

EFFECTIVENESS OF CRS' FINANCIAL EDUCATION CURRICULUM IN SAVINGS AND INTERNAL LENDING COMMUNITIES (SILC)

Evidence from three Latin American countries

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This report presents the results from a three-country, multi-method study of the effectiveness of CRS' Financial Education (FE) lessons delivered in the context of Savings and Internal Lending Communities (SILC) interventions. Implemented in Ecuador, El Salvador, and Guatemala, the study's baseline and endline surveys, and focus group discussions jointly show that the FE lessons effectively teach responsible financial management to participants from diverse backgrounds in different contexts, and that the delivery of FE lessons in SILC provides participants with the opportunity to strengthen their learning through practice.



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List of Abbreviations

CP	CRS Country Program
CRS	Catholic Relief Services
FA	Field Agent
FE	Financial Education
FGD	Focus Group Discussion
LACRO	CRS Latin America and Caribbean Regional Office
PIQA	CRS Program Impact and Quality Assurance

Executive Summary

- This report presents the results from a three-country, multi-method study of the effectiveness of CRS’ Financial Education (FE) lessons delivered in the context of Savings and Internal Lending Communities (SILC) interventions in three Latin American countries. Implemented in Ecuador, El Salvador, and Guatemala, the study’s baseline and endline surveys, and focus group discussions (FGDs) jointly show that the FE lessons effectively teach responsible financial management to participants from diverse backgrounds in different contexts, and that the delivery of FE lessons in SILC provides participants with the opportunity to strengthen their learning through practice.
- The study methods consisted first of administering two surveys twice – before beginning the first FE lesson (*baseline*) and after completing the final lesson (*endline*) – to all members of at least one SILC per local SILC promoter participating in the study. Eighteen SILC promoters (or field

agents, FAs) participated in the study by administering surveys and facilitating FE lessons: 7 FAs in Ecuador, 5 in El Salvador, and 6 in Guatemala.

- The first survey, a self-evaluation, asked fourteen questions that prompted respondents to rate their financial knowledge and behavior with respect to the FE topics of budgets and goal-setting, saving, and borrowing. The second survey, a knowledge assessment, presented respondents with ten true/false questions relevant to key FE lessons. The tools, revised in light of feedback after the study, are provided in Appendices I and II.
- 218 respondents in 24 SILCs – 74 in 10 groups in Ecuador, 84 in 8 groups in El Salvador, and 60 in 6 groups in Guatemala – completed both the baseline and endline surveys. Respondents’ ages ranged from 12 to 74, with a median age of 39 years.
- Following the administration of the endline surveys, the principal researchers traveled to each country and conducted 20 FGDs – 9 in Ecuador, 5 in El Salvador, and 6 in Guatemala – with randomly selected members of the participating endline SILCs. Together, the FGDs included 196 respondents, of whom 10 were men, 20 youths or children, and 166 women.
- The results of the study show clear evidence that the FE lessons improve SILC members’ financial management knowledge, attitudes, and behaviors. Of the 218 respondents who answered both the baseline and endline surveys, 190 (87.6%) provided more correct answers to the knowledge survey at endline than baseline, and an overlapping 116 (53.5%) provided fewer incorrect answers.
- The self-evaluation provided each respondent with a statement that involved both a knowledge or skill, and a corresponding behavior (separated in the revised survey provided in the Appendices). Enormous changes in respondents’ most frequent responses to the self-evaluation took place from baseline to endline, indicating improvement in understanding of key financial management concepts taught in the FE lessons, and positive behavioral changes pertaining to financial management.
- FGD respondents were knowledgeable and enthusiastic about saving and borrowing – and related their success both to the FE lessons and to their SILC membership. Several respondents discussed their experience with borrowing prior to SILC and compared SILC favorably to other options. Most respondents considered SILC central to their financial education, and to their experience in budgeting, setting financial goals, saving, and borrowing.
- The evidence from the surveys, FGDs, and supplementary interviews with nine SILC FAs who facilitated FE lessons, suggests that flexible facilitation and adaptation of FE examples to local contexts is necessary; and to adapt lessons to local contexts, facilitators must be well-trained, knowledgeable of the local context, and must speak local languages.
- The study recommends the following changes be applied in future FE implementation:
 1. Conclude FE lessons with a final project that brings together multiple concepts and practices, including SMART goals.
 2. Reinforce later in the course concepts introduced earlier and provide printed summary material to participants who have completed the FE lessons.
 3. To encourage emergency savings, recommend initially less ambitious individual emergency savings targets than those recommended by the FE curriculum.
 4. During facilitator training, emphasize the importance of flexibly altering the FE curriculum content to reflect the FE participants’ everyday reality.

1. Introduction

This report presents the results from a three-country, multi-method study of the effectiveness of CRS’ Financial Education (FE) lessons delivered in the context of Savings and Internal Lending Communities

(SILC) interventions. Implemented in Ecuador, El Salvador, and Guatemala, the study's baseline and endline surveys, and focus group discussions (FGDs) jointly show that the FE lessons effectively teach responsible financial management to participants from diverse backgrounds in different contexts, and that the delivery of FE lessons in SILC provides participants with the opportunity to strengthen their learning through practice.

Rural households and smallholder farmers need financial skills to engage with markets, as stronger skills better enable them to plan and manage their businesses and meet household needs. But recent reviews of rigorous studies of the effects of financial education programs on financial behaviors report mixed results. Miller et al. (2014), in a meta-analysis of 188 studies of financial literacy and capability interventions, find that financial education can encourage participants to increase their savings and financial record keeping, but that such interventions have no effect on the likelihood of loan default; because "savings and record keeping... are immediate and primary decisions that can be acted upon by targeted consumers" (Miller et al. 2014, 4), while loan repayments are not. In an experiment to test the effect of financial education on participants' financial numeracy and attitudes toward available financial products and planning tools, Carpena et al. (2011) find no effect on numeracy, but positive effects on attitudes. But a comprehensive review of financial education studies, conducted by Xu and Zia (2012), finds correlations between the use of financial services and exposure to financial information, and that the effectiveness of financial education is associated with participants' decision making needs, such as planning and investment decisions to be made due to life changes or income shocks; social networks and peer effects, as those who participate in the financial education intervention communicate their learning with family and neighbors; and complementary interventions, such as cash consumption support or financial inclusion initiatives – including SILC.

