



PROYECTO CAPITAL'S FINANCIAL EDUCATION EXPERIENCES IN LATIN AMERICA

PROYECTO CAPITAL ¹

INTRODUCTION

In Latin America, the share of the population with access to financial services is still very small; mainly due to the lack of knowledge or information about these services and their availability. The groups of the population most excluded from the financial system are women, rural dwellers, and low income populations. When it comes to having a bank account in the formal financial system (FFS), the World Bank's Global Findex Database 2014 shows that in Latin America and the Caribbean (LAC) there are significant gaps between the above mentioned

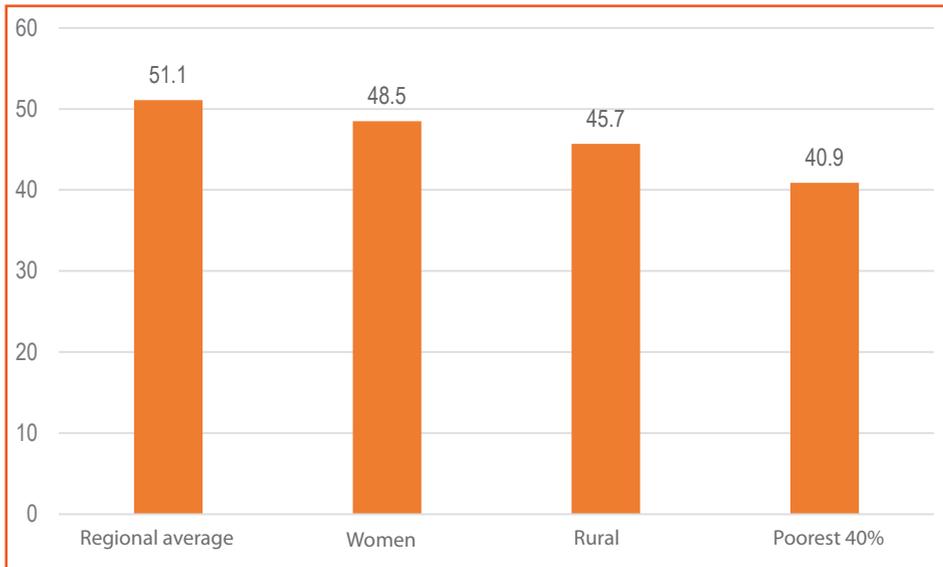
groups and the regional average (see Graph 1). On the other hand, even bigger gaps can be observed when comparing Latin America with the global-OCDE high income group regarding two important aspects: 1) people who *save* in a formal financial institution (FFI) and 2) people who *have* an account in the FFS (See Graph 2).

In this context, Proyecto Capital emerges as an initiative that supports the implementation of

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Graph 1

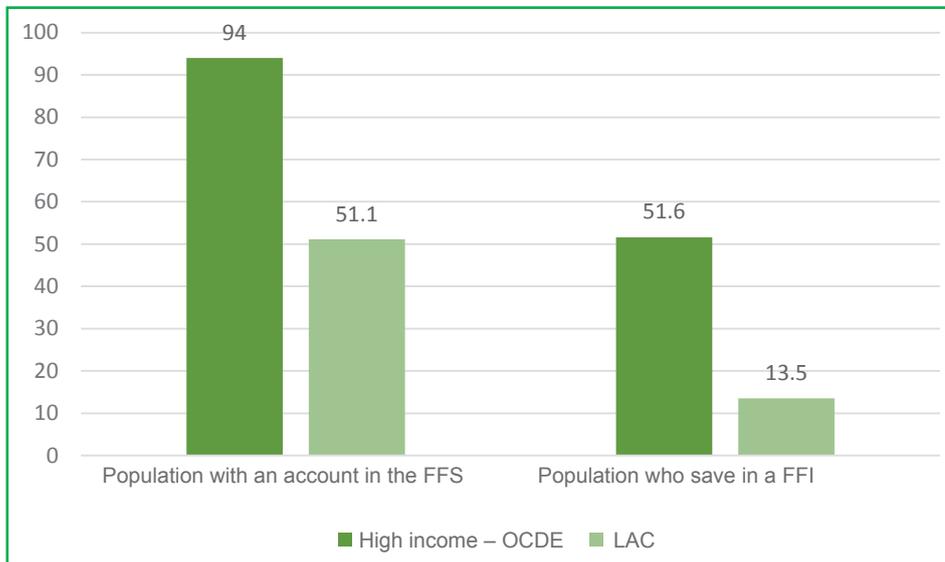
Percentage of the Population in Latin America with an Account in the FFS



