

Financial Education by Enda in Tunisia

1. FINANCIAL EDUCATION CONTEXT

Financial education (FE) is an important need in Tunisia owing to the decline in economic growth after the revolution which ended the 23-year dictatorship of Zine el-Abidine Ben Ali (2011). Problems were compounded by the terrorist attacks on the Bardo National Museum and the holiday resort of Sousse, which had a further negative effect on tourism and economic activity (2015). Unemployment increased in 2015, to 15.2%, and is now higher than the pre-revolution level of 13%.

According to the October 2015 blog by CGAP entitled “Financial Inclusion Opportunities and Challenges in Tunisia”, financial inclusion is one of many the areas that has caught the new public authorities’ attention. A law was passed in November 2011 that authorised the establishment of credit institutions dedicated to low-income people. It also created a modern regulatory agency, the microfinance supervisory authority. This paved the way for sound development in the microcredit sector, leading to the transformation of existing top-tier actors and the creation of new ones during 2014.¹

Nevertheless, the new local authorities face several challenges, and financial education has not yet been rolled out on a significant scale, mainly owing to the lack of mass delivery mechanisms that can provide financial education on a sustainable basis. The microfinance supervisory authority that oversees the sector established a financial inclusion strategy for 2011 to 2015 that included financial education under the objective of promoting and supporting responsible sector growth. Enda was contacted by the Tunisian Ministry of Finance to contribute to the new 2016-2020 strategy. Financial education is beginning to gain momentum and is one of the focal points of the new national strategy.

As the leading MFI in Tunisia, Enda has pioneered financial education efforts with 15,000 clients (as of December 2016). Other small-scale efforts to deliver financial education have been carried out by NGOs such as the Center of Arab Women for Training and Research, with the support of Microfinance Opportunities. Since the revolution, Mercy Corps has provided a youth financial education programme. According to our research, the school, vocational training and university sectors do not include financial literacy or education in their official curricula.

Money management is an issue of special concern in a country facing recent political, economic and social challenges, growing inflation and mass advertising, which encourages the population to buy more and take out loans to finance that consumption. This results in low levels of saving, and a higher risk of becoming over-indebted.

2. INTERVENTION APPROACH

Financial literacy needs assessment

Most Enda clients and employees share common concerns and challenges where money management is concerned:

- **Low income and saving levels** in the face of rising costs of living, massive consumer advertising, and a reduction in economic activity, all of which impact living conditions and increase financial stress.
- **Lack of financial skills/knowledge** about how to set a budget, saving goals, and managing financial/loan planning to avoid the risk of excessive debt.
- Even those who have some financial skills often **lacked the discipline to avoid unnecessary expenses and meet budget/savings goals** owing to a variety of day-to-day expense decisions, emergencies or special sale offers, meaning that most of them either have no savings, or savings which fluctuate considerably.
- **The main constraint seems to be the lack of quality financial education** which can create effective and sustainable motivation to promote changes in perceptions, attitudes, and financial behaviours.
- **The main challenge that MFIs face with financial education** is handling several parallel activities that impact the business’s time when it is already facing tough economic, political and social environments. In addition, Enda has been especially affected by its conversion into a regulated institution.

¹ <https://www.cgap.org/blog/financial-inclusion-opportunities-and-challenges-tunisia>

Main activity areas (goal, targets, resources and time frame) and outputs

Goal	Results as at Nov. 2017	% Achievement	Comments
10,000 clients in branches viewing the financial education videos	22,302 clients trained	223%	Reported by Enda as of Nov. 2017
20,000 clients trained via mobile and other media	21,582 clients trained	108%	Reported by Enda as of Nov. 2017
Clients increase their savings by 10%	80% of the clients trained improved their savings in 50%	500%	The Enda call centre called 350 clients and contacted and surveyed 189 clients trained on FE
10,000 new clients.	67,456 new clients	675%	Reported by Enda as of Nov. 2017

The FE training process involved video cartoons, intuitive and easy to apply FE forms, text messaging, and key FE issues being explained to clients in branches. In the latter case, a trainer presented the videos, asked questions and provided feedback to clients in group meetings, explaining how to use the forms to set a budget and savings goals, and manage debts and money decisions.