CRS' financial education curriculum addresses some of the weaknesses of financial literacy interventions identified in the literature. First, the curriculum concentrates on financial awareness and knowledge, and each lesson provides practical field exercises to encourage participants to reflect on their own financial situations in light of what they have learned in the lessons. Second, the FE curriculum is a common add-on intervention to SILC, which by enabling participants to save and borrow money, provides practical applications that can reinforce the lessons imparted in the curriculum.

To provide its beneficiaries with the knowledge, skills, and attitudes necessary to manage their finances, CRS created the FE lessons for use by facilitators to teach beneficiaries how to make informed household and business financial decisions. The lessons, which are designed for poor, small-scale farmers, but can be adapted easily to urban and peri-urban contexts; comprise a core component of CRS' comprehensive SMART Skills curriculum. The lessons are divided into three sections: *Section I: Goals, Income, Expenses, and Budgeting*, with four lessons, teaches participants to compose a seasonal calendar to track their income and expenses in different months; highlights the importance of setting SMART (Specific, Measurable, Achievable, Realistic, and Time-bound) financial goals; and teaches participants to write and follow responsible budgets. *Section II: Savings*, with three lessons, helps participants choose where to save and create a savings plan, and encourages them to save for emergencies. And *Section III: Borrowing*, with four lessons, defines key borrowing concepts, describes different types of interest rates, encourages participants to think about the advantages and disadvantages of debt, and helps them understand how to compare different financial services (Catholic Relief Services and MEAS Project 2013).

In CRS programming, FE is generally combined with Savings and Internal Lending Communities (SILC) savings group interventions. Together, these two interventions should complement each other, as

FE knowledge is reinforced by regular SILC savings and borrowing practice, and the SILC practice is informed by FE learning. Section I lessons are typically introduced during months 9-12 of the first SILC cycle, while Sections II and III begin in the second cycle. CRS project and technical staff have found that SILCs need at least nine months to become comfortable with the SILC methodology before they gain the necessary competency and confidence to explore the financial education component.

CRS recommends that facilitators introduce the lessons on savings (Section II) during the second cycle (e.g., in months 13-15), when SILC members start to decide on changes in their minimum savings and loan amounts. Facilitators can then introduce the lessons on borrowing (Section III) during months 16-19, when savings are sufficient for lending and some members of the group begin to look for additional investment funds as their businesses grow.

SILC and FE implementation is increasingly widespread across CRS regions, countries, and projects – and as FE becomes a standard add-on for SILC+ interventions, it is necessary to develop and deploy tools to evaluate its effectiveness and provide recommendations for changes to the curriculum as needed.

The pilot study analysis presented here – carried out by staff from PIQA, LACRO, CPs, and local implementing partners in FY2017 and FY2018 in Ecuador, El Salvador, and Guatemala – was carried out with three goals: First, to test two new tools to evaluate FE delivery effectiveness – a knowledge assessment and a self-evaluation of financial knowledge and behavior. And second, to provide recommendations to improve FE delivery, derived from participant and facilitator feedback. The report presents evidence of FE effectiveness from the tools and post-FE focus group discussions in each participating country, comments on the effectiveness of the survey tools tested in the study and provides recommendations for future FE lesson delivery.

The report begins by describing the sampling strategies and methods employed in the pilot study, including the baseline and endline surveys provided to all participating SILC members, to measure changes in financial knowledge, skills, attitudes, and behaviors, due to the FE lessons; and focus group discussions (FGDs) with samples of those members, as well as with SILC field agents who facilitated FE lessons, to understand what participants and facilitators saw as valuable in the FE curriculum, and to field recommendations for improvement. The report then presents the results of the surveys and FGDs. First, knowledge survey results are presented, to show changes in participants' understanding of core financial management concepts from baseline to endline. Then, self-evaluation survey and FGD results are presented together, to demonstrate how participants' views of their knowledge and behavior have changed over the course of the FE lessons. The self-evaluation survey and FGD discussions are organized by FE sections, starting with *Section I: Goals, Income, Expenses, and Budgeting*; and continuing through *Sections II: Savings* and *III: Borrowing*. The results section concludes with an analysis of findings pertaining to the relationship between FE lessons and SILC, which shows that the two reinforce each other. The study concludes with discussions of participant and facilitator critiques of the FE curriculum, and the importance of proper training of facilitators in FE facilitation. Finally, the study provides recommendations for future implementation of the FE lessons in CRS programming.

2. Methods and sampling

The study methods consisted first of administering two surveys twice – before beginning the first FE lesson, and after completing the final lesson – to all members of at least one SILC per local SILC promoter participating in the pilot study. Eighteen SILC promoters (or field agents, FAs) participated in

the study by administering surveys and facilitating FE lessons: 7 FAs in Ecuador, 5 in El Salvador, and 6 in Guatemala. Prior to baseline survey administration, the study researchers held a 3-day workshop in each study country, to train the FAs in the administration of the surveys, to pilot those surveys with two SILCs in each country, and to work with the promoters to adapt survey wording to the local context (and in Guatemala, to identify CRS or partner staff capable of translating the Spanish-language surveys to two local indigenous languages, K'iché and Mam).

