TOOLKIT: RESPONSIBLE CASH

Building the capacity of cash recipients

Designing digital and financial literacy trainings

What is this document about?	This document introduces digital and financial inclusion and contains useful guidance and resources explaining why it is important and how to design successful digital and financial inclusion trainings.

WFP World Food Programme

TOOLKIT: RESPONSIBLE CASH
Tips on how to design digital and financial literacy trainings

UNHCR The UN Refugee Agency

Why is (digital) financial literacy important?

- Financial **education leads** to higher levels of **financial literacy**, which can **enhance financial wellbeing in the long term**.
- Enabling meaningful access to and use of financial services, especially for disadvantaged and hard-to-reach populations, helps them **better cope with economic shocks.**
- Developing digital financial **capabilities amongst women can be particularly impactful** in attaining better outcomes for the entire household.
- **WHY DIGITAL? Digital** financial literacy is essential today because it combines money management skills with the ability to **safely and effectively use digital tools**, which are now key to accessing financial services and opportunities.

Inputs	Outputs	Financial Literacy / Capability Intermediate Outcomes		Financial Wellbeing Long Term Outcomes
Financial education	• Quality of training • Number of people trained	Knowledge, skills & attitudes	Behaviours and practices	• Increased savings; • Better debt management; • Effective use of banking services; • Forward financial planning, etc.

Source: Adapted from World Bank (2018) https://openknowledge.worldbank.org/server/api/core/bitstreams/cd5cca55-3ce1-574c-8770-32f5fbc9748d/content, p.4

Before you start creating your training content…

1…you need to **speak with the people you want to reach**, to **understand their needs, preferences and barriers**. Only then can you design training content and delivery in ways that match the **different needs of cash recipients in their diversity**.

Example probing questions are outlined below (see also **questions to assess payment preferences**). Another great tool to use for this exercise are **User Journeys**.

Digital literacy:
- Are you confident in using your mobile phone for cash out and other basic transactions? Are you confident to make transactions on your own or do you ask for help from others?
- Do you understand the purpose of a PIN for privacy and reducing fraud? Do you feel confident to memorise a PIN?
- Are you convinced the digital payment instrument is a safe place to store money and access it at any time? Specifically:
  - Do you understand that your money remains safe, even if you lose you mobile phone/bank card/PIN code?
  - Do you know that you can manage your money from your home and do not need to go to a branch/agent?
- Do you know who to call or talk to if you face a technical issue?

Financial literacy:
- Which financial products or services (savings, loans, insurance etc) are you currently using/are you aware of?
- Do you save money? How do you decide how much to save?
- What do you know about interest earned on savings?
- Can you identify safe and unsafe ways to borrow money?
- Do you know how to identify and avoid financial fraud or scams?

2…**map potential partners**, allies and stakeholders that can **assist in designing or delivering the trainings** e.g. local women's organisations/CSOs, NGOs, community leaders, UN clusters & cash working groups, government ministries, donors and private sector actors, such as **financial institutions and telecom operators**. **Contextualised training content may already exist**!

REMEMBER: Unfortunately, **access and usage of digital financial services is often not equal**. For example, **women often face higher barriers** due to low digital or financial literacy levels, limited mobility, lack of time or limited access to digital devices that may facilitate digital financial services. This means you **need to develop tailored solutions that also work for the most disadvantaged and hardest to reach**.

Tips on how to design digital and financial literacy trainings

What do we know about trainings that works?

Customization is key

- ✓ There is **no one-size-fits-all** approach. During training, allow **sufficient time for practice and repetition**.
- ✓ Use inclusive, jargon-free and simple language (in relevant local languages) as well as basic visuals.
- ✓ **Training may be required for carers or people of trust too** (e.g. for persons with disabilities or the elderly).

Peer learning and role models

- ✓ **Learning through peers, role models, and mentors**, especially from within the community, is crucial for increasing financial knowledge, [financial confidence], and usage, especially among women (e.g. [community champions] model).
- ✓ Ensure buy-in and support from the community and other members in household (e.g. through [male champions]).