Source: Prepared by the authors based on the Global Findex Database 2014

Graph 2

Percentage of the population part of the FFS





public policies in Latin America and the Caribbean² that link social protection with financial inclusion. This initiative aims at positioning financial inclusion as a tool for eradicating poverty by contributing to break the cycle of transmission of poverty. And, to achieve this, Proyecto Capital promotes the correct use of financial products and better management of available resources in order for the population to build assets and become less vulnerable to external shocks. In this sense, a key task for Proyecto Capital has been the design and implementation of a wide variety of financial education strategies that help promote financial inclusion within social protection policies in Latin America. Financial education programs carried out by Proyecto Capital focalize in populations in extreme poverty, especially in women users of CCT programs, taking into consideration the targeted population's livelihoods and each country's particular needs. The link with CCTs has been key when inserting the financial system into the users' everyday life.

In over seven years,³ Proyecto Capital has developed 17 financial education programs in 10 Latin American countries,⁴ linking each financial education program to social protection programs. The implementation of financial education programs has been possible thanks to alliances formed with governments, in order to actively incorporate political authorities and financial institutions' officials. Successful experiences have led

2 See Proyecto Capital's website: <http://goo.gl/Zw9Pv5>

3 Proyecto Capital begun operating in 2009 (see: <http://www.proyectocapital.org/en>).

4 Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Paraguay, Peru and Dominican Republic.

governments in various countries to include financial education components in their social programs. Such experiences have allowed to capitalize on valuable lessons that make visible the importance of promoting financial inclusion by working directly with excluded populations and at the same time with the sectors in charge of offering financial services. Both interventions, with the population and with financial institutions, aim to bring the financial system closer to the population as well to promote the use of financial products in order to reduce vulnerability among this groups of the population, ultimately stimulating development and wellbeing.

This *inshort* reviews Proyecto Capital's different financial education experiences in order to underscore their main achievements and gather the core lessons that derive from these experiences, after over seven years working in the promotion of financial inclusion of vulnerable populations. Likewise this document proposes new challenges and some guidelines that should be followed when developing and implementing public policies in order to continue and improve the process of mainstreaming financial inclusion among social protection policies targeting the most vulnerable populations in Latin America.

PROYECTO CAPITAL: PROMOTING FINANCIAL EDUCATION FOR FINANCIAL INCLUSION

Proyecto Capital articulates its interventions around two overarching objectives:

- 1) Promoting financial inclusion of vulnerable populations (mainly users of CCT programs).

- 2) Developing the targeted populations' financial skills, aiming at promoting the access and use of financial products.

It should be noted that in each case, the emphasis given to each of these objectives takes into account different factors such as the each country's particular context, regulatory environment, and availability, offer and opportunity of access to formal financial products.

What do we need in order to achieve this objectives?

- **Transform financial behavior.** Promote formal savings through opening of savings accounts and encourage the growth of the balances in such accounts.
- **Support the improvement of social programs users' socio-economic situation.** Aim at helping the targeted population develop an “exit”⁵ strategy from protection programs, through the lessons stemming from financial education programs.
- **Develop cost-efficient solutions,** through the promotion of programs that use mass media or new technologies and electronic devices such as tablets.
- **Improve the regulatory environment—in some countries.** Allow the use of simplified savings accounts, for example.
- **Have already existing social programs incorporate a financial education component.** This would allow social programs to incorporate contents and methodologies appropriate for their targeted population.
- **Promote the offer of financial services,** so that the population trained in financial education programs may find in the market financial products tailored to their specific needs.
- **Institutional alignment.** Align the financial inclusion message among the different entities involved in the experiences, mainly among the government and financial institutions, by articulating their responsibilities in order to carry out joint and efficient work.
- **Promote the participation of women as primary users.** Most of CCT users are poor rural women; and this is the population which Proyecto Capital has targeted when articulating its interventions for promoting financial education and financial inclusion.

