

Digital Financial Education Delivery for FUNDACION GENESIS's Clients in Guatemala

1. FINANCIAL EDUCATION CONTEXT

With 17 million inhabitants, Guatemala is the most populous country in Central America. The vast majority of the population resides in the southern half of the country, particularly in the mountainous regions; more than half of the population lives in rural areas. The country is subject to natural hazards and potential natural disasters with common volcanic activity and occasional violent earthquakes. The Caribbean coast is extremely susceptible to hurricanes and other tropical storms.

Spanish is the official language, spoken by 69.9% of the population. Other languages include Maya 29.7% (Q'eqchi' 8.3%, K'iche 7.8%, Mam 4.4%, Kaqchikel 3%, Q'anjob'al 1.2%, Poqomchi' 1%, other 4%). Guatemala is a predominantly developing country that struggles in several areas of health and development, including infant, child, and maternal mortality, malnutrition, and literacy. The country's large indigenous population is disproportionately affected. Guatemala has the highest population growth rate in Latin America, which is likely to continue because of its large reproductive-age population and high birth rate. Almost half of Guatemala's population is under the age of 19, making it the youngest population in Latin America. The birth rate is still close to three children per woman and is higher among its rural and indigenous populations.¹ The country has been affected by political instability linked to corruption and organized crime.

Guatemala has a National strategy for financial inclusion (2019 -2023).² It was issued by the state-owned Banco de Guatemala, which considers the financial education a cross-cutting axis for the understanding of the financial benefits, concepts, products, and risks. Useful for the population to be able to make informed financial decisions, it also proposes to incorporate the components of financial education in the National Base Educational Curriculum. Some financial institutions (including GENESIS) have developed initiatives to deliver financial education through traditional training in the past. The introduction of the digital financial education implemented by GENESIS and supported by SCBF, oriented to low-income populations, has been a remarkable innovation for the country.

Money management is an issue of particular concern in Guatemala, a country facing recent political, economic, and social challenges. Before the COVID-19 crisis, the leading financial problem was mass advertising, which encouraged the population to buy more and take out loans to finance that consumption. After the COVID-19 crisis, the main challenge is associated with learning how to save and invest in a new crisis context, to overcome over-indebtedness risk due to the massive reduction in economic activity and employment.

2. INTERVENTION APPROACH

Financial literacy needs assessment

Most GENESIS Foundation (hereafter FUNDACION GENESIS) clients and employees shared common challenges and interest, related to money management:

- Low income and saving levels in the face of rising costs of living, a reduction in economic activity, rising inflation, and, more recently, the COVID-19 crisis, all of which impact living conditions and increase their financial stress.
- Most clients lack financial skills / knowledge about how to set up a budget, make saving goals, and managing loan plans to avoid the risk of excessive debt. Even those persons who have financial skills

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/gt.html>

² http://www.banquat.gob.gt/publica/enif/ENIF_2019-2023.pdf?list=PLrt_Qc8gwRXlrPqOuDgAiLFCQIIBs4n7S

frequently lack the discipline to avoid unnecessary expenses (a separate business, household expenses, and keep track of their expenses), resulting in low saving levels.

- One additional challenge was the limited availability of quality financial education, which promotes the retention of learnings and the motivation to apply good financial behaviors right after the training.
- The time availability of clients to attend financial education (FE) training is another challenge, that FUNDACION GENESIS overcame, defining that the clients would take one module during the loan disbursement time.
- FUNDACION GENESIS has dedicated staff to train the clients (one per branch). Field staff work under the supervision of a Director of Services of Entrepreneurial development and a Supervisor of Digital training (permanent staff hired to be the counterpart of the FE project), all of which contributed to a successful rollout of the digital FE to the clients.

Key aspects were essential for the delivery of financial education, featuring short, engaging, and practical e-learning modules and using stories and reflections to promote retention and motivation to apply the learning. Ten e-learning modules were developed: (1) unnecessary expenses management, (2) savings planning, (3) budgeting, (4) debt management, (5) calculation of payment capacity, (6) selecting a financial institution, (7) managing debt problems (over-indebtedness), (8) health and life microinsurance concept, (9) credit bureaus, and (10) microinsurance claim process.

