

Peru
“Juntos” Conditional Cash Transfer CCT
Financial Education Programs

Franz Gómez
Ivonne Villada

Background

The Juntos conditional cash transfer (CCT) program began in 2005 and is oriented exclusively to poor rural households, the vast majority of them headed by women (around 98%). Juntos participants are selected by choosing the poorest households within the poorest districts, where at least 40% of the population is below the poverty line. As of February 2019, the program has 722,125 participants:[1] while all participants have savings accounts, 85% receive their money transfers (USD62.72 bimonthly) through direct deposit in their saving accounts at the state-owned Banco de la Nación, and the remaining 15% receive their transfers in cash[2].

In 2009, Juntos, with the support of Proyecto Capital[3] started to design financial education pilot programs. Among financial education programs Juntos stands out for the number of pilot programs developed – at least six programs have been launched to date – and the fact that most of these programs have some type of evaluation, either qualitative or quantitative or both, which allows us to extract meaningful lessons.

Programs Overview and Outcomes

Within the different financial educational programs developed for Juntos, we can find:

Program/ Years	Main Characteristics	Evaluation Method and Main Outcomes ^[4]
Program for the Promotion of Savings Culture (2009-2012)	An on-site training delivered by trainers from AGROURAL (an agricultural government agency). Three on-site workshops were given, about the financial system, financial services focused on savings, and productive activities that covered loans and insurance. Each workshop lasted four hours.	Experimental evaluation. 1) The probability of knowing that deposits are protected increased in the treated group on 5%; 2) Intention to save in a bank increased from 9% to 28%, and the proportion of those who saved at a bank (since the beginning of Juntos in 2007) increased by more than 15%; 3) No statistically significant impact on the average savings amount was found; 4) Positive impacts on livestock investment (11.2%) and housing improvement (7.8%).
Scaling Up Financial Education (2012)	A system that relies on mother leaders for training with the use of flip charts, and complementary channels, like banners in bank branches radio messages, leaflets and the creation of a character that represents the participating women: “Isidora la Ahorradora” (Thrifty Isidora). Content: savings, budgeting, financial services, access channels, insurance, and credit.	Pre/post and qualitative evaluations. 1) Positive effect on attitudes towards saving in a bank (from 47% to 88%); 2) Increase in number of people who know they have a saving account (from 4% to 46%); 3) In the three rural districts, financial savings decreased in the 0-3.3USD range and increased in the 3.3-16,5USD range.
Josefa – Soap Opera (2014)	A five chapter soap opera with pro-savings messages, each one lasting 20 minutes, followed by a 15 minute conversation provided by the local officer. Pro-savings messages were introduced in a subtle fashion, and interconnected with the main topics of solidarity and success, and be transmitted through the show’s principal protagonists, Josefa and her older sister, Rufina.	Randomized Controlled Trial (RCT). 1) After one year people recalled two out of five pro-savings messages (you can save a small amount, and save in a safe place); 2) After the viewing sessions, researchers found there was a non-statistically significant increase in the savings balance. The increase is statistically significant at the time of the harvest; 3) Women’s influence over household economic decisions (e.g. occupational decisions) and financial decisions (e.g. saving and borrowing) was statistically significantly higher in the treatment group than the control group.[5] The effects are even stronger for women under 40 without a TV at home, who likely make up the poorest segment of this population.

