

Alternate Financial Education Project

OUTCOMES ASSESSMENT JANUARY 2014



MicroSave
Market-led solutions for financial services

TRIGGERS

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Note from the Authors

Along with our implementing partner in India, the authors of this study wanted to test the effects of a *product-led* alternative financial education (AFE) programme. We find that a product-led financial education approach proves to be a winning proposition for financial service providers when paired with a suite of products appropriate to the needs of their clients, effective communication tools that highlight benefits of using the products in client's context and proper delivery of the tools themselves.

Application of AFE approach led to measurable increases in business for our implementing partner without the burden of significant capital costs as the AFE approach was integrated to its existing operational system of the service provider. Furthermore, it helped to reduce stress levels of implementing staff of the service provider as the AFE approach gave the tangible methods for discussing products and services as well as help to alleviate time constraints when having to answer questions on products and services.

Importantly, product-led AFE helped to inspire clients to initiate product conversations, ask questions and discuss saving and pensions openly; this led to a direct increase in the amount of clients who opened and regularly deposited in savings and pension accounts.

Furthermore, the findings and analysis from our pilot initiative confirm that product-led financial education is indeed a function of tool design, methodology and an enabling operating environment within the implementing organisation.

Despite the successes of the AFE pilot, there are several questions that remain unanswered at the time of writing; specifically, as this was a relatively small pilot, it remains to be seen how organisations will take up the idea of AFE as a mechanism for marketing at scale and changes in organisational culture. In addition, what more could be done to make a tool like AFE more effective.

As a next step we would like to test AFE approach in digital financial service context, test specific variants of AFE in marketing and financial education context, explore more ways to create buzz with AFE. We came up with many insights on product design improvement as we implemented AFE tool development process. It will be very exciting to explore if using AFE approach could be more effective for product modifications/development exercises!

As we present this report, we would like to acknowledge contribution of all the staff in the pilot test branches and senior management of CMC who helped us implement and develop AFE. Thank You. We also thank Ajay Shankar Mishra, Naveen Srivastava, and managing director Mr. Mukul Jaiswal at CMC.

Thanks are also due to Graham A N Wright, Anurodh Giri, Louie Cepe, and Sharad Bangari at *MicroSave*, Lillian Diaz and Rathi Mani at 17 Triggers.

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Figure 1: Uttar Pradesh, India

I. Introduction

This report summarises the key findings from the outcomes assessment of an alternate financial education (AFE) project designed to enhance the financial capabilities of rural women in Uttar Pradesh, India. The Alternative Financial Education (AFE) approach is an endeavour of *MicroSave* to test the effectiveness of Product-led Financial Education programme which is creative, cost-effective, scalable, and impactful.

The AFE programme was collaboratively designed by *MicroSave* and 17 Triggers Consulting Asia Co. Ltd. The project was funded by Omidyar Network.

CASHPOR Micro Credit (CMC), a local Microfinance Institution (MFI) in Uttar Pradesh, India was the implementing partner of the project.

The general objectives of the financial capabilities project were to:

- a) Create an alternative approach to financial education, one that would not rely on traditional classroom education;
- b) Create a financial education approach that would be product-led and work within the existing delivery mechanisms of CMC; and
- c) Increase the uptake and usage of CMC’s savings and pension products and services.

Definitions Used in the Report

Centres—as part of their regular delivery channels CMC forms a group of 10-20 women at villages within their operational areas to provide credit and savings services. Each group is called a Centre.

Centre Managers—the Centre is served by a CMC staff member, called a Centre Manager. The Centre Manager meets the group weekly to collect credit repayments, and serve saving and pension needs. The Centre Managers were the primary users of the AFE tools and methods.

Centre Meetings—the weekly meetings at the village level are called Centre Meetings.

Apna Savings Account—the most common savings account opened by CMC is actually a basic savings bank deposit account as per RBI’s definition, and is called Apna Bachat Khata.

Senior managers—this refers to area managers, branch managers, and regional managers of CMC. In CMC’s organisational structure, the branch managers and area managers work closely with centre managers for the purpose of operational monitoring and supervision.

The Financial warrior—this was the unifying theme of the AFE approach. Financial warrior is an aspirational character who is an ideal saver, ideal planner of old age and is financially capable. She helps CMC clients make sound financial decisions and points out flaws in their financial management. During the pilot AFE intervention CMC clients were encouraged to emulate or become the Financial Warrior.



Figure 2: The Financial Warrior

II. Background on the AFE project

Financial literacy vs. Capability

A recent publication by the National Forum for Financial Inclusion in the UK defines financial literacy as “knowledge required to make informed financial decisions,” while financial capability “recognises the more complex skills, motivation and confidence needed to fully manage finances effectively”.¹ The AFE tools and methods were created with financial capabilities in mind, with a particular focus on cultivation of motivation and confidence to uptake key behaviours to help rural women manage their finances with greater confidence.

The Need for AFE

Since 2000, India has witnessed an unprecedented economic growth. It has progressed on most of the Millennium Development Goals. However, poverty continues to remain a major challenge. According to the newly revised official poverty line, thirty-seven per cent of India’s population (or about 410 million people) falls below the poverty line, making the country home to one-third of the world’s poor.¹

Among the poor, the ability to fully manage their finances effectively has been inhibited by a litany of poverty dynamics and the poor find themselves largely excluded from the formal finance sector. This includes the use of formal savings, insurance or pension products which can help protect their finances and contribute to safe wealth accumulation.

Across India only 22.41% of the population contributed to any form of savings (liquid savings); 11.6% of the population above the age of 15 years old have saved at a formal financial institution; and only 7.1% of females within the same age group have used a formal financial institute to house their savings.² Common barriers to using formal institutes for savings include a limited knowledge about formal banking practices, limited trust in formal financial institutes, lack of proper documentation, distance to the bank itself, service fees (“it’s too expensive”), religious reasons, as well as a belief that there is simply not enough money in the household to save.³ Additionally, and especially for women, the fact that bank accounts are rarely in their names and that they often must seek their husband’s permission to save can be critical barriers to consider.