Ensure training is adapted to male and female

- ✓ Dedicate resources to **hire female trainers** and ensure all trainers have a grasp of gender-sensitive approaches
- ✓ Avoid reinforcing harmful stereotypes in training material.
- ✓ **Encourage equal participation** in sessions that involve both male and female participants.
- ✓ Include **scenarios in which women take active roles** in financial management and decision making.

Learning in small chunks in teachable moments

- ✓ **Bite-sized learning modules**, tied to real-life behaviours and products, lead to higher knowledge retention.
- ✓ Programmes should focus on practical, **hands-on experiences** to ensure understanding & knowledge retention.
- ✓ **Identify optimum timings** for trainings to **not overburden people** (especially women), be conscious how trainings may best fit their schedule.

Informal and innovative learning

- ✓ Leverage **community radios, SMS nudges, and voice notes** to make financial education more accessible and engaging.
- ✓ Consider house visits and flexible formats to help include people who may otherwise have difficulty participating.
- ✓ Youth training of elders has also often proved successful.

Meaningful measurement

- ✓ Measuring the number of people who participated to a training is not enough.
- ✓ **Assess short-term and intermediate outcomes**, incl. changes in financial knowledge, skills, attitudes and behaviours.
- ✓ Collect data through various methods (interactive voice response, phone interviews, surveys etc).

Further information can be found here: Making Digital Financial Capability Programs Work for Women - Center for Financial Inclusion

Explore existing resources before creating your own training from scratch:

Explore the Tools for different modalities

Check useful external online resources:

Alliance for Financial Inclusion (AFI) Quick help – check the Repository of virtual financial literacy/education tools to see if anything exists for your country/local language.

Last Mile Money/IDEO – Financial Confidence Playbook *[EN]*

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[Note: Available in multiple languages & editable; specifically tailored to women]

- Hey Sister!
- Her Business, Her Future
- Oye Amiga
- Hey Sister! E-Zwich – *Ghana specific*
- Jordan Digital Financial Literacy Training

GSMA - Mobile Internet Skills Training Toolkit

[Note: Available in multiple languages & editable]

- Guidance for Trainers
- Mobile Money
- Accessibility Features (for users with disabilities)
- Avoid Scams Online

UNCDF: Digital & Financial Literacy Toolkit for Youth, Smallholder Farmers & Refugees *(EN)*

Financial Literacy Training Toolkit for Refugees *(EN)*

Explore the responsiblepayments.org website and Digital Payments Guidelines from the Better than Cash Alliance for further resources!

Examples of digital and financial literacy trainings

Need some inspiration? Here are a few examples

EXAMPLE 1: Scaling digital skills and financial literacy trainings in Somalia

- WFP adapted GSMA's Mobile Internet Skills Training Toolkit (MISTT) in Somalia, training **160,000 women with local partners and financial service providers** Hormuud and Telesom.
- The MISTT, a **free resource teaching mobile and internet basics**, includes mobile money training and facilitator tips. It uses a 'train the trainer' approach and consists of short lessons in a PDF format that can be adapted to local needs and languages.
- WFP recommended adding financial literacy and "Do No Harm" principles to Hormuud and Telesom's staff training. Similar programs in other countries, like Bangladesh, incentivized trainers and users through rewards.

Learn more about the project: Enhancing women's financial resilience through mobile money: Somalia

EXAMPLE 2: Increasing women's access to and usage of digital financial services in Uganda & Ghana

- In Uganda and Ghana, efforts to boost women's confidence in using digital financial services included **bite-sized audio lessons in local languages**, accessible through mobile phones (via USSD or interactive-voice response) or broadcasts of recordings in public places for those without their own phones.
- The lessons, part of the "Hey Sister, Show Me the Mobile Money" series, follow four women learning to use mobile money safely for everyday tasks like sending money, paying bills, and managing finances - the friends increase their skills and learn how to protect themselves from scams.
- **Available in 16 languages**, the series also enables anyone with a mobile phone and a passion for women's rights to **become a trainer using a facilitator's guide**.

