

Digital Financial and Business Education Training for the Clients of Fundacion Genesis in Guatemala

1. FINANCIAL EDUCATION (FE) CONTEXT

With 17.7 million inhabitants, Guatemala is the most populous country in Central America. Much of the population resides in the country's southern half, 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 (volcanic activity and occasional violent earthquakes). The Caribbean coast is extremely susceptible to hurricanes and other tropical storms. The country has also been affected by political instability linked to corruption and organised crime.

Guatemala is a predominantly developing country that struggles in areas of health and development, including infant, child, and maternal mortality, malnutrition, and illiteracy. The country's large indigenous population is disproportionately affected. Spanish is the official language spoken by 69.9% of the population while 29.7% speak Mayan languages. 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 the population is under 19, making it the country with the youngest population in Latin America. The birth rate is close to three children per woman and is higher amongst rural and indigenous groups.¹

Guatemala has a national strategy for financial inclusion NSFI (2019 -2023).² It was issued by the state-owned Banco de Guatemala with support from the Bank Regulatory Commission (*Superintendencia de Bancos*). NSFI considers financial education as a cross-cutting axis for understanding the financial benefits, concepts, products, and risks. Useful for the population to make informed financial decisions, it also proposes incorporating financial education components in the National Base Educational Curriculum. Some financial institutions, including Fundacion Genesis, have developed initiatives to deliver financial education through traditional training in the past. The introduction of digital financial and business education implemented by Genesis and previously supported by SCBF ([through FEW-16](#)), oriented to low-income populations, has been a remarkable innovation for the country. Money management and inflation are a significant concern in Guatemala, a country facing 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 learning to protect savings from inflation, investing, and improving business/incomes in a changing economic context.

2. INTERVENTION APPROACH

Financial literacy needs assessment

Most of Fundacion Genesis' (hereafter Genesis) clients and employees had similar problems and interests when it came to managing money and business. This is because low-income levels, high inflation rates, and reduction in economic activity due to the COVID-19 crisis have impacted living conditions and increased people's financial stress. The support provided to clients through the SCBF-funded FE project in 2018 helped them learn how to save and manage debt. The main priority for this follow-up FE project launched in 2020, was to enable clients to increase their incomes and better control their business. Most clients need financial skills and knowledge on how to identify new business opportunities, innovate, provide additional value to their clients, undertake online sales/promotion activities, and effectively cost and price their products and services to account for inflation. Another challenge identified was the limited availability of business education that is simple, useful, and practical.

The Genesis clients were committed to learning and improving their business and financial management skills. To address the issue of clients' availability to attend the FE trainings, Genesis encouraged clients to complete one module during the loan disbursement. Genesis had at least one dedicated staff per branch to conduct trainings. Field staff worked under the supervision of the Director of Services of Entrepreneurial Development and the Supervisor of Digital Training, which contributed to a successful rollout of the digital financial and business education programme for clients. Some of the key features of the training were the

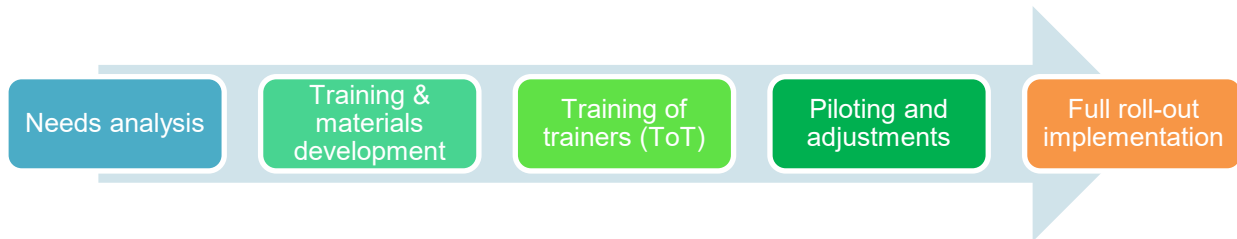
¹ <https://www.cia.gov/the-world-factbook/countries/guatemala/>

² <https://www.sib.gob.gt/web/sib/ENIF>

short, engaging, and practical e-learning modules, and using stories and reflections to promote knowledge retention and clients' motivation to apply the learnings. As the literacy levels in the country are low, the e-learning modules were designed using simple graphics and intuitive formats, including animated videos with stories to communicate financial and business education messaging, and scenario-based learning for improved decision-making. Ten animated videos and e-learning modules in Spanish as well as a Mayan language were developed to target the indigenous population.