While financial education programmes can be effective mechanisms for helping to overcome the barriers above, they are often subject to challenges such as: limitations on clients’ time to participate, limited interest or motivation from the clients, limited buy-in from senior management of MFIs, cost-effectiveness and limited proof of scalability.^{4,5}

MicroSave believes in an alternative approach to financial education capable of overcoming the known barriers of traditional financial education approaches. Based on the principle of product-led financial education and experiential learning, an *alternate* approach must be tied to availability of suitable products, consistent information dissemination, and convenient access of the product.

Importantly, product-led financial education is not limited to just a financial education programme; rather, it takes into account social information sharing and learning process of the customers. A product-led financial education platform should take into account shortcomings in product information delivery by financial service providers, and if required must

¹ World Bank, 2014. Accessed online: <http://maps.worldbank.org/sa/india> [January 22, 2014].

² *ibid.*

³ Tiwari et al *MicroSave’s* Publication, “Cost and Willingness to Pay”, 2011 The World Bank (2012). Policy Research Working Paper 6025: Measuring Financial Inclusion, the Global Findex Database.

⁴ *MicroSave* analysis; Monitor 2011, “Bridging the gap”, *MicroSave* Briefing Note 112, *MicroSave* Briefing Note 141, The World Bank (2012). Policy Research Working Paper 6107: Financial Literacy around the World – An Overview of the Evidence with Practical Suggestions for the Way Forward,

⁵ *MicroSave’s* Publication, “Role of information sources in financial capability”, 2013

modify the product design. Furthermore, a product-led financial education programme should align itself within the existing service delivery mechanisms of the financial service providers.

Project Parameters

Development of the Alternate Financial Education (AFE) pilot started with a simple goal:

We want *CMC clients to be able to choose the right financial products and services appropriate to their needs.*

This goal helped to direct the main objectives and subsequent development of the AFE approach. This is discussed in greater detail below.

Project Vision of Perfect

- 1) AFE Tools and methods enable our clients to make appropriate financial decisions based on their needs. Clients feel satisfied with the delivery of AFE and corresponding products and services.
- 2) AFE tools and methods inspire clients to seek out, buy and use new products.
- 3) AFE tools and methods integrate into existing CMC processes and delivery channels.
- 4) AFE tools and methods have simple messages that are easy to understand, and easy to communicate (from implementers' perspective.)

The Main Challenge

When it comes to financial education, classroom training does not work for CMC clients who are largely illiterate or semi-literate. The typical CMC client has demonstrated “training fatigue” and a general indifference towards financial education trainings; it was therefore critically important to not just implement training in a long line of trainings. The ‘alternate’ financial education platform needed to incorporate non-traditional training techniques with simple and creative methods in order to capture the attention and motivation of CMC clients.

Also important was to avoid common pitfalls of designing financial education activities that are difficult to operationalise for the financial institution and that cannot be financed by the institution as an operational expense.

Some Details about the Solution – The AFE Toolkit

The AFE approach was designed to encourage *existing* CMC clients to learn about new products and services in order to feel capable to make financial decisions appropriate to their needs.

The AFE approach consisted of creative and simple tools and methods that both CMC staff and clients could be excited about. The AFE tools and methods were crafted using the SWITCH Behaviour Change Framework.⁶ The SWITCH framework disaggregates behavioural contexts by key influences including the influence of rational thinking, emotional connections to someone or something, as well the ability to physically access

⁶ Refer to Heath, C., & Heath, D. (2011). Switch: How to change things when change is hard. Waterville, Me: Thorndike Press.

Scalability from the bottom up

A product-led financial education approach thrives on the key features of reproducibility, scalability, and cost-effectiveness. The AFE tools and methods were designed to explicitly fit within CMC's operational structure and there was no added cost to CMC in terms of needing to include additional operations.

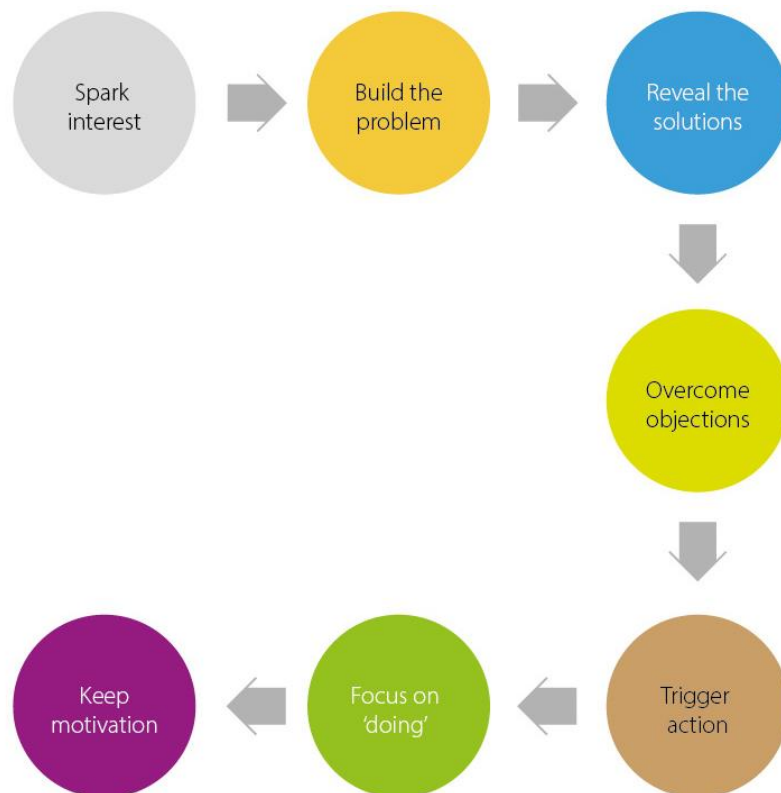
The AFE approach was developed with input from CMC clients, Centre Managers, Senior Managers and reflected the needs of each clients and staff alike.

something. The AFE approach also incorporated relevant educational methods including a Multiple Intelligences approach to learning styles, differentiated instruction methods and adult based dialogue education principles.

