

ChildFinance Inclusion Meeting Outcomes

- Access Working Group
- Regulation Working Group

February 10 & 11, 2011



ChildFinance



YouthFinance



What is ChildFinance and What Is Its Vision?

ChildFinance is an international, collaborative effort that seeks to develop access to safe, responsible financial products for youth. Our vision is that every child will have access to high-quality financial services and financial education that will help them build the foundation for financial stability and allow them to realize their full potential as economic citizens.

This vision is grounded in existing research on financial education, which has shown that to achieve true financial capability, children and youth need not only the ability to act (knowledge, skills, confidence, and motivation), but also the opportunity to act through access to beneficial financial products and institutions. Together, ability and opportunity contribute to a person's financial well-being and life chances.

To achieve this vision, ChildFinance will work to create and strengthen systems, structures and policies which provide children with choices, inform them of their rights, instill in them values, and empower them to make sound financial decisions, build their assets and invest in their own futures.

Role of Inclusion Working Group

As per the recommendations of the ChildFinance Strategy working group, the Regulation and Access working groups were combined to create the Inclusion working group. The purpose of this new working group is,

For Regulation:

- To identify and, if feasible, remove obstacles facing the creation of financial products for children, therefore creating a facilitative environment for access.
- To determine a Child-Friendly Product Certification process and the minimum standards for certification
- The establishment of a certification process for children's products and to outline the functions of an independent certification

For Access:

- Exploring child-friendly product characteristics and their applicability within different markets.
- Develop strategies for increasing the membership of financial institutions within the ChildFinance movement
- Devising scale-up strategies for the provision of Child-Friendly products and support for children's social and financial education

Inclusion Working Group Meeting 10 & 11 February, 2011.

The Inclusion working group meeting took place on 10 & 11 February, 2011 at the Dutch National Bank in Amsterdam. The meeting was chaired by Arnoud Vossen, Acting Secretary General of the European Banking Authority. The meeting was composed of representatives from central banks and regulatory authorities, commercial banks, banking networks, NGOs, and law firms. A list of meeting attendees can be found in Annex A.

The objectives of the meetings were:

- Finalizing standard child-friendly product characteristics and ensuring their applicability within countries
- Analyzing gaps in the market for the provision of financial products and services to children under the age of 18 based on an ongoing survey
- Exploring the process for the creation of a Child-Friendly Product Certification
- Exploring national and international strategies for the promotion of child-friendly products through collaboration between the government and the financial sector

Key Conclusions

Role of Financial Institutions

The working group discussed the involvement and membership of financial institutions in the ChildFinance movement. Financial institutions, as the providers and innovators in child-friendly products, were seen as supporting the movement in a two-step process:

- Membership in the ChildFinance movement
- Certification of the institution's products for children
- Only financial institutions who have become members of the ChildFinance movement are able to certify their products through the Child-Friendly Product Certification process

Membership to the ChildFinance Movement

Institutional requirements for membership to the movement include:

- The financial institution be a deposit-taking institution licensed under appropriate national laws and regulations
- The institution be in good standing with its national regulatory authority
- The institution be covered by a deposit guarantee scheme, if applicable, in the country
- The institution have [or commit to having] a policy with respect to children including staff training and development programs on how to interact with children
- In the case of financial institutions who wish to become members of the ChildFinance movement but who do not currently offer product for children, the working group proposed that the institution provide an action plan for the provision of these products or for the promotion of access to children to such products.

The membership process and membership fees will be further developed and reviewed by the working group and the ChildFinance board.

Child-Friendly Product Certification

Working group members were in agreement with the creation of a Child-Friendly product certification to ensure children's' accessibility to safe financial products. The certification is based on the following principles:

- The Certification is awarded to the product rather than the financial institution as whole
- Certification currently focuses solely on savings accounts and current accounts for children and exclude lending products.
- All products under the certification are to be nondiscriminatory and must put the interest of the child first and foremost.