<p>Complementary Technological Platforms for Financial Inclusion (2014-2015)</p>	<p>The objective was to stimulate the use of POS, for which 30 rural districts installed one POS in stores (treatment) and 29 did not (control group). Due to the low number of transactions made in the three months after the POS installation, the intervention had to be complemented with a financial education program centered on: the use of POS and the debit card, trust-building around the bank, and savings; so that the participants would develop confidence towards the financial system. The final impact evaluation design divided the treatment rural districts in two: 15 with financial education and 15 with POS only.</p>	<p>RCT. Preliminary results show: 1) Having a POS in the village increased the probability of using it to make withdrawals by 33%; 2) The probability of using a POS for withdrawals, when Juntos participants received financial education, increased between 8.8% and 12%; 3) The financial education program had positive effects on participant's trust in banks, the probability of knowing how to use a POS, and reversing the misconception that individuals will be penalized if they do not withdraw their money on payment day; 4) As training sessions accumulated, there was a progressive increase in using debit cards for shopping.</p>
<p>Adoption of the Mobile Wallet (2016).</p>	<p>Through network theory, people known as <i>influencers</i> were identified, so they could promote a behavior change directed to a faster and effective adoption of the BIM mobile wallet. This program contemplated practical training by the <i>influencers</i>, who to a great extent ended up to be Juntos' mother leaders, motivated by an incentive for registering new users and the later use of the wallet. A communication campaign (radio, billboards, and ads in tuk-tuks) was used to compare the effect of the <i>influencers</i> to a more traditional marketing campaign.</p>	<p>Quasi-experimental impact evaluation. 1) Mother leaders are an effective channel for disseminating information around the BIM mobile wallet; 2) Registration for the treatment group was 7.1% higher than for the control group (9.4% vs. 2.3%). 3) The communication campaign did not have any impact, suggesting "that training mother leaders on the usage and benefits of the BIM is more effective than a marketing campaign" (Videnza, 2017); 4) Two variables influence mother leaders' success in registering individuals for BIM: how isolated a mother leader is from others (which reduces competition), and the population density of the mother leader's area of work.</p>
<p>"We Learn Better Together"- Program (2017 -)</p>	<p>The most recent program and currently in expansion. This program provides training through local officers at two moments: it raises awareness at payment points and at three one-hour workshops with participants that seek to build capabilities on: i) making use of alternative channels other than bank agencies (agents, ATMs and cell phone banking), ii) saving in the saving account, and iii) filing a complaint and recognizing counterfeit bills.</p>	<p>No impact/results evaluation has been made available yet.</p>

Effectiveness

Based on each program's results evaluations, some relevant conclusions can be extracted: 1) The developed financial education programs raised awareness and improved attitudes towards the financial system by helping build trust, teaching individuals how to use financial tools (e.g. ATM, POS, or mobile wallet), and reversing prevailing misconceptions, such as "if you save in your saving account you will be expelled from the program"; 2) The financial education programs had a modest, positive impact on theoretical knowledge (e.g. deposit insurance) and on increasing formal savings; 3) The mother leader is a channel that enjoys the trust of the people and can replicate the trainings to scale and at low cost. However, not all mother leaders possess the skills to transmit information and knowledge in an effective way, particularly when it is necessary to use pedagogical tools when working with adult population groups[6]; and 4) Monetary incentives were more effective in registering and teaching Juntos participants and other non-participant women about how to use a mobile wallet compared to marketing initiatives (radio, billboards, and ads in tuk-tuks) which had little effect. However the lack of a well-functioning payment ecosystem made difficult for the people to keep practicing the usage of the mobile wallet.

Efficiency

The objective of the first financial education program launched in 2009 was very centered on encouraging formal savings. Gradually, the objective changed to focus on matters that may seem elemental, but are really essential to women for receiving the transfer, like the use of an ATM, a POS, and a cellphone as a banking channel, or even to how to properly read the information contained in a voucher. At the moment, the most important indicator for measuring the FE program's success is the reduction of waiting time for participating mothers to withdraw their money in bank agencies, which implies that the training is focused on teaching women how to use alternative channels, mainly for withdrawing. The definition of a clear and focused objective, and therefore choosing the key messages and content to communicate, contributes to efficiency and increases the possibility of obtaining scale. The estimated cost of the current "We Learn Better Together" program (2017) is USD4 per user,[7] which shows a significant reduction compared to a more comprehensive financial inclusion program, USD192 per user.[8]

Scale

Reaching the users through Juntos's local officers and the already defined and institutionalized spaces of communication within the program, helps optimize time and personnel, and facilitates scale. However, it is necessary to bear in mind that local officers need to have the time, motivation and ability to train G2P participants; therefore, they also have to go through a well-designed training program. A shared training responsibility between local officers and mother

leaders seems to be the most promising combination in terms of effectiveness and replicability at a low cost.

Regarding the training materials, for the current FE program, they were made out of inexpensive, light, and durable materials such as cardboard, styrofoam, and synthetic banner material. The first trainer's material was much heavier and not foldable, which made it difficult to be transported. When the scale is a priority, those simple details cannot be ignored.