The AFE approach needed to fit within CMC's existing operational contexts. Historically, CMC has grown its service delivery lines primarily through the scale up and delivery of microcredit loans to rural women solidarity groups at the village level. These village level solidarity groups are known as "centres," and each centre essentially offers decentralised access to one of CMC's branches in the larger towns or cities. Clusters of centres are managed by one Centre Manager whom is responsible for traveling to each centre within his area of operation one time a week to host a 'centre meeting'—this is a 60 minute group meeting to collect repayment on loans, collect deposits, and pay out small cash withdrawals from savings accounts.

During each centre meeting, centre managers were allotted 10 minutes of time to discuss marketing, promotions, news, or other pertinent matters that need to be communicated. The AFE tools and methods needed to fit within this 10-minute window of time.

The project was divided into five phases of operation spread over 14 weeks (refer to Annex III. Tool Brief) that focused on a constructing a simple path for triggering and sustaining new financial behaviours (below).



II. Key Findings: The Benefits of AFE

“Without the AFE tools, my path for selling the saving products was like travelling on a dirt road while with AFE, it is like travelling on a paved road”

- CMC staff on the benefits of using the AFE approach

“[before] I thought I did not have money to save, [and now] I save even Rs.10 which I have started after opening of a Apna savings account [with CMC]”.

- Meena, age 32

AFE has Helped CMC Clients Make More Informed Decisions

At both baseline and follow up, moderators asked CMC clients to agree on a common definition for the following: a) the ideal saver; b) the ideal planner for old age, and c) the financially healthy person. By creating these personas, CMC clients were able to demonstrate their current understanding of what it means to be financially capable. While reviewing these definitions with groups at the endline, CMC clients demonstrated a more nuanced understanding of what it means to be financially capable, and the AFE tools and methods helped to give them a common language for discussing financial capabilities. For example, at baseline common definitions of what it means to be financially prepared for old age included keeping money in a ‘sandook’ (a wooden trunk to store savings and jewellery); however, at follow up when moderators reviewed this baseline definition with CMC clients, there were many that indicated that this is actually an insecure form of housing ones savings and that it should be taken out of the definition of what it means to be a perfect saver for old age. Many of the CMC clients justified this by retelling the storyline presented to them in the AFE approach that showed how insecure this type of savings could be.

AFE Contributed to an Increased Uptake and Usage of Savings Products

During AFE implementation, branches at CMC that piloted the AFE approach saw a significant increase in savings accounts openings. Notably, during the second month of implementation, clients at CMC branches piloting the AFE methods opened 233% more savings accounts than clients at comparison branches⁷ where staff did not use the AFE tools and methods. Over the full duration of the AFE implementation pilot branches slowed down in their rates of new account openings⁸ compared to the initial thrust but were still 11% more than that for comparison branches. Overall the total accounts in pilot branches were 13.6% more than total accounts opened at comparison branches.

The average number of monthly deposits at pilot branches increased compared to non-AFE comparison branches and compared to themselves prior to AFE implementation. The average number of deposits increased by 89% from the first to the last month of implementation. The total amount of savings mobilised at pilot branches was INR 1.1 million, 30% more as compared to INR 0.85 million at comparison branches. Interestingly, this

⁷ This outcomes assessment did not set a ‘control’ and ‘treatment’ group for this evaluation. Rather, ‘comparison’ branches were selected by criteria such as similarities in demographic composition of clients to those in pilot branches as well as similarities in historical performance in credit and savings sales. The comparison branches, however, were not controlled for and we do not have reliable information on what external phenomenon may have affected those branches during our pilot window.

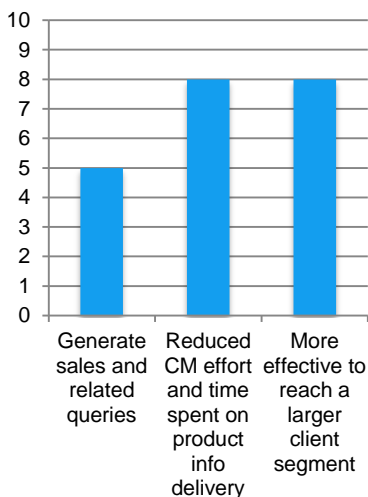
⁸ This could be in part due to the fact that the AFE approach was only piloted with existing CMC clients and not provided to potentially new clients outside of CMC’s credit network. Therefore, it could be hypothesised that the AFE approach helped pilot branches move towards more universal coverage of their existing client base to uptake savings products, and therefore a gradual reduction in opening of new accounts.

AFE IS GOOD FOR BUSINESS

- An 89% increase in number of savings deposits
- 233% increase in account openings during the second month of implementation
- 44% increase of account openings at pilot branches compared to historical trends at the same branches
- Increased productivity from staff—staff reported saving time and resources in having to explain product features, and were able to convince clients to sign up and deposit faster, and with greater clarity
- Invest in your staff – CMC staff trained in the AFE approach outperformed those who used the tools without training

Main benefits of the AFE Approach

[avg. scale scores from Staff interviews]



was paired with a slight decrease in the average amount of deposit. This may be because the AFE tools and methods tried to overcome the notion of “I don’t have enough money to save” and encouraged the concept that no amount is too small to save. During individual interviews with CMC clients, they had previously thought that the amount they had to save per week was too meagre.

An Account in My Own Name

For the typical CMC client it has been an achievement to have a savings bank account in her own name. For many, this seemingly simple fact has been transformative for financial agency and empowerment.

For example, Ramkali, a 39 year old woman, prior to the AFE pilot had to sneak behind her husband’s back to shield money from him and piece together savings one rupee at a time. Her husband did not like the idea of her saving money and the fear of his being angry reduced her motivation to save even at the small increments she had been sneaking away. The AFE tools and methods gave Ramkali new inspiration and equipped her with concrete ways to speak with her husband about the importance of savings and the consequences of not saving. At the endline interview Ramkali noted that, “I now save openly, and involve my husband in my savings...I told my husband about the messages in the [AFE tools] and this changed my husband”.