On the basis of the above mentioned objectives, Proyecto Capital has implemented 17 financial education interventions in Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Paraguay, Peru, and the Dominican Republic (See Table I). When first developed, these initiatives drew from pilot experiences that had generated useful lessons for subsequent implementations of financial education initiatives of wider scope.

5 An “exit” strategy for populations using CCT programs is still under debate in many countries, as there is no consensus regarding which or how this strategy should look like in order to produce a sustainable impact.



Table I.
 Proyecto Capital's Financial Education Experiences by Country

COUNTRY	PROGRAM	GENERAL OBJECTIVES	METHODOLOGY
Bolivia	"Programa de Educación Financiera Bono Juana Azurduy" (Financial Inclusion Program Bono Juana Azurduy)	Motivate recipients to open an account in Banco Union and create awareness about the importance of savings.	- Motivational talks - Supporting videos
	"Ahorra Conmigo" (Save With Me) San Gabriel Radio	Generate good financial habits and promote the participation of different financial entities in the program.	- Radio, non-traditional advertisement
Brazil	LISTA	Develop a scalable and cost-efficient technological solution for developing skills.	- Virtual, with tablets
Chile	"Programa de Educación Financiera" (FOSIS) (Financial Education Program)	Train families and/or micro-entrepreneurs to improve their resource management skills.	- In-person workshops
Colombia	"Programa de Promoción de la Cultura del Ahorro" (PPCA) (Promotion of a Savings Culture Program)	Facilitate the access to financial services as a tool to break out from everyday poverty traps.	- In-person workshops
	Colombia LISTA	Design and develop financial education solutions by using information and communication technologies massively.	- Virtual, with tablets - Cell phones, as support
	"Cada Peso Cuenta" (Every Peso Counts)	Promote the access to formal financial services and a culture of insurance.	- Mass media (radio/TV) - In-person: plays, Movies in the Park.
Ecuador	"Ahorrando para el Buen Vivir" (Saving for a Good Living)	Promote financial inclusion of the Bono de Desarrollo Humano program's recipients, through the access to financial services, mainly savings.	- In person: talks and plays. - Mass media: radio shows (radio-dramas)
El Salvador	"Mujeres Ahorradoras" (Women Savers)	Complement the CCT program Comunidades Solidarias Rurales (Solidary Rural Communities) with financial education.	- In-person workshops
Guatemala	"Cinco Pláticas para una Vida Mejor" (Five Talks for a Better Life)	Increase financial inclusion of the poorest population, supporting women users of the program Mi Bono Seguro.	- In-person workshops
Paraguay	"Kakuaa-Tekoporã"	Promote excluded populations' access to the financial system as tool for improving resource management and facing risks successfully.	- In-person workshops - Informative talks. - Printed materials - Plays - Audio clips (radio)
Peru	"Cultura de Ahorro con Familias de JUNTOS" (Savings Culture with JUNTOS Families)	Help families that use JUNTOS to maximize their CCT through their insertion into the formal financial system.	- In-person workshops
	"Haku Wiñay"	Develop productive and entrepreneurial skills in extremely poor households.	- In-person workshops
	"Plataformas Tecnológicas Complementarias para la Inclusión Financiera" (Complementary Technological Platforms for Financial Inclusion)	Promote an assistance network for women users of JUNTOS, through POS technology in local businesses.	- In-person workshops
	"Agentes Multired JUNTOS" (Multired Agents JUNTOS)	Assess the effectiveness of correspondent agents for facilitating the delivery of JUNTOS' CCT.	- In-person workshops
	Innovations For Scaling Up Financial Education - ISFE	Contribute to develop financial skills among the adult low-income population in intentionally selected areas targeted by CCT programs in Peru and Colombia.	- In-person workshops - Mass media: radio shows, text messages, printed materials.
Dominican Republic	"Formación de Grupos de Ahorro" (Formation of Savings Groups)	Increase the population's quality of life through the improvement of the access to and use of financial services by forming savings and credit groups.	- Savings and loan training, takes place in the savings' group meetings.

