

# The Youth Frontier in Microfinance:

## Savings & Financial Education for Girls in Mongolia

In an industry best known for lending small amounts to the working poor, emerging models in microfinance are reaching more clients with customized products and services through new channels. Women's World Banking (WWB) and its network member XacBank are innovating in each of these areas to launch a savings and financial education program for girls in Mongolia. Anjali Banthia and Benjamin Shell from WWB provide a snapshot of how their project is pushing the industry in unexpected directions.

Women's World Banking (WWB), a global network of microfinance institutions (MFIs) that offers financial products and services to adult women has partnered with the Nike Foundation to address a new and challenging market segment: girls and young women.

The aim is to economically empower this segment and enable them to better accumulate assets, manage risks, and set their own courses for leading independent and productive lives. WWB is also currently working on a combined financial education and savings program with XacBank in Mongolia and Banco ADOPEM in the Dominican Republic.

The project kicked off in Mongolia in 2008 with extensive market research. Initially, there was skepticism, about girls and young women being a viable market for savings, as well as about the usefulness of financial education. For one thing, no Mongolian bank had ever provided any kind of financial services directly to children under 16. However, when the project team scrutinized the relevant laws, it discovered that 14- and 15-year-old youth were legally permitted to open accounts and independently withdraw money. The results from a year of research and pilot testing paved the way for a full-scale campaign targeting girls in the 14-18 age group. Here is what the project team found:

- **Girls do accumulate and manage money.** Girls as young as 10 regularly accumulate money, actively manage it, and see the benefit in having a safe place to save it. On average, WWB found that even young, low-income girls had the potential to save close to US\$6 per month.
- **Girls want flexibility in the product offering.** All Mongolian banks offer a long-term, high-interest restricted children's

savings account, that is held in the name of the child and can be opened anytime after birth. However, the money is only accessible to the child when he or she turns 18, before which the account along with the ability to withdraw early, is controlled by a parent. While many Mongolian girls have these accounts, their attitude was almost uniformly similar to this girl's: "I don't want to save my money until I'm 18. Instead I would like to be able to get it when I want. I don't like that they tell me when I can get [my] money." It was clear that XacBank needed to offer a range of products to girls to meet their short and medium-term saving and spending goals, as well as varying preferences for restricted and unrestricted access.

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- **Parents need to be brought on board.** While some parents were supportive of their girls' participation in financial education classes, others, especially low-income ones, held views similar to this mother when she said, "I'm very busy with work and tired at the end of the day, and I generally did not have time to ask my daughter about this program. When she left the house over the weekend [to attend financial education class], I got angry because I thought she was going to go and get in trouble with her friends." Many girls from low-income families did not have government-issued identification, which the law requires to open an account. Parents needed to believe



A client of the youth microfinance initiative.  
Photo Credit: Anjali Banthia

in the importance of their daughters saving before they would go out of their way to obtain the IDs.

- **Girls want a customized and friendly banking experience.** The team was surprised by the negative attitude that many girls, especially from low-income families, held towards banks. As one girl said, "Banks will not always serve us. They tell us to go away; the credit officers look at our clothes first and get their impression. Unless we go with our parents they will not serve us." On the other hand, girls got excited about the possibility of banks catering directly to them: "When we come to the bank the place we go should be a place that attracts us and we should like going to that place." The project team is customizing all aspects of the client experience for girls. Working with a local ad agency, a girl-friendly brand has been designed, complete with a name, tagline and logo. Branches are being outfitted with specialized information boards, and all materials, including brochures, passbooks and payments cards, have been specially designed. Girl-oriented gifts, such as bracelets, are being offered as incentives. Customer-service training is being delivered to front-line staff. And, groups of girls attending financial education classes will be given a brief tour of the nearest branch to reverse existing negative attitudes towards banks.
- **Girls need to understand the "why" and "how" of saving before they will open accounts.** Financial education messages, whether conveyed through direct marketing techniques or in formal classroom settings, proved important in providing the impetus girls needed to open accounts during the pilot. Simply presenting a financial product to girls is not enough – its relevance to their lives needs to be understood and internalized.

### Partnerships for Savings and Financial Education

To deliver financial education and provide the necessary face-to-face direct marketing interaction in a cost-effective manner, the project team forged partnerships. To design the content, the team integrated an international NGO, Microfinance Opportunities, with experience in financial education, with a leading local NGO, the Mongolian Education Alliance (MEA). To deliver financial education, the project draws upon MEA's extensive experience with the public school sector and also partners with another local NGO, Equal Step Center, which already works with vulnerable

youth populations, to reach working girls. These relationships represent some of the first local public-private partnerships in the history of Mongolia's education sector.

Through eight learner-centered sessions, the curriculum teaches new skills and behaviors around saving, using banks, and personal budgeting. To reach schoolchildren, XacBank and MEA are partnering with schools to organize groups of girls to meet weekly as an extracurricular activity, with facilitation from trained female university students. For working girls, professional trainers from Equal Step gather girls in training centers near large markets.

The project's combination of financial education serves both girls and financial institutions well. While classes present girls with new skills and attitudes, tailored savings products and savvy marketing provide appealing opportunities for girls to practice what they have learned. And the financial institutions gain value from the program's brand and customer building outcomes.

Partnering with more than 100 schools nationwide and providing financial education to more than 2,000 girls in Ulaanbaatar by the end of 2009 will put XacBank at the forefront of the Mongolian youth financial services market. As financial education is expanded to rural areas and boys are eventually included, it is hoped that the program will have a systemic impact, helping to build a savings culture in a former communist country where, less than 20 years ago, the concept of "personal money management" was almost unheard of.

### Next Generation Microfinance

In the second project site, WWB and Banco ADOPEM will soon enter the pilot stage. While the program in Mongolia is currently reaching 14-18 year-olds, in the Dominican Republic the project will also address the issue of formal savings for even younger girls who cannot legally open their own accounts and withdraw money without the presence of an adult.

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As WWB seeks to create a new generation of savers with more opportunities than the previous generation, it is also helping to redefine a microfinance sector that is experiencing rapid progress in product development and delivery channels.

Combining tailored products and partnerships for financial education with savvy marketing is the kind of comprehensive offering that represents the next generation in microfinance. Through designing such programs for commercial efficiency and scale, WWB is pushing established frontiers, and girls across Mongolia, passbooks and budgets in hand, will soon be doing the same. ■

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