Savings and Pension – A Change in Perception

CMC clients demonstrated a change in how they perceive using formal financial institutes for savings and pension accounts. Many clients said that they could save just as the *Financial Warrior* did in the AFE tools. The Financial Warrior was a character developed to create unifying concept throughout the AFE approach, tools and methods. CMC clients indicated that the Financial Warrior was an aspirational character that they wanted to be like. Clients discussed the benefits of savings in their lives in detail, which was a shift from baseline discussions in which clients would simply discuss savings in vague or general terms or dismiss the behaviour as a luxury that they could not afford.

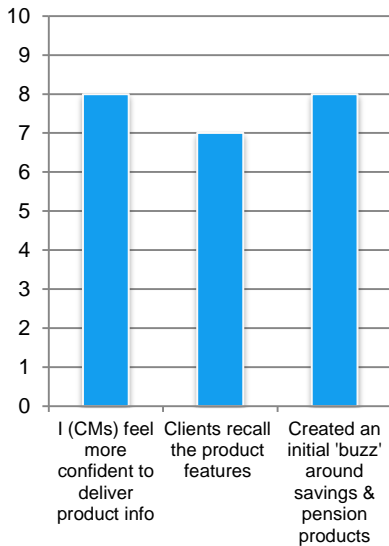
“The Savings People” – A Changing Perception

At baseline, most of CMC’s clients revealed they did not know that CMC offered savings or pension products; however that did not mean that they were not saving or planning for their old age at the time. Many in fact, had diverse savings strategies including saving with the national life insurance company of India (LIC), saving with ‘agents of deposit taking financial institutions’, or saving informally in a ‘gullak’ (a earthenware savings pot). Although diverse in approach, some of the savings techniques were at high risk for abuse, lost, theft or destruction from natural hazards. Many respondents at baseline never realised that CMC could provide anything more than credit.

CMC staff and clients both reported at endline that the AFE approach created new opportunities to overcome the image that CMC are only the ‘credit people,’ and help transition the organisation into an image of a more comprehensive service provider. Clients responded that this helped increase trust in the organisation.

AFE as an improved communication method for CMC staff

[avg. scores from CM interviews]



An Easier Way to Communicate, A Better Way to Sell Products and Services

CMC clients reported that the method of communicating messages about savings and pension was much more compelling, interesting and easier to understand with the AFE tools. The strong visuals made it easy to understand concepts quickly, and clients compared this to times when the centre managers would try to 'teach' them about other topics using verbal monologues that failed to inspire.

Centre managers were also impressed with how the AFE approach helped transform their delivery of standard product information and help them persuade clients to take up savings products and maintain regular transactions in such accounts. Prior to the AFE intervention, centre managers often delivered lecture-style monologues that tried to fit in every piece of information on every product or service that they could think of at the time. Moreover they were often pressed for time. There was no standard script or theme that they needed to follow and often they would default to speaking about credit, as this was both what they were most comfortable with and what they make the most commission from. Often messages around savings products were lost in between credit and other related discussions.

Centre managers were asked to rank (scale of 10) the AFE tools and methods on a spectrum of variables to indicate satisfaction with AFE approach. The variables included: confidence to deliver product information, impact on sales, amount of time and effort required to deliver product details, the ability of the AFE approach to generate excitement or a 'buzz' among clients, and whether or not the AFE approach helped staff feel more confident than before when relating product information to clients. For most of the variables, the average rank was eight out of ten, indicating widespread satisfaction with the AFE approach over multiple indicators.

By their own accounts, the tools helped CMC staff to explain savings and pension products through consistent, unified messaging. This had a wider impact on the pilot branches as a whole, which for the first time incorporated a standardised approach to information delivery at the village (centre) level. Consistency helps to build trust over time as clients can move from centre to centre or branch to branch and experience the same standard of information on product and services.

AFE Improves Customer Service and Eases Access to Information

As per staff interviews, the AFE approach also helped in directing clients' queries around the products' utility and process as well as how to access and use them. Extremely helpful in this regard was the visual based education platform of the AFE approach. Many of the tools included only minimal writing or none at all. Clients could easily refer to an image that clearly communicated a standard message or concept.

Using clear visual representation of events, people, institutions and products ensured that a large proportion of the clients in the centre were able to comprehend and discuss the key messages of the AFE activity without feeling that they were being ignored by a busy centre manager or feeling that they were pushing CMC's staff for information. The visuals became talking points for the clients, who were encouraged to discuss and talk about the images with others in their group during the centre meetings.

The AFE approach helped CMC centres move from one-way communication at the centre meetings where the Centre Manager essentially owned the product information to a two-way communication group where clients informed centre managers and other clients about their challenges, ambitions and current status. CMC staff appreciated that the AFE approach helped clients to share their experience and feedback about product usage and utility; this newfound level of transparency helped clients feel more confident to trust in the CMC products and services which ultimately led to higher levels of both uptake and usage.



Figure 3: An example of one of the visual tools included in the AFE toolkit

Transaction Fees Are a Barrier to Uptake; But Realising This Is a Success for the Client

Many clients were not satisfied with the transaction fees associated with the *Apna* savings account. As per their calculation, in one year, they may lose more by paying transaction fees than they would recoup in interest earned on their deposits. It should be noted though, that although this was a barrier to increased numbers of uptake of the CMC products, this is actually a success of the AFE approach, as one of the goals was to help clients think critically of products available to them and make decisions appropriate to their needs.

Case Study: The Benefits of AFE

Chitauli, a small village just three kilometres away from CMC's Biharara town branch is a classic example of how a product-led, results-oriented financial education campaign can produce surprising results.

CMC had introduced the mobile phone based 'Apna Saving Account' at the Chitauli centre more than two years ago but there were very few takers. Alimun was one of the early adopters but she rarely used it and when she lost her mobile phone she stopped using it completely. Other members of the Chitauli centre, after seeing Alimun's experiences, felt that they had no reasons to adopt the Apna savings product.

