

Mexico  
PROSPERA  
Piloting Changes in Uptake and Use Among PROSPERA Recipients

## Background

With an estimated 6.5+ million recipients, PROSPERA (created in 1997) was<sup>1</sup> the longest CCT program in the world. Throughout the 2012–2018 governmental administration, PROSPERA formally incorporated a Financial Inclusion sub-program, the so-called Programa Integral de Inclusión Financiera (PROIIF), consisting on an aggressive strategy of financial services delivery (savings, credit, insurance) to PROSPERA recipients by the PSP (BANSEFI, a public bank). The strategy encompassed the massive distribution of debit cards, as the trigger to promote the menu of financial products offered by PROIIF.

While the full universe of program recipients had a bank account with its corresponding debit card, only 20 per cent of them - the 'open loop' recipients - could use it to transact in any digitally enabled financial system facility (ATM, POS, branch), as any regular customer of the Mexican formal financial system would. In contrast, 'close loop' PROSPERA card-holders (80 per cent), could not yet transact in any digitally enabled financial system facility, in spite of having a debit card. As a result of connection and infrastructural constraints, these card-holders used their debit cards to digitally register their reception of the program transfer in a predefined POS or branch, while receiving the subsidy in a cash envelope. In practical purposes, this meant that the debit card in the hands of close loop recipients, was a digital ID, rather than a digital transactional tool.

## Program Overview

In the context of different financial capacity building efforts in the PROSPERA ecosystem, a consortium conformed by Women's World Banking, the Behavioral Insights Team (BIT), PROSPERA and the unit for the government's digital strategy (from the government's Presidencia office), conceived and implemented a financial capacity building effort with two main goals:

- Increase account usage among open loop recipients;
- Encourage account usage among beneficiaries migrating from close to open loop.

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<sup>1</sup> In the context of Mexico's new public administration that took office in December 2018, it was decided that PROSPERA would cease to exist and would become a scholarships program. This change is part of the radical re-engineering of Mexico's government social protection scaffolding.

For open loop recipients, the project leveraged the program's MAPO (Modelo de Atención Personalizado para la Operación), mandatory, bimonthly capacity building sessions for PROSPERA program recipient community leaders (or vocales), as the vehicle to build financial capacities using PROSPERA's operational structure. It also included a ToT intervention among bank agents (from the Yastás banking agent network, in coordination with BANSEFI, the PSP), so as permit banking agent's personnel to encourage recipients to use the financial services available in the program.

For close loop recipients, the project conceived a communication strategy with behavioral nudges that were implemented in communities that migrated from the close loop to open loop.

### Phase 1

Customer research implemented by Women's World Banking (Sept. 2016) to understand recipients' needs, behaviors and barriers to using financial services permitted to propose and test a solution implemented at both regular recipient gatherings (the MAPO sessions where recipient leaders meet on a bi-monthly basis), as well as with banking agents from the Yastás network serving rural areas.

Stemming from the customer research, a financial education framework was designed as part of the training content to deliver in the MAPO sessions. The framework included:

- a. Understanding your Bansefi bank account
- b. Access points – only module developed in detail by consortium
- c. Rights and responsibilities
- d. Savings
- e. Family Budgeting
- f. PROIIF bundle (life insurance, savings, credit)

In addition, optimized interactions with Yastás banking agents were designed. These consisted in the delivery of behaviorally-informed training and in-kind incentives to encourage banking agents to promote withdrawals, balance inquiries, deposits and other financial services among the Bansefi clients they serve (the vast majority of whom are PROSPERA recipients). Training included Yastás stores being called by a marketer introduced as being part of Yastás, who gave additional information on services to Bansefi card-holders. The visit entailed two main components:

- a. Behaviorally informed pitch: In their interaction with shop owners, Yastás agents would convey a behaviorally-informed pitch aimed at encouraging store owners

to promote cash-out and other Bansefi financial services among the PROSPERA beneficiaries they serve.

- b. The script comprised Non-financial incentives in the messages, such as ego-boosting or pro-sociality framing, to encourage business owners to promote Bansefi services.

In addition, marketing support at agent locations (promotional poster) and reminder deliveries (SMS's and calls) were done.

## Phase 2

Women's World Banking also led customer research (Dec. 2017) to understand the financial behaviors and practices of target recipients from the close loop that were transitioning to open loop. In particular, assessing beneficiaries' levels of familiarity, comfort and trust with various channels, would permit to conceive and implement capacity building solutions meant to smooth their experience and encourage the adoption and use of financial services in the context of their new transactional possibilities.

Women's World Banking, together with BIT and the consortium, proposed the following interventions:

- Optimizing the personalized letter recipients receive notifying them of migration from close to open loop.
- Improving the content of the migration training manuals (carta descriptiva) PROSPERA staff receive for migration notification session and in subsequent sessions.
- Sending reinforcement SMS reminders before and after the first open loop payment is received.

The consortium worked with the PROSPERA operational team to optimize the letter, in terms of content, format and design, and with PROSPERA's centralized training and curriculum team to develop the content for the information session.

BIT developed SMS reminders reinforcing content in the session and letter, with input from the consortium.

