kerala to access financial services in tandem with education



Pilot

Following the regulation change from the Reserve Bank of India, allowing children to open bank accounts independently from the age of 10, Banking Children and Youth was a programme conducted by Kudumbashree, CYFI, NABARD and Rajagiri Outreach whereby capacity building activities are conducted for children to encourage the habit of savings among them. Bringing children in the banking mainstream and educating them financially is one of the main objectives of this programme.

Pilot outcomes

Positive review from an external evaluator, citing:

- Positive perception from recipients of the program (both students and teacher)
- Positive change or impact on children's scores on understanding of financial concepts, habit of saving, and on confidence with banking
- Model ready for scale as there is positive perception from all previously involved institutions

Key pilot learnings

- Developed a sense of responsibility and pride among children through the social and financial education so that they can positively contribute to their environment.
- Rural and tribal children handle money more efficiently
- Inculcated the habit of saving by enabling children to save money even in small sums



Scale up

After the successful pilot, the Kerala State Government has started to scale up the program to 1 million children by June 2016:

- MoU signed, SchoolBanking part of Kerala's State Government 'Child Policy'
- Rajagiri curriculum being reviewed to be in line with CYFI's ECE framework
- Initial part commenced in Palakkad district with 30,000 children

Delivery mechanism

- School channels approved and teachers chosen by State Government of Kerala
- Kudumbashree's network of women trained by Rajagiri to deliver financial education programs
- A specific or chosen number of children savings accounts to be reviewed and approved in line with CYFI's banking principles



SchoolBank Champs aims to reach at least 4.6 mln children in India through a unique collaboration between the banking sector and government

Situation

SchoolBank Champs is a CYFI program in partnership with the Indian Bankers Association (IBA), the Prime Minister's Office and its financial inclusion program (PMJDY), Ministry of Finance's Department of Financial Services, the Ministry of Human Resource Development's Department of School Education and Literacy and MelJol (education partner). It uses the **school adoption program** where each bank branch adopts a school within its vicinity where they open a bank account for children and where teachers are trained to deliver financial (and social) education. Focus is **on rural and peri-urban areas** to make sure poorest of the poor are targeted

Action plan

- Reach at least **4,600,000** children from rural and peri-urban areas
- Through a pairing of **46,000** schools and branches
- Achieved by **June 2016** (end of academic year)
- Each child to receive a **bank account** in their name and **financial education**

Delivery mechanisms









- Teacher training utilizes the MHRD's **existing network of trainers and training infrastructure** for teachers to be trained by MelJol
- MelJol local partners will do **quality check** of trainings in the different states
- Bankers training to be done by MelJol with **super trainers to be trained for each bank** who cascade it into the bank

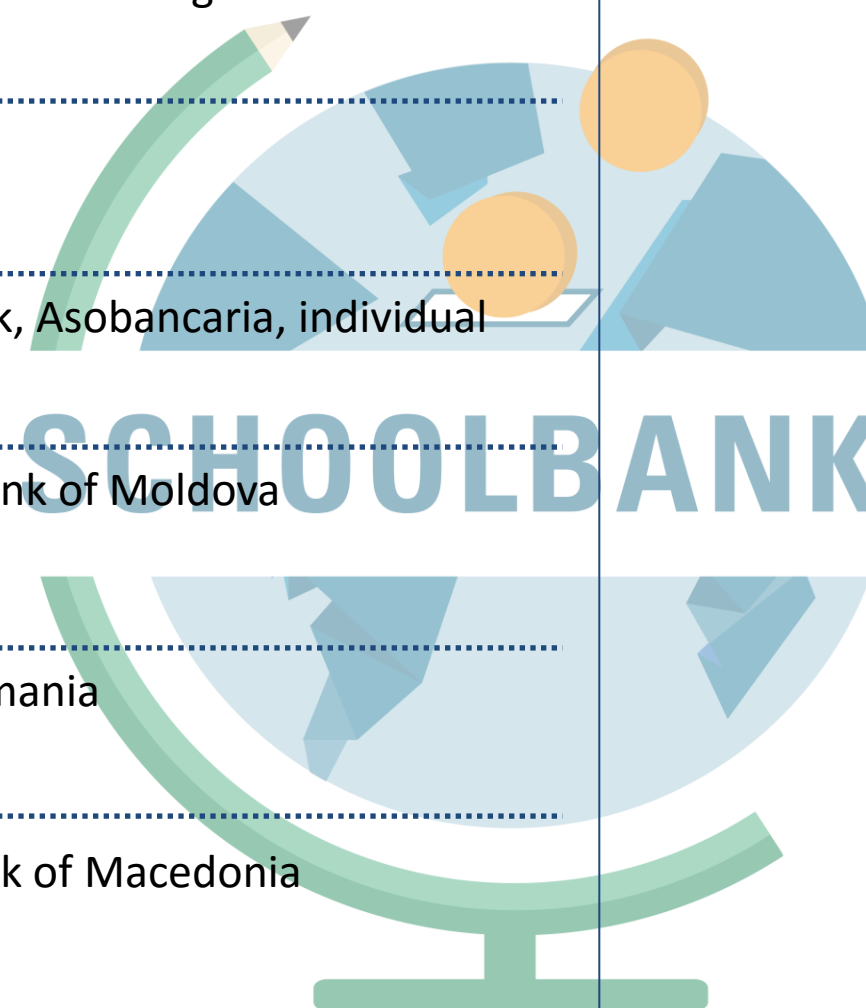
Results so far

- **36.000 branches** and school pairs registered to participate in SchoolBank Champs program
- **13 translation** of the SchoolBank Champs curriculum and training materials available (teacher's manuals for youth 10-14, 15 and above and a trainers manual)
- **41 member banks** (mostly with the large banks) trained by MelJol



Other pipeline countries (close to confirmed)

Country	Partners
	Ministry of Youth and ICT, Ministry of Education, Ministry of Finance and Economic Planning Rwanda Bankers Association, Association of Microfinance Institutions Rwanda, Rwanda National Youth Council
	Postbank Kenya, Kenya Institute for Curriculum Development, Central Bank of Kenya
	First Bank, Lynx Nigeria, Central Bank of Nigeria
	Central Bank of DRC
	Ministry of Finance, Central Bank, Asobancaria, individual banks
	Banking association, National Bank of Moldova
	MasterCard, Central Bank of Romania
	Banking association, Central Bank of Macedonia



- **Introduction to children & youth financial capability**
 - **The role of national authorities**
 - **Break-out 1**
 - **The role of financial institutions**
 - **The CYFI SchoolBank model**
- **Break-out 2**

Breakout: what is the best way to improve financial capability in your country?

SchoolBank

- To launch SchoolBank in your country:
 - Which stakeholders would need to be involved and what are their roles?
 - What would be the best implementation model?
 - What are other considerations to keep in mind?

Other initiatives

- What other initiatives could be implemented to further C&Y financial capability in your country?