With the advent of the Alternate Financial Education campaign, Anil, the centre manager at Chitauli was given a suite of tools and methods to help him explain the complex realities of how his clients should and should not manage their money. The AFE campaign focused on clearly visualising the benefits of savings through techniques that included illustrated storytelling, visual learning activities, standardisation of messaging and carefully planned reinforcement activities to encourage a consistent behaviour of savings.

After three weeks of implementation of the AFE approach, twelve members in the centre enrolled for the Apna savings account, and once opened, they each continued a regular habit of depositing on a weekly basis.

Members of the centre began to discuss savings with a different attitude; they were able to identify for themselves the best possible uses of their savings accounts, they did not rely on their husbands or the centre manager to tell them the best uses, and they identified their own savings goals and spoke of these openly.

Why the push?

All the members in Chitauli knew they needed to save prior to implementation of the AFE campaign. They knew that savings would help them in old age, meet regular as well as unforeseen expenses, and provide financial security. However, seeing is believing and the only experience anyone had with the CMC savings products at their centre had a negative experience; knowledge that savings is important was simply not enough, and the clients at the Chitauli centre needed a motivational push to convert their knowledge into action.

The integrated approach of product marketing with visual storytelling and a simple pedagogical method provided the necessary impetus for change, and consistent reinforcement helped emphasise the importance of building a savings habit.

The more exposure that the clients of Chitauli centre had to the AFE approach the more likely they became to start saving regularly. Many of the clients at this centre felt that they might have opened their account on Anil's, centre manager's, assistance but just like Alimun they would not have used it over the long run. The AFE approach helped to ensure that they could clearly see the benefits of small savings and this helped to break their inertia.

The pathway and the destination

Chitauli village provides us with interesting insights about our approach towards product-led financial education. The client's journey from acquisition of product knowledge to product adoption and regular frequency of usage required different stages and degrees of reinforcement. The initial push to help spark the clients' interest was followed by regular reinforcement through clear and simple messaging as well as peer reinforcement and support. This has helped ensure that the clients at Chitauli have opened savings accounts, and that they have perpetuated a habit of depositing money at regular intervals. Furthermore, Chitauli clients have experienced a shift from a pessimistic outlook on savings to a positive attitude with goal-oriented savings habits for clients at the centre.



Figure 4: FGD at Chitauli Village

III. Key Findings: Limitations to the Success of the AFE Approach



Figure 5: Centre manager facilitating the AFE approach

Limited Ability to Create a ‘Culture Of AFE’

CMC was an eager partner in the implementation of the AFE tools and methods; however, they were understandably not able to make systemic changes to accommodate AFE implementation. CMC was able to dedicate senior and middle management staff for several days during the development phase of the AFE approach. Their input was critical to the contextualisation, preparation and ultimate successes of the AFE approach.

However, after this initial investment of human resources, there was little support or supervision for the AFE implementers, the centre managers during the pilot phase.

This affected the outcomes and successes of the AFE in several ways:

1. **Centre managers used the AFE tools and methods in relative isolation**, and they therefore did not have opportunities to reflect on the implementation of the activities. They did not debrief or ‘talk shop’ back at the branch office with other centre managers, primarily because no time was allotted for such activities.
2. **Credit remains the primary product at CMC** as credit is more incentivised than savings in terms of the types of commissions that centre managers make for selling CMC products.
3. **Clients’ motivation waned** in response to centre managers who defaulted back to lecture based methods. As motivation waned, frequency of deposits reduced, and in latter weeks of AFE implementation there was a greater regression towards the mean across all of the branches pilot and comparison.

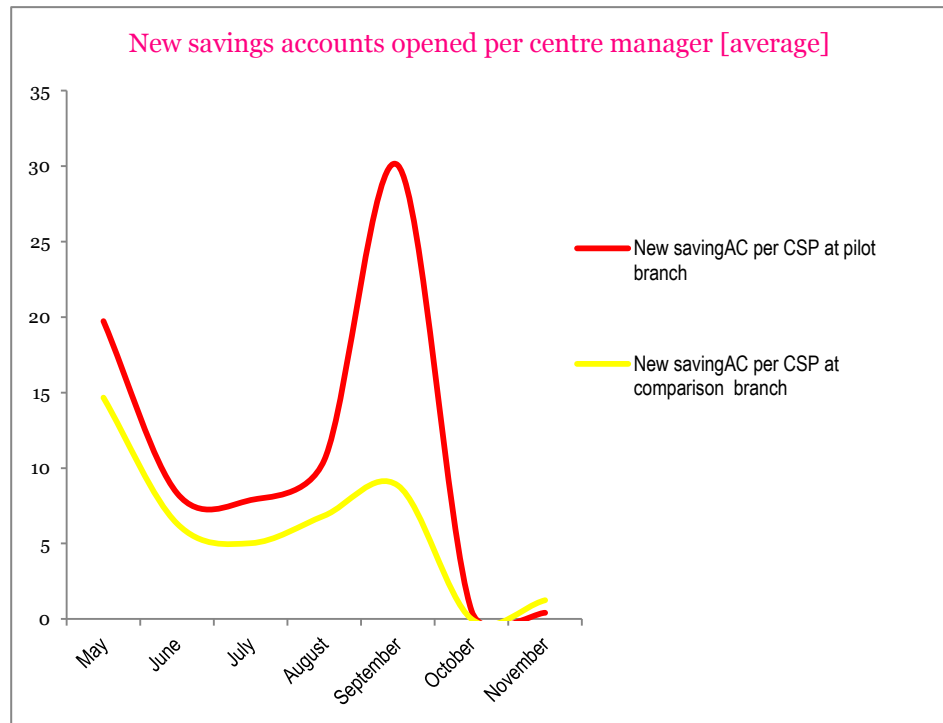
Limited Capacity Building for Staff

The AFE approach was developed with differentiated instruction methods in mind. The tools were accompanied with a facilitation guidebook that detailed a stepwise approach to each of the five phases and the activities within each phase. Centre managers received a one-week training in the implementation of the activities and phases at the onset of the AFE approach.