Prior to beginning the FE lessons, each SILC FA administered the two baseline surveys to at least one of their groups to be taught. The first survey, a self-evaluation, asked fourteen questions that prompted respondents to rate their financial knowledge and behavior with respect to topics from FE Section I (4 questions on budgets and goals), Section II (5 questions on savings), and Section III (5 questions on borrowing). Questions were structured as statements that include knowledge and a behavior, such as “1.1 I understand how my income varies from one season to another, and I plan for when my income is low, or I have no income.” Respondents were given four options to rate themselves: *Don't know, don't practice; Know, but don't practice; Know, practice a little; and Know, practice always.*

The second survey, a knowledge assessment, presented respondents with ten true/false questions relevant to key FE lessons, such as “1. A budget is a useful instrument for financial goals” (true) and “6. There exists a completely save way to save” (false). Respondents were given three answer options: *true, false, and I don't know.* Both surveys were administered in the local language – Spanish in Ecuador and El Salvador; K'iché, Mam, or Spanish in Guatemala – and kept simple to address the needs of respondents with different educational backgrounds. Throughout, the only writing required of respondents – besides their names, which could be written if needed by the enumerator – was to tick the box corresponding to the answer the respondent desired to give. Colors were also employed, to help those who could not read to follow along with the enumerator: In all countries, rows corresponding to questions were alternately white and gray, and in Guatemala, the columns corresponding to answer options were colored, and enumerators explained the colors to the respondents prior to survey administration.¹

While the surveys were individual, administration was conducted in groups, at the first and final FE meetings. During each meeting, the enumerator – generally, the SILC's FA – handed each member a writing utensil and a copy of the first survey (the self-evaluation) and read each question aloud. Between each question, the enumerator left sufficient time to permit each respondent to think about her answer and tick the corresponding box. At the end of the administration, the FA collected the completed paper surveys, handed out copies of the second survey (the knowledge survey), and repeated the procedure. In many cases, particularly in Guatemala, respondents were unable to read, or had trouble following along with the FA due to language barriers and distractions from babies and children. In such cases the FA – or a supporting colleague – would take time between questions to guide struggling respondents. When guiding respondents, limited explanation or re-phrasing of each question was permitted, but encouraging respondents to choose particular answers was not.

Respondents were selected by SILC promoters for their and their groups' participation in FE lessons. As illustrated below in Table 1, surveys were administered to 384 respondents at baseline, and 341 respondents at endline. Of the baseline and endline survey respondents, 218 took *both* the baseline and endline self-evaluation and knowledge questionnaires, while the remaining took only the baseline, or only

¹ For the complete survey tools, see Appendices I and II.

the endline.² The final 218 respondents were members of 24 SILCs: 74 in 10 SILCs in Ecuador, 84 in 8 SILCs in El Salvador, and 60 in 6 SILCs in Guatemala. Respondents' ages ranged from 12 to 74, with a median age of 39 years (42 in Ecuador, 39 in El Salvador, and 31 in Guatemala).³

Table 1. SILC and member samples at baseline and endline

Country	Partners	SILCs at baseline	Members at baseline	SILCs at endline	Baseline members at endline	FAs
Ecuador	1	13	132	10	74	7
El Salvador	2	9	135	8	84	5
Guatemala	2	6	117	6	60	6
<i>Total</i>	5	28	384	24	218	18

Following the administration of the endline surveys, the principal researchers traveled to each country and, working with the CRS country programs, participating project staff, and local implementing partners, carried out a series of focus group discussions (FGDs) with randomly selected members of the participating endline SILCs, as well as SILC members who had received the financial education curriculum, but had not participated in either the baseline or endline surveys. While random selection of FGD participants had been requested by the researchers, and was implemented correctly in Ecuador; in El Salvador and Guatemala, some violation of random selection took place due to how FE had been implemented, or to local free will: In some cases, field agent facilitators had found too few interested members in a single SILC to justify teaching FE only to those members, and instead brought together interested members from multiple SILCs learn FE together. In other cases, the appearance of North Americans in rural villages sparked residents' interest, and more than just the randomly selected SILC members attended the FGD. In both cases, random selection was violated, but learning did not suffer.

Study respondents' educational background and prior experience with financial management and services differed considerably across countries: in Guatemala, many respondents were rural peasants and unable to read or write, and few spoke Spanish or had any prior exposure to formal financial services (though FGDs revealed that some had taken loans from moneylenders prior to joining SILC). In El Salvador, some participating SILCs were rural, while others were urban, and the urban SILC members had greater prior exposure to financial services than their rural counterparts – though members of all groups were able to read and write, and several had at least some experience with financial services. In Ecuador, educational levels were higher, as both Ecuadorian and Colombian refugee SILC members were principally urban professionals – including school teachers – or homemakers. While the baseline modal self-evaluation answers differed considerably across the three participating countries, participants from all backgrounds saw value in the FE lessons, and by the time of the FGDs, had begun to apply the practices most pertinent to their daily lives and concerns.

The researchers conducted a total of 20 FGDs – 9 in Ecuador, 5 in El Salvador, and 6 in Guatemala – with members of 37 SILCs. Together, these FGDs included 196 respondents, of whom 10 were men, 20 youths or children, and 166 women.

² Because the purpose of the analysis presented here is to measure change in knowledge, skills, and attitudes, surveys submitted by respondents who took only the baseline or endline, but not both, were discarded.

³ Only El Salvador recorded gender data, but most respondents were women.

Table 2. Focus Group Discussion sample

Country	FGDs	SILC(s)	Men	Women	Youths or children
Ecuador	9	18	7	67	3
El Salvador	5	13	1	49	1
Guatemala	6	6	2	50	16
<i>Total</i>	<i>20</i>	<i>37</i>	<i>10</i>	<i>166</i>	<i>20</i>

3. Results and discussion

The results and analyses presented here show clear evidence that the FE lessons improve SILC members’ financial management knowledge, attitudes, and behaviors. Changes in knowledge of basic financial management concepts are shown primarily in improvements from baseline to endline in the average share of correct answers. Changes in behaviors are measured primarily by self-reported improvements on the self-evaluation survey. While the accuracy of participants’ self-reporting cannot be verified – due to time and budget limitations, as well as the risk of reactivity, in which respondents’ behavior changes because they know they are being observed by researchers – the FGDs provide evidence that supports the conclusions drawn from the trends seen in the self-evaluation results.

The evidence analyzed measures change from baseline to endline among the 218 respondents who took the baseline surveys, completed the FE lessons, *and* took the endline surveys. Because the purpose of the survey tools is to quantify FE participants’ changes in knowledge, skills, and attitudes regarding financial management, those respondents who took *only* the baseline *or* endline surveys are excluded from the data set analyzed here. The FGDs and interviews with facilitators, then, delve more deeply into the trends in changes in knowledge and behavior shown quantitatively in the knowledge and self-evaluation surveys, and elicit participant feedback on the FE lessons and facilitation, as well as on the survey tools.