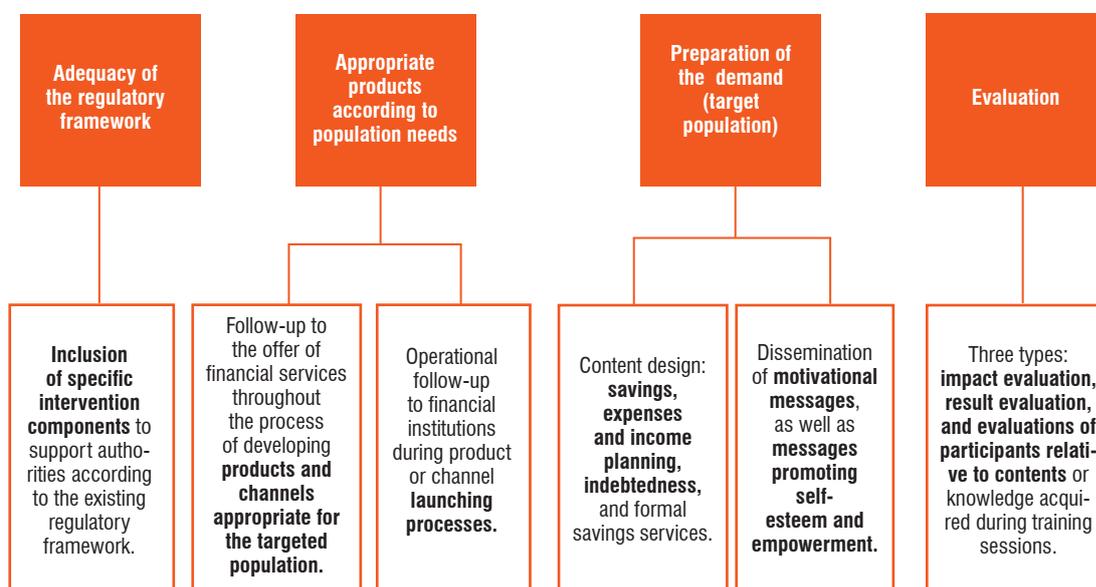
Source: Proyecto Capital

COMPONENTS IN PROYECTO CAPITAL'S FINANCIAL EDUCATION PROGRAMS

In order to achieve further financial inclusion linked to social programs, Proyecto Capital develops its financial education programs taking into account four basic components: 1) **adequacy of the regulatory framework,**

2) availability of products that suit the needs of the population, 3) preparation of the targeted population (or the financial system's demand) so that it possesses the skills required to use financial products and make informed financial decisions, and 4) evaluation (See Chart 1).

Chart 1:
Basic Components in Proyecto Capital's Programs



Source: Proyecto Capital

METHODS

All of Proyecto Capital's financial education programs use at least one of the following

methods according to their specific contexts and needs: in-person, dissemination through mass media, and virtual channels (See Chart 2).

Chart 2:
Forms of Training Used by Financial Education Programs



Source: Proyecto Capital



ACHIEVEMENTS AND LESSONS

After seven years implementing financial education programs, Proyecto Capital has trained 155,709 people, and 67,300 savings accounts have been opened. It should be noted that the main channel used to train these people is the **in-person method, with 153,709 people reached**; followed by **virtual channels, with 946 people** using tablets.⁶

Experimental impact evaluations were conducted in seven out of the 17 programs implemented in Latin America. Four of them show satisfactory results in terms of the transformation of informal savings into formal savings, acquired knowledge, and propensity to save.⁷ Some examples of these results are “Programa de Promoción de la Cultura del Ahorro” (PPCA) in Colombia, LISTA in Brazil, “Cultura de Ahorro con Familias de JUNTOS” in Peru, and “Ahorrando para el Buen Vivir” in Ecuador.

Some programs carried out their evaluations through **surveys**; such are the cases of El Salvador and Peru where positive results were obtained in terms of acquired knowledge, use of the financial system, and self-confidence.

Specifically, in the case of El Salvador, the percentage of savers in the program “**Mujeres Ahorradoras**” increased from **36.9 percent to 79.8 percent**; and by the end of the project, **40 percent of the participants were saving in the financial system**. In Peru, for example, through a qualitative analysis that employed **focus groups** with users of the “**Haku Wiñay**” program, it was possible to prove that these users had made considerable improvement regarding their financial knowledge and that their trust in the financial system had increased. In addition, as part of the program “Cultura de Ahorro con Familias de JUNTOS”, it was observed that the number of people with savings in a formal financial institution increased from **3 percent to 20 percent**⁸—well over the national average, **9 percent** (Findex 2011).

