Financial Education Programs and Strategies

Approaches and Available Resources

January 2014

INTRODUCTION

The global financial crisis highlighted the importance of financial literacy and capability, because the lack of consumer knowledge played a role in the genesis of the crisis. To become more active and confident participants in the financial sector, consumers need awareness, understanding, and knowledge about various types of rapidly evolving financial products and services and associated risks, such as fraud and over-indebtedness. As the variety and complexity of financial products and services increases, the importance of the financial capabilities of consumers becomes even more significant for the smooth functioning of financial markets.

Targeted financial education programs are designed and implemented as tools to increase consumers' financial literacy and capability. This is done with the expectation that such programs will facilitate better informed decisions about using and managing financial services and risks, and thus mitigate potential negative effects. An increasing number of countries have financial education strategies in place or have included financial education and awareness measures prominently within financial inclusion, literacy, or sector strategies. In recent years, numerous countries have developed and implemented a broad range of financial education programs. These initiatives ranged from financial literacy campaigns to more structured seminars and workshops, and targeted various segments of the population with diverse delivery channels such as formal educational curricula or educational entertainment relying on popular soap operas to reach target audiences.

However, the jury is still out on the impact and cost effectiveness of financial education because of mixed results of a number of recent impact evaluations and studies. At the same time, given the recorded positive impact of tailored interventions in some cases and at least in the short term, proponents of financial education would argue that what is really at issue is the quality of design of such programs. The World Bank, with funding from the Russia Financial Literacy and Education Trust Fund, recently conducted a broad set of evaluations and studies. Some of those studies found evidence of effectiveness, while others reported mixed or no evidence[1]. Despite lack of conclusive evidence on impact, policy makers continue to embrace financial education programs as potentially worthwhile policy instruments.

Box 1. Definitions: Financial Education, Literacy, and Capability

Financial education *is a tool for increasing consumer financial literacy*. According to OECD[2], financial education is the process by which financial consumers and investors improve their understanding of financial products and concepts and, through information, instruction and objective advice, develop skills and confidence to become more aware of financial risks and opportunities to make informed choices, know where to go for help, and take other effective actions to improve their financial well-being.

Financial literacy *represents the level of aptitude in understanding personal finance.* It often refers to awareness and knowledge of key financial concepts required for managing personal finances and is generally used as a narrower term than financial capability.

Financial capability *is the ability of consumers to use the acquired financial literacy to make better informed decisions about managing their finances.* According to the World Bank definition, it is the internal capacity to act in one's best financial interest, given socioeconomic and environmental conditions. Financial capability encompasses the knowledge (literacy), attitudes, skills, and behaviors of consumers regarding understanding, selecting, and using financial services and the ability to access financial services that fit their needs[3].

The body of information available to guide the design and implementation of financial education policies and initiatives is increasing. OECD has developed Principles and Good Practices on Financial Education and Awareness (2005) and established the International Network for Financial Education (INFE), which subsequently resulted in the development of numerous knowledge papers, including "High Level Principles on National Strategies for Financial Education," "Evaluation

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[1] *For an overview of completed and ongoing evaluations see Annex 2 of this brief.*
[2] *"Recommendation on Principles and Good Practices for Financial Education and Awareness," OECD, 2005.*
[3] *http://responsiblefinance.worldbank.org/.*

of Financial Education Programs," and "Principles on Financial Education and Awareness" (all featured on the International Gateway for Financial Education website[4]). The World Bank has been actively involved in measuring financial capability and the effectiveness of financial education, under the Russian Financial Literacy and Education Trust Fund[5], and providing wider policy advice and implementation support to client governments in the area of responsible finance[6].

In general, there have been two approaches to implement financial education programs: *ad hoc* targeted interventions aimed at addressing specific financial education gaps and more comprehensive approaches through financial education or literacy strategies that aim to address a number of priorities. Both approaches may be appropriate, depending on the local context. Some countries may opt to start with targeted interventions first, based on which they may take a more comprehensive approach via financial education strategies (or as a component of a broader financial inclusion or literacy strategy), while others take a more strategic approach from the outset. Whatever the approach, financial education programs have a higher likelihood of greater positive impact if such programs are based on reliable diagnostic tools and focused on clearly defined and sequenced priorities aimed at precisely addressing identified financial capability gaps.

The purpose of this brief is to synthesize available resources and complement existing knowledge about financial education with a practical approach, primarily for countries that choose to develop financial education strategies as the initial step to address financial education needs. At the same time, those that chose more targeted interventions may also benefit from some of the program level recommendations. In this regard, this brief outlines essential operational steps and the sequencing of such steps aimed at maximizing the benefits of financial education initiatives. The proposed approach includes the following steps, which will be elaborated upon in more detail in this brief:

- *Baseline financial capability survey* to properly diagnose the demand side gaps;
- *Mapping of existing financial education initiatives* to determine the supply of standing programs;
- *Development and implementation of a financial education strategy (or a component of a broader financial sector strategy)* based on a previous demand-and-supply-side analysis and utilizing pilot programs prior to a full-scale rollout, with impact assessment integrated from the outset.

[4] http://www.financial-education.org.
For summary of principles, see Annex 1 of this brief.
[5] http://www.finlitedu.org/.
[6] http://responsiblefinance.worldbank.org/.

Notwithstanding the importance of financial education, literacy, and capability, complementary measures - such as consumer protection and sound prudential regulation - are needed to ensure the development of an inclusive and also stable financial sector.