3.1 KNOWLEDGE SURVEY RESULTS

The knowledge survey consisted of ten true or false statements, and an “I don’t know” option. The researchers assigned a score of 1 to a correct response and 0 to an incorrect response or “I don’t know.” These scores were then added across all questions for each respondent, to produce a total score on the knowledge survey.

Knowledge survey scores improved from average low scores at baseline to high scores at endline across all countries, indicating that many respondents began the FE lessons with very little knowledge of basic financial management concepts and good practices but had a strong grasp of these by the end of the lessons.

Improvements were seen both in the increased number of *correct* and reductions in the number of *incorrect* answers at endline compared to baseline, indicating that respondents understood financial concepts and good practices better after the FE lessons than they had before. Below, we present the counts of correct and incorrect answers for all respondents and disaggregate by country. Of the 218

respondents who took both the baseline and endline surveys, 190 (87.6%) provided more *correct* answers at endline than baseline, and an overlapping 116 (53.5%) provided fewer *incorrect* answers at endline than they had at baseline.⁴ By country, most respondents in Ecuador and El Salvador – where respondents’ educational levels, including Spanish fluency and literacy, were generally higher – improved with respect to both correct and incorrect answers, while there was greater variation in performance in Guatemala – where educational attainment, literacy and Spanish fluency of respondents were generally lower. Table 3, below, summarizes this information.

Table 3. Changes in number of correct and incorrect answers, from baseline to endline

4. Change in correct answers from baseline to endline - counting only # of correct answers per respondent								
	<i>All</i>		Ecuador		El Salvador		Guatemala	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
Got better (more correct)	190	87.6	64	86.5	83	100	43	71.7
Same	15	6.9	5	6.8	0	0	10	16.7
Worse	12	5.5	5	6.8	0	0	7	11.7
5. Change in incorrect answers from baseline to endline - counting only # of incorrect answers per respondent								
	<i>All</i>		Ecuador		El Salvador		Guatemala	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
Got better (fewer incorrect)	116	53.5	39	52.7	53	63.9	24	40
Same	40	18.4	10	13.5	22	26.5	8	13.3
Worse	61	28.1	25	33.8	8	9.6	28	46.7

Findings by section of the knowledge questionnaire demonstrate similar advances from baseline to endline. Questions 1-3 (3 questions) pertain to Section I of the Financial Education curriculum, addressing budgets; questions 4-6 (3 questions) pertain to Section II, addressing savings and saving options; and questions 7-10 (4 questions) pertain to Section III, addressing borrowing and indebtedness. Table 4, below, presents by section the number and percentage of respondents from each country, who increased the number of correct responses from baseline to endline, remained the same, or gave fewer correct answers at endline than at baseline. In addition, the table presents the mean number of correct answers per section by country, at baseline and endline.

⁴ And while 28% of respondents provided more incorrect answers at endline, only 5.5% provided fewer correct answers.

Table 4. Changes in number of correct answers provided in knowledge survey, by FE curriculum section and country

SECTION I: Goals, income, expenses and budgeting								
Country	More correct (N)	%	Same (N)	%	Fewer correct (N)	%	Baseline mean correct	Endline mean correct
Ecuador	44	59.5	26	35.1	4	5.4	1.56	2.37
El Salvador	57	68.7	25	30.1	1	1.2	1.61	2.8
Guatemala	27	45	25	41.7	8	13.3	0.97	1.52
Total	128	59	76	35	13	6	1.41	2.3
SECTION II: Savings								
Country	More correct (N)	%	Same (N)	%	Fewer correct (N)	%	Baseline mean correct	Endline mean correct
Ecuador	53	71.6	18	24.3	3	4.1	0.96	2.28
El Salvador	77	92.8	6	7.2	0	0	0.96	2.86
Guatemala	28	46.7	27	45	5	8.3	0.87	1.4
Total	158	72.98	51	23.5	8	3.7	0.94	2.26
SECTION III: Borrowing								
Country	More correct (N)	%	Same (N)	%	Fewer correct (N)	%	Baseline mean correct	Endline mean correct
Ecuador	51	68.9	14	18.9	9	12.2	2	3.2
El Salvador	72	86.7	11	13.3	0	0	2.3	3.95
Guatemala	32	53.3	20	33.3	8	13.3	1.57	2.42
Total	155	71.4	45	20.7	17	7.8	2	3.27

As Table 4 shows, mean scores by section increased from baseline to endline for respondents in all countries, though the endline mean scores for Ecuador and El Salvador are consistently higher than for Guatemala, whose respondents' baseline mean scores were consistently lower than those calculated for the other two countries. In all three countries, and across all three sections, more respondents provided more correct answers at endline than baseline, than scored the same, and more scored the same than provided fewer correct answers. Of the three financial education curriculum sections, the largest improvement came in the second, Savings, for which mean baseline scores in all countries had been lower than in Sections I and III. Though the difference between Section II and the other sections may be due to a fluke, another plausible explanation is that the interaction of financial education lessons and SILC membership reinforced the respondents' understanding of the importance of savings, and the details of which the SILC members need to be aware. This explanation is supported by the self-evaluation endline results and the focus group discussions, detailed below.

3.2 SELF-EVALUATION AND FGD RESULTS

The self-evaluation, which sought to measure changes in self-reported financial skills and behavior, provided each respondent with a statement that involved both a knowledge or skill, and a corresponding behavior. Each respondent would then choose one of four possible answers: “I don’t know it, and I don’t practice it,” “I know it but don’t practice it,” “I know it and practice it a little,” and “I know it and practice it always.”

In the FGDs, participants were asked a series of questions about their experiences with the FE lessons, including which lessons they considered most useful, which field exercises they had applied, which lessons were easiest and hardest, and what changes (if any) they had made to their financial management because of what they had learned in FE. In Figure 1-Figure 4, which present counts of mentions of each FE lesson (or part of a lesson) by focus group, these questions are abbreviated as *useful*, *applied*, *changes*, *easiest*, and *most difficult*.