However, CMC could not incorporate the strategic plan for internal monitoring of implementation progress, nor senior managers could not devote adequate time to give and receive feedback to centre managers whom were the primary implementers of the AFE approach. Without basic monitoring of the approach, a clear feedback loop, or opportunities to share ideas with others, centre managers had a tendency to rely on lecture-style monologues rather than follow the differentiated facilitation methodologies presented in the facilitation guide of AFE.

AFE is Subject to Path Barriers

In October 2013 CMC withheld new enrolments for savings account for two months as they were revisiting their savings product strategy. Unfortunately, this corresponded with the final motivational push of the AFE approach to strongly encouraged CMC clients to uptake savings and pension products. The push did happen, and clients were eager to enrol in a savings product, but centre managers were at an impasse as they could not actually enrol CMC clients for savings products, and so no accounts were opened. As one centre manager described it: “we could not strike while the iron was hot”. Centre managers deferred and made excuses to clients⁹ for as long as they could, but eventually clients lost faith, lost motivation, and eventually they stopped asking to open a savings account; centre managers at that point simply stopped following up and considered the AFE implementation finished. Although making deposits was still possible for existing savings account holders, it is possible that this system failure affected their perception on the trustworthiness of CMC to house their savings. Nearly universally at both pilot and comparison branches deposit frequencies decreased during the months of October and November.



⁹ Some centre managers would tell clients that they had forgotten their phones, or that they had bad reception and couldn't get through.

Rotating Centre Managers during the AFE Implementation Had a Negative Impact

As per CMC's operational policy, in October, 2013 centre managers were rotated to branches outside of the pilot area and new centre managers, untrained in the AFE approach, were rotated into AFE pilot branches. Overall, the newly rotated, untrained centre managers had a difficult time taking over the AFE tools and methods when the approach was two-thirds of the way through its pilot execution.

Clients whom were accustomed to working with their regular centre manager (these are 12 month rotations) reported that they were not very comfortable with conducting savings transactions with a new face.¹⁰ The shift in personnel along with the factors described above resulted in a nearly universal decrease in the frequency of deposits in November 2013.

The trend of fewer deposits in November was consistent across all of the pilot branches; however, in three of the 5 pilot branches the remaining AFE trained staff continued to outperform and even saw increases in deposits during the month of November 2013. It is likely that had there been all trained staff at a pilot branches throughout the AFE implementation, the changes in institutional data may have continued on an upward or positive trend, as evident from individual performance of FE trained staff. Later in this section we discuss how the situation could have been different had these issues not been there.

Specific Tools Were Under Used or Not Used At All

As stated above, as the AFE approach progressed centre managers tended to revert to lectures rather than try to match the differentiated instruction methods detailed for in the facilitation guide of the AFE tools.

In addition, centre managers tended to avoid using the Site Seller tool altogether. A site seller is a basic sales tool to help communicate product features and basic details. However, when aggregated, the site seller was more than 30 pages with several sections corresponding to the different types of products offered. CMC staff found it difficult to use and slightly redundant to the main AFE tools. Because of the limited use of the site seller, many of the centre managers ranked the AFE tools' ability to generate sales lower than its other advantages (5/10).

In addition to the failure of the site seller, branches inconsistently used the competition board, or failed to use it at all. The board was developed to help maintain motivation levels of centre manager over the full implementation of the AFE approach. The board itself was a monthly information management display to publicly recognise the performance of each centre manager. Unfortunately, the competition board was not managed properly, and no other avenues were created to recognise or celebrate the efforts of the implementation team; as has been stated elsewhere this coincided with a lull in motivation from the centre managers, as there was an evident lack of appraisal or interest in their work on the AFE from their superiors.

Had There Been No Implementation Barriers

In the absence of the above path barriers that arose during the latter part of the AFE implementation, the changes in institutional data including the

¹⁰ As retold by centre managers during follow up interviews.

The implementation of AFE with CMC clients may not have yielded the best results due to implementation barriers but it surely indicates the direction for alternate financial education approaches. The client and centre managers have long suffered from training fatigue caused due to classroom or monologue approaches. They look for approaches that can engage them, create curiosity, and offer solutions that can be acted upon.

saving and pension account enrolment rate, and the rate of transactions may have continued on an upward or positive trend.

If there were no policy to not open new accounts, we estimate that difference in rate of account opening at pilot branches might have been more than 11%. Further if we estimate the difference in number of accounts opened at similar linear trends, there would have been in fact 15.4% more new accounts in pilot branches.

We further estimate that weren't the staff shifted, the deposit mobilisation would have continued to increase and the difference of savings between pilot of comparison branches could have been 40-50%. Shifting of staff and prevention of new accounts halted the growth train of pilot branches. The new CMs could not implement AFE as per the implementation guide and centre members were not very clear about CMC's strategy and enhanced KSA was set back to original trends.¹¹

Furthermore, because of these constraints the centre managers, who were the implementers of AFE, suffered a set-back. They could not continue discussions on AFE implementation with new staff amongst them. And thus a culture of AFE could not evolve.

The marked improvement in the knowledge of the clients who could not only recall the product features of financial products but could also choose between an unreliable saving source (such as saving in 'sandook' for old age) and a secured saving source (pension) would have consolidated further if the implementation was continued as planned.

¹¹ We did find some instances where CMC clients started using LIC and term deposits (long term saving) in the banks in vicinity. But these were sparse, however these clients mentioned contents of AFE as one of the reasons that led them to this action.

IV. Recommendations

AFE does Your Marketing for You

One critical benefit of the AFE approach was not only that it helped to advance the financial capabilities of the rural women that were part of the project; it was also an excellent marketing platform that ultimately helped to increase uptake and usage of both savings and pension products. The AFE approach made it easier for centre managers to discuss key savings and pension products with their clients, and in the end, this led to a direct increase in product uptake and usage.