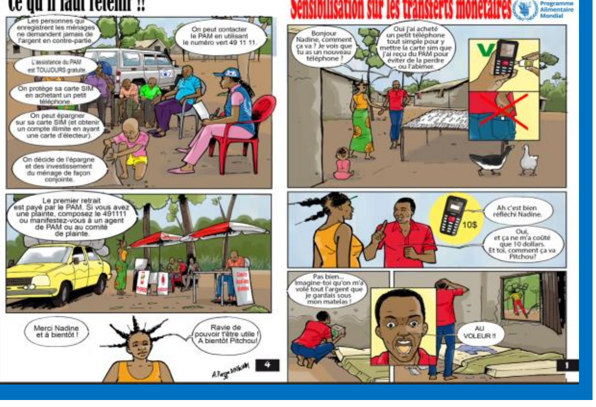
Learn more about the projects: Uganda: How can access to and usage of digital financial services increase women's financial independence? and Teaming up with the government to boost women's usage of digital financial accounts in Ghana

EXAMPLE 3: Trainings via female champions and comic books in the Democratic Republic of Congo

In the DRC, WFP partnered with Vodacom to strengthen mobile money capabilities through:

- Mass sensitization through radio/theatre/cartoon campaigns to educate 14,000 households on MPESA use and fraud prevention.
- Female **community champions**: Training 120 mobile money users to teach their communities.
- Support to **Savings Groups**: Capacity-building for members of 20 Village Savings and Loan Associations (VSLAs) via 10 trained facilitators.

Here are the resources from the DRC.



Haven't found what you were looking for? Explore this link **Here** to access the repository with AFI resources.

TOOLKIT: RESPONSIBLE CASH

Introduction to formal financial services

What is this document about?

When payment recipients understand the benefits of formal financial service, it builds their trust and encourages them to use these tools for managing their finances.

Key messages to convey

What are examples of formal financial institutions?

- Commercial banks/ credit unions;
- (Deposit-taking) Microfinance institutions (MFIs);
- Mobile money operators/ Mobile wallet providers.

- **Some institutions are more regulated** than others. For example, banks are usually **overseen by a Central Bank** that checks on banks to make sure that your money is safe with them and regulates costs (fees and charges).
- Formal financial services offer **more transparent pricing** and while fees and interest rates can vary widely, they are **often still lower than informal ones**.
- An example for **informal/unregulated financial services** are **Savings Groups** where members meet to make contributions.

Why do we need formal financial institutions?

- Financial institutions can help us to make and receive payments in a **safe and secure manner**.
- With most of them, we can also **store money safely** (e.g. for savings) and **conduct other financial transactions** (loans/credit, wire transfers)
  - Remittance companies or post offices only handle the **transfer of funds**, including internationally, but they **cannot hold deposits or help you to save**.

Why should you open an account?

- Opening an account with a financial service provider - like a bank or mobile wallet provider - offers many advantages. You can use your account to save money or track your income and expenses.
- Having your own account will create your own transaction history that is recognised by other financial institutions and can help you gain access to credit.

Explain: As a client of a formal financial institution, you have RIGHTS:

✓ **You have the right to place a complaint and to receive a response from the institution**. The institution has to **treat you with respect** and minimise the time it takes to serve you.

✓ **You have a right to information about the services, products and about all the fees/charges**. If the financial institution is not following the contract or doesn't inform you properly you have the right to complain/remediation.

✓ **A lender should not force you to borrow.**

✓ You should be **able to access your savings whenever you need them**. However, money on certain savings accounts can only be accessed after a certain period, as mentioned in the contract you will sign with the financial institution.

✓ The **information you provide to a financial institution should be kept confidential** in line with the laws of the country. They can only share your information with someone else if you agree to it.

✓ No **financial institution is allowed to ask you for a bribe.**

Tips for trainers: Many payment recipients are **not very familiar with formal financial services**. It is likely that the cash assistance your organisation provides to them is **their first engagement with the service provider** you chose to partner with or the first time they use a particular **payment instrument**.

Before selecting a financial service provider, you should always assess people's preferences and needs (e.g. through User Journey or interviews) and compare the provider's prices for individual transactions.