At baseline, stark differences immediately appeared between countries: The modal (most frequent) response to 11 of the 14 questions on the self-evaluation survey in Ecuador was the lowest rating, “Don’t know, don’t practice,” while the modal response to 10 of 14 questions in Guatemala was the highest rating, “Know, practice always.” Salvadoran respondents’ self-reported ratings fell between those of Ecuadorians and Guatemalans. But whether the differences in modal baseline responses between countries were due to real differences in respondents’ understanding of financial management and financial behavior, or to unobserved cultural differences that may have prompted individuals of similar baseline knowledge and behavior – but different nationality – to respond differently to the same questions, is unknown. Table 5, below, shows the most frequent baseline self-evaluation responses by question.⁵

⁵ The full questionnaires are provided in Appendices I and II.

Table 5. Most frequent baseline self-evaluation responses, by question and country

Section	Question	Ecuador	El Salvador	Guatemala
Section I: Goals, Income, Expenses, and Budgeting	1.1 I understand how my income varies seasonally, and I plan for periods of time in which my income is low, or I don't have income.	Don't know, don't practice	Know, practice a little	Know, practice a little
	1.2 I understand how to record the income and expenses from my house and business.	Don't know, don't practice	Know, but don't practice	Know, practice always
	1.3 I understand what a budget is, and I make a budget to plan for the future.	Don't know, don't practice	Know, practice a little	Know, practice always
	1.4 I understand how to differentiate between needs and wants to prioritize my spending.	Don't know, don't practice	Know, practice a little	Know, practice always
Section II: Savings	2.1 I know what a financial goal is, and how to plan for it with my savings.	Don't know, don't practice	Don't know, don't practice	Know, practice always
	2.2 I understand the benefits and risks of the different savings options, and I take them into account when I decide to save.	Don't know, don't practice	Know, practice a little	Know, practice a little
	2.3 I understand that even when my income is low or irregular, I should always save, and I do so.	Don't know, don't practice	Know, practice always	Know, practice always
	2.4 I understand what a savings plan is, and I make them to meet my goals.	Don't know, don't practice	Know, practice always	Know, practice always
	2.5 I understand what an emergency saving plan is, and I'm creating a reserve for 3 months of expenses.	Don't know, don't practice	Know, but don't practice	Know, practice always
Section III: Borrowing	3.1 I understand the differences between direct and indirect costs, and I take them into account when I request a loan.	Don't know, don't practice	Don't know, don't practice	Don't know, don't practice
	3.2 I understand that to request a loan I should consider my capacity to pay.	Know, but don't practice	Know, practice always	Know, practice always
	3.3 I understand the difference between fixed rate and variable interest, and I can identify the best for me.	Don't know, don't practice	Don't know, don't practice	Don't know, don't practice
	3.4 I understand what 'over-indebtedness' means, and I take measures to avoid it.	Know, but don't practice	Know, practice always	Know, practice always
	3.5 I understand the consequences of not repaying loans, and I keep that from happening.	Know, but don't practice	Know, practice always	Know, practice always

Enormous changes in respondents' most frequent responses to the self-evaluation took place from baseline to endline, indicating improvement in understanding of key financial management concepts taught in the FE lessons, and positive behavioral changes pertaining to financial management. While the endline sample is smaller than the baseline – which might bias the conclusions drawn here, as those who completed the FE lessons may have been systematically different in their ability to learn or their interest in finance from those who started FE lessons, but then ceased – the changes in respondents' modal answers by section show that participants feel that they learned quite a bit from the FE curriculum. In the proportional tables that follow, the data cells contain the share of respondents who most frequently gave

a specific answer at baseline (row) and a specific answer at endline (column), by FE curriculum section.⁶ The cells highlighted in green show the share of respondents who reported improved knowledge and practices from baseline to endline, while the cells highlighted in red show the share of respondents who thought their knowledge and practices had *gotten worse* from baseline to endline – or who revised their judgments of their own knowledge and behaviors after completing the FE lessons.

Interpretation requires care: in some cases, changes in answers from baseline to endline may reflect greater understanding of the knowledge and action specified by a question, rather than change in behavior. This risk is likely greater for those who reported reductions in knowledge and skills, than for those who reported improvements: for the former, FE lessons and endline reflection may have caused them to decide that they *did not* in fact understand or practice a financial concept that, before the FE lessons, they had believed they understood or practiced. For example, respondents who believed at baseline that they borrowed wisely may have decided, by endline, that they really did not: hence, 7.8% of respondents stated in Section III at baseline that they “know, practice always,” but at endline decided that they “know, practice a little.”

In all three sections of the self-evaluation, more respondents reported improvement in knowledge and practices than deterioration. Table 6 shows trends in changes from baseline to endline by self-evaluation and FE section, for all three countries participating in the pilot study. Table 7-Table 9 disaggregate trends in responses by FE curriculum section and country.

⁶ Modal response by section can be illustrated by the following example: if respondent A replied “Don’t know, don’t practice,” to question 1.1, “Know, but don’t practice,” to 1.2, “Know, practice a little” to 1.3, and “Know, but don’t practice” to 1.4, her modal answer for Section I is “Know, but don’t practice;” because it was given twice, while each of the other answers was given only once.

Table 6. Self-evaluation, all countries, most frequent answers by FE section (% of all respondents)

Section I: Goals, Income, Expenses, and Budgeting (%)		Endline			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
Baseline	Don't know, don't practice	2.3	5	14.2	6.9
	Know, but don't practice	0	0.9	12.4	9.6
	Know, practice a little	0.5	0.9	16.5	13.3
	Know, practice always	0.5	0	6.9	10.1
Section II: Savings		Endline			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
Baseline	Don't know, don't practice	0.9	1.8	6.9	11
	Know, but don't practice	0.5	2.3	4.1	13.3
	Know, practice a little	0	0.9	8.3	14.2
	Know, practice always	0	0.5	7.3	28
Section III: Borrowing		Endline			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
Baseline	Don't know, don't practice	3.2	2.8	8.3	21.6
	Know, but don't practice	0	1.8	4.1	11.9
	Know, practice a little	0	0.5	7.3	8.7
	Know, practice always	0.5	0.9	7.8	20.6

3.2.1 SECTION I: GOALS, INCOME, EXPENSES, AND BUDGETING

Most respondents in all three study countries – Ecuador, El Salvador, and Guatemala – reported improvement in their understanding and practices related to FE Section I concepts. Such improvement is unsurprising, as most respondents must manage their money daily, and make decisions about spending and saving on a weekly (or bi-weekly) basis in their SILC.