A communication strategy was developed which proposed making FE an integral part of the business, and providing motivational follow-up with clients via a call centre to reinforce key messages.

The materials translated and/or adapted included financial education videos featuring five subjects: (i) budgeting; (ii) savings; (iii) debt management; (iv) investing and (v) microinsurance. The main target group were clients of Enda Tamweel (mainly low-income women) distributed all over Tunisia. The staff of Enda Tamweel (provider of financial services) and the staff of Enda Inter-arabe (NGO – provider of non-financial services such as training courses) attended train-the-trainer courses.

Partner financial institution(s)

Founded in 1990, Enda Inter-arabe is the leading best-practice microfinance institution in Tunisia. It has become the country's most successful double-bottom line MFI, in terms of both the number of clients (291,000 at 79 branches) and financial results (average ROE of 21%). Enda focuses on lending to low-income households and female micro-entrepreneurs in Tunisia, offering a range of microcredit products tailored to their needs. In line with regulatory changes, Enda has created a company named Enda Tamweel to manage financial services, while the NGO provides non-financial services.

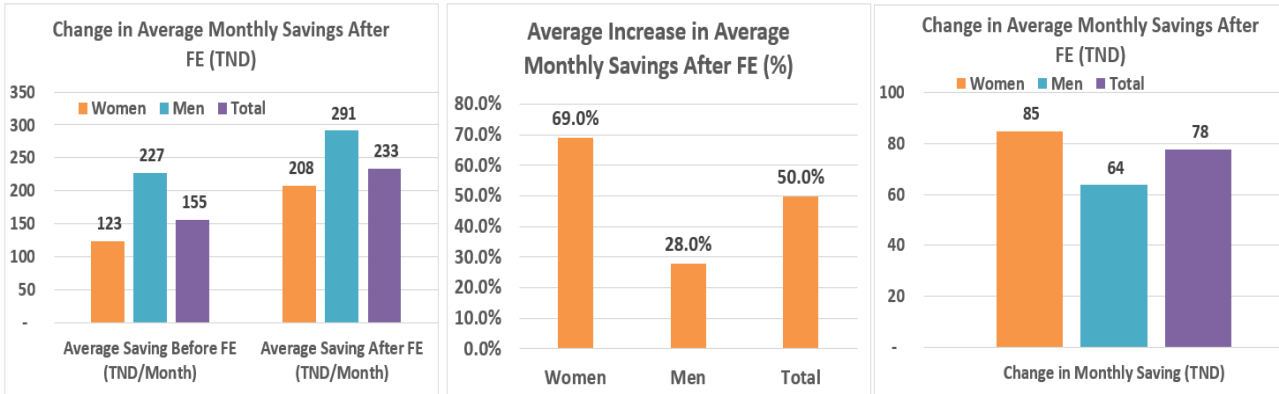
No additional funders contributed to the FE project other than SCBF, ENDA Tamweel and Enda Inter-arabe.

3. RESULTS ACHIEVED

Client level: Summary of main results

Support to Clients	Attitude changes	Behaviour Changes	Impact
Training featuring: <ul style="list-style-type: none"> • Video cartoons • Key FE messages • FE text messages • Simple-to-use/ apply forms such as saving plans, budgets, etc. • Group reflection process 	<ul style="list-style-type: none"> • Main messages are remembered long after the courses • Change in attitudes and perceptions towards money management in clients trained, mainly the belief that it is possible to save regardless of income level 	<ul style="list-style-type: none"> • Budget and saving plan revised and followed up at home • Day to day expense prioritisation • More saving discipline • Better business planning and accounting • More money from loans invested in business development 	<ul style="list-style-type: none"> • Enda's surveys showed that 80% of clients increased their savings (40% of clients were not savers before the FE training; 60% were savers). The average increase in savings was 50% – USD 32 per month. The increase in saving among women was 69% - USD 35) • Reduction in financial stress for clients who increased their savings • Trust of clients in the benefits of FE demonstrated by their sharing of FE lessons with their family members
Follow-up featuring: <ul style="list-style-type: none"> • Personal interviews • Call centre follow-up after the FE courses 	<ul style="list-style-type: none"> • Motivation to apply and share the FE lessons/tools 		

Survey of clients receiving financial education



Women increased their saving more than men, reducing the initial gap between monthly savings after receiving FE. (Exchange rate TND 2.407 per USD).

