

# ChildFinance Access Working Group Meeting Outcomes and Key Conclusions

September 27, 2010

Washington, D.C.



ChildFinance



YouthFinance

# ChildFinance Access Working Group Meeting

## What is ChildFinance

“The creation and strengthening of systems, structures and policies which provide children with choices, informs them of their rights, instills in them values, empowers them to make sound financial decisions, build their assets and invest in their own futures”

ChildFinance is a concept born from the experiences of organizations promoting financial education and financial access to children and youth across the world. ChildFinance stresses the importance of early financial education of a high standard supported by a financial system which promotes access to safe and fair financial products and services for children and youth.

## Working Groups

In June 2010, experts from across the globe, representing the financial sector, government, multilaterals and bilaterals, children’s rights organizations, academia and the corporate sector came together to lay down the foundations for a movement for ChildFinance. Together, they set the initial strategic framework based on shared experiences and expertise. The meeting resulted in the creation of thematic working groups, tasked with further refining the strategic elements for the wider ChildFinance movement.

These working groups include:

- The Access working group which focuses on the products and services which can be offered to children.
- The Regulation/Policy working group which explores the regulatory aspects that can support ChildFinance.
- The Education working group, focused on creating and integrated and unified approach to social and financial education
- The Research working group made up of academics whose work is focused around the different elements of ChildFinance
- The Media working group which seeks to build awareness around the topic of ChildFinance
- The Strategy working group which is dedicated to creating the governance structure for the ChildFinance movement

## ChildFinance Access Working Group

The access working group is made up of experts from the financial sector as well as practitioners from various NGO’s dealing (or potentially dealing) directly with this issue. Access to financial products and services is a key building block of ChildFinance as it will help children take ownership of their assets and therefore their future. Access is a necessary complement of education as it links financial education (lessons) with financial services (tools). A central contributor to the group will be the insights and examples of what is working/not working throughout the various regions of the world.

## ChildFinance Access Working Group Meeting 27 September, 2010- CGAP, Washington D.C.

Meeting Attendees:

Jeroo Billimoria- ChildFinance, Scott Graham-Finca, Clemens Hollerer- Erste Bank, Dan Iannicola-FLG, Juan Carlos Izaguirre- World Bank, Tenaya Kilara-CGAP, Chicako Kuno-Finca, Rathi Mani-Making Cents, Jesse Marsden- Microcredit Summit Campaign, Emilio Martin More-BBVA, Margaret Miller-CGAP, Jared Penner-ChildFinance, Sabrina Quaraishi- Grameen Foundation, Rossana Ramirez-FFH, Gema Sacristan- IDB, Emy Santos-NATCCO, Ben Shell-WWB, Nisha Singh- SEEP, Bram van Eijk- ChildFinance, Elke Verhoeks- PLAN Netherlands, Jamie Zimmerman- New America Foundation.

Members not present but having provided feedback:

Fleur de Vries- Opportunity International, David Grace-WOCCU, Ranjith Hettiarachchi- AACCU, Anne-Françoise Lefèvre- WSBI, Lloyd McCormick- ChildFund,

## Meeting Objectives

- Feedback and revision of the access working group document that highlights and is built upon the work already done by group members.
- Revision of the terms of reference for the Access working group
- Discussion and modification of the product prototypes
- Examining the merits of a certification process
- Next steps for the working group

## Key Decisions and Outcomes

### Terms of reference for group

The terms of reference for the group were discussed and it was decided that the mandate for the Access working group should be broader, but that in the short term the focus will be exclusively focused on the topic of savings/current accounts. The focus of the group shall be as follows, from short to long term.

1. Targeting of savings/current account
2. Availability of credit
3. Insurance
4. Payment systems (remittances, etc)

### General feedback on the minimum standards

The working group members examined the minimum standards put forth by the regulation working group and provided some general thoughts on minimum standards as well as offering revisions. The group does not expect Financial Service Providers (FSP) to offer services to all market segments immediately, as existing technology/access is not robust enough to gain entry to all areas. It was generally agreed upon that the minimum standards should not be so strict that they by their very nature exclude any FSPs that are adhering to the values of the childfinance movement.

### Revision of minimum standards

The working group agreed that a preamble should be offered in the standards that acknowledge that this is a new market segment but that special protections need to be built in due to the vulnerable nature of the proposed clientele.

### Core Principles of Financial products

1. Proactive access of services/products to all children ensuring that all the products have some sort of light regulation
2. Custodial safeguards protect child's ownership (this will be subject to country-level regulation)
3. Accounts should have deposit insurance or some other type of governmental guarantee of accounts funds

### Specific to the provider

1. FSPs should provide child-friendly communication that is addressed to the child and the guardian on the topics of transparency and disclosure. Ongoing communication

should always be addressed to the parent regardless of whether permission to interact with the child directly was given.

2. Costs and fees should be relative to the size of the account. Ongoing costs and fees should not diminish the account to a level unsustainable to the further existence of said account
3. The minimum age set by the FSP for the account cannot be higher than that prescribed by law in the country of operation
4. Current accounts cannot be overdrawn
5. Savings account require a low/minimal initial and ongoing deposits

### Ideal characteristics of financial products

The working group also discussed ideal characteristics of child-friendly accounts. These are not binding, they should simply be seen as the ideal model.