Table 7, below, shows trends in baseline to endline self-evaluation changes for *Section I: Goals, Income, Expenses, and Budgeting*, by country. In Ecuador, over 25% reported two steps of improvement, from “don’t know, don’t practice” at baseline to “know, practice a little,” and almost 11% from “know, but don’t practice” to “know, practice always.” Just under 11% and about 7%, respectively, did the same

in El Salvador. Finally, despite higher baseline levels of confidence in their financial knowledge and behavior, over 23% of Guatemalan respondents reported improvements from the bottom two categories at baseline, to the highest (“know, practice always”) at endline.

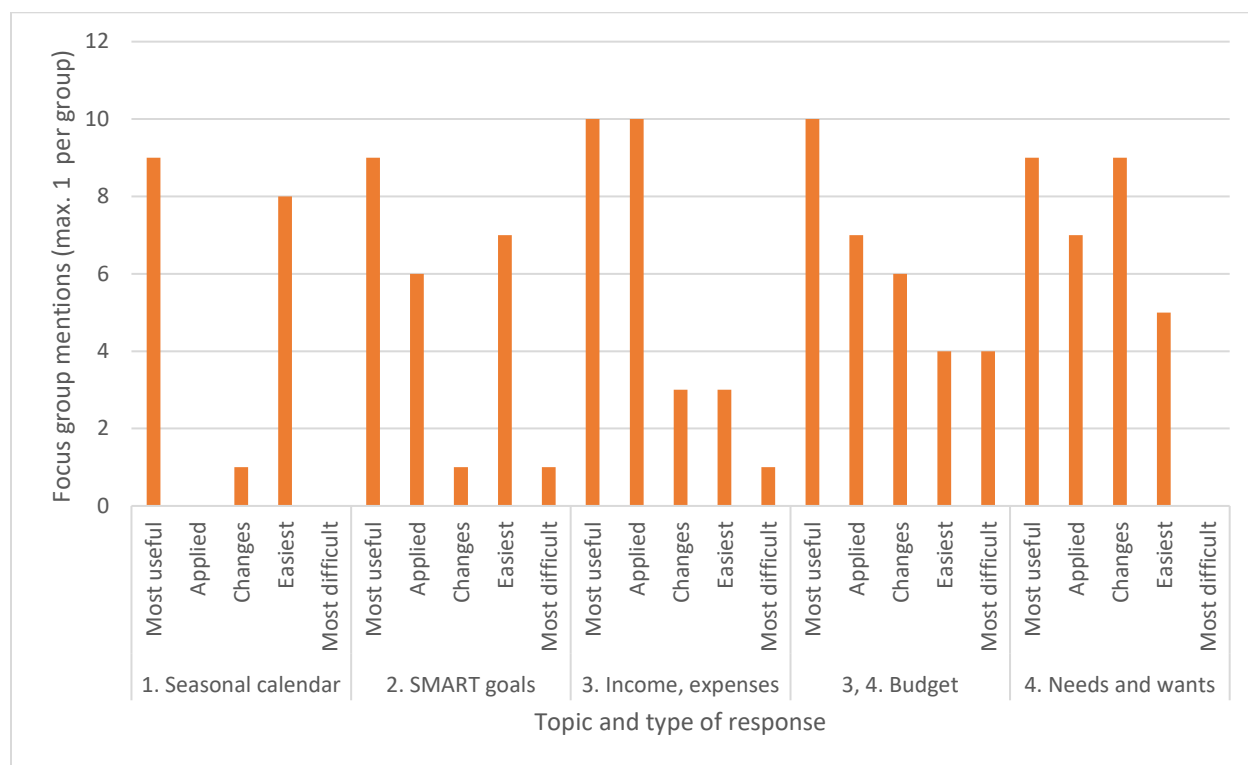
Table 7. Section I: Goals, Income, Expenses, and Budgeting self-evaluation results, most frequent response by country (% of all respondents in country)

Ecuador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	5.4	6.8	25.7	8.1
	Know, but don't practice	0	0	14.9	10.8
	Know, practice a little	0	0	6.8	5.4
	Know, practice always	0	0	10.8	5.4
El Salvador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	1.2	4.8	10.7	2.4
	Know, but don't practice	0	2.4	17.9	7.1
	Know, practice a little	0	2.4	28.6	14.3
	Know, practice always	0	0	2.4	6
Guatemala		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	0	3.3	5	11.7
	Know, but don't practice	0	0	1.7	11.7
	Know, practice a little	1.7	0	11.7	21.7
	Know, practice always	1.7	0	8.3	21.7

Evidence from the focus groups and facilitator interviews supports the self-evaluation results summarized in Table 7, indicating that those behaviors that are practiced regularly are those that become most deeply ingrained. Section I of the FE curriculum covers the basics of financial management, including understanding at what times of year participants earn money (1. Seasonal calendar), how to set financial goals (2. Establishing Goals, including SMART goals), tracking income and expenses (lesson 3), and creating

and reviewing budgets (lessons 3 and 4), and saving money by differentiating between consumption needs and wants (lesson 4).