ESSENTIAL STEPS IN ADDRESSING FINANCIAL CAPABILITY GAPS

Baseline Financial Capability Survey

To assess levels of financial awareness and knowledge, and perceptions and attitudes concerning financial services and money, a nationally representative financial capability survey is recommended to serve both as a diagnostic and monitoring instrument. Ensuring an accurate understanding of the state of financial capability and deficiencies that need to be addressed enables financial education programs to be designed appropriately so that they can be more effective in meeting policy priorities. Such survey can also provide valuable information for regulators and policymakers on implementing broader financial inclusion and financial sector policies. For example, it could provide insights on trust and confidence to financial institutions and regulators, as well as awareness of particular financial services or regulations. A follow-up survey should be carried out after three to five years to measure changes in the levels of financial knowledge and capabilities, which can inform policy and priority adjustments. The impact of specific programs or policies should also be monitored through impact evaluation and monitoring frameworks.

Box 2. Essential areas that should be covered by financial capability survey

The assessment of financial capability would benefit from questions that cover the following essential financial capability areas. These include the following: i) basic numeracy skills and understanding of basic financial concepts (e.g., how inflation affects savings); ii) day-to-day money management (e.g., planning income against expenditure and prioritizing spending on essentials); iii) ability to plan for future needs (e.g., making provisions for planned or unexpected expenses and retirement); iv) ability to choose between financial products (e.g., checking terms and conditions, shopping around, and not borrowing more than one can afford); v) key motivations (e.g., impulsiveness, achievement and time orientation and risk preferences).

Box 3. The World Bank Financial Capability Survey Methodology

The World Bank has developed and tested the financial capability survey methodology[7] that is publicly available and could be adjusted to the needs of any country. In this regard, from a practical point of view, governments may opt for adopting this existing survey methodology and tailor it to country specific circumstances, as opposed to funding the development of survey methodology from scratch. In addition, utilizing the World Bank survey could also provide a degree of comparability with peer countries where the same methodology was used. Alternative instruments are also available, and more details can be found in the recently completed World Bank review of financial capability and literacy measurement instruments *Making Sense of Financial Capability Surveys around the World*[8] as well as the Russia Trust Fund Website[9] outlining both OECD and World Bank methodology for measuring financial capability.

The World Bank also implemented an extensive qualitative research program, to identify the key components of financial capability which are specifically relevant in low- and middle-income settings. Based on the results of this empirical research, the World Bank developed a questionnaire that has been extensively tested to ensure that all questions are well understood and meaningful across income and education levels. So far, this instrument has been used in fifteen countries (Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Colombia, Lebanon, Mexico, Mongolia, Nigeria, Romania, Russia, Tajikistan, Turkey, Uruguay, and West Bank/Gaza) and is currently applied in four additional countries (Malawi, Mozambique, Morocco, and the Philippines). Due to the extensive development work of the questionnaire, its high relevance for low- and middle-income environments and the benefit of being able to make cross country comparisons, this instrument may be very useful for assessments of financial capability.

Specific financial education policies and measures can be informed by more tailored diagnostic work. For example, school-based financial education initiatives or investor education programs could be based on separate surveys and focus groups to properly gauge baseline capability of school children and existing investors respectively. Another option would be to consider adding a booster sample to the financial capability survey (which otherwise would not provide specific insights to this segment of population), specifically focusing on school-aged children for example.

If resources are not available for full-fledged financial capability surveys and separate tailored survey work, questions can be added to other surveys. A set of targeted financial capability questions can be added to other planned survey work, for example, to a financial inclusion household survey (such as FinScope[10]) or to a more general household survey. However, this is a second best option, because it would limit the scope for questions and therefore also the value of the findings.

Box 4. Financial Capability "Plus" Efforts

The process of assessing financial capability gaps and developing strategies could also reveal findings that could have practical implications for wider government policy. This could result in a rich set of recommendations that could also introduce broader measures that complement the priorities highlighted in the strategy and could be addressed with other tools such as consumer protection regulations.

For example, a recent financial capability survey in Tajikistan[11] found that consumers did not widely report complaints or other conflicts with financial service providers, and that around a third of those who did not encounter any conflicts would not do anything even if they faced such a conflict. According to survey findings, while the low level of self-reported conflicts may relate to low levels of financial inclusion, it may also be related to concerns of potential adverse reactions from financial providers and limited awareness and understanding of terms and conditions of financial contracts, and financial consumer rights. This may also point to a lack of consumer confidence in formal redressing mechanisms or lack of knowledge about such support services that could be addressed with targeted financial consumer protection policies.

Similarly, the survey in Mongolia[12] determined that vast segments of the population were not equipped with the proper knowledge to benefit from the planned distribution of shares after the privatization of a state mining company. When asked if they would prefer to receive shares or cash in the next round of shares distribution program, 39 percent indicated their preference to receive shares. Less than 20 percent of those opting for shares were aware of services offered by brokerage houses, and roughly only one third of those knew about the services provided by the Mongolian Stock Exchange, although such knowledge is essential to be able to trade shares and properly benefit from this program. While on the one hand the survey highlighted a specific gap in consumer knowledge, it also provided valuable information to the government about considering various alternatives, such as offering tailored financial education programs for consumers opting for shares, and/or distributing only cash.