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

The design process for the financial and business education (FBE) programme was as follows:



The main aim of the FE programme was to train 10,000 Genesis clients to help them better manage their businesses and give them the necessary tools to make smart financial and business decisions to increase their sales and enhance their business control. To accomplish these goals, the consultancy team, led by Juan Vega, created the following FE training materials in collaboration with the Genesis staff:

- 20 animated videos for each of the FBE subjects (10 videos were developed in Spanish, and we also translated into Q'eqchi, a Mayan language).
- 20 interactive e-learning modules (10 in Spanish and 10 in Q'eqchi), covering: 1. Identifying opportunities in business; 2. Improving the sales of the business; 3. Learning from competition to improve the business; 4. Creating value for customers to improve sales; 5. Innovating to improve the business; 6. Updating the selling approach (online sales and delivery of products to client's house or business); 7. Knowing the cost of the product or service; 8. Learning how much to sell to earn; 9. Controlling the business finances; and 10. Making a business plan.
- One train-the-trainer's manual.
- Five training-of-trainer's presentations/training sessions for 192 Genesis staff.
- A follow-up, data reporting system, and a final evaluation of the FE programme's impact on clients.

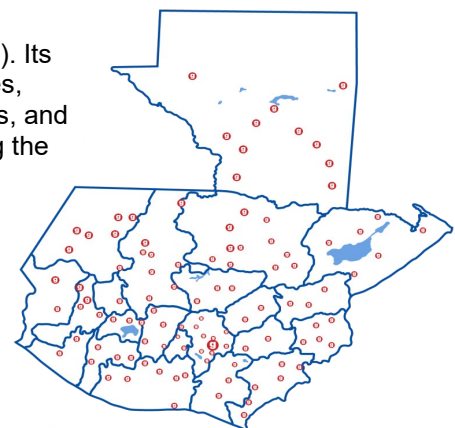
Genesis decided to deliver one FE module to clients per month at branches during loan disbursement to ensure their clients' participation in the training sessions.

The project aimed to train 10,000 existing and potential clients. Between June and September 2022, Genesis trained 96'133 people (exceeding the target by 783%). Genesis dedicated training staff in all of their 98 branches to achieve these numbers and had at least one FE champion per branch, giving each a staff monthly target for training clients, which was monitored every month by the Head Office Officer responsible for digital education.

Financial Sector Partner(s)

Fundacion Genesis is a double-bottom-line microfinance institution (MFI). Its mission is: to provide agile and timely financial and non-financial services, accompanied by advice and training, to microenterprises, small business, and rural communities, to achieve sustainable development and accelerating the progress of Guatemala. Genesis specialises in delivering microfinance services to Guatemala's economically active poor, especially women, through its 98 branches (see map on the right).

Genesis is the largest Guatemalan MFI, with over 298,000 active borrowers (75% women) and a gross loan portfolio of over US\$ 329 million. Genesis is a responsible enterprise that provides financial assistance to the working poor and under-banked to improve sustainable livelihoods. Genesis also provides compulsory credit life insurance and voluntary health insurance. It also offers non-financial services such as financial and business education.



Branch distribution of Génesis

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client-level

To measure the impact of the FBE programme on clients, a client survey was prepared and conducted in August 2022. The study included 318 FBE-trained participants (including 71% women) and has a confidence level of 95%. The investigation revealed that around 90% of the clients were satisfied and considered their FBE learning useful and easy to understand. Table 1 and Figure 1 present insights from the survey.