Environment

In the year 2016, in fulfillment of the directive from the Ministry of Development and Social Inclusion (MIDIS)^[9] and aligned with the National Strategy of Financial Inclusion, "Juntos" established its first Financial Inclusion Plan (PFI), with the main objective of promoting the access and usage of financial products and services by the users, strengthening their financial capabilities so that they would make informed decisions. For that, it was proposed to have awareness-raising activities and basic financial education content as part of local officers' daily activities. It is evident that the NFIS became a motivating factor for Juntos, which established a concrete goal of financially educating 100,000 people per year.

Alignment with the Principles

1) Create an enabling environment, through committed stakeholders

Proyecto Capital played a fundamental role in providing technical assistance to the Juntos program to develop, evaluate, and improve financial education programs, and even advocating for the continuation of the Juntos financial education program before and after two presidential elections. This long lasting effort, which was supported by the commitment of the first Minister of the Social Development Ministry, Carolina Trivelli (2011 – 2013), gave a big push to these initiatives within the Juntos program.

Despite this, budget limitations for the FE program persist, which may reflect Juntos's competing priorities.^[10] CCT program's executives need to be convinced of how financial inclusion and financial education initiatives are instruments that help accomplish the Juntos program's main objective: breaking the cycle of intergenerational poverty.

2) Prioritize three essential components of capacity building

The learning process from a variety of financial education initiatives tested at Juntos, teaches us the following, along the lines of essential components:

- a) It is necessary to define a clear and achievable objective. From a very broad objective as financial inclusion is, the main financial education program's objective now is, according to the Juntos, to reduce the queue waiting time at bank branches.
- b) Having reduced the training workshops from 15 hours in 2009 to 3.5 hours now, proves that content prioritization is a "must".
- c) Objectives, materials and content have gone through a process of systematic simplification, which was informed by each of the carried out pilots.
- d) The current program focuses on payment features and technical capacities, and includes some elements from the basic financial management component (savings options and goal setting). The program's content also includes myth-busting and consumer protection elements.
- e) Given that trust building is a key element for financial inclusion, some of the pilots addressed explicitly this issue by including it as part of the content and using trusted sources (mother leaders and field officers) for training dissemination.

3) Embed capacity building into the G2P program delivery model

Juntos has worked with external personnel, mother leaders, and most recently local officers, to deliver its training. As Norma Vidal, a former Vice minister at the Social Development Ministry, said: "it was a mistake not to get local officers involved as trainers in the previous programs, as they may be the only representation from the State in very remote villages," and so they are often a trusted source of information among users. Mother leaders have also played an important role as financial education trainers and for encouraging the adoption and usage of mobile wallets.

Juntos has also trained its medium management personnel by building awareness of the importance of financial inclusion and financial education for users. A similar training program was run at Banco de la Nación about the importance of these topics among bank tellers and bank branch managers. Finally, bank agents went through a training program so they can help Juntos women on how to use a debit card at a POS and its other functionalities. The "train the chain" concept was applied in the Juntos case, with different levels of intensity depending on the pilot project.

4) Engage recipients through teachable moments along the user journey

When Juntos was launched in 2007, financial training activities were not provided, which translated into some lost "teachable moment" opportunities. One clear example of this situation is that less than 4% people knew that they had a saving account under their name. At the time of opening saving accounts for disbursement, users were not properly informed nor trained about the implications of having a saving account. Most users can only withdraw transfers at Banco de

la Nación; consequently, they would never leave any money in the account nor deposit any extra money. Currently, the Juntos program is taking advantage of the gatherings at the points of payment on the payment days to teach users how to use their debit cards at an ATM and POS, and build awareness about the importance of using debit cards with care. In addition, it is implementing a more structured training program through three one-hour workshops.

5) Monitor and iterate with women

The Juntos financial education programs have been extensively assessed through process, results and impact evaluations. These evaluations have made it possible to understand women's perceptions about the FE programs and have helped fine-tune the programs. According to a financial education training program designer at Juntos, "to position a training strategy within a CCT program is a permanent exercise of raising awareness and co-creation with the involved actors at a national and regional level, and particularly, at a local level with women themselves".

Conclusion

Three main conclusions emerge from the Juntos program experience: 1) The necessity of defining a clear objective focused on women's most pressing needs (receiving their transfer) 2) The importance of simplicity in every possible sense: objectives, contents and materials, and moving progressively towards more ambitious outcomes, 3) The effectiveness of using trusted sources to disseminate trust-building information.

