

## **Plenary Panel Discussion: What's Actually Working? Latest Developments in Financial Education Impact Assessment**

### **Session Summary:**

The increased interest in financial education has made it even more critical to find effective ways to determine what is actually working. Experts from the education and non-profit sectors share the latest methodologies and tools being used to measure the effectiveness of financial education initiatives around the world, how indicators should be built into programmes, and any additional steps that should be taken to evaluate the social and economic benefits as well as the funder's return on investment.

### **Key takeaways:**

- There is as yet no consensus on how to effectively evaluate financial education programmes. We have some distance to go on this and the task is actually very difficult
- The impact of financial literacy courses alone is limited. The key to a programme's success is to empower those delivering and participating in the programme. People need to be able to use their knowledge.
- Participation at the community level in the evaluation process itself promotes collective learning.
- The key issue in designing impact assessment is to understand what participants actually know at the beginning of the evaluation process. The impact challenge is understanding the baseline, understanding what we want to achieve, and knowing that we are moving along the impact path.
- When people see the value of a financial education programme, it can become sustainable.
- Impact evaluation is long-term. Therefore, it is important to find "good" programmes that can last for the duration of the evaluation period.

### **Presentation synopsis:**

Moderated by **Brandee McHale, Director of Programs, Citi Foundation**

#### **Koi Noh Keng, Chair, Citi-NIE Financial Literacy Hub, National Institute of Education, Singapore**

Dr. Koi began her presentation by asking everyone to take out a SGD 5 bill from their wallet and look at the picture of the tree on the bill. She explained that she uses this exercise with students and then takes them on a "financial literacy trail" to search for that tree in Singapore. This type of "real experience" starts students thinking about financial education.

The Citi-NIE Financial Literacy Hub was started two years ago with a grant from the Citi Foundation. The purpose of the organisation is to 1) provide teacher training in financial literacy, 2) organise financial literacy-related events for students and 3) conduct research (which is ongoing through training and events).

NIE's research has shown that financial education courses alone don't work, so they do activities, such as the financial literacy carnival, to empower students and teachers. A school will host a carnival for students from many different schools. NIE trains students at the carnival, and the students then go and train other students at their own school. NIE has so far trained 1,340 teachers from over 100 schools in Singapore.

In terms of impact assessment, NIE conducts independent studies with students to explore attitudes, track perceptions and assess perceptions towards finance. NIE's questionnaire has been validated by independent professors from the U.S. and Australia to ensure validity and reliability. Results show that female students

scored higher than males in terms of understanding lessons taught in the financial literacy programmes. Two key items that students have learned through the programmes include 1) Budget – it's not a number or a thing, but a process to help you manage your life; 2) Spending and Saving – students originally saw saving as absolute (e.g. save gift money) but learned that saving is actually relative, and they should save all year long.

Financial literacy is an important life skill, and the concept grows with education. At the beginning of a class, students say they want to learn financial literacy from millionaires, but by the end, they say they want to learn it from teachers as part of their daily lives. For example, financial education is being incorporated into maths lessons in school, and it makes the lessons more interesting by applying a real-life element.

Results showed that students learned and enjoyed learning. It's important to start young – studies have shown that the right age to begin to introduce financial education is 9 years old.

Conclusion – In Singapore, there was initial resistance to the financial literacy programme, but once the recipients see the value added, the programme becomes sustainable. Schools can implement the programme on their own; therefore, it is not only sustainable but scalable as well. Sharing of best practices is key.

**Deborah Visser, Senior Program Manager, Success Measures, NeighborWorks America**

Ms. Visser explained that Success Measures is a social enterprise within NeighborWorks America, which was created by Congress in the 1970s and now has 240 affiliates. Success Measures was formed in 1998 to harness the power of technology to harmonise data with respect to assessing the impact of community programmes. Success Measures uses web-based technology to focus on the qualitative side of impact assessment, looking at attitudes and behaviours that influence outcome. Through “participatory outcome evaluation” and shared metrics, programme evaluations are done by the people actually doing the work, which promotes collective learning by triggering people's imaginations.

Ms. Visser described the “Asset Continuum Framework”, which is a mix of quantitative and qualitative measures that capture Individual/Family/Household Background Information, Individual/Family/Household Financial Status, Financial Behaviour, Financial Attitudes, Non-financial Characteristics, Informal and Communal Assets, Foreclosure Mitigation and Community Assets. The data collected from participants relative to these categories can be used to measure savings behaviours or sense of financial security, for example.