As general literacy levels in the country are rather low, the FE eLearning modules designed simple graphic and intuitive formats, animated videos featuring stories to communicate FE messages, and scenarios for learning through decision making. Ten animated videos in Spanish and 40 videos in four Mayan languages were developed to target Guatemalan indigenous populations.

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

The design process for the FE program was:



The main aim of the FE program was to offer FE training to 10'000 FUNDACION GENESIS clients to help them better evaluate their business, give them the necessary tools to make smart financial decisions and raise savings. To accomplish these aims, the consultancy team, led by Juan Vega, created the following FE training materials in coordination with FUNDACION GENESIS staff:

- Ten animated videos for each of the FE subjects were developed in Spanish and translated and adapted into four Mayan languages ((Q'eqchi', K'iche, Mam, and Kaqchikel) for a total of 50 videos
- Ten interactive eLearning modules
- One train the trainer's manual
- Three training of trainer's presentations
- A follow-up and data reporting system, plus a final evaluation of FE effects on clients trained

This was the first time that FUNDACION GENESIS used FE videos embedded into interactive e-learning modules to train clients on FE. FUNDACION GENESIS decided to start training 100% of their staff (1'895 staff) and deliver one FE module to clients per month at branches at the disbursement time.

The project set a goal of training 10'000 persons and potential clients. Between September 2018 and March 2020, FUNDACION GENESIS trained 33'846 persons, 338% of the target amount. To achieve these numbers, GENESIS dedicated 93 trained staff members in 93 branches and named one FE champion, giving each staff, and office, a monthly target for the number of persons to train. The target accomplishment was monitored every month. Due to the time needed to complete the 50 videos in Spanish and four Mayan languages, and the revision time involved, the project required a five months extension with no increase in budget.

Partner financial institution

FUNDACION GENESIS is a double-bottom-line microfinance institution. Its mission is to "provide agile and timely financial and nonfinancial services, accompanied by advice and training, to microenterprise, small business, and rural communities, to achieve sustained development massively and accelerate the progress of Guatemala". GENESIS specializes in the delivery of microfinance services to Guatemala's economically active poor and especially women through over 100 branches.

GENESIS is the largest Guatemalan MFI reporting to the Mix Market, with over 149'000 active borrowers (66% are women) and a gross loan portfolio of over USD 204 million. GENESIS also provides compulsory credit life insurance and voluntary health insurance. It also offers nonfinancial services with traditional training. FUNDACION GENESIS is a responsible enterprise focused on providing financial assistance to the working poor and under-banked as a way of improving sustainable livelihoods. FUNDACION GENESIS's core values are integrity, loyalty, equity (ensuring equal and dignified treatment for all), conviction (believing in the ability to transform lives), honesty, excellence, and solidarity.

FUNDACION GENESIS has grown 26% on credit portfolio and 20% on clients (2018 – 2019), and ranks first in the Mix Market report, in terms of client outreach. FUNDACION GENESIS has over 30% share of microfinance borrowers (as reported by the Mix Market) in Guatemala.

