

# Financial Education at a Glance



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## Why Financial Education?

Families at all income levels share the same aspirations. They seek to put food on the table, educate their children, acquire a home of their own, and plan for the future. To be poor is to have these goals with little disposable income to spend on achieving them. To put aside even small amounts of money, poor people not only need to be careful spenders, but informed, skilled money managers as well. Giving them the tools and the power to do this is what financial education is all about.

The need for such tools grows more acute as the industry matures, accompanied by a proliferation of service providers and a diverse range of products. Responding to the life cycle and market pressures facing low income households, microfinance products now include credit for housing and education, current and long-term savings accounts, money transfers, and insurance. However, clients often do not understand these new options and may not use them to their advantage. To weigh alternatives and select the most appropriate products, clients need to understand how their features differ, how to calculate and compare their costs, and how to determine what they can afford.

Financial education is a win-win investment for both clients and financial service providers. By teaching good money management practices regarding earning, spending, saving, and borrowing, financial education enables poor people to better manage their resources, understand their financial options, and improve their wellbeing. For the microfinance institutions, the informed customer makes for a better bottom line.

## Financial Education for the Poor Project: from Poverty to Prosperity

With support from Citi Foundation, the *Financial Education for the Poor Project* has developed a financial education curriculum targeted at low income households in developing countries. The project leaders, Microfinance Opportunities and Freedom from Hunger, engaged seven organizations as partners in this process.<sup>1</sup>

<sup>1</sup>Pro Mujer (Bolivia), Teba Bank (South Africa), Al Amana (Morocco), Equity Building Society (Kenya), SEWA Bank (India), CARD Bank (the Philippines) and the Microfinance Centre (Poland).

Microfinance  
Opportunities  
*"Putting Clients First"*

Citi Foundation



## Financial Education for the Poor Curriculum

**Budgeting:**  
*Use Money Wisely*

**Debt Management:**  
*Handle with Care*

**Savings:** *You Can Do It!*

**Financial Negotiations:**  
*Communicate with  
Confidence*

**Bank Services:**  
*Know Your Options*

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They all started with market research to determine their clients' financial education priorities, designed curriculum informed by the market research data, and finally, pilot-tested it in several countries. Microfinance Opportunities and Freedom from Hunger used these findings to develop a field-based curriculum comprised of five distinct modules.

## Financial Education for the Poor Curriculum

For each of the five modules, the curriculum offers:

- A content note that provides a basic overview of the topic;
- A trainer's guide with step-by-step instructions for conducting each learning session in the module;
- A training of trainer's manual to prepare financial education trainers.

The Implementation Guidance gives Board and staff an overview to the financial education process, including technical information on market research, training adults, and measuring outcomes. Managers and trainers can use the various components of this guidance to adapt the materials to their clientele.

The curriculum components are outlined in the figure below.

## Looking to the Future:

In 2006, the *Financial Education for the Poor Project* completed publication of its core curriculum. The next phase is to disseminate it through regional and country workshops, and expand the global network of financial educators. The *Financial Education for the Poor Project* will develop additional curricula on new topics relevant to diverse market segments. Emerging themes include insurance, remittances, youth, consumer protection, and electronic banking.

## About the Organizations

**Microfinance Opportunities** was established in 2002 as a microenterprise resource center to promote customer-focused microfinance. [www.microfinanceopportunities.org](http://www.microfinanceopportunities.org)

**Freedom from Hunger**, founded in 1946, ensures that poor people have access to microfinance, health protection services, and life skills training to achieve food security for their families. [www.ffhresource.org](http://www.ffhresource.org)

**The Citi Foundation**, which makes grants in more than 85 countries around the world, focuses its funding primarily in three areas: financial education, educating the next generation, and building communities and entrepreneurs. [www.citigroupfoundation.com](http://www.citigroupfoundation.com)

### IMPLEMENTATION GUIDANCE

INTRODUCTION: THE RATIONALE FOR FINANCIAL EDUCATION

MARKET RESEARCH GUIDANCE

OUTCOMES GUIDANCE

ADAPTATION GUIDANCE

ADULT LEARNING PRINCIPLES AND CURRICULUM DESIGN FOR FINANCIAL EDUCATION

*Working Papers*

MARKET RESEARCH FOR FINANCIAL EDUCATION

ASSESSING THE OUTCOMES OF FINANCIAL EDUCATION

### TRAINERS' GUIDES

#### BUDGETING:

*Use Money Wisely*

Curriculum and Content Note

#### SAVINGS:

*You Can Do It!*

Curriculum and Content Note

#### DEBT MANAGEMENT:

*Handle with Care*

Curriculum and Content Note

#### BANK SERVICES:

*Know Your Options*

Curriculum and Content Note

#### FINANCIAL NEGOTIATIONS:

*Communicate with Confidence*

Curriculum and Content Note

### TRAINING OF TRAINERS MANUALS

#### BUDGETING:

*Use Money Wisely*

TOT Manual and Toolkit

#### SAVINGS:

*You Can Do It!*

TOT Manual and Toolkit

#### DEBT MANAGEMENT:

*Handle with Care*

TOT Manual and Toolkit

#### BANK SERVICES:

*Know Your Options*

TOT Manual and Toolkit

#### FINANCIAL NEGOTIATIONS:

*Communicate with Confidence*

TOT Manual and Toolkit

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[www.ffhresource.org](http://www.ffhresource.org)

### Global Financial Education Program

[www.globalfinancialeducation.org](http://www.globalfinancialeducation.org)