Success Measures has implemented their data system (SMDS) in over 220 NGOs and 20 foundations in the U.S. Key lessons learned by Success Measures include:

- 1) It is important to consider the cultural aspect in order to understand how people look at wealth accumulation and how change takes place at the community level. For example, it is not always true that people who rent a home vs. owning do not feel part of the local community. In some low-income places where most people are renters, there is a strong sense of local community.
- 2) NGOs and foundations use the web-based system to demonstrate how their programmes have resulted in change in the communities they serve and to better understand the impact of targeted investments. They also save resources by using SMDS, as opposed to custom evaluation.

Conclusion – When organisations begin to see the possibilities of how impact analysis data can be used to enhance their programmes, they become more empowered. The data is their own, and they can maintain it at a minimum cost.

**Monique Cohen, Founder-President, Microfinance Opportunities, US**

Microfinance Opportunities was established seven years ago with funding from the Citi Foundation. It serves a niche market which focuses on the end-users, designing and delivering financial products for people on the poverty line. They provide research in the design of projects and help people choose amongst financial options – they go where there is a need.

A key programme within Microfinance Opportunities focuses on training the trainers. The program was established three years ago, having reached 350,000 people to date.

The key questions they consider are

1) *What is the objective of the programme?*

Microfinance Opportunities has learned that the goals of organisations who serve very poor communities have shifted from teaching personal money management to teaching basic skills needed to engage in a formal financial system (i.e. opening a bank account vs. keeping money under a mattress). People who receive microfinance loans do not always understand the products, so education is needed here.

2) *How do you design an impact assessment*

There is no current agreement on this within the development community. However, general principals are as follows:

- Is the content appropriate for the target population?
- Does the training correspond to the learning capabilities?
- Does the training build on the population's financial literacy base?

A recurrent problem in impact assessment is that a pre-test may not actually show the true level of a participant's knowledge because people may think they know the answer to a question, but they only find out later (after financial education) that they did not know the answer beforehand. In addition, external factors may prevent people from benefiting from financial education.

It is important to understand where people are at the beginning of the process – understand the baseline. Microfinance Opportunities developed a simple index to assess levels of financial literacy in low income groups. Focus groups from Costa Rica, Pakistan, India and Cambodia were asked what they thought financial literacy means. Based on the outcome of the focus group research, three categories were created to help organisations establish a baseline:

- Current knowledge level (i.e. do they know how to use a bank?)
- Personal characteristics (i.e. are they inclined to save or spend?)
- Social relationships around money (are they self-sufficient or do they depend on social relationships around money?)

After years of experience in this area, Dr. Cohen confessed that she is still overwhelmed by the complexity of measuring financial education. An outcomes paper on the Bolivia and Sri Lanka research will come out in January.

Conclusion – Despite every good intention, impact analysis is difficult. Companies may not have the resources to evaluate their programmes, as they must focus on delivering the service. When choosing

organisations/programmes with whom to work, it is important to choose “good” programmes that will be sustained during the period of evaluation. The impact challenge is understanding the baseline, understanding what we want to achieve, and knowing that we are moving along the impact path.

#### **Session Q&A:**

##### ***Is there a growing frustration among men that they are eliminated from loans?***

- Dr. Koh mentioned that women are generally better at “SMS” (saving, managing, sharing).
- Dr. Cohen argued that the general view that most microfinance clients are women (e.g. like at Grameen Bank) is not true and that many programmes around the world target men.

##### ***What is the best time to implement assessments?***

- Dr. Koh mentioned that assessment is ongoing but depends on the target group and what is being measured.
- Ms. Visser explained that it is possible to start too early, but it’s hard to know when is too early. Some nascent organizations with whom Success Measures has worked use the tools as a means of getting from point A to point B. It depends on the motivation and willingness of an organisation to continue with “sustainable learning”.
- Dr. Cohen reiterated that you must start with a baseline, knowing what is being measured and how to measure it. You must then have an opportunity to exercise the learning.

##### ***How do you know if a programme is “good” or “bad” before the evaluation?***

- Dr. Cohen elaborated on her earlier statement regarding choosing good programmes and added that impact evaluation is long-term, so it is important to choose a programme that will be ongoing during the period of the impact assessment.