ChildFinance Academic Working Group Meeting
Outcomes and Key Conclusions

14-15 March, 2011

Institute of International Education
New York, New York

ChildFinance YouthFinance

ChildFinance Academics Working Group Meeting

What is ChildFinance

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 based on theories of financial education which state 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 can 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 sounds financial decisions, build their assets and invest in their own futures.

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 Inclusion working group which focuses on the products and services which can be offered to children and 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

ChildFinance Academics Working Group

The Academics Working Group is comprised primarily of those directly involved in academia, but also many researchers doing evaluation projects for civil society organizations. The work done within this group will serve as the theoretical base upon which the movement will stand and inform the strategic directions taken within the secretariat.

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14-15 March, 2011- Institute of International Education, New York, New York

Meeting Attendees:

Deb Adams- Kansas University, Sajeda Amin- Population Council, Simon Bailey- Aflatoun, Jeroo Billimoria- ChildFinance, Paul Bloom- Duke University, Josh Chaffin- Womens Refugee Commission, Willie Elliot- University of Pittsburgh, Josh Goldstein- Accion International, Tahira Hira- Iowa State University, Breki Karlsson- Reykjavic University, Tom Lucey- Illinois State University, Mattias Lundberg- World Bank, Lew Mandell- Washington University, Chris Medalis- Institute of International Education, Generoso Octavio- University of Pelita Harapan, Annette Otto- Johannes Gutenberg Unversity Mainz, Rajiv Prabhakar- London School of Economics, Trina Shanks- University of Michigan, Joyce Serido- University of Arizona, Margaret Sherraden- University of Missouri at Saint Louis, Cuthbert Tukundane- Uganda Martyrs University, Bram van Eijk- ChildFinance, Jacques Zeelen- University of Groningen

Meeting Objectives

- Define the research questions that will be able to test the goals of the ChildFinance movement:
- 1. Providing 100 million children social and financial education by 2020.
- 2. Providing 100 million children access to safe, child-friendly financial products and services by 2020.

- 3. Ensure that 100 countries commit to integrating ChildFinance principles into their political agenda by 2015.
- Determine where it is possible to integrate research questions into existing projects.
- Where it is not possible to integrate into existing projects, design new evaluative projects.
- Define approach for targeting potential funders with research proposals.

Key Decisions and Outcomes

Definitions-

After review of some existing literature, the working group decided that the definitions of key terms within the movement that were drafted at the initial Academics Working Group meeting needed to be modified so as to better coalesce with the wider field.

Financial Inclusion: Access to quality financial products and services which are affordable, usable, secure and reliable.

Financial Access: A means of safely accumulating, controlling and spending assets.

Economic Citizenship: Increasing economic and civic engagement to promote: reduction in poverty, sustainable livelihoods, sustainable economic and financial well-being and rights for self and others.

Socio-financial capability: The ability to make informed financial decisions that benefit the individual and community.

Empower: To increase confidence and efficacy in controlling their lives, claiming their rights and building empathy with others.

Financial Education: Provision of knowledge or skills that change attitudes and behaviors toward savings, spending and investing in the future.

Social Education: Provision of knowledge and skills that change understanding/awareness of their individual rights and that of others (UNICEF definition of life skills)

Financial Literacy: The basic knowledge, skills and attitudes needed to make effective financial decisions and is gained through education and/or life-experience.

Child: Anyone under the age of 18

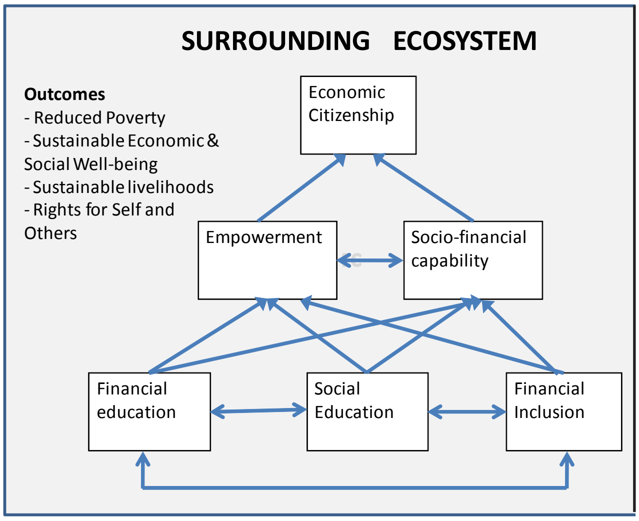
Youth: An individual between the ages of 15 and 24

ChildFinance: ChildFinance can be described as a movement to "support 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 Theory of Change

The working group felt that the current Theory of Change Model needed to be updated in order to better illustrate the desired interactions between financial education, social education and financial inclusion. It was also felt that in order to be a truly testable model, the second level (empowerment and socio-financial capability) needed to be shown as potentially independent of one another and could lead to the goal of economic citizenship without the other.