Keys to Success:

1. **As a marketing tool, AFE approaches for your organisation should be product led** and should have standardised messaging that gives clear directives on how and why existing and potential clients should use your products and services.
2. **AFE approaches need to be creative** and ‘*alternative*’ in order to keep your client base and potential client base interested, inquisitive and motivated to use your products.
3. **Providing an appropriate product.** Some of the biggest barriers to uptake of the savings products were the fees and the fact that the products were tied to mobile phones that the target audience did not fully understand how to use. Many clients chose to use Sahara or competitor banks, simply because they had better product features, lower fees and higher interest rates.

Visual Learning is Exciting, At First; Differentiation is Critical

The majority of both clients and CMC staff found the visual learning aspect of the AFE approach exciting and motivating during the first several weeks of implementation. However, as the AFE approach progressed, curiosity diminished and CMC staff started to revert to their default lecture style of communication. Although the AFE approach planned for differentiated instruction methods to be employed, the facilitation guide was subject to discontinued use, and the majority of CMC staff simply used the visual tools as visual aids to their lectures.

It is recommended that implementers follow through with methods to consistently differentiate instructional inputs and methods. This will help to maintain the momentum, motivation and heightened sense of interest and inquisitiveness that were spurned in the first several weeks of the AFE approach.

Keys to success

1. **Create a learning environment;** daily debriefs that focus on tips, tricks, pros and cons of facilitation of the AFE tools will help ensure shared learning and application of best practices.
2. **Buy-in from senior staff is critical** to ensure that there is adequate supervision and support. When senior staff are more involved it shows the junior or implementing staff that the program is important and valued by the organisation.

“Clients looked forward to [the AFE] messages. They would ask: ‘what have you brought today?’ At times we were pushed to show [the tools]”.

-CMC Centre Manager



Figure 6: Centre manager facilitating the AFE approach

3. **Capacity building for implementing staff** before, during and after implementation will help ensure the AFE approach does not fizzle or turn into a one-off event. As staff develop and cultivate their skills in facilitation, social marketing, and communication of product knowledge, uptake and usage of products and services will continue with positive trends.



Figure 7: Sharing ideas! Two Cambodian NGO staff members share facilitation techniques and provide feedback to each other

Create a Culture of AFE and Allow Implementing Staff to Become the Champions of AFE

The pilot AFE implementation demonstrated that product-led AFE can be a powerful motivator for clients to acquire new knowledge and skills as well as act on those to make key decisions regarding their finances. The pilot also demonstrated how these positive outcomes can be adversely affected when implementing staff are not supported within their organisation, and when institutional barriers block access or usage of products and services.

Planning for and cultivating institutional support is critical to the on-going success of a product-led AFE approach. Management and senior staff should take a vested interest in the approach and help to maintain motivation levels and support systems for implementing staff. Monitoring systems both observational and MIS based should be put in place and operationalised.

In CMC's case, a shift in incentive towards selling of savings and pension products could have helped to bolster centre managers' sustained interest in savings product led AFE for their clients.

Investing in implementing staff's capacity to deliver product led educational approaches is equally as important. Trainings, workshops, daily debriefs and feedback loops are critical to sustain on-going learning and motivation for implementing staff.

Keys to success

1. **Generate interest from senior management and senior staff** that can be seen throughout the organisation from the top down to the implementing staff.
2. **Allow for bottom-up input and ownership of the AFE approach.** The implementing staff should have a sense of ownership over the tools and approaches taken to AFE, although senior staff should be a critical part of the feedback loop, allow implementing staff to make on the ground decisions and innovations to the methods, facilitation styles and implementation plans.
3. **Implementers need a community of practice**, meaning that they should be able to learn from each other both within their area of operation (in CMC's case at the branch level) and across multiple areas of operation (i.e. multiple branches). One idea for success could be to bring together implementers once a quarter for a community of practice learning event.

Annexes

I. Information on the organisations involved in the AFE pilot

Omidyar Network

Omidyar Network (ON) is a philanthropic investment firm dedicated to harnessing the power of markets to create opportunity for people to improve their lives. ON provides grants to non-profits and invests in innovative organisations that are advancing economic and social change. Established in 2004 by eBay founder Pierre Omidyar and his wife Pam, ON invests in and helps scale innovative organisations to catalyse economic and social change. Since inception ON has committed \$628 million (as of June 30, 2013) to for-profit companies and non-profit organisations that foster economic advancement and encourage individual participation across multiple initiatives, including entrepreneurship, financial inclusion, property rights, government transparency, consumer internet and mobile.

MicroSave

MicroSave is an international financial inclusion consulting firm that offers practical, market-led solutions to financial institutions and corporations focused on bringing value to the base of the pyramid. The market-led approach focuses on putting the customers at the centre of the business – thus gaining loyal customers, establishing more profitable organisations and ensuring greater developmental impact.

With 15 years of experience, 10 offices around the world, 100 staff, managing projects in ~ 40 developing countries *MicroSave* offers consulting services in the domain areas of Microfinance & Banking, Digital Financial Services, Micro, Small and Medium Enterprises Financing, Private Sector Development and Responsible Finance.

MicroSave works with investors, donors, financial institutions, private foundations, corporate businesses and regulators such as UN, IFC, and the Gates Foundation and rural or regional MFIs, banks, central banks, and MNOs to enable them to deliver the high quality, affordable financial services that are essential for sustainable and inclusive growth.

17 Triggers

17 Triggers is a non-traditional consulting firm: a cross between a development company, a marketing agency and design shop. 17 Triggers provides a variety of consulting services specialising in behaviour change communication, education, program design and social marketing all with a focus on good causes – health, education, microfinance, migration, environment, water sanitation and hygiene promotion and human rights. 17 Triggers has worked with governments, multinational foundations, non-for-profit organisations and the private sector. Whether it's triggering Cambodian farmers to triple their crop yields, Zambian children to finish school, or rural Indians to access health care with microinsurance, 17 Triggers helps projects become more effective.

CASHPOR Micro Credit (CMC)

CMC is a microfinance organisation providing and facilitating financial services to poor women in Uttar Pradesh and Bihar states in India. CMC is best known for providing credit via a group lending methodology, using weekly meetings at the village level for repayments. At the heart of the credit model is the 'centre manager' who essentially serves as the loan officer, conducting up to 5-6 repayment sessions each day.