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[7] *Financial Capability Surveys Around the World: Why Financial Capability is Important and How Surveys Can Help. http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Publications/Why-financial-capability-is-important.pdf*
[8] *http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Misc/Financial-Capability-Review.pdf.*
[9] *http://www.finlitedu.org/measurement/.*

[10] *FinScope, a FinMark Trust initiative, is a nationally representative study of consumers' perceptions of financial services and issues based on a sample that covers the entire adult population and explores consumers' usage of informal as well as formal products. http://www.finscope.co.za/pages/default.aspx.*
[11] *"Paving the Road to Better Financial Decision Making in Tajikistan," 2013. http://responsiblefinance.worldbank.org.*
[12] *"Paving the Road to Better Financial Decision Making in Mongolia," (forthcoming).*

Mapping Existing Financial Education Initiatives

An important aspect of diagnostic work is mapping existing financial education programs. It is important to conduct a review of all standing initiatives so that the subsequent strategy and future programs could be informed by existing experiences, benefit from lessons learned, avoid duplication, and potentially rely on successful programs and delivery channels. The mapping exercise is also one of the essential steps identified by OECD/INFE (See Annex 1).

Box 5. Essential areas for the mapping of existing financial education initiatives

- Implementing institutions (e.g., banks, NGOs, and donors)
- Baseline evaluation work (e.g., surveys and focus groups)
- Methodology, program design, and scope
- Target audience, outreach, and segmentation (e.g., urban, rural, age, and gender)
- Budget and implementation timeline
- Geographic coverage
- Delivery channels and their effectiveness (e.g., media, public events and seminars)
- Conducted impact assessments

The mapping process should cover public, private, and non-profit initiatives and their effectiveness to the extent this is feasible. This process should attempt to include a description of all essential aspects of such programs, as in Box 5. Initiatives could include any attempt by financial institutions (excluding marketing campaigns), governments, donors, international organizations, and NGOs to tackle any aspect of financial awareness and education. Once the general stock-taking is complete, the focus can remain on more structured programs, while any marketing campaigns (those done for the benefit of financial institution) can be excluded. One way to distinguish the marketing campaigns is the extent to which the material focuses on specific branded products and product attributes that relate to one provider vs. knowledge or behaviors that are relevant across or irrespective of financial institutions. The baseline evaluation work, program methodology, structure, design, scope, specific activities, geographic coverage, implementation timeline, and budget are some of the relevant aspects that should be recorded to the extent they are available. Furthermore, the choice of delivery channels such as awareness campaigns, workshops and seminars, public events, printed and digital publications, newspapers, radio, and television should be recorded and their effectiveness in different settings (e.g., urban vs. rural) and in reaching target audiences evaluated. The definition and selection of a target audience and how each chosen market segment responds to different approaches are also elements worth exploring. Finally, a review of existing program impacts and lessons learned, if any, should be compiled to inform the policymakers of opportunities and risks involved.

Development and Implementation of a Financial Education Strategy

The development of a national financial education strategy can be used to identify and set national priorities and build a wider consensus about the importance of this topic. Such a document can set the strategic direction and principles for development and implementation of financial education programs (e.g., types, sequencing, and monitoring and evaluation) and align them with other initiatives and related reforms (e.g., financial consumer protection), minimizing gaps and overlaps and resulting in better coordination of diverse stakeholders and their resources toward improving financial capabilities. The strategy should be complemented with an implementation action plan that sets out sequenced actions and institutional roles and responsibilities to make the strategy operational.

In addition to the OECD/INFE Principles for Strategies for Financial Education[13], which offer guidance in the process of developing a strategy, this brief highlights the essential elements of financial education strategies and their importance in more detail. They include the following: i) leadership and inclusion of variety of stakeholders; ii) setting priorities; iii) design of financial education programs; iv) implementation based on pilots with impact assessments from the outset; and v) funding sources.

Leadership and Inclusion of Variety of Stakeholders

The development of the strategy should have a strong institutional champion and include a variety of stakeholders. The development of the strategy and priority-setting process requires a wide consultation process including stakeholders from public, private, and non-profit sectors. In terms of institutional roles, the leadership should rest with an institution of good stature and an institutional mandate for the financial sector. This could include the country's central bank, finance ministry, or financial sector regulator[14]. In addition, there should also be a role for other stakeholders, for example, the ministry in charge of education could be involved regarding the development of curricula and piloting of school-based programs, and financial services sector (e.g., professional associations, banks, microfinance institutions, and consumer bodies) could contribute to the development and delivery of specific financial education

[13] See Annex 1.
[14]For example the World Bank's Good Practices for Financial Consumer Protection suggest these institutions for leading the development of financial literacy programs (see para 33, p. 8). http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Misc/Good-practices-for-financial-consumer-protection.pdf

programs. While the proposed strategy would include all programs under one roof, the implementation of different activities can be delegated to different authorities in line with their mandates and expertise (i.e., government, private sector, and NGOs). This approach would ensure improved coordination and outreach because it would minimize fragmentation.

Box 6. Definition of a National Strategy for Financial Education, List of Current National Strategies Worldwide, and Cited Challenges [15]

According to the OECD, National Strategy (NS) for Financial Education is defined as "*a nationally coordinated approach to financial education which consists of an adapted framework or program that (i) recognizes the importance of financial education and defines its meaning and scope at the national level in relation to identified national needs and gaps; (ii) involves the cooperation of different stakeholders and the identification of a national leader or coordinating body/council; (iii) establishes a roadmap to achieve specific and predetermined objectives within a set period of time; and (iv) provides guidance to be applied by individual programs to efficiently and appropriately contribute to the national strategy*."