Savings

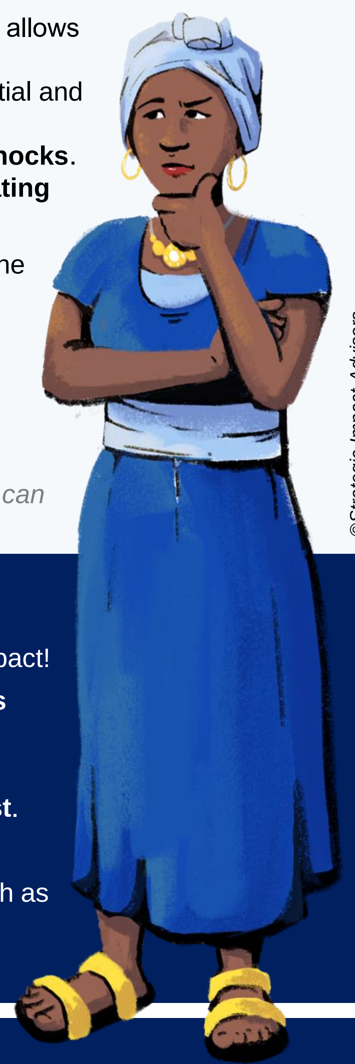
What is this document about?

- **Planned and regular savings,** no matter how small, **can bring about a positive impact** when facing emergencies like sickness or accidents or when planning to invest in income-generating assets.
- This document aims to help cash recipients **understand the value of savings** and to learn how to make strategic decisions on **how much and where to save.**

Key messages to convey

- **What are savings?**
  - Savings means "***putting money aside to meet future needs***". Saving allows some of the income we get to be held in a safe place for the future.
  - Savings are **what is left over from your earnings** after all your essential and non-essential expenses are paid.
  - Saving helps plan **future expenditures** and **offers protection from shocks**.
  - Savings are also important when planning to **invest in income-generating activities** and grow businesses to build your wealth.
- However, many **payment recipients feel that it is difficult to save money**. The reasons mentioned often include:
  - Do not have any enough money to save (no regular income, no money left over, too much debt)
  - Emergencies and unexpected expenses in the family or community
  - Theft
  - Failure to plan/not knowing how to plan.

For more information why women may save differently and what tailored solutions can reduce barriers, check this tool by Women's World Banking (p.5-6, 10, 15-18).



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How can we save with limited income?

- ✓ Start by saving a small amount - even small increments can have a positive impact!
- ✓ Most successful savings are **planned and regular**: A **savings goal or savings plan** helps decide how much money to put aside and to stay motivated.
- ✓ Savings should be kept **safe and secured** from **both ourselves and external factors**. When possible, choose a savings account that will accumulate **interest**.
- ✓ **The earlier we start saving, the better.**
- ✓ It is good practice to have an '**emergency fund'**, for unforeseen expenses, such as due to illness, accidents, unemployment, robbery, drought, funerals etc.

Source: Adapted from Strategic Impact Advisors https://www.siaedge.com/herbusiness-herfuture p.16

Where to save?

- The **safest way to save money is through formal financial services recognised by law** like a bank account, microfinance institution, in a mobile wallet. Having an account, allows you to create a transaction history that can give you access to credit.
- You can also save through Savings Groups if you prefer to save as a group.
- Saving in **digital form by utilizing technology**, such as your phone, a bankcard or digital platform, can be easy, convenient and safer.

REMEMBER: Choosing where to save depends on people's **savings goals**, the value they see in keeping money or the amount of interest. Check IDEO's Financial Playbook to build people's confidence on saving.

How to differentiate essential vs non-essential expenses? Explain:

NEEDS are something you **must have**, like food or rent for your home or business. They are required for your physical and mental wellness.
NEEDS are essential.

WANTS are something you **wish to have**, like an additional set of clothes or paint for your store. They are purchases that are not required to survive, but you'd like to make them.
WANTS are non-essential.

Adapted from Strategic Impact Advisors https://www.siaedge.com/herbusiness-herfuture p.14

Tips for developing a savings goal/plan:

- **Know the PURPOSE you want to save for** – for example, you can say, "I plan to save $50 to buy a calf."
- **Know WHEN you want to reach your savings goal** – for example, you can say, "I plan to save $9 every month for 6 months to buy the calf."
- **Decide on ACTION - what you will do** – for example, you can say, "I plan to open a savings programme at the Savings Group and deposit $9 every last Saturday of the month."
- **COMPARE different savings options available to you** – for example, analyse whether you can get interest when you save in a bank or whether it makes sense to save together as a group.