Figure 1. FGD - Section I: Goals, income, expenses, and budgeting



The most useful, and the most applied, lessons (or parts of lessons) from Section I pertained to tracking income and expenses and writing budgets, as well as differentiating between needs and wants. These are shown above in Figure 1, which records group-level mentions⁷ for each Section I lesson (numbered, e.g. “1.”) and topic (text, e.g. “Seasonal Calendar”) by focus group question: *most useful* lessons, field exercises that respondents had *applied* in their lives, *changes* respondents had made to their financial management because of FE, and which lessons were *easiest* and *most difficult*.⁸

Regarding budgets, one respondent explained that she makes a budget weekly: “I always do it weekly, with my husband, and now my son is grown so that he understands and gets involved – my son likes it. I do it monthly with my adult children, I give them \$30 per week for four weeks, so they have to go about cutting costs, buying cheaper materials for college.” A respondent in Guatemala told the interviewers that her husband, a farmer, earned about \$39 a week, and on that basis, she would make a budget “to go shopping: depending on what we have, that’s what I can spend. I’ve spoken with my husband about how to make a budget. We’ve made a list of purchases that we need to make. We look at inflows and outflows. [Speaking for the group:] Our husbands are content because [before] they didn’t

⁷ Irrespective of the number of members of a single focus group who mention a topic in response to a specific question, the mentions are counted as a single mention per group.

⁸ All figures divide the topics the same way, by focus group question: most useful, applied, changes, easiest, and most difficult.

realize what a budget was.” Another explained how she used to spend all her husband’s salary on food, but now she prioritizes expenses, and has money left over to save.

Most respondents who talked about income and expenses related them to their consumption needs and wants – and some spoke specifically about how the discussion of needs and wants in the FE lessons had prompted them to think about how to cut back on spending and save money. Some brought up examples likely used by their facilitator in the lesson – such as cell phones, which can serve for both leisure and business – but others provided examples of how they had changed their spending by placing purchases in each category. According to one, “if the roof of the house is going to fall in, I invest in repairing it rather than spending money on other things – it’s a question of wants versus needs.” Another woman used to buy her children’s food at the school cafeteria, but “now I cook at home and send the food to school with them, and this has helped me to save much more.” She also differentiated between needs and wants with respect to getting to work – the need to get to work, but the *desire* to commute in taxi: “I used to hire a taxi to take me to work, but now I take the bus, and pay much less. I save \$60 a month on food and \$70 on transport.” Finally, a young woman learned to limit her clothing purchases: “Sometimes I want to buy a skirt, but I have another one, so it’s not necessary to buy it.”

FGD respondents considered creating a seasonal calendar and setting SMART goals important but were somewhat less likely to say that they *apply* them in their lives, or to include them in discussions of how they had changed their behavior because of the FE lessons. According to an Ecuadorian FE facilitator, “my students understood the concept of the seasonal calendar, it seemed easy to them. But it’s more difficult to put into practice, and they’re just starting now.” The seasonal calendar was considered *easy* because, per one FGD respondent, “we work with it every day,” and lessons that can be applied each day are easier to absorb. While most respondents did not indicate that they actively used seasonal calendars at home, others did, and many appreciated how creating a calendar during the first FE lesson had prompted them to think harder about their financial management. Among those who *did* use a seasonal calendar was a woman who has a chicken farm. She made her own seasonal calendar “and it turned out to be very useful.” In another FGD, two respondents in the group had made their own calendars. But many appreciated the seasonal calendar field exercise’s ability to prompt them to think about and plan for their income swings. One respondent discussed her income fluctuations, saying “there are months of too much scarcity. They explained [to us] the calendar in the lesson. We reflected on how there are months when we have more, or less, money, and months to buy inputs. The calendar has helped us reflect on the best use of our money. We have one on our wall at home.”

Finally, nine FGDs considered SMART goals or goal setting among the most useful Section I lessons. Six FGDs had members mention that they applied SMART goals in their own lives, and in seven groups respondents considered the SMART goals easy to understand. A few examples illustrated the respondents’ strong grasp of the concept of SMART goals, the best of which provided a negative contrast to emphasize what is and is not achievable: “It’s important that financial goals be concrete and viable, depending on the conditions of each person. As an example, I’m not going to set myself the goal of buying an airplane, that’s not realistic or achievable. I can have the goal of buying a motorcycle.”

But most discussions of SMART goals demonstrated a tenuous grasp of the concept. According to one respondent, SMART goals are “setting achievable and realistic goals,” while another explained that “the goal is to get a motorcycle, I have to prepare myself.” One woman set a 1-2-year medium-run goal, “emphasizing the importance of having SMART goals,” and was saving to reach her goal. But the goal was left unstated in the FGD. Finally, some members mentioned SMART goals without explaining them or

providing examples. According to one respondent, “goals, once explained, they’re easy to understand,” and did not elaborate. The comparatively limited explanations and examples given for goal setting, particularly SMART goals, indicate that future delivery of the FE curriculum should spend more time explaining how to set *specific, measurable, achievable, realistic, and time-bound* goals. One strategy might be to conclude the FE lessons with a final project that brings together multiple concepts and practices, including SMART goals.

Overall, lessons from Section I stuck with FGD respondents because the respondents practiced many of the skills regularly and considered these skills to be important to their everyday financial management. Income and expenses, needs and wants, and budgets were all highlighted as useful and widely applied; and while fewer respondents indicated applying seasonal calendars, some who did not apply them valued what they had learned from the experience of making one.⁹ And while few respondents seemed well-versed in SMART goals, many realized the importance of setting at least realistic and achievable goals.

3.2.2 SECTION II: SAVINGS

Like the FE Section I lessons, the lessons around choosing where to save (lesson 5), creating a savings plan (lesson 6), and saving for emergencies (lesson 7) were relatively easy for participants to absorb, and most survey respondents in all three countries reported improvement in their understanding of and behaviors related to saving (Table 8). In Ecuador, almost 15% of respondents reported improvement of three steps, from “don’t know, don’t practice” at baseline to “know, practice always.” Smaller shares reported improvement from the lowest to the highest rating in El Salvador and Guatemala, but over 14% jumped from the second-lowest rating, “know, but don’t practice,” to the highest, “know, practice always,” in El Salvador, and 13% did so in Guatemala.¹⁰

⁹ It is not unreasonable to posit that the low number of group mentions for the seasonal calendar in response to “which did you apply?” relates to the fact that a calendar need be developed only once per year, and not repeatedly, by week or month. Respondents may have considered “application” to refer to repeated actions, rather than a single act to guide future decision making.