As of February 2012, the OECD counted 36 countries that either considered, designed, or fully implemented a NS:

- Fifteen countries have implemented their NSs: Australia (2011), Brazil (2010), Czech Republic (2010), Ghana (2009), India (2006/2010), Ireland (2009), Japan (2005), Malaysia (2003), the Netherlands (2008), New Zealand (2008, 2010), Portugal (2011), Slovenia (2011), Spain (2008), the United Kingdom (2003), and the United States (2006, 2011).
- Twenty-one countries have either considered or designed their NSs but have yet to implement them: Canada, Colombia, Estonia, Indonesia, Kenya, Latvia, Lebanon, Malawi, Mexico, Peru, Poland, Romania, Serbia, South Africa, Sweden, Tanzania, Turkey, Uganda, Russia, Thailand, and Zambia.

Countries that have neither considered nor planned an NS mentioned a range of challenges:

1. *Agreeing on definitions and common objectives,* particularly when defining the main purpose and content of the NS and the relationship between financial literacy and financial inclusion.
2. *Buy-in and commitment,* when it comes to coordinating with different parties and making sure they are all committed over time, especially in light of the long-term nature of an NS.
3. *Competing policy priorities,* because various government bodies have to compete for visibility and political backing for their own priorities.
4. *Resources and budgetary issues*
5. *Federal structure*

[15] Grifoni, A. & Messy F.-A. (2012), "Current Status of National Strategies for Financial Education: A Comparative Analysis and Relevant Practices," OECD Working Papers on Finance, Insurance and Private Pensions, No. 16, OECD Publishing.

Setting Priorities

The strategy should outline a set of essential priorities. It is very important to set focused national priorities to ensure that strategic gaps are tackled with sufficient resources. The priorities may vary from country to country depending on the results of financial capability surveys, other diagnostic tools, and government priorities. Countries in which the credit sector dominates the financial landscape (e.g. banking and microfinance) may want to focus on programs aimed at improving knowledge and capabilities related to products and services in those sectors, as opposed to developing programs focusing on emerging capital markets, for example. While priorities may end up being different, they could be set based on a number of criteria, such as demand or necessity (e.g., children, youth, and adults), goals (e.g., fostering access to finance through formal institutions), desired outcomes (e.g., financially literate young adults and credit consumers), and costs and resource availabilities.

Design of Financial Education Programs

As noted, the design of new financial education programs should incorporate findings of the impact assessments of already implemented initiatives (including those in other countries). While program impact may be different in various countries, relying on the previous experiences should reduce the risks when designing new programs. For example, recent evidence from Mexico demonstrated that take-up of voluntary financial education programs is typically extremely low[16], while other evaluations demonstrate the effectiveness of utilizing teachable moments (i.e., milestone events) as an effective mean of reaching adults with financial education. For more details on recently completed and ongoing impact evaluations of financial education programs, see Annex 2.

Programs should rely on both traditional and innovative delivery channels, depending on the target audience and circumstances. Delivery channels may range from more traditional means such as classroom-type workshops and seminars, publications, school-based programs for children and young adults to integrating messages in entertaining ways via radio, television, and even mobile phones. For example, adults, unlike children, have more rigid preferences that are more difficult to change, and may be less susceptible to learning from classroom-based training that they may find disinteresting. In this sense, it is important to consider a wider range of non-traditional financial capability enhancing interventions that do not rely on formal education channels, such as entertainment

[16] *Miriam Bruhn, Gabriel Lara Ibarra, and David McKenzie, "Why is Voluntary Financial Education so Unpopular? Experimental Evidence from Mexico," World Bank Policy Research Working Paper 6439, May 2013.*

education or integrating educational messages in popular TV or radio shows in an entertaining fashion[17], comic books, and so forth.

Box 7. Brazil Strategy and Initial Program Impacts

- **Leadership:** The development of National Strategy for Financial Education in Brazil was coordinated by the Brazilian Securities and Exchange Commission and the established working group also included other financial services regulators (e.g., the Central Bank, pension, and private insurance regulators) and the private sector as auxiliary members. The implementation of the strategy is conducted by a committee known as COREMEC to create a public-private partnership that can fund and implement the financial education program. Brazil is an example of a country in which a decision was made to start with a targeted high school financial education program first and then proceed with a more meaningful national strategy process.
- **Goal:** The goal of the strategy was to develop personal finance skills and to help citizens to make well-informed choices and to improve their financial well-being.
- **Content**: The strategy included: *i) targets* (age groups, educational levels, income levels, professions, and regions); *ii) priority goals* (the growth of the market, financial inclusion, and investor protection); *iii) priority areas* (developing personal finance skills, stimulating savings, broadening the use of financial institutions, improving the quality of credit relations, and mortgages and home-owner loans); *iv) educational tools* (Internet pages, lectures, publications, courses, seminars, meetings, toll-free lines, and campaigns); *v) funding* (funding sources and institutions that offer support; *vi) roles of the participants* (governmental agencies, private sector, and civil society); *vii) governance* (coordination mechanisms); *viii) an explanation of how the national strategy is integrated into federal planning*; and *ix) monitoring and evaluation* (evaluation tools and methods and performance indicators)
- **Impact Assessment and Findings[18]:** A large scale study in Brazil tested the impact of financial education on high school students. This was only one of the financial education programs (the strategy included more initiatives) and it was a multi-year, resource-intensive effort. The financial education materials focused on a broad range of themes, from budgeting to savings and general financial management. The study included nearly 900 schools and 26,000 students and found that: i) the programs led to improved financial proficiency scores for students as well as an increase in measured savings; ii) complementary workshops for parents led to even higher savings for students; and iii) financial education for students also led to improved financial proficiency for parents through a "trickle-up" effect.