Before the financial education course, most of the clients were aware of the importance of managing their money, but they lacked either the tools or the motivation to maintain the expenses/saving discipline and therefore faced financial stress owing to not having enough money or savings to cope with emergency situations.

The combined impact of short FE video cartoons, group reflection/motivation and simple-to-use forms were powerful change motivators that made an impression on clients. Several of the clients interviewed reported that the characters of the videos and their messages remained in their minds (providing guidance and motivation for their financial decisions), whenever facing an unexpected expense situation.

Financial education sessions using video cartoons



Enda’s clients in a FE training session.

The sessions were run with the help of trained trainers and using videos. Games were also important. Enda launched an online game, and during training a FE board game was used to train Enda

staff (learning by playing the financial education game). See: <http://bit.ly/2fXzqau>

Financial education: Client stories



Smarter financial planning improves business and savings:

Hamida Jendoubi, the mother of two daughters aged 12 and 15 and the owner of a hair salon, learned at Enda about budgeting, saving and debt management. Before the financial education, she had no savings. Now she is saving USD 150 per month. Hamida now prepares and follows-up on her financial budget (see

picture). **“Before I bought things for my home and business just because there was a promotion. Now I avoid buying things on special offer and I carefully plan all I need before I buy”** she says. This behaviour allowed her to start saving. She even opened two savings accounts: one for emergencies at the

post office, and another to buy a house in the future (this saving account is blocked, and she avoids using the money). She shared her financial education lessons with her two daughters. The change in her record-keeping has also improved her business because now she knows what the profit from each activity is. She makes now more profit than before, which helps to improve her savings level.

Financial education can encourage more productive loans:



Handwritten financial ledger in Arabic. The table has columns for 'Date', 'Description', and 'Amount'. It shows a list of transactions over time, including income and expenses, with a total balance of 230,000 at the bottom.

Asma Gharbi is married with two daughters. She travels to buy products and resells them on the local market. She also sells by catalogue and makes and sells painted wooden articles. The main things she learned from Enda’s FE course were: a) **avoid unexpected expenses**: “Zeineb and Aloulou (the main characters from the FE video cartoons), are always on my mind. I always think about them”, b) **budget planning and savings plan**: “whatever your

level of income, saving is possible, it is enough to organise well, to prepare a budget and to respect it”, and c) **smart investments**: before the FE training she used part of an Enda loan for different activities, including private spending. She was always short of money and had to borrow money at the end of each month to cover for her family’s needs. In addition, she did not know which economic activity was more profitable. **She now invests all her loan in productive and profitable activities, has stopped selling non-profitable things, and has increased her income and savings, making her feel more financially secure.** She saved USD 75 last month. She said that she was not able to save more because she had to manage the consequences of previous poor bad financial decisions, but she estimates that, in the coming months, she could easily save well above USD 100 per month. Asma defined a saving goal of buying a car that she will use to buy and sell things. She has shared her FE lessons with her daughters. Her greater economic empowerment allows her to have a more prominent role in family decisions.

Telephone and personal interviews with Enda’s clients provided evidence of the use of budgeting and savings goals forms. The FE helped the clients to improve their financial decisions, accounting and financial situation, reducing their financial stress and empowering their financial decisions and influence at family level. They also shared what they had learned with their families.

Partner financial institution level

Performance indicators	Dec. 2014	Dec. 2015	Oct. 2016
Active credit clients (000s)	247	271	291
% of women clients (estimated for 2016)	67%	67%	67%
Credit portfolio USD (million)	121	146	150
Portfolio at risk (PAR1 in %)	1.15%	1.26%	1.33%
Average ROE (annualised %)	13.3%	21.2%	21.2%

As an estimate of the impact of financial education, with 23,000 clients trained at branches and going on to increase their average annual saving by USD 387 (32 USD per month), the total increase in savings of the clients trained would be USD 8.6 million. Compared with the CHF 98,000 invested in the initiative (approx. USD 102,000), the ratio between additional savings / Investment is a highly positive 84.5 to 1.