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client level

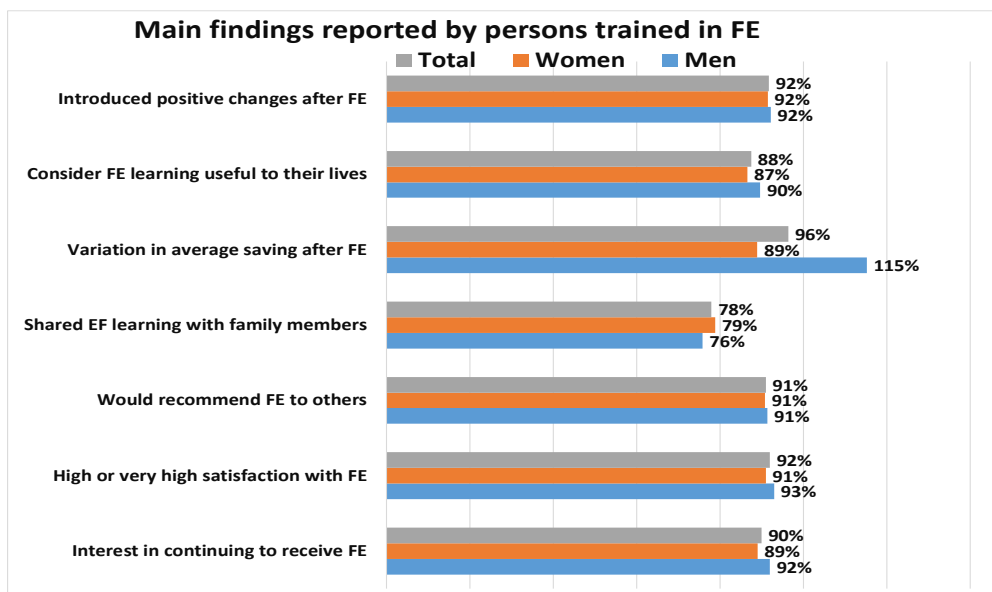
To measure the impact of the FE program on clients, a client survey was prepared and conducted in March-April 2020. The study included 400 FE trained participants (95% confidence level). The investigation revealed that around 90% of the clients were satisfied and considered their FE learning useful. Table 1 and Figure 1 present insights from the survey.

Table 1. FE intervention impact

FE intervention	Change in financial literacy	Behavior change(s)	Impact
Training of trainers	100% of FUNDACION GENESIS staff (1'895 persons) were trained and learned key FE topics, featuring savings, expenses loan management, microinsurance, and credit bureaus.	<ul style="list-style-type: none"> FUNDACION GENESIS staff was better prepared to support clients with this training and adopted better financial behaviors and shared key FE messages with family, friends, and clients. 	<ul style="list-style-type: none"> FE program key messages were successfully delivered to and adopted by a higher number of people throughout Guatemala well beyond initially-set targets.
Interactive FE eLearnings, featuring video cartoons and key messages, delivered at branches by trained staff of FUNDACION GENESIS.	Participants learned simple financial concepts, including ways to reduce spending and how to use a budget, debt management, and insurance benefits.	<ul style="list-style-type: none"> Over 90% of survey respondents reported improving their money management behaviors related to reducing unnecessary spending (prioritization), budgeting, and debt management. Trust of clients in the benefits of FE demonstrated by 78% of clients sharing their FE learnings with family and friends. 90% mentioned that they would recommend FE to other persons. 	<ul style="list-style-type: none"> 78% of clients trained in subjects related to saving increase, on average, 96% their monthly savings with increased by USD 43 per month. 92% of survey respondents were satisfied with the FE received. The increase in savings reduced the probability of facing debt problems, as shown in Table 2.

The clients surveyed mentioned their interest in receiving further FE training with a substantial emphasis on topics like: increase sales and making a business plan, money and business management, and money investment. FUNDACION GENESIS expressed its interest in developing these subjects to further financially empower its clients.

Figure 1. Summary of survey results by gender:



Customer profiles and stories



Griselda Arenas, 26 years old, has a business of selling cosmetics by catalog, lives in a rural hamlet in Guatemala. She has three children (one, two and six years old). Before the FE training, she did not save. After the FE training, she learned to reduce her unnecessary expenses, consumed fewer soft drinks and ate healthier. She also decreased her non-urgent spending on clothing and shoes. Griselda shared her learning with her family and has been able to save an average of USD 55 per month. She plans to improve her house with her savings.



Marco Tulio, 45 years old, four children (16, 15, 10, and 3 years old), has a small food sales business in Guatemala City. Before FE training, he did not have the habit of saving. The FE training helped him to acquire the discipline saving and reducing the cost of meals away from home. He shared his learning with his family and now plans to grow and expand his food business to new places of sale with his wife and sons. With the COVID-19 Crisis, his sales fell, but the savings have helped him not to be so affected. Marco saved an average of USD 100 per month.