Since 2010, CMC has been committed to providing savings, insurance, and pension products to existing CMC credit clients. The operational strategy has been to link to commercial banks and serve as an extension facilitator to help the commercial bank reach rural populations at scale. This is known in India as a Business Correspondent (BC) model. According to CMC's Annual Report, the organisation will earn up to 48% of their future revenue from serving as a Business Correspondent to larger commercial banks selling savings and pension products and services. CMC was very willing to experiment with how to deliver financial education as they saw this as critical to their business goals.

II. Research Approach to the Outcomes Assessment

Methodology

Primary research with both clients and front-line staff of CMC as well as CMC's user and institutional data were used as inputs for this outcomes assessment. Focus group discussions supported by the 'bamboo ladder' tool were conducted with the clients to understand how clients assess their financial behaviour. A similar exercise was conducted for the baseline study where the clients defined parameters for assessing financial behaviour and how they rated themselves against those parameters. The outcomes assessment was treated as a cohort study design where clients interviewed at baseline were revisited at the endline six months later, three months past the closure of the AFE intervention. Individual interview and focus group discussions were also conducted with the Centre Managers of CMC to understand their opinion on the effectiveness of the AFE tool used to promote CMC products to the clients.

Sample

The sample included both clients and staff of the five CMC branches in which the alternate financial education toolkit was piloted. The sample distribution is as below:

S. no.	Tool used	Total number of sessions	Total number of respondents
1	Bamboo Ladder (FGD)	8	120
2	Bamboo Ladder (Individual)	24	24
3	Staff Interview	5	16

Research Instruments

Bamboo Ladder

The Bamboo Ladder (BL) evolved from the Self-Anchoring Striving Scale (SAS) developed in the 1960s by Hadley Cantril, a Professor of Social Psychology at Princeton University. Used in more than 20 countries, the 10 point scale is a culture free means for assessing perceptions, concerns, and future aspirations.

The iteration of the BL used as the primary research instrument in this research acts as a culture-free barometer of perceived changes in wellbeing in relation to actual changes in socioeconomic status and behaviour.

The BL permits respondents to express their perceptions without imposing forced choices through Western style questionnaires while allowing comparisons over time. Respondents were asked to define, on the basis of their own assumptions, the top and bottom rungs on the picture of the ladder (anchoring points) which would represent the best and worst possible personal life conditions. Subsequently, respondents are asked to indicate on the ladder where they believe they stand now, where they think they stood six months ago, and where they expect to stand in six months hence in terms of savings, planning for old age, and overall financial well-being, in relation to their previously defined ladder anchoring points.

While individual ratings are subjective, coding schemes can provide an empirical basis for assessing the spectrum of values with which persons are presently concerned, their perceptions of their quality of life, and their progress toward a higher level of development. For example, are they moving from acceptance of present circumstances to an awakening of potentialities for realizing aspirations? If so, the Bamboo Ladder will assess progress made over time.

CMC Data

Institutional practice-level data was analysed for the following phenomenon:

1. Uptake of new savings and pension products 3 months retrospective to the onset of the AFE approach, during the 3 month implementation of the AFE approach, and 3 months post AFE implementation.
2. Frequency of deposits for savings and pension products 3 months retrospective to the onset of the AFE approach, during the 3 month implementation of the AFE approach, and 3 months post AFE implementation.
3. Amounts of deposits (in Rupees) for savings and pension products 3 months retrospective to the onset of the AFE approach, during the 3 month implementation of the AFE approach, and 3 months post AFE implementation.

III. Tool Brief

Phase-wise overview of AFE implementation		
Activities	Purpose	Timeline
Phase 1: Build the Problem and Spark Interest	The purpose of this phase is to get clients interested in savings and pensions as a product. In this phase, we showed clients compelling images to understand the importance of savings, pensions, and trustworthy savings.	4 weeks (4Centre Meetings)
Phase 2: Benefits of Banking with CMC	In Phase II, we provided solutions for the various problems from phase I. These solutions were those available to clients. Tools in this phase helped to rebuke common objections clients have to buying CMC products.	4 weeks (4 Centre Meetings)
Phase 3: Call to Action and Reinforcement of Concepts	By the time of this stage, clients had become excited about savings and pension products. Some had already opened these accounts or had started savings in dormant accounts. The tools in this phase built commitment in clients to open and/or use their accounts. It also motivated clients to talk about their experience with CMC and spread the word.	4 weeks (4 Centre Meetings)
Phase 4 : Monitor Progress	During this phase, CMC staff reviewed the progress of clients in terms of uptake and usage.	1 week (1 Centre Meeting)
Phase 5: Monitor Progress	During this phase, CMC staff reviewed the progress of clients in terms of uptake and usage.	1 week (1 Centre Meeting)

Examples of Phase 1 Tools

GALLERY WALK (A2 OR A3 posters passed around to clients during meetings)

Main objective: Clients will view and discuss the consequences of saving at the wrong place



Examples of Phase 2 Tools

VISUAL STORY TELLING (A2 OR A3 posters shown to clients during meetings)

Main objective: Clients will view and discuss savings and pension solutions



Examples of Phase 3 & 4/5 Tools

CALL TO ACTION (A2 or A3 posters facilitated by Centre Manager)

Main objective: Clients will view and discuss CMC products, services as the key



Examples of Accompanying Tools for Centre Managers

Site seller, competition board & facilitator's guide

Main objective: Assist centre managers to explain product details; MIS, transparency and motivation for centre managers



1. अपना बचत खाता वाकई में ही लचीला है! इसमें आप कभी भी पैसा को निकाल और डाल सकती हैं।
2. इसका प्रयोग अपने जरूरत के सामान को खरीदने में लगाएं जैसे बच्चों की फीस, रोज के घर का सामान
3. अगर कभी अचानक कोई बीमार पड़ जाए तो इसमें रखे पैसे बहुत काम देंगे