## Project results Phase 1

Results were based on a sample totaling 18,957 recipients assigned to four different treatments (MAPO; No-MAPO; Yastás Store Intervention; No-Yastás Store Intervention):

i. Store interventions made recipients more likely to transact at Yastás stores, and effects persisted in the following bimester.

ii. Store interventions also made recipients more likely to transact overall: the "MAPO only" treatment has no overall effect on transaction volumes, but the "Store only" and "MAPO+Store" treatments significantly increase the number of transactions made (up to 10% increase from Control).

iii. Recipients treated with both interventions left more on their account after their first transaction: in the control group, beneficiaries left on average 13% of their PROSPERA payment on their account. Recipients in the "MAPO+Store" group left on average 17.7% of their payment (a 33% increase). This difference was highly significant.

iv. While the effects of the MAPO module are small and short-lived, training and incentivizing local agents may be an effective way to promote new financial behaviors such as using new access points.

v. Treated recipients tended to transact more, and left more money on their account after receiving their payment.

### Project results Phase 2

All the control and treatment groups (totaling a sample of 5,596 users analyzed) participated in the optimized notification session and received the same official, optimized official notification letter.

Transactional data from 3/1/2018 – 4/25/2018 was used, with PROSPERA payments paid between 3/13/2018 y 3/26/2018.

#### Preliminary results:

i. Recipients that received SMS maintained a higher portion of their PROSPERA payment after one month (10% vs 9% control)

ii. Recipients that received SMS "left a little" more in their accounts (one of the tips in the letter, information session, and in SMS) after the first transaction after receiving the payment (26% vs 24% control)

As a point of comparison, in the 2017 Yastás trial, BIT found that recipients who received no additional information (unlike this study where all recipients participated in the information

session and received the notification letter) left an average of 13% of their payment in their account after the first transaction:

- More than 40% of recipients transacted in stores; no significant difference between control and treatment groups.
- Recipients that received SMS were significantly more likely to check balance (56% vs 53% control)

## Program Outcomes

### Effectiveness

There is robust evidence of effective behavioral change, one in which strategies leveraged on different channels (in person, written communications in letters and SMS messaging) complement each other to increase overall impact. Moreover, impact among recipient groups subjected to simultaneous treatments (for example, MAPO contents + Yastás employee nudge) seemed to last longer, although long-term effects on women's economic empowerment are unknown.

### Efficiency

The different interventions followed are cost-efficient, to the extent that they all leverage already existing operational structures and program logistical protocols (MAPO sessions and the program staff; official formal communications between program and recipients). Furthermore, the use of simple digital mechanisms to implement behavioral nudges (SMS messaging and reminders) is a cost effective way to achieve scale with little extra effort, and reinforce other already existing programmatic communication mechanisms.

### Scale

While the interventions carried out involved relatively small samples (18,957 and 5,596, respectively), the potential to escalate is there, as the original design leveraged regular program activities (such as the MAPO sessions) and benefitted from simple and cost-effective communication mechanisms (SMS messaging and reminders). Moreover, partnerships with rural agent networks were key to conform a comprehensive multi-stakeholder strategy aiming at specific recipient segments (open Vs. close loop; recipients living around rural Yastás agent network points).

## Environment

An institutional factor that was crucial in the operationalization of this capacity building project was the government's (not only the PROSPERA program's but the government unit coordinating the administration's digital strategy) interest in testing innovative solutions mixing a series of ingredients (behaviorally-informed messaging; digital solutions). In addition, involving private stakeholders like the Yastás rural agent network meant an opportunity to foster a deeper knowledge of G2P recipients among rural financial service providers, who can use such experiences to better integrate vulnerable populations into their business models.

## Alignment with the Principles

### 1) Create an enabling environment through committed stakeholders

This project, characterized by a multi-stakeholder consortium involving public and private partners, benefitted from the government's interest (PROSPERA and the digital strategy coordinating unit) in researching, conceiving and testing the effectiveness of innovative capacity building solutions. These incorporated best practices from the behavioral sciences and leveraged the target population's use of digital mobile devices, for a unique project that transcends traditional classroom solutions.

### 2) Prioritize three essential components of capacity building

The project featured a high level of complementarity in the different solutions proposed (for example, behavioral pitches at the Yastás rural branches that reinforce MAPO sessions contents for open loop recipients; SMS reminders to complement letters sent to migrating close loop users), and prioritized recipient functionality and comfort in the use of digital financial means, as key capacity building goals. Practical contents thus aligned to existing channels and products and defined the key ingredients to transmit.

### 3) Embed capacity building into the G2P program delivery model

The design of the project took into account program and financial product characteristics, which permitted the operationalization of this experience within PROSPERA's programmatic scaffolding. Training solutions were thus all implemented in the context of already existing touch-points and benefitted from program personnel involvement.

#### 4) Engage recipients through teachable moments along the user journey

The different solutions tested were conceived upon a deep understanding of user needs and on the basis of recipients' point of view (either from the close loop or the open loop). It also involved the participation of private stakeholders (Yastás) in implementing behavioral pitches, which reinforces the notion that training the chain can be crucial for the comprehensiveness of effective capacity building solutions.

#### 5) Monitor and iterate with women

The project encompassed a robust M&E quantitative and qualitative framework that permitted to construct empirical evidence showing the potential for effective and financially viable solutions for capacity building.

### Conclusion

Going beyond traditional classroom based interventions is essential for more effective capacity building solutions. This is not necessarily an easy task, as it involves sophisticated engineering in terms of a multi-stakeholder institutional alignment, as well as a mixture of solutions, which are different in nature and in their implementing processes. When the right conditions are met, G2P programs can benefit from effective and cost-efficient capacity building solutions to empower women recipients.

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