Partner financial institution level

Table 2. FUNDACION GENESIS Operational Data

Operational Data	December 2018	December 2019	February 2020
Gross loan portfolio (USD million)	160.1	202.2	204.4
Number of clients (thousand)	121.7	146.3	149.2
PAR 30 (percentage)	2.30%	1.78%	1.97%
Women clients (percentage)	70%	66%	66%
Average Credit (USD)	1.316	1.381	1.369

Between December 2018 and December 2019, FUNDACION GENESIS showed 26% growth in its loan portfolio and a simultaneous reduction of 22.6% in its portfolio at risk (PAR 30) from 2.30% to 1.78%.



Clients trained at branches of FUNDACION GENESIS by trained staff

FUNDACION GENESIS management reported an overall positive impact since the inception of the FE program. One positive aspect includes FUNDACION GENESIS's staff sharing the FE learnings with family and friends and applying FE key messages in their own lives as well as positive comments received from clients.

The positive results, as well as FUNDACION GENESIS's dedicated and committed staff, can contribute to the sustainability of the FE delivery in the country, by giving FUNDACION GENESIS the push to take ownership of the FE program and continue it in the foreseeable future, incorporating new subjects related to money and business management.

4. LESSONS LEARNT

The implementation of the FE program was effective, considering the number of persons trained and the positive changes in financial behaviors of most of the clients trained.

The FE program implemented with FUNDACION GENESIS brings the following lessons:

1. **Involvement and commitment of key staff at different levels of the MFI is vital to FE's success.** In the case of GENESIS, the MFI's CEO, the Director of Business Development services, and the Digital training supervisor, as well as having a dedicated staff with clear targets to train digital FE to clients in every branch, was a crucial factor in supporting a sustainable implementation of the FE campaign.
2. **Invest enough time to make sure the materials, videos, characters, and content of FE are adequate for different segments of clients.** It took longer than expected to assure a proper translation and adaptation of 40 videos to four Mayan languages and to design characters representatives of the Guatemalan population.
3. **The learning stories and videos** must be memorable and the interactive eLearning should use simple, practical and intuitive graphics to promote remembering and motivation to apply learnings.
4. **Build staff buy-in by starting at home and develop engaging trainings and motivate future trainers of FE, showing the advantages that the FE can have in their own lives.** GENESIS decided to train 100% of its staff before training the clients. It was essential to make FE relevant for its trainers to promote the "lead by example effect", with trainers showing examples of money management practices and savings improvement from their own lives to inspire clients.
5. **The best combination to assure proper learning** is to have the digital eLearnings with the support of an experienced trainer, to motivate the exchange and interactions between clients. Younger populations can use the digital eLearnings alone, but for more adult populations and persons from remote rural areas, the presence of the trainer is still needed.
6. **Assure training / learning conditions for clients and trainers.** Ensure the availability of space and equipment – TV, projector, computers, tablets, or mobile devices connected to TV screens in a quiet learning environment. Assign at least one person per branch to guide the clients' reflections.
7. **Deliver straight-forward, useful, practical, and relevant FE content to clients** featuring:
 - a. **Real-life money management decisions** promoting financial thinking on stories and videos to improve FE good practices and motivation to apply and invite clients to share learnings at home and work.
 - b. **Short and well-designed stories, featuring key FE messages,** remain in the minds of participants long time after the training, motivating clients to apply learnings and make better financial decisions.

- c. **Group reflection guided by trainers through questions and adult interaction techniques** motivates learners to exchange, learn and apply FE best practices (reduces unnecessary expenses, increases savings and productive loans, for a better money planning and control).
8. **When combining digital and group training at branches, make sure the trainer promotes / motivates the participation of all persons and not only the most talkative ones.**
9. **Consider productivity rates when forecasting results and clearly define** the number of trainers involved in which MFI branches and for how long, the number of sessions with projected client attendance per session, and the number of staff involved in the follow-up.
10. **Digital delivery channels** become more critical due to COVID-19 crisis, consider making automatic registering of clients and sending the corresponding links for clients to learn FE on their mobile phones after they completed the first training session at branches.

Characters from the FE Videos and FE eLearning modules