Evidence shows that dramas, narratives, and stories are effective ways to communicate. A short-term behavioral change can be induced via temporary interventions utilizing non-traditional channels such as movies, which do not specifically focus on addressing knowledge gaps but rather rely on emotional stimuli[19]. However, one limited or isolated intervention, regardless of the delivery channel, may only have a limited impact; this is why the repetition and reinforcement of messages is important and why using non-traditional methods can be useful. In addition, given the rapid spread of technology, especially with highly accessible mobile phones, this could be an opportunity to increase the outreach and effectiveness of programs. For example, the Polish Financial Supervision Authority developed a personal budget application available free-of-charge to mobile phone users, designed to help monitor and analyze personal spending. To the extent possible, an effort should be made to take advantage and rely on existing successful programs.

Both private and public sectors should play a role in the design and delivery of financial education programs. Some believe that financial service providers are best placed to provide financial awareness and education to potential consumers, while others focus more on traditional school-based and classroom education, largely provided through the public sector. In reality, and as illustrated previously, there is a wide range of approaches and delivery mechanisms that should be considered and roles for all stakeholders. When it comes to the role of the private sector, it should be ensured that the issue of potential conflict of interest is properly recognized, because financial institutions may encourage policy makers to employ financial education as a way to reduce or limit more effective consumer protection regulations[20]. In this context, it is worth repeating that financial education is a complement to other measures such as financial consumer protection regulation.

Implementation Based on Pilots with Impact Assessments from the Outset

The implementation of financial education programs should rely on pilots prior to full-scale roll out. Implementation of all activities on small scales first, only scaling up to full-scale implementation based on evaluations (via surveys, pilot tests, and randomized control trials), is recommended. This approach would enhance effectiveness and safeguard resources. For example, though Pakistan does not have a financial education strategy, it commenced with targeted financial education programs that involve small scale piloting, evaluation, and only subsequently a roll out.

[17] *See summary of evaluation results of and entertainment education program in South Africa in Annex 2, b), para. 8.*
[18] *M. Bruhn, L. De Souza Leão, A. Legovini., Marchetti, and B. Zia, "Financial Education and Behavior Formation: Large Scale Experimental Evidence from Brazil," World Bank Working Papers (2013).*

[19] *See para 10 in Annex 2, b).*
[20] *Lauren. Willis, "The Financial Education Fallacy," American Economic Review: Papers and Proceedings 2011, 101:3, 429–434. http://www.aeaweb.org/articles.php?doi=10.1257/aer.101.3.429.*

Impact evaluation mechanisms should be integrated from the outset. The World Bank has developed an operational toolkit [21] for evaluating financial capability programs that could be used to support evaluations of existing initiatives. Drawing on experiences of different types of evaluations, this toolkit is a practical guide for comprehensive evaluation programs aimed at enhancing financial capabilities in low- to middle-income countries. OECD has developed Principles for Evaluation of Financial Education programs (See Annex 1), as well as an evaluation methodology[22].

Box 8. Impact of Innovative Delivery of Financial Education in South Africa

- **Context:** As a part of the project aimed to pilot entertainment education to improve management of personal finances in South Africa, a financial capability storyline focused on debt management was developed and integrated into a popular South African soap opera *Scandal!.* Subsequently, a study[23] was conducted evaluating the effects of financial literacy messages on low-income households delivered via this soap opera.
- **Findings:** i) the study found that viewers who watched the storyline related to financial literacy showed significant improvements in financial knowledge and behavior, including a greater likelihood to borrow from formal sources, reduced gambling, and reduced likelihood to enter into hire-purchase (installment plan) agreements; ii) messages delivered through the main characters in the show were generally more memorable than messages (such as one around the National Debt Mediation Helpline-NDMA) delivered by external characters, which had only short-term effects. As a result, the call volume to the NDMA hotline increased significantly after these episodes aired.

Funding Sources

The cost of implementation can be substantial for many countries and alternative sources of funding are available. As an illustration, the costs of implementation of Zambian Financial Education Strategy were estimated at around $15 million. A strategy may need to outline the potential sources of funding outside of the state and how fundraising could be approached. For example, the authorities could commit to secure certain percentage, financial institutions could bear some of the costs especially related to their programs (providing that such programs are not marketing initiatives), and the strategy could essentially serve as the proposal for donor funding. While the mechanisms will vary in different countries, depending on context and strategies, it is important to ensure that funding will be secured by the time of implementation.