¹⁰ Finally, over half of Guatemalan respondents started at the highest rating, “know, practice always,” at baseline, and stayed there at endline. This result speaks more to the limitations of the self-evaluation tool’s design than to the Guatemalan respondents’ behavior and will be addressed at the end of this study.

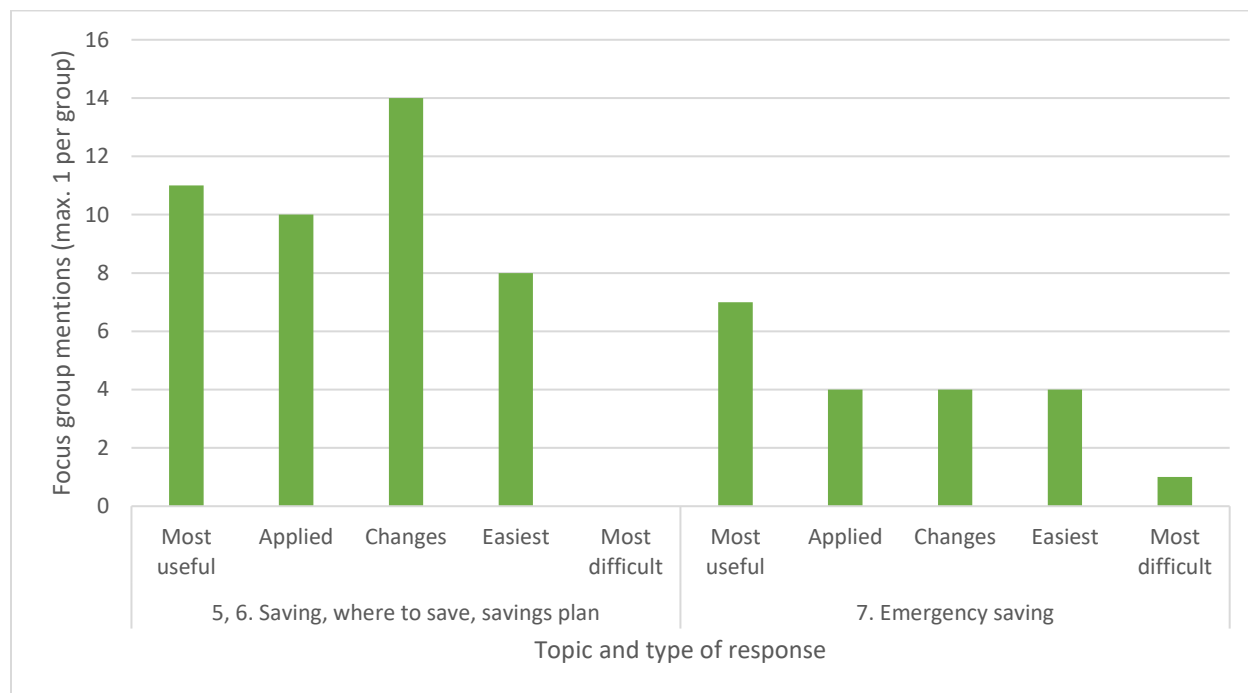
Table 8. Section II: Savings self-evaluation results, most frequent response by country (% of all respondents in country)

Ecuador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	2.7	5.4	5	14.9
	Know, but don't practice	0	5.4	4.1	12.2
	Know, practice a little	0	1.4	8.1	13.5
	Know, practice always	0	0	8.1	10.8
El Salvador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	0	0	4.8	8.3
	Know, but don't practice	0	1.2	4.8	14.3
	Know, practice a little	0	0	11.9	19
	Know, practice always	0	1.2	9.5	25
Guatemala		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	0	0	1.7	10
	Know, but don't practice	1.7	0	3.3	13.3
	Know, practice a little	0	1.7	3.3	8.3
	Know, practice always	0	0	3.3	53.3

Creating savings plans, and choosing where to save, were considered important and useful to most FGD respondents, as shown below in Figure 2. While the FE lessons emphasize the importance of saving, it is likely that the importance of the act was reinforced by the respondents' membership in SILCs, which meet regularly (usually weekly or bi-weekly) to save. Indeed, while emergency saving was mentioned less often in the FGDs, at least two SILCs established group emergency funds after participating in Section II, lesson 7: Saving for emergencies. According to one group's facilitator, "the group didn't have an emergency fund before financial education. But one week after the [emergency savings] lesson – at the next SILC meeting – they voted to create one." Another facilitator explained that, "my group has a rather large emergency fund. Before the lesson on emergency funds, they only had [about \$6.50], but

now it's bigger – [about \$25]. The lesson influenced them. When someone dies, they donate the money. When someone gets ill, they loan it for no interest.”

Figure 2. FGD – Section II: Savings



Nevertheless, the FGDs provided little evidence that individual SILC members were following lesson 7’s recommendation that they save enough money to cover three months of expenses, should they be unable to earn income. According to one respondent, “we know it’s good to have an emergency fund at home, but we don’t apply it.” Some respondents *did* save, but it was unclear how much – or whether they saved individually, or in a SILC emergency fund. One woman simply said, “thanks to what I had saved for emergencies I was able to confront an unexpected situation.” Another said, “illness occurred, that happened to me, so I started saving for emergencies.” Others who mentioned saving for emergencies either described its importance – e.g. “Saving for emergencies: people don’t know when we’re going to have an emergency, so one should be prepared” – or simply mentioned it as one entry in a list of lessons that were useful or easy to understand. Rather than creating individual, 3-month emergency funds, several respondents appeared to rely on SILC: “The SILC also helps whenever someone is ill,” and “SILC helped a lot.”

More FGD respondents reported that the lessons around creating savings plans and choosing where to save were useful, that they had applied the lessons, and made changes in their lives as a result. Most also considered saving to be easy to understand. Regarding changes made due to the FE lessons, some respondents saved cautiously at first, but then gained confidence, and in the FGDs several respondents related savings to other FE lessons, such as goal setting and consumption needs and wants: one woman started out by not saving very much, but “after the lessons I created goals – short, medium, long-term – and I plan with my husband, for example, buying shoes. We wait longer before buying, for example, a new cell phone.” Others inspired their families to save: