

CYFI Product Development Workshop

27 June 2016

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Bucharest, Romania

Prior to the official start of the CYFI 2016 Global Summit, CYFI hosted a Product Development Workshop on Child and Youth Friendly products. This workshop was attended by a select number of central and commercial bank representatives, as well as civil society actors from around the globe who are either already active or interested in developing child and youth friendly banking products. The objectives of the workshop were to:

- Understand why Child & Youth Friendly products are important
- Explore what Children & Youth need and want from their financial service providers and understand what a Child & Youth Friendly product is
- Explore the business case for Child & Youth Friendly products, from a financial and non-financial perspective
- Learn how to develop and market Child & Youth friendly products, from our experience, and from other institutions pioneering in Child & Youth Friendly products
- Explain how Child & Youth Finance International can help you develop, implement, and certify Child & Youth Friendly products
- Start expanding and improving your own youth product portfolio and learn from each other's experience, through break-outs and collaborative development of Child & Youth Friendly concepts

In short, despite the growth in recognition of the importance of financial education and financial inclusion of children and youth from global institutions such as the World Bank, and world leaders such as Secretary General of the United Nations, Mr. Ban Ki-Moon, a lack of access to financial products and services remains an issue worldwide. While there has indeed been an increase in the number of people becoming banked over the past few years, there still remains an approximate 15% discrepancy between adults versus youth who are banked, a commend trend in data from all regions of the world. Given that youth make up such a large percentage of the world's total population, the lack of financial products and services available for children and young people is particularly alarming.

The Product Development Workshop highlighted the several benefits that research has shown to impact young people who have access to financial products and services:

- Economic and financial well-being (Key evidence by Ssewamala, Elliott and Friedline)
- Financial knowledge and skills (Adams and Sherraden)
- Psychological health (Sebstad, Ssewamala)
- Reproductive and sexual health (Austrian, Erulkar)
- Academic achievement (Friedline and Elliott)
- Education attainment and expectations (Elliott and Beverly)

Participants of the workshop all agreed that the strongest benefits come as a result to children who are both financially education *and* who have access to financial products and services, all happening within the framework of proper consumer protection for children and youth. Furthermore, all participants agreed that child and youth friendly products, in addition to being used in unison with financial education, must be catered to specific age ranges from ages 0 – 18.

The workshop also explored the different avenues that make up the business case for child and youth friendly banking products and services:

- **Clear financial case:** Additional revenues due to reduced churn, additional cross-selling to parents, and focus on low cost channels offset cost for youth acquisition and product development
- **Implementation challenging but feasible:** Other financial service providers have successfully overcome (regulatory) barriers to implementation, and CYFI has the tools to support you to do the same
- **Opportunity cost:** Other financial service providers are targeting youth. In addition, new providers of financial solutions are rapidly capturing the youth market (e.g. apps)
- **Corporate social responsibility:** Child and Youth Friendly products contribute to the reduction of poverty, increases the economic empowerment of youth and nurtures a future generation of financial clients

Overall, there are a number of benefits that come from children and youth as a target group for financial inclusion: lower cost to reach, lower cost to serve, expanded outreach to parents through youth, reduced school drop-out rates and improved financial literacy.

While the child and youth friendly products offer several benefits both to the individual youth themselves as well as directly to the financial service providers, there are still several barriers that can stand in the way of actually developing such products. For example, regulatory

challenges, the lack of capability to design and/or deliver products, and limited collaboration between stakeholders are all examples of challenges that hinder the development of child and youth friendly products and services. Furthermore, children and youth themselves face barriers when trying to gain access to financial products and services as well. Namely, according to the CYFI Global Youth Survey carried out in 2013, young people find products and services either too expensive, they do not fully understand the point of having products and services, they do not trust financial institutions, they are too young to access services, or, in some cases, are simply too far away from a financial institution to take advantage of offered products and services. However, despite such obstacles, financial institutions across the world such as Equity Bank in Kenya, ING in the Netherlands and CIMB Bank in Malaysia are just a few examples of the several institutions worldwide who have developed products specifically catered to young people.

The workshop focused on that fact that in order for products and services to be considered Child and Youth Friendly, CYFI has developed the following eight Child and Youth Friendly Banking Product Principles:

1. Availability and accessibility for children and youth
2. Maximum control to children and youth
3. Positive financial incentive for children and youth
4. Reaching unbanked children and youth
5. Employing of child and youth friendly communication strategies
6. An Economic Citizenship Education Component
7. Monitoring of child and youth satisfaction
8. Internal control

By ensuring that each of these eight criteria are met when developing a financial product or service for children and youth, a particular product would be certified by CYFI as being child and youth friendly. In addition to these eight criteria, the workshop also stressed the importance of the need for products to align with particular age groups for children and youth. That is to say, the products and services developed for children of 6 years of age will be different than those of 16 years of age. The most important services, regardless of age, are savings and current accounts, though the features of such accounts will vary depending on the exact age of the young client. Along with creating age specific features, the workshop touched on other considerations that must be taken into account when developing child and youth friendly products and services such as safety and security, legal and privacy implications, risk management and marketing.

Furthermore, one specific area that is becoming increasingly relevant in relation to the financial inclusion of young people is technology. Technology is becoming a staple both in financial innovations as well as delivery models for children and youth. Pre-paid cards, online banking, mobile banking and multifunctional ATMs are all examples of the ways in which technology can influence the financial sphere for children and youth by serving as alternative delivery models to the traditional bank branch. Mobile banking specifically, and the role of “FinTech” players, was a very key discussion point throughout the workshop as FinTech players are becoming strong competitors in reaching children and youth as young people are at the core of today’s digital era. Several discussions were held throughout the workshop on the relevance of mobile banking as several points were made that youth and technology is indeed the way forward, though many other points were made that mobile penetration rates are still quite low in several countries, particularly in rural areas.