[21] *http://www.finlitedu.org/evaluation/wb/.*
[22] *http://www.finlitedu.org/evaluation/oecd/.*
[23] *G. Berg and B. Zia., "Harnessing Emotional Connections to Improve Financial Decisions: Evaluating the Impact of Financial Education in Mainstream Media," Policy Research Working Paper Series 6407 (2013), World Bank.*

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ANNEX I

a) Summary of OECD/INFE Principles on National Strategies for Financial Education[24]

1. **Preparation of the National Strategy: Defining its Scope and Purpose through Assessment, Mapping, and Consultation**
   - The preparatory phase should map: (i) any existing financial education endeavors, (ii) relevant literature and research, and (iii) relevant international practices.
   - An assessment of population needs should be completed, preferably based on a national evaluation of financial literacy.
   - A consultation and coordination mechanism between various NS stakeholders (and potentially the general public) should be initiated.
   - Communication of the preparatory phase results should be made alongside the official announcement of the NS launch.
2. **Governance Mechanisms and the Role of Main Stakeholders in the National Strategy**
   - The NS should be initiated, developed, and monitored by a credible and unbiased authority with financial education expertise (and preferably dedicated mandate) and appropriate resources and enforcement powers.
   - The NS should involve a cross-sectional coordination between interested stakeholders, in a flexible manner, to allow for changing circumstances and renegotiations. Stakeholders should include public authorities, private sector and financial service providers, as well as other civil society and international stakeholders.
3. **Roadmap of the National Strategy: Key Priorities, Target Audiences, Impact Assessment, and Resources**
   - The NS should clearly define realistic and measurable objectives, specify a detailed roadmap for intermediate outputs, and include a timeframe for the achievement of these targets.
   - The NS roadmap should recommend introducing financial education as early as possible, preferably in school curricula.
   - The NS should identify target audiences with a focus on specific vulnerable groups in the population.
   - The NS should specify its assessment methods, preferably national financial literacy surveys conducted regularly.
   - The NS should have specific financial and in-kind resources to allow for its implementation, provided by at least involvement of each of the main stakeholders. A combination of public and private resources should be considered and the use of private sector contributions encouraged.
4. **Implementation of the National Strategy: Delivery Mechanisms and Evaluation of Programs**
   - The NS should indicate delivery methods and tools based on good practices and ongoing research. These should include (i) the use of a wide range of dissemination channels adapted to the circumstances of the targeted groups, (ii) the promotion of financial education on a regular basis to communities, (iii) the training of the financial education providers, and (iv) the development and implementation of tailored regulation, quality standards and code of conduct.
   - The NS should promote the monitoring and evaluation of its individual programs.

b) Summary of OECD Principles for the Evaluation of Financial Education Programs[25]

1. **Evaluation: an Essential Element of financial Education Programs**
   - New programs should be evaluated.
   - Existing programs should be evaluated as much as possible.
2. **Budget for Evaluation**
   - A budget should be set for evaluation.
   - The amount of money dedicated to evaluation should be proportionate to the program cost.
3. **External Evaluations: Adding Credibility, Skills and Independence**
   - The use of independent evaluators should be promoted whenever possible.
4. **Appropriate Evaluation Design**
   - Evaluation design should consider the program's goals, size and length, target audience, and delivery channels.
   - Evaluation design should focus on assessing if the program has met its objectives.
   - The evaluation of small scale programs should take into account budgetary constraints.

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[24] *OECD/INFE, "High-Level Principles on National Strategies for Financial Education," 2013.*
[25] *INFE, "High-Level Principles for the Evaluation of Financial Education Programmes,"2012.*

- A full range of options should be considered to evaluate large programs.
- For programs targeting the entire population, evaluation design should prioritize the use of national data.
- Evaluations should specify whether programs have had any impact on knowledge, skills, behaviors or attitudes. Priority should be given to evaluation designs that can prove causal relationships between these impacts and financial education.

5. **Reporting**
   - The reporting of evaluation findings should be encouraged by policy makers.
   - Evaluations should be unbiased in order to allow for people to learn from programs' successes and failures.

c) Summary of OECD Principles and Good Practices for Financial Education and Awareness[26]

1. **Principles**
   - Financial education can be defined as "the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being."
   - Financial capacity building should be promoted.
   - Financial education programs should focus on high priority issues that stem from national circumstances.
   - Financial education should be considered in the administrative and regulatory framework as a tool promoting economic growth, stability, and confidence. The promotion of financial education should substitute regulation.
   - Financial institutions should be encouraged in providing advice and promoting financial awareness.
   - Other measures to take when observing deficiencies are consumer protection and financial institution regulation.
   - Financial education programs should meet the needs of their target audience, and should be designed as a continuous process throughout their lifetime.
2. **Good Practices: Public Action for Financial Education**
   - National campaigns should be promoted to increase general public awareness.
   - Financial education should start at school as early as possible.
   - Financial education should be incorporated into state welfare assistance programs.
   - Websites providing relevant and user-friendly financial information to the public should be set up.
   - International cooperation around financial education should be encouraged.
3. **Good Practices: Role of Financial Institutions in Financial Education**
   - Providing specific information to clients on financial service should be required from financial institutions.
   - Financial institutions should distinguish between financial education and "commercial" financial advice and should verify that information provided to their clients is well understood.
   - Financial institutions should provide information at various levels, and should not use small print and obscure language.
   - Financial education provided by financial institutions should be frequently and independently evaluated.
   - Financial institutions' staff should be trained on financial education.
4. **Good Practices: Financial Education for Retirement Savings**
   - Financial institutions should provide financial education on retirement savings and income management to individuals in private personal pension plans.
   - Financial education on contributions and benefit schemes should be provided to employees for occupational schemes.
5. **Good Practices: Financial Education Programs**
   - Programs that help consumers understand the benefits and risks of different types of financial services should be encouraged. More research on behavioral economics should be promoted.
   - The design of methodologies to evaluate existing financial education programs should be encouraged.
   - Programs that develop guidelines on study content and accomplishment level should be promoted.
   - The use of all available media to disseminate financial education should be encouraged.
   - Programs creating specific modules targeting different population segments should be promoted.
   - Training of educators should be encouraged in the case of classroom-related financial education programs.

[26] *OECD, "Recommendation on Principles and Good Practices for Financial Education and Awareness," 2005.*

ANNEX II

a) Summary of Complete and Ongoing Financial Education Studies[27]

Country	Focus	Target Group	Intervention Type	Evidence of Effectiveness
Australia and New Zealand	Remittances, credit, and financial product selection	Migrant workers	Seminar	Mixed results
Brazil	Budgeting, savings, and general financial management	High school students	Classroom training	Yes
Brazil	*Stock market investment*	*Stock market users*	*Online stock market simulator*	-
Dominican Republic	*Financial management*	*CCT beneficiaries*	*CCTs and seminars*	-
India	Budgeting, savings, and general financial management	Low-income households	Seminar	Mixed results
India	*Savings, budgeting, financial product selection*	*Low-income households*	*Seminar, counseling, SMS reminders*	-
India and Kenya	Long-term planning, and weather insurance	Rural small-scale farmers	Comic books	Mixed results
Kenya	Financial management, and savings	School children	Classroom training, comic books, and radio shows	No
Malawi	*Financial management, and savings*	*Agricultural wage earners and farmers*	*Labeled banking account, Behavioral economics*	-
Mexico	Savings, retirement, and use of credit	Credit card customers	Seminar	Mixed results
Mexico	*Savings, and credit*	*Low-income credit customers*	*Disclosure formats, SMS and phone counseling*	*Yes**
Nigeria	Savings, use of banking services	Existing and new bank users	Marketing campaign	Mixed results
Nigeria	*Savings, credit*	*Low-income households and small business owners*	*Movie*	*Mixed results**
South Africa	*Savings, remittances, budgeting, and financial product selection*	*Members of burial societies, Women's development groups*	*Seminar*	*Yes**
South Africa	Debt management	Low-income households	Soap opera	Yes
Uganda	General financial education	Low-income households	Seminars	Mixed results
Uganda	*Vocational and business training*	*Small business owners*	*Seminars*	*Mixed results**
Nigeria	Microsavings	Entrepreneurs	Movie	Yes

**Preliminary results only*
Ongoing Evaluations are presented in italic font

[27] "Financial literacy and education in low- and middle-income countries: measurement and effectiveness," Robert Holzman, Florentina Mulaj, and Valeria Perotti, (forthcoming), World Bank.

b) More Detailed Summary of the Result of Recently Completed Evaluations of Financial Education programs[28]

1. **Australia and New Zealand -** This study examined the effects of a two-hour financial education seminar on migrant workers in Australia and New Zealand, particularly on their remittance-sending behavior. The seminar focused on remittances, credit, and financial product selection.
   - **Findings**: i) the study did show that the training increased workers knowledge of remittance pricing and the likelihood to seek out additional information; ii) the intervention did not lead to significant shifts in frequency or levels of remittances sent, or reduce the cost of sending remittances for study participants.
   - **Source:** Gibson, J., McKenzie, D. & Zia, B. (2012), The Impact of Financial Literacy Training for Migrants, *Policy Research Working Paper Series 6073*, World Bank.

2. **Brazil -** This large scale study in Brazil tested the impact of financial education on high school students. The financial education materials focused on a broad range of themes, from budgeting to savings and general financial management. The study included nearly 900 schools and 26,000 students.
   - **Findings:** i) the study found improved financial proficiency scores for students as well as an increase in measured savings; ii) complementary workshops for parents led to even higher savings for students; iii) financial education for students also led to improved financial proficiency for parents through a "trickle-up" effect.
   - **Source:** Bruhn, M., De Souza Leão, L., Legovini, A., Marchetti, R., & Zia, B. (2013), Financial Education and Behavior Formation: Large Scale Experimental Evidence from Brazil, *World Bank Working Papers*.

3. **India -** This study measured the effects of a two-day financial literacy training, covering the role of formal banking, cash management, and responsible borrowing, spending, and savings for branchless banking customers.
   - **Findings:** i) Participants changed savings behaviors as well as attitudes around financial management; ii) however, measured levels of financial literacy did not improve.
   - **Source:** Sarr, L., Sadhu, S. & Fiala, N. (2012), Bringing the Bank to the Doorstep: Does Financial Education Influence Savings Behavior among the Poor? Evidence from a Randomized Financial Literacy Program in India, *Working Paper*, Institute for Financial Management and Research, Centre for Micro Finance.

4. **India and Kenya -** This study examined the effects of financial literacy training and targeted discount vouchers in encouraging farmers in rural India and Kenya to take up index-based weather insurance. The study covered approximately 14 villages and used comic books as a delivery mechanism of financial education.
   - **Findings:** i) the study found that both the vouchers and financial literacy training increased take-up of the index-based drought insurance; ii) the study also found that while the vouchers only had effects on direct recipients, the financial literacy materials, delivered through a comic book, had positive spillover effects, meaning that even neighbors who did not receive the financial education were more likely to take up drought insurance.
   - **Source:** Gine, X., Karlan, D., & Ngatia, M. (2013), Social Networks, Financial Literacy and Index Insurance.