Table 1. Impact of the FE intervention

FE intervention	Change in financial literacy	Behaviour change(s)	Impact
Training of trainers	192 Genesis staff were trained and learned key FBE topics featuring business growth and control.	Genesis staff was better prepared and motivated to support clients with the learnings from the training.	The FBE programme was successfully delivered to 96,133 clients (57% women, 91% rural and 48% under the age of 35 years), exceeding the initial target to reach 10,000 clients.
Interactive FBE e-learning modules, featuring video cartoons, interactions, and key messages, delivered at branches by trained Genesis staff.	Participants learned key business management concepts, including: identifying business opportunities, improving sales, learning from the competition, creating value for customers, business innovation, online sales, product costing, break-even point, business control, and business planning.	<ul style="list-style-type: none"> The main applications of training reported by customers included using their cell phone as a business tool (19.8% of trained clients), improving customer service (18.6% of trained clients), and identifying customer needs (11% of trained clients). 96% of trained clients mentioned they would recommend the FBE to family and friends, highlighting their trust in the training programme. 	<ul style="list-style-type: none"> The trained clients improved the quality of the products and services they offered their clients, and also introduced new products. 90% of survey respondents were satisfied with the FBE training they received (91% for women), and considered it to be useful and easy to understand. Most of the clients interviewed reported improving their sales. Measuring increases in income was not feasible because most clients preferred not to disclose their incomes due to security concerns in Guatemala.

The clients surveyed mentioned their interest in receiving further FBE modules on their mobile phones, highlighting an opportunity to reach clients through e-learning accessible digitally via phones. Genesis has expressed its interest in further developing the digital literacy of its customers.

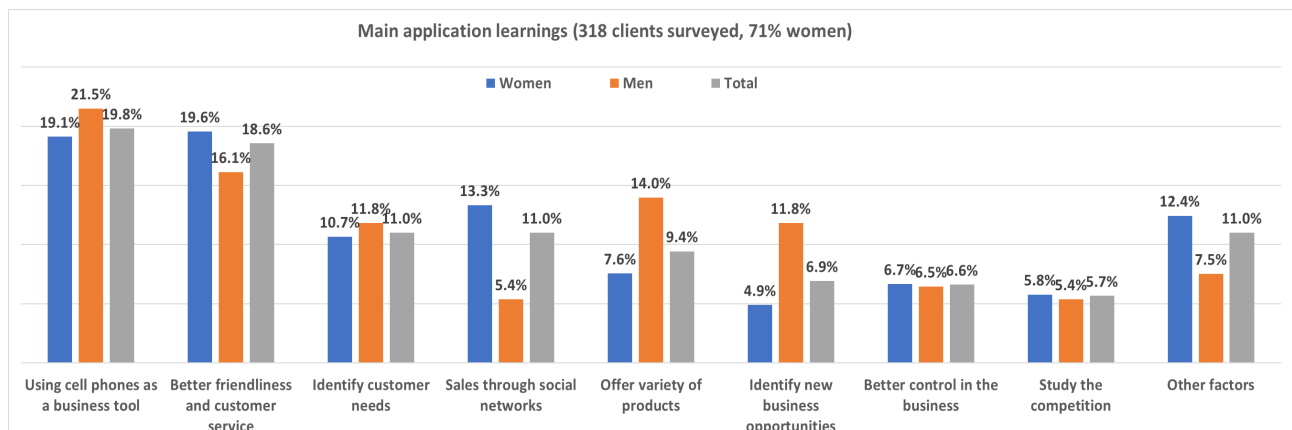


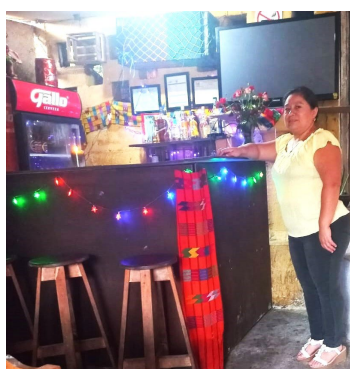
Figure 1: Summary of survey results by gender

On the practical applications of the training, the survey highlighted that a slightly higher number of men were using their cell phones as a business tool, despite a significantly higher percentage of women having mentioned the importance of sales through social networks. Women also more frequently mentioned they improved their customer service while men focused on identifying new business opportunities and offer more products to clients.

Customer profiles and stories



Maria Juana Pamal, business owner, 49 years: *“What I learned through Genesis was very useful; one receives lessons that help you get ahead. Today, I sell more, and I know what prices to charge. I am also friendlier to customers and prepare better meals. Now I sell (50%) more with more diversity of products such as sweets, sodas, coffee, etc. The business’s profits helped us improve our home and make the loan payments. We also reinvest more in the business.*