SchoolBank

In relation to alternative banking, the workshop focused heavily on the SchoolBank project. SchoolBank aims to increase financial inclusion of children and young people through the school system. The program uses innovative distribution channels (e.g. schools) and technology (e.g. mobile banking and online banking) with the goal of financially empowering children and youth in a cost efficient and sustainable way. Through an innovative multi-stakeholder approach, SchoolBank aims to create systems change by providing children and youth with a Child & Youth Friendly bank account that they can use to save money, while at the same time imparting the appropriate education to teach them why and how to save and what their economic rights are. To do so, CYFI’s Economic Citizenship Education framework is used to guide the SchoolBank curriculum development. CYFI believes that by economically empowering children and youth we will be able to break the cycle of poverty. The workshop was able to focus on the objectives, benefits, and the basic services delivered to children and youth via the SchoolBank project:

- **One time banking initiation:** Banking partners to provide child-friendly savings account & provision of **account collaterals** such as passbooks, ATM cards, cheque books, magnetic cards.
- **Continuous education inputs:** NGO partners and Ministry of Education to provide economic citizenship education through innovative delivery methods & generating **financial awareness** in children and their communities
- **On-going transaction support:** Banking partners and schools to provide withdrawal and deposit facilities, transfer of cash between accounts, balance inquiry and interest accrual & technology or telecom companies to provide **enabling technology solutions** to improve transaction support

Each of these services are offered through schools, allowing the children and youth to save in a safe and trusted place. By providing these services, the goal is to enable children and youth to save money, receive allowances, and make payments. Additionally, if local circumstances allow, and if appropriate for the target group, the model can be supported by technology-enabled solutions, such as an online bank account, a mobile banking application or a mobile wallet. As CYFI firmly believes in the power of a multi-stakeholder approach, the workshop was able to highlight the multistakeholder approach of SchoolBank as well, which would involve CYFI together with a banking association and/or banking partners, together with a school network, Ministry of Education, Central Bank and/or other national authorities.

Breakout Sessions

The workshop had several interactive breakout sessions focusing on what motivates an institution to offer Child and Youth Friendly products, business models and the process to developing new products (focusing on CYFI's suggested 5-Step product development process), and how to market child and youth friendly products. The various interactive break-out sessions gave the participants the opportunity to share best practices, discuss new ideas and give an overview of the financial youth landscape within their respective countries in relation to child and youth friendly products. The workshop also included a guest speaker from the German Savings Banks Finance Group (Sparkassen-Finanzgruppe) who was able to provide insight from an institution that is already very successful in its development and implementation of products and services for children and young adults.

Participant Feedback

At the end of the Product Development Workshop, a short wrap-up session was conducted to gain the perspective from the participants on the main take-aways from the day. The overarching feedback was that participants found it very beneficial to have such an international group taking part in the workshop to share and learn from one another's experiences in relation to financial inclusion efforts around the globe. Along those lines, the participants found it very helpful to have an expert guest speaker who is already active within the field of financial product development for children and youth (German Savings Banks Finance Group) to share their experience as an active institution. Other positive feedback points as well as suggestions for improvement were reported as such:

Positive feedback points:

- Financial education via various models was helpful to hear from the different countries represented
- It was useful to listen to and discuss the various ideas/approaches that participants have around the world to same problems
- The session involved a lot of team work, making it interactive and fun

Suggestions for improvement:

- It would be useful to have more commercial bank participation to assist and give feedback from the technical support side
- It would be helpful to have more statistics and data from the regions represented/present in the workshop

Agenda

Monday 27 June	
08:30 – 09:00	Arrival
09:00 – 09:15	Introduction and objectives of the day Led by CYFI
09:30 – 10:00	Session 1: Why are child and Youth Friendly products important Facilitated by CYFI
10:00 – 10:30	Break-out 1: What motivates your institution to offer Child-and-youth friendly products?
10:30 – 10:45	Tea & Coffee Break
10:45 – 11:45	Session 2: Business case for child and youth friendly products Facilitated by CYFI
11:45 – 12:30	Session 3: What do youth want Facilitated by CYFI
12:30 – 13:00	Session 4: Schoolbank Facilitated by CYFI
13:00 – 14:00	Lunch
14:00 – 15:00	Session 5: Product development Matthias Fohs, Head of Division, Sparkassenstiftung für internationale Kooperation e.V. Savings Banks Foundation for international Cooperation <ul style="list-style-type: none"> • The German Savings Banks Finance Group (Sparkassen-Finanzgruppe) - a short overview • Sparkassenstiftung für internationale Kooperation (Savings Banks Foundation of International Cooperation) – a short overview • Products and Services for children and youth in the German Savings Banks Finance Group • Specific of the pocket savings account
15:00 – 15:30	Break-out 2: Business models, processes and develop a new product
15:30 – 15:45	Coffee Break
15:45 – 16:30	Session 6: How to develop and Child and youth banking product (with Break-out discussions) Facilitated by CYFI
16:30 – 17:00	Session 7: How to market a child and Youth Baking product (with Break-out discussions) Facilitated by CYFI
17:00 – 17:15	Wrap up
19:30	Dinner at Carul cu Bere – hosted by EFSE DF