Stay motivated by remembering WHY you save…

… and stick to your savings plan

Here are some key interactive external learning resources that you may find helpful in explaining key concepts related to Savings:

Hey Sister Lessons

Lesson 15: How much should I save?

Lesson 16: Where should I save?

Oye Amiga Lessons

Lesson 8: Where should I save?

Lesson 9: How much should I save?

Budgeting

What is this document about?

- Budgeting is an important **process to manage financial resources available to a household.** No matter how small the in-and outflows may be, **planning can help avoid unexpected money shortages and reduce financial stress.**
- This document aims to help payment recipients **become familiar with the process of budgeting and build their own budget.**

Key messages to convey

- A budget is a **summary of estimated income and expenses – it helps you decide where your money should go**. Budgeting can help you keep track both your personal and business finances
- Building a budget can be done each month, but also weekly or even yearly, to help you meet short and long-term financial goals.
- Budgeting is **a joint exercise**, to which the **entire household should contribute**.
- Creating a budget is easy – it **involves 3 steps**:
    1. Estimate expected income over an average week or month.
    2. Estimate expenses over the same period of time.
    3. Estimate the amount expected to be saved over the same period of time.
- When budgeting, it is useful to set **financial goals**.

To explain the concept of a budget, it is often easiest to write down examples. This is best done by asking people about their typical household expenses and income over a week or month.

Let's build our own budget!

Start with a few prompting questions and ask people to write down the answers in a simple table:

- What are the typical household expenses incurred by your household/business over a week/month?
- What are the typical sources of income that help you meet the expenses of your household/business?
- What happens in the case of a surplus or deficit?
- How can a budget help you save money?

Household budget of Mrs. XXX	
Sources of income	**Amount (weekly)**
Wages/salary from casual labour/employment	
Small business income	
Farming activities	
Cash stipend etc.	
Total income	
Expenses	**Amount (weekly)**
Food	
Health	
Transportation	
Savings	
…	
Total expenses	
Total surplus/deficit	

Ask participants to **try to ensure that expenses are within your income.**

If your **expenses are more than your income,** you either have to:

- cut down on expenses
- increase your income

Need some budget templates? Visit this link to download various free Google Sheets budgeting templates.

Payment recipients may say that they do not have enough money to make use of budgeting. **Explain: Even small improvements in personal financial management can have a positive impact** by developing a better understanding of household needs, planning inflows and outflows of cash to avoid unexpected money shortages and reducing financial stress.

Credit and debt management

What is this document about?

- Becoming familiar with credit, the terms of loans, interest, and how credit can be used in business **helps people make more informed financial decisions**.
- While **increased access to finance/credit brings about many opportunities for better financial inclusion and access to productive assets**, it may also increase the risk of households falling into a **debt trap.**

Key messages to convey

- **Credit** means **someone loans/lends you money** – for example, a formal financial service provider or through informal credit – such as from family and people from the community**. Credit allows you to access items you need to grow your business.**
  - Borrowing money from someone/an institution or buying things on credit is called a **loan**.
  - Borrowing money is usually only possible for a **certain period of time. After this, the debt must be repaid.**
  - Most loans must be secured with **collateral**. Collateral is something you own (e.g. a piece of land, a house, a car, livestock) and which the lender can take if you fail to pay back the loan/debt.
- **Debt** is the **amount you owe/borrowed** and must pay back with **interest and all fees**. **Debt management** is about making sure that **you can repay what you owe in full.**
  - **Interest** is the **cost of borrowing** someone else's money. **The higher the percentage (or rate), the more money you need** to buy something on credit.
- **The main advantage of using credit** is that it lets you buy something – a piece of land, livestock, equipment for business – **without having to pay for it all at once.** You should always **make the money you borrowed productive** (i.e. income-generating/productive assets) to be able to pay your loan.

Before borrowing money..