Sandra Noemi Shoc, 38, has a small restaurant and doubled her sales after thanks to the trainings: *“The videos helped me learn how to run my business and increase profit. I learned where I generate my income and control unnecessary expenses. I buy only what is necessary for the business, things that serve me and yield me to improve earnings. I have a food and beverage business. Before [the training], I did not reinvest in the business because I bought unnecessary things. Today, I invest more in my future and that of my son, in growing up and then being able to buy another business. Those are my dreams. My 16-year-old son wants to be a chef. I bought a motorcycle that serves to take food home, my first motorcycle. Videos and talks are necessary. There are many women with small businesses, but they need to manage them well. The training for people with loans and businesses helps us to get ahead.*

Financial Sector Partner/s level

Table 2. FUNDACION GÉNESIS Operational Data

KPIs	31/12/2020	31/12/2021	30/09/2022	Growth Rate		
				2020-2021	2021-2022	2020-2022
Loan Portfolio (USD Million)	198	271	329	37.22%	21.40%	66.58%
Number of clients	138,302	224,898	298,834	62.61%	32.88%	116.07%
Average loan	1,428	1,205	1,101	-15.62%	-8.63%	-22.90%
Risk: PAR 30 (%)	2.02%	1.78%	1.79%	-11.88%	0.56%	-11.39%
% Women Clients	64%	76%	75%	18.75%	-1.32%	17.19%

Between December 2020 and September 2022, Genesis showed a positive 67% growth in its loan portfolio, 116% in clients, and a simultaneous reduction of 11.6% in its portfolio at risk (PAR 30). The percentage of women clients increased by 17%.

Clients trained at Genesis branch offices

The Genesis management has reported an overall positive impact since the inception of the FBE programme, including clients sharing their FBE learnings with family and friends.

Providing training through all of its 98 branches to clients during loan disbursement has contributed to the sustainability of the FBE programme and its delivery, while allowing the MFI to take ownership of the programme and continue it in the foreseeable future, for instance by incorporating new subjects related to financial and business management.





Edgardo Pérez, General Manager of Fundación Génesis Empresarial: *“We are a Guatemalan entity that seeks to improve the living conditions of Guatemalans sustainably; our work is focused on managing the development route of each of our clients and their families, accompanying them in their process with working capital, training, and advice. Programmes that collaborate with allies to strengthen the scope and accessibility to financial and technological inclusion, make a difference. An excellent example is our alliance with SCBF, which allows us to integrate more vulnerable populations into this development process, to be able to train them in their language and facilitate access to responsible financing, contributes significantly by providing better life opportunities for more Guatemalan families.”*

4. LESSONS LEARNT

The implementation of the FE programme was effective, considering the number of people trained and the positive changes in financial and business behaviours of most of the trained clients. The following lessons were learnt:

1. **The result of the FBE campaign is positive**, surpassing the initial target of 10,000 clients with more than 96,000 clients actually trained. This included 57% women trained (slightly less than the 60% goal because some female clients who could not read had asked their husband or son to accompany them during the training). 90% of the clients considered the trainings useful, and easy to understand. 96% of clients are willing to share them with family and friends, demonstrating the usefulness of the financial and business education modules.
2. **Most of the customers interviewed indicated that they improved their sales after the training**, but for security reasons they did not want to share the exact sales data (average income improvements between 30% to 50% in sales was estimated from in-depth interviews with clients). There was an improvement in the offer and variety of products that trained clients offered their customers.
3. **The main application of learnings reported by customers** is using their cell phone as a business tool (reported by 19.8% of trained customers), improving customer service (reported by 18.6% trained customers), and identifying customer needs (reported by 11% of trained customers).
4. **In terms of gender**, the indicator of satisfaction with what was learnt was slightly higher in women (91%) than in men (89%). A higher percentage of women (13%) than men (5.4%) highlighted the importance of sales through social networks. More women than men also reported on the importance of improving kindness and customer service.

Recommendations

1. **Most clients interviewed were unaware they could access Genesis' financial and business education platform directly from the website** but expressed interest in doing so. Genesis could benefit from developing a digital literacy training to teach clients how to access e-learning modules directly from their mobiles (through the Genesis e-Platform).
2. **Potential new topics of interest for Genesis' clients include:** managing technology to support sales and business control, trainings on advertising to attract customers and also trainings pertinent for clients and households involved in agriculture.
3. **Any future implementation of digital FBE** also needs to consider the importance of staff availability and commitment at the branch-level as well as clear targets and the need to develop simple, useful, and practical e-learning modules combining trainer and e-learning interactions to create a more efficient and engaging learning environment.