1. Accounts should be convenient and utilize secure delivery channels
2. FSPs provide complimentary services for social and economic well being
3. Partner with local youth serving organizations to provide services
4. Market research should be conducted to ensure that the products being offered are indeed reaching the children and addressing their needs
5. Participatory role for parents and children in design and evaluation of financial products
6. Children should be formally included in the strategy/mission of the financial institution

**The table on the following page outlines the ideal product characteristics, updated with the feedback from the working group.**

### Independent certification body

It was determined by the working group that FSPs should be self-regulating but that for those that choose to offer child-friendly accounts in accordance with the guidelines set down by the childfinance movement should be certified by an independent body comprised of stakeholders from the childfinance movement.

	Long term Savings accounts (0-18)	Kids Savings Accounts (age 0-6)	Student Savings Products (age 7-14)	Youth Savings Products (age 14-18)	Adult Accounts (age 18+ / under local laws)
<b>Opening Requirements</b>	Any children  (under parents name until age of majority)	Any children  (under Parent’s name- with child listed as beneficiary)	Any children, in conjunction with parent	Any children, independently where allowed; with parent otherwise	Existing Youth customers
<b>Account Features</b>	<p><b>Minimum deposit:</b> Zero</p> <p><b>Deposit:</b> Voluntary</p> <p><b>Withdrawal:</b></p> <ul style="list-style-type: none"> <li>• Not allowed without penalty on interest</li> </ul>	<p><b>Minimum deposit:</b> Zero</p> <p><b>Deposit:</b> Voluntary</p> <p><b>Withdrawal:</b></p> <ul style="list-style-type: none"> <li>• Not allowed without penalty on interest</li> </ul>	<p><b>Minimum deposit:</b> Low</p> <p><b>Deposit:</b> Voluntary</p> <p><b>Withdrawal:</b></p> <ul style="list-style-type: none"> <li>• Limited number</li> <li>• Monthly accounts summary (to parents and child in easy language)</li> <li>• Current account cannot be overdrawn</li> </ul>	<p><b>Minimum deposit:</b> Low</p> <p><b>Deposit:</b> Voluntary</p> <p><b>Withdrawal:</b></p> <ul style="list-style-type: none"> <li>• Limited number</li> <li>• Monthly accounts summary (to parents and child in easy language)</li> <li>• Current account cannot be overdrawn</li> </ul>	<p><b>Minimum deposit:</b> TBD by local banks</p> <p><b>Deposit:</b> Voluntary</p> <p><b>Withdrawal:</b></p> <ul style="list-style-type: none"> <li>• Anytime</li> <li>• Monthly accounts summary to individuals</li> </ul>
<b>Infrastructure</b>	<p><b>Maintenance Cost:</b> Relative to the size of the account</p> <p><b>Savings 100% guaranteed through deposit insurance or some other type of government guarantee</b></p> <ul style="list-style-type: none"> <li>• Licensed bank branches / MFIs</li> </ul>	<p><b>Maintenance Cost:</b> Relative to the size of the account</p> <p><b>Savings 100% guaranteed through deposit insurance or some other type of government guarantee</b></p> <ul style="list-style-type: none"> <li>• Licensed bank branches / MFIs</li> </ul>	<p><b>Maintenance Cost:</b> Relative to the size of the account</p> <p><b>Savings 100% guaranteed through deposit insurance or some other type of government guarantee</b></p> <ul style="list-style-type: none"> <li>• School-based banking services</li> <li>• Licensed bank branches / MFIs</li> </ul>	<p><b>Maintenance Cost:</b> Relative to the size of the account</p> <p><b>Savings 100% guaranteed through deposit insurance or some other type of government guarantee</b></p> <ul style="list-style-type: none"> <li>• Licensed bank branches/ MFIs</li> <li>• Mobile Technology</li> </ul>	<p><b>Maintenance Cost:</b> align with normal banking accounts</p> <p><b>Add-on services:</b> loans and insurance products (TBD)</p> <ul style="list-style-type: none"> <li>• Licensed bank branches/ MFIs</li> <li>• Mobile Technology</li> </ul>

## Next Steps

The working group was in full agreement that additional meetings should be held with even greater collaboration with the regulation group as much overlap between the two groups was noted. The members of the Access working group have decided to form two subgroups that will examine the topics of certification and a survey of FSPs. The certification subgroup will look at how the process of certification will take place-what is the best strategy building in the certification and its application to member FSPs. The survey group will design a survey, in conjunction with a subgroup from the regulation working group, to be distributed to banking associations that will examine and detail the child-friendly products that are currently being offered.

Activity	Process & Owner	Date
Minutes of meeting	Bram van Eijk	5 October, 2010
Working group paper	Input from members	5 October, 2010
Working group paper	Rework based on meeting and comments and circulate	13 October, 2010
Working group paper	Distribute/make available paper to wider audience	15 December, 2010
Minimum standards and certification	Call to review of standards and certification criteria- How will it work Members: FLG,SEEP, BBVA, Erste, CGAP, WWB	By 18 October, 2010
Survey	Access+ Regulation group members Members: NAF, Making Cents, IDB, FFH, CGAP	5 November, 2010
Dissemination of survey	All members send to respective contacts	15 November, 2010
Collection of survey	all members	15 December, 2010
Next Meeting	In collaboration with regulation working group	January, 2011