Interviewees

Jessica Salazar Medina, Ecosystems Development Responsible, Mobile Wallet – Bim

Miguel Arce, Sales Manager, Mobile Wallet – Bim

Mariela Loayza, Assistant, Mobile Wallet – Bim

Teodosio Olano Cabrera, Sales Officer, Mobile Wallet – Bim

Victoria Galicia, Coordinator, Beca 18 – CCT Program

Paolo Jesús Velásquez, Beca 18 Recipient, Beca 18 – CCT Program

Yomira Calixto, Beca 18 Recipient, Beca 18 – CCT Program

René Ronald Tunqui, Beca 18 Recipient, Beca 18 – CCT Program

Arturo Quispe, Beca 18 Recipient, Beca 18 – CCT Program

Josué Ravines, Beca 18 Recipient, Beca 18 – CCT Program

Reyna Gil, Beca 18 Recipient, Beca 18 – CCT Program

Brenda Arlett Sayán, Beca 18 Recipient, Beca 18 – CCT Program

Ines Torre, Beca 18 Recipient, Beca 18 – CCT Program

Pablo Solis Vargas, Executive Director, Juntos CCT Program

Mariela Lievano, Former Operations Unit Manager, Juntos CCT Program

Martin Valdivia, Researcher, GRADE
Nicolas Besich, Researcher, Videnza Consulting
Renzo Esponza, Financial Inclusion Manager, Banco de la Nación
Edgar Córdova, Financial Inclusion Technical Advisor, Banco de la Nación
Marco Marticorena, Financial Inclusion Deputy Manager, Banco de la Nación
Roxana Buendía, Senior Financial Inclusion Analyst, Superintendency of Banks
Laura Margarita Nuñez, Financial Inclusion Analyst, Superintendency of Banks
Norma Vidal, Former Vice-Minister, Social Development Ministry
Aracelly Aguilar, Financial Education Trainer, Proyecto Capital / IEP

[1] Information obtained from the Juntos website: <http://www2.juntos.gob.pe/infojuntos/index.html>

[2] Information provided by Banco de la Nación

[3] Proyecto Capital is a 10-year regional financial inclusion initiative implemented by Fundación Capital and the Instituto de Estudios Peruanos, and financed by the Ford Foundation and IDRC.

[4] The impact evaluation results for all the cases but the “Josefa: Soap Opera” and “Adoption of the Mobile Wallet”, came from the “Proyecto Capital Perú: Evidence and incidence for transiting from an idea to a public policy” (IEP, 2018). The “Josefa: Soap Opera” impact evaluation can be found in: Social Media Instruments and the Promotion of Financial Inclusion in Peruvian Rural Areas (Chong, A. and Valdivia, M., 2017). Partnership for Economic Policy Working Paper No. 2017-15. The “Adoption of the Mobile Wallet” impact evaluation is contained in “Affiliation promotion and usage of BIM by Juntos participants in Catacaos, Piura” (Videnza, 2017).

[5] With a difference of 0.11 s.d. and 0.14 s.d.

[6] Correa, N., 2017. "Evaluating the sustainability of the results achieved by the communicational financial education component of the Innovations for Scaling Financial Education Project". Proyecto Capital, Instituto de Estudios Peruanos. Lima, Peru.

[7] It includes the training kit for the local officer, the realization of the 3 one-hour training workshops contemplated in the training guide (time and transport of the local officer) and the transfer cost of the methodology to the local officer.

[8] “The Corredor Project started with a cost of USD 192 per user, later Sierra Sur has a cost of USD 169, and finally Sierra Norte and PUMRI had a cost of USD 120 and USD 137 per user, respectively. This means that after an average of 8 years of previous experience, there was a reduction in cost approximately up to 35%” (Feijoo, 2015). It is important to mention that these programs included a monetary incentive (matching grant) that was given to savers.

[9] Ministerial Resolution Nr. 044-2015-MIDIS, which approves Directive Nr. 002-2015-MIDIS “Guidelines for the Design, Implementation, Monitoring and Continuous Improvement in Management and/or Interventions in Financial Inclusion of the Social Programs of the Ministry of Development and Social Inclusion”.

[10] At the time of this publication, the Juntos program’s main priority was to combat anaemia.