5. **Kenya -** This study focused on the effect of financial literacy training for Kenyan youth and the method of delivery comparing classroom training, comic books, and radio shows. The study involved 220 high schools.
   - **Findings:** i) the study showed little effect on participants' levels of financial education as well as little effect on stated behavior or actual behavior (when given real resources to allocate at the end of the study); ii) the study did show some increased likelihood in participants' interest in starting a business in the future.
   - **Source:** Holzmann, R., Mulaj, F., & Perotti, V. (forthcoming), Financial Literacy and Education in Low- and Middle-Income Countries: Measurement and Effectiveness, World Bank.

6. **Mexico -** This study examined the impact of a four-hour financial literacy training on savings and borrowing behavior for credit card customers in Mexico. It involved approximately 40,000 consumers, and the seminar focused on savings, retirement, credit cards, and responsible use of credit.
   - **Findings:** i) the study showed a significant increase in financial knowledge and an increase in savings for study participants; ii) however, data showed that the impact on savings was relatively short-term; iii) study showed no impact on credit card usage, retirement savings, or borrowing.
   - **Source:** Holzmann, R., Mulaj, F. & Perotti, V. (forthcoming), Financial Literacy and Education in Low- and Middle-Income Countries: Measurement and Effectiveness, World Bank.

7. **Nigeria -** This study examined the impact of a national marketing campaign launched to encourage savings, and publicized through advertisements with celebrity endorsements. The campaign involved an incentive element in which customers who open a savings account and maintain a certain amount of money in the account for 90 days receive lottery prizes.
   - **Findings: i)** the study found that there was improvement in savings behavior and usage of other financial

[28] *Available in the forthcoming Report "Financial Literacy and Education in Low- and Middle-Income Countries: Measurement and Effectiveness" by Robert Holzman, Florentina Mulaj, and Valeria Perotti, World Bank. The study focused on Nigeria and featured in paragraph 10 will be available in the forthcoming report "The Nollywood Nudge: An Entertaining Approach to Saving" by Di Maro, V., Coville, A., Zottel, S., and Dunsch, F. The World Bank. Both reports will be available at www.finlitedu.org. The reference for conclusions in paragraph 11 is listed in the footnote 29.*

products; ii) however, there was no evidence that the program led to long-term changes after elimination of the incentive element.
- **Source:** Holzmann, R., Mulaj, F., & Perotti, V. (forthcoming), Financial Literacy and Education in Low- and Middle-Income Countries: Measurement and Effectiveness, World Bank.

8. **South Africa -** This study measured the effects of a financial literacy message delivered through mass media, in this case a soap opera called "Scandal!" in South Africa, on low-income households. The main focus on the financial literacy messages was around debt management.
   - **Findings:** i) the study found that viewers who watched the storyline related to financial literacy showed significant improvements in financial knowledge and behavior, including greater likelihood to borrow from formal sources, reduced gambling, and reduced likelihood to enter into hire-purchase (installment plan) agreements; ii) messages delivered through the main characters in the show were generally more memorable than messages (such as one around the National Debt Mediation Helpline-NDMA) delivered by external characters which had only short-term effects. As a result, the call volume to the NDMA hotline increased significantly after these episodes aired.
   - **Source:** Berg, G. & Zia, B. (2013), Harnessing Emotional Connections to Improve Financial Decisions: Evaluating the Impact of Financial Education in Mainstream Media, *Policy Research Working Paper Series 6407,* World Bank.

9. **Uganda -** This study examined the effect of an eight-week financial education module on low-income households' financial attitudes and behaviors in Uganda. The training syllabus covered a range of general financial education topics, including budgeting, saving, loan management and negotiation, debt management, and bank services.
   - **Findings:** i) the study showed that the training led to increased knowledge, skills and attitudes around financial literacy, but that these did not always translate into direct behavioral change; ii) there was some evidence that the training led to increased savings, either inside the home or through a savings group or Savings and Credit Cooperative Organization (SACCO), however this finding may be due to differing levels of engagement with those groups prior to receiving the training; iii) the study showed that savings groups and SACCOs may have a role to play in "nudging" members towards making better financial decisions.
   - **Source:** Stuart, G. (2012), Uganda Financial Education Impact Project, Microfinance Opportunities.

10. **Nigeria -** This study tested the effectiveness of using *The Story of Gold*, a Nollywood film promoting safe savings to motivate entrepreneurs to open microsavings accounts. It also tested the importance of linking emotional stimulus to financial messages in order to influence short-term savings decisions, and whether this had any longer-lasting impacts.
    - **Findings:** The study found that that entrepreneurs watching *The Story of Gold* were 5 percentage points more likely to open a savings account than those in placebo screenings, and this effect was mostly driven by male business owners. However, in the longer run, only moderate changes in attitudes and perceptions were found, while savings and borrowing behavior was unchanged four months after the screening.
    - **Source:** Di Maro, V., Coville, A., Zottel, S., and Dunsch, F., (forthcoming), "The Nollywood Nudge: An entertaining Approach to Saving," World Bank.

11. **According to a recent meta-analysis[29] of the relationship of financial literacy and of financial education to financial behaviors in 168 papers covering 201 prior studies**, the authors concluded that interventions to improve financial literacy explain only 0.1% of the variance in financial behaviors studied, with weaker effects in low-income samples.

[29] *"Financial Literacy, Financial Education and Downstream Financial Behaviors," Daniel Fernandes, John G. Lynch, Jr., Richard G. Netemeyer, forthcoming in Management Science.*