Another important achievement is that four of the implemented programs have already entered a scaling-up phase. This is the case of the “Programa de Educación Financiera” (FOSIS) in Chile, “Ahorrando para el Buen Vivir” in Ecuador, Haku Wiñay in Peru, and “Formación de Grupos de Ahorro” in the Dominican Republic.

Lessons

Relative to the actors that participate in financial education initiatives

- **Coordination and articulation among different actors is indispensable. It is crucial that the different actors be insti-**

6 Figures taken from *Caja de herramientas del Proyecto Capital en América Latina* (2015). We encourage to read the document at www.proyectocapital.org

7 The programs assessed with the impact evaluation were the “Programa de Promoción de la Cultura del Ahorro” (PPCA) in Colombia, LISTA in Brazil, “Cultura de Ahorro con Familias de JUNTOS” in Peru, “Ahorrando para el Buen Vivir” in Ecuador, “Programa de Educación Financiera”(FOSIS) in Chile, Colombia LISTA in Colombia, and “Agente Multired JUNTOS” in Peru. Only the four first programs had positive results, as the “Programa de Educación Financiera”(FOSIS) did not have significant results, Colombia LISTA was still underway, and “Agentes Multired JUNTOS” does not have any results yet.

8 Figure taken from Proyecto Capital's infographic “Camino a la inclusión financiera (2014). See: <http://goo.gl/WpLUlk>

tutionally committed and responsibilities clearly established since the beginning of the program, as well as the scope of each of the allies' participation, in order to avoid set-backs during the implementation phase.

- **It is advisable that, on the basis of the alliances already created by Proyecto Capital, governments are supported when carrying out public and private financial education programs.** This will help build policies that allow to solve shortfalls at all levels of the population.
- **Working jointly with CCT programs allows to take advantage their infrastructure and scope.** Proyecto Capital's financial education programs have focused on working with CCT programs in order to promote better management of resources that will in turn allow greater financial inclusion and contribute to users' overcoming poverty.
- **CCTs may also be presented to the users as an opportunity to save.** Continuing working with CCTs in order to avoid contradictory messages that promote these monetary transfers solely as a complement to the families' income that helps them not to fall deeper into poverty and become more vulnerable.

Relative to the design and implementation of financial education

- **When designing tools, it is important to carry out previous field work with the targeted population.** It can

include focus groups, semi-structured interviews or market studies.

- **It is necessary to adapt contents and materials to the specific characteristics of the targeted population.** When designing contents and models of intervention, education and illiteracy levels should be taken into account (as it tends to be particularly high in rural areas), as well as language diversity and cultural practices.
- **The three forms of training used by Proyecto Capital in its financial education programs work best if they complement each other.** A strategy that makes the most of in-person education, over a foundation of technological instruments that speed up the process, complemented by mass dissemination initiatives that effectively reach the targeted population contributes to boost the programs' regular outcomes.
- **Promoting an offer of financial services appropriate for the targeted population ensures higher and more effective savings.** Offering a savings account and providing financial education is not enough. Knowing the characteristics of the accounts and the information provided by financial institutions' officers are vital when ensuring effective savings.
- **It is always best to use a straightforward language that is appropriate for the targeted population.** This principle should be applied both in workshops as in other media, in order



to better disseminate the messages. In addition, theoretical-practical knowledge is key when reducing suspicion regarding the use of financial systems and strengthening the acquired concepts.

- **Ensure appropriate customer service from the part of operators in the financial system is key when generating greater trust during the first steps towards the financial system.** For many, this is first interaction with a financial entity, so a negative experience can have vicious effects.

Relative to financial education initiatives' evaluation components

- **It is necessary to conduct an impact evaluation in programs that have still not done so.** These evaluations allow to determine which education strategies are most effective in order to

achieve the set objectives and determine whether the tools employed have increased the levels of usage of formal financial services through a change in financial practices of the programs' participants.

- **It is important to disseminate outcomes and impacts.** Having concrete information about the program may help show a program's results, ultimately allowing its continuity.
- **The work relative to changing behaviors of the targeted population regarding of product usage and financial systems is still limited.** It is necessary to focus on the behavioral aspects related to financial topics as well as to aspects related to the perception of self-efficacy of the users, in order to boost change.



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Opportunities for inclusion in the financial system in Latin America and the Caribbean
A woman who saves changes lives

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