Interviews with several Enda employees who were previously trained on FE showed similar effects as the ones seen in clients. Most of the trained staff now manage their financial decisions more effectively, especially where a reduction in unnecessary expenses is concerned, and many have been able to save, thus reducing their own risk of becoming over-indebted.

The integration of FE training as part of the day-to-day lending process (business as usual) is an important factor in ensuring the sustainability of FE. This was achieved by Enda providing the FE to clients at specific contact points and times, for example before the loan was paid out.

One of the younger members of Enda's staff who was not able to save said that she was "still not disciplined enough to avoid making unexpected expenses, but that she is now more aware of the consequences of her financial decisions".

4. LESSONS LEARNED AND RECOMMENDATIONS FOR FUTURE IMPLEMENTATION

1. Plan for the early involvement (and follow-up) of top managers / key actors:

- a. **Key individuals are vital to the success of FE:** the commitment of the MFI's CEO is a key factor in supporting and motivating implementation; ii) a committed FE champion with decision-making authority is a must to make FE happen; iii) ensure that a minimum number of FE trainers, with clear targets, is assigned per branch (see lesson 4.c. below).
- b. **Provide regular feedback and motivation sessions** with involved staff and managers.
- c. **Assign clear operational responsibilities** for each task, and monthly targets for clients to be trained in FE (per branch/trainer). Provide regular follow-up on targets through meetings with those concerned (virtual or in situ).
- d. Share with those concerned that a **lack of FE can harm the MFI**, its staff and clients through the consequences of low savings and the risk of over-indebtedness. Protecting clients through FE is both a social and financial responsibility that affects the image and results of the MFI.
- e. **Make sure that the main trainer of trainers has enough previous experience** implementing successful financial education initiatives not just as a trainer, but also as former financial institution manager, to better influence management decisions.

2. Build the FE business sustainably:

- a. **Develop a business case with a clear cost/benefit ratio**, share the financial and social benefits that FE can have for the MFI, its clients and employees, and structure an FE database linked to the MFI's regular database to measure the effects of financial education on savings, lending trends and the PAR of trained clients, and compare with non-trained clients.
- b. **Having the right incentive system** for staff plays a key role owing to the various other priorities that staff must deal with (in parallel with delivering financial education).
- c. **Make FE part of the MFI's normal business process.**
- d. Use the results of the training follow-up to improve content and materials.
- e. **Meet minimum training/learning conditions for clients** (space needed, equipment – TV or projectors – quiet learning environment, and assign/train at least one person per branch who can help guide the group reflection).
- f. **Support implementation with a sound communications strategy, marketing and social network campaign**, with close follow-up on quality, and enough time to develop and improve the FE materials.

3. Deliver simple, useful, engaging/relevant and applicable FE content to clients:

- a. **Effective (practical, to-the-point, with simple tools/forms, supported by key messages and group reflection on stories and videos) and motivational training for trainers** to build credibility and motivation to continue providing effective training to clients.
- b. **Short, well-designed stories, featuring key messages**, remain in the minds of participants long after the training, helping clients to take better financial decisions.
- c. **Group reflection guided by key questions and messages** motivates learners to learn and apply the FE forms, reduces unnecessary expenses, increases savings and productive loans, and reduces the financial stress (increasing the financial wellbeing) of clients.
- d. **Get regular feedback from clients** on materials, training and the results of FE, and use it to improve.
- e. **Clients' belief in the effectiveness of FE is demonstrated when they share what they have learned with their family members** (usually children).

4. Set realistic FE targets

- a. **Consider flexibility and staff incentives.** No matter how much planning and follow-up is given within the MFI, there will always be several priorities competing for the managers' and staff's reduced time, causing delays in the execution of targets.
- b. **Ensure that enough budget is approved and executed** as soon as possible, to provide for equipment, operational costs and the support required to provide the financial education.
- c. **Consider productivity rates when forecasting results.** How many trainers will actually be involved in how many branches of the MFI and for how long, providing how many sessions with how many clients attending per session? How many people will be involved in the follow-up with clients?



Characters from the FE videos