ChildFinance Theory of Change Model (updated)



Indicators for the Education working group

At the request of the ChildFinance Education working group, the Research working group assisted in drafting the following set of core indicators of successful financial and social education. These indicators are designed to cut across age groups and cultures, focusing on important conceptual topics with the understanding that:

- Cultural and social mores are an essential part of how these items are introduced and made relevant

- Age and personal experience play an important role in implementing effective interventions to convey the concepts
- Although indicators appear under a specific category, many are relevant across categories and thus may be introduced at different times and reintroduced multiple times depending on contextual and programmatic requirements

The following table lists the four main categories of programmatic outcomes, drawn from the categories adopted by UNICEF along with our conceptual title for the category. Within each category are the specific indicators to be used to capture baseline counts (measures) of current impact as well as progress in each area over time. A brief description of each indicators is offered for clarification. Finally, we have included references to Jump$tart Standards to provide continuity and minimize confusion over multiple standards and measures. This cross-reference may facilitate linking outcomes and indicators from existing education interventions and available research on those interventions. (These interventions are based upon an educational model developed by the Education Working Group-see Annex 1)

Economic landscape --> Situating	Financial education takes place within increasingly complex social and economic environments. Thus, it is essential to provide children with an understanding of their role and their rights as a part of a larger and interconnected framework.	
•Understanding place and space (self within household; within community)	Begins with an understanding of the individual as part of a household; includes discussions about how household function internally and as part of the community	Financial Responsibility and Decision Making: Standard 6: Control personal information.
• Understanding money	Linking local resources to basic money concepts used beyond local markets.	N/A
• Negotiating	Recognition of individual needs and assets; how assets can be used to benefit self and others	Financial Responsibility and Decision Making: Standard 5: Develop communication strategies for discussing financial issues.
• Present and future orientation	Introduce time orientation; balancing today's needs with tomorrow's needs; setting future goals	N/A
• Local Markets	Understanding the opportunities and options available at the local level to acquire and use resources	Income and Careers: Standard 1: Explore career options.
Personal Finance -->Managing	All children have the right to accumulate, and have access to financial resources. Thus, it is essential that children understand how to responsibly manage their resources.	
• Non-cash transactions	Broad understanding of what constitutes resources; the value of resources	N/A

• Budgeting (tracking, planning)	Accounting for (inventory of) individual and household resources; uses of resources; longevity and security of resources	Planning and Money Management: Standard 1: Develop a plan for spending and saving. Standard 2: Develop a system for keeping and using financial records. Standard 6: Develop a personal financial plan.
• Money management	Restrictions, permissions, responsibilities associated with uses of financial resources	Planning and Money Management: Standard 3: Describe how to use different payment methods.
• Needs vs. wants	Differentiating between the two; balancing current needs and future wants	Financial Responsibility and Decision Making: Standard 4: Make financial decisions by systematically considering alternatives and consequences.
• Spending/responsible consumption	Once resources are spent, they are no longer available; comparison shopping/ purchasing	Planning and Money Management: Standard 4: Apply consumer skills to purchase decisions. Financial Responsibility and Decision Making: Standard 3: Summarize major consumer protection laws.
• Saving	Accumulating resources as a buffer against uncertainty; accumulating resources to achieve future goals	Saving and Investing: Standard 6: Investigate how agencies that regulate financial markets protect investors.
Risk and Rewards-->Assessing	Financial education goes beyond understanding financial concepts to applying the concepts in determining what to do with one's resources. Thus, all children should be taught what options are available for growing their resources, and understand the inherent risks as well as the benefits associated with these options.	
•Available Products	Understanding how products work; requirements; restrictions	Financial Responsibility and Decision Making: Standard 2: Find and evaluate financial information from a variety of sources. Risk Management and Insurance: Standard 2: Explain the purpose and importance of property and liability insurance protection. Standard 3: Explain the purpose and importance of health, disability, and life insurance protection. Planning and Money Management: Standard 7: Examine the purpose and importance of a will.

• Investments and assets	Differentiating between investments and assets; assessing level of risk	Saving and Investing: Standard 2: Explain how investing builds wealth and helps meet financial goals. Standard 3: Evaluate investment alternatives. Standard 4: Describe how to buy and sell investments. Standard 5: Explain how taxes affect the rate of return on investments. Standard 6: Investigate how agencies that regulate financial markets protect investors.
• Present value/future value	Discussion about exchanging short term and long term goals	Risk Management and Insurance: Standard 1: Identify common types of risks and basic risk management methods.
• Borrowing/Lending	Formal and informal options; costs (financial, risk, interpersonal); safeguards; interest rates; guarantees; collateral	Credit and Debt: Standard 1: Identify the costs and benefits of various types of credit. Standard 2: Explain the purpose of a credit record and identify borrowers' credit report rights. Standard 3: Describe ways to avoid or correct debt problems. Standard 4: Summarize major consumer credit laws.
Resources and Use--> Choosing	Decision making is putting financial education into practice. Thus, all children should have the opportunity to practice applying the concepts they have learned by making decisions and accepting responsibility for their choices.	
• Resources: Time and money	What it means to invest (use) resources; resource substitution; what does it mean to maximize resources	N/A
• Financial choices and values	Choices as expression of personal values; examining personal values	Financial Responsibility and Decision Making: Standard 1: Take responsibility for personal financial decisions.
• Sources of income	Formal and informal employment; interest, dividends; gifts; selling goods and services	Income and Careers: Standard 2: Identify sources of personal income. Standard 3: Describe factors affecting take-home pay
• Uses of income	Understanding exchange of income for value, service, materials; consumable vs. non-consumable; recurring vs. one-time	Planning and Money Management: Standard 4: Apply consumer skills to purchase decisions. Standard 5: Consider charitable giving.
• Critical thinking	Evaluating information from multiple sources; examining options balancing goals, values, needs, wants	Financial Responsibility and Decision Making: Standard 4: Make financial decisions by systematically considering alternatives and consequences.

Child Survey

A subgroup of the Academics Working Group created the following elements that will be used in the future for the creation of a children's survey that will be used to assess and measure the satisfaction of children with, and the effectiveness of, the financial products offered to them.

1. **Access to funds**
    a. frequency of access
    b. minimum age for guided access
    c. minimum age for unlimited access
2. **Type of account (current, savings)**
3. **Electronic Access**
    a. ATM
    b. Debit card
    c. Mobile
    d. Internet
    e. Direct deposit
4. **Fees (types, amounts)**
5. **Special features of account**
    a. Magazine
    b. Passbook
    c. Piggy bank
    d. Mobile banking
    e. Premium incentives
    f. Availability of other accounts
    g. Loans
    h. Brokerage
    i. Donations, frequent flyer miles
6. **Interest (rate)**
7. **Credit tie-in**
8. **Protection from parental withdrawal**
9. **Type of statements (paper, online, ATM)**
10. **Choice of bank**
    a. Convenience
    b. Parents
    c. Team sponsorship
11. **Honesty**
12. **Reputation- social responsibility**
13. **Customer service- problems**
14. **At schools?**
15. **Savings clubs?**
16. **Kids savings goals- liquidity, short-term, intermediate, long-term goals**
17. **How parents transfer cash**

Bank Disclosure

A subgroup of the Academics Working Group created a general guideline for financial institutions on the types of information that should be disclosed to the child (client) and the guardian of the child. These guidelines will be further developed into a one page face sheet that can then be presented to a financial institution that is interested in offering child-friendly accounts.

1. **Pricing**
    a. Fees- general/monthly, by balance amounts
    b. Penalties- for withdrawal, by time and balance amounts, overdraft and credit
    c. Interest rates- by time and balance amount
    d. Rewards (positive features)
2. **Rules- for deposit, balance and withdrawal**
    a. Volume (min, max)
    b. Frequency
    c. Mechanism (eg- parents, children, by age, etc)
    d. By whom (eg- parents, children, by age, etc)
3. I**nformation**
    a. Disclosure (to whom) and confidentiality
    b. Protection (eg- lost cards, PIN numbers, inactive accounts)
    c. Customer service

Future Research Questions

The working group compiled a list of research questions that should be given consideration in the future to test parts of the Theory of Change model as well as other themes that are currently being seen in the provision of educational and financial inclusion interventions.

1. Does the mechanism of change matter?
    a. Habit formation
    b. Future orientation
    c. Knowledge
2. Which of the following is more effective at achieving change?
    a. Knowledge
    b. Financial architecture
3. Experiment with conditional transfers
    a. Conditional on child also saving
    b. Conditional in school enrollment
4. What are the interactions among interventions- are they complimentary, substitutes or orthogonal?
5. Dose- response, exposure, duration, pedagogy- unpacking education together with costs- what dose is most (cost)-effective?
6. Is access to sustainable livelihoods good enough? Will a job encourage better decisions as effectively as the proposed intervention?

7. Could general, broad-based "soft-skills" be just as effective?
    a. Self-control (ie- impulse control)
    b. Self-efficacy
    c. Locus of control (self vs others vs fate)

8. A comparative analysis to test whether early investments in children tend to make later investments more effective.

9. Incorporating the themes into financial diaries

Next Steps

- A subgroup will be created to further develop the one page face sheet to be given to banks discussing the terms of disclosure for a child-friendly account.
- A subgroup will create an extensive review of research that will serve as a guide for future studies on the constructs and relationships underlying the ChildFinance Theory of Change. This white paper will include the following:

    a. An executive summary
    b. Historical and economical context, with focus on global recession
    c. The three reviews of empirical literature- financial education, social education and financial access.
    d. A synthesis of knowledge to date
    e. Implications for future research of importance to the work of ChildFinance
    f. A comprehensive bibliography of studies included in the review

ANNEX

The following diagram was produced by the ChildFinance Education working group and represents the core content framework for the three components of social, financial and livelihoods education. The different themes have been highlighted within the three components, corresponding with the four life-cycles in the development of a child. These life-cycles are based off of the following UNICEF definition:

- Level 1: 0-5 years
- Level 2: 6-9 years
- Level 3: 10-14 years
- Level 4: 15-18 years