Proposed Certification Process Outline

The following is an outline of the proposed certification process which is to be further refined by a sub-committee. Initial thoughts on the certification process included:

- a. The first step is for the financial institution to become a member of the ChildFinance movement.
- b. Financial institutions who offer products to children submit their application for product certification. An online tool was proposed as a medium to facilitate this. The application should specify how the product meets characteristics as outlined by the working group (more information in the section 'Product Characteristics') Among the documentation submitted should be an audited CSR report (if applicable) and a suggestion was put forward to include a child satisfaction survey. Site visits to the banks were also proposed.
- c. The application is to be review by an multi- sectoral certification body.
- d. Certification is awarded to qualified products and is presented to the institution at an awards ceremony
- e. A review process for certified products to be put in place. Working group members suggested a reactive process which ensures that products with complaints/negative press are reviewed and possibly disqualified.
- f. It was suggested by some members of the working group to consider a third party assessment

Product Characteristics

To determine what would constitute a 'Child-Friendly product', the working group decided to focus on savings accounts and current accounts for children at exclude lending products. It was deemed necessary that these products be nondiscriminatory and that they put the interest of the child first and foremost. Key characteristics of these products are outlined as follows:

- Age restrictions should not be higher than those prescribed by national law
- Maximum control by the child within the national legal and regulatory framework

- Net positive financial return received by the child
- No penalty in case of withdrawals
- No or minimal requirements with respect to initial opening deposits as per country benchmarks
- No credit facilities (including overdrafts) related to product
- Child-Friendly (simple and transparent) communication surrounding the product
- Financial education component to the product (pending criteria as outlined by the ChildFinance Education working group)
- Crystallize the certification process and implementation plan from March to June 2011.
- ChildFinance Board to determine fee structure for membership and certification which will be communicated to members of the working group.
- A new date for the ChildFinance Launch to be decided by June 2011. Possible new dates proposed are October/ November 2011 launch either with commitment to certification or, if possible, active certification (based on implementation plan proposed by the subcommittee)

The product characteristics and proposed membership process will be pretested with partner banks and will be presented to a number of financial institutions and networks. The specific needs and realities of microfinance institutions will also be taken into account .

Outreach to Financial Institutions

A subcommittee was charged with drafting the relevant communication material for outreach to financial institutions. It was put forward that the proposed date for the launch of the ChildFinance movement, originally set for June 2011, be postponed. This was recommended to allow time for final development of the membership and certification processes and to gain commitment from a larger number of financial institutions. The working group suggested reviewing the date of the launch for once 25 financial institutions have committed to the ChildFinance movement.

Next steps

- An outreach strategy internationally and within countries will be conducted to enlist initial member financial institutions as pioneers within the movement.
- A subcommittee has been charged with the creation of a communications kit to outline the membership and certification process for banks.
- Participating commercial bank and banking networks will pretest the product characteristics. Changes will be communicated and approved by the Child-Finance board.

Annex A: Participant List ChildFinance Inclusion Working Group

10 & 11 February, 2011

Organization	Name
BBVA	Emilio Martin More
Banco Santander	Joaquín de Ena
Bank of Spain	Emilio Ruiz
Central Bank Indonesia	M. Zaeni Aboe Amin
Central Bank Indonesia	Azka Subhan Aminur Ridho
CGAP, The World Bank	Tanaya Kilara
ChildFinance	Jeroo Billimoria
ChildFinance	Lubna Shaban
ChildFund	Lloyd McCormick
Consumer Financial Education Body (CFEB)	Steve Stillwell
Clifford Chance	Stana Maric
Commissson de Surveillance du Secteur Financier Luxembourg	Daniel Berna Ost
Dutch National Bank	Ayse Zoodsma
European Association of Co-operative Banks	Bartjan Krouwel
European Banking Authority	Arnoud Vossen
European Central Bank	Olya Ranguelova
Federal Reserve San Francisco	Joy Hoffmann
Global Alliance for Banking on Values	David Korslund
Houthoff Buruma	Charlotte Niggebrugge
Houthoff Buruma	Hugo Oppelaar
Individual (Belgium)	Renee Spierings
ING Netherlands	Maarten de Jongh
Opportunity international	Fleur De Vries
Plan Netherlands	Elke A. Verhoeks
Union of Arab Banks	Ali Zbeeb
World Savings Banks Institute	Anne Francoise LeFevre