- … **make sure you understand who the lender (e.g. bank) is and how they will use your data.** *This is particularly important for online lenders, who may be scammers or misuse personal data.*
- … ensure the lender explains the **terms of the loan:**
  - Interest rate and fees
  - Repayment period and frequency
  - Payment amounts and due dates
  - Total repayment *[amount you borrowed + interest + any other fees/charges]*
  - Penalty fees
  - Special conditions
- It is the responsibility of the lender/bank to inform you. If they do not, ask for it.
- **Read the documents carefully.** You may **ask someone you trust** to support you.

Only borrow if you fully understand the terms and conditions!

Additional resources for trainers:

Here are more resources explaining how credit can help grow businesses. Have a look at this video and these existing resources to develop your training content:

- **Her Business, Her Future** by Strategic Impact Advisors
- **Financial Playbook to build people's confidence on credit** by IDEO
- **Toolkit: Using Digital Solutions to Address Barriers to Female Entrepreneurship** developed by the World Bank

Use stories to explain over-indebtedness:

Note to trainer: The aim of the stories is to explain the importance of debt management. They can either be acted out (by facilitators or participants) or simply read out loud depending on what's feasible. You may change the name of the character to suit your cultural context.

Farida's Story – Debt with traders/merchants

Farida is a mother of two, living in a refugee camp. She gets food assistance from WFP and in-kind support from UNHCR every month. Sometimes, she earns money by doing cash-for-work activities or making traditional incense to sell. One day, Farida's youngest child got sick. She sold some of her food assistance at the market to buy medicine. The medicine worked, but now she didn't have enough food.

She asked a local trader for food on credit, promising to repay him with her next food assistance. The trader agreed but charged 10% interest. Farida had no choice but to accept.

The next month, she repaid the trader, but paying the interest left her with less food than before. Soon, she ran out again and had to borrow more food. Each time, she paid back with interest and ended up with less food. Farida found herself stuck, unable to get ahead and feed her family properly.

Yasmina's Story – Debt with microfinance organisation

Khadija and Yasmina are good friends living in a rural village. They both farm small plots of land, but each year their harvest gets smaller. Khadija decides to borrow money from a microfinance organization to start a business selling home-cooked meals. Yasmina encourages her and agrees it's a great idea. Khadija gets the loan by using her farming tools and some savings as collateral. Her business does well, and she keeps up with her repayments. Soon, she even saves enough to buy a TV. Yasmina and her children often visit Khadija's house to watch TV.

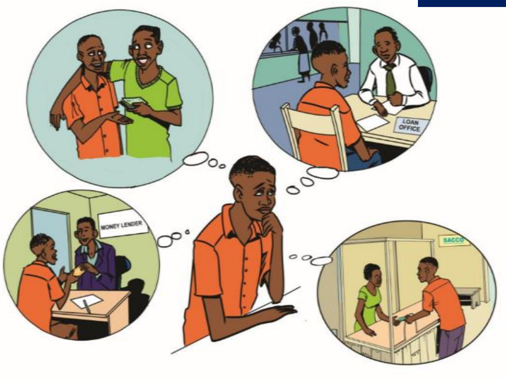
Over time, Yasmina wants a TV of her own. She decides to take a loan from the same microfinance institution, using her gold wedding ring—the only memory of her late husband—as collateral.

Yasmina buys the TV, but when the loan officer comes for repayment, she has no money because her harvest was poor. The officer tells her the microfinance institution will keep her gold ring since she cannot repay the loan.

Prompting questions: What was the story about? What are your personal ways to avoid over-indebtedness? What tips would you give others? *Give a few participants a chance to share their thoughts.*

KEY THINGS TO REMEMBER:

- ✓ **It is easy to get into debt but hard to get out.** If you borrow money, plan carefully how you will use your loan and how you will pay it back – and stick to your plans and **do not rush into borrowing**.
- ✓ **Debt is costly**. When payments are missed, the loan costs grow even higher. Loan fees on late payments can increase the amount of money you owe and can lead to **over-indebtedness.**
- ✓ Always use borrowed money for the purpose you borrowed it. **Avoid borrowing to pay off another debt.**
- ✓ **Don't borrow because others are borrowing.** It is not wise to take a loan just because other people around you are doing so. Ask yourself if you really need the loan. Mostly, it is better to save than to take a loan. **Take a loan only as a last resort.**



Click to access more useful content on [debt management from IDEO's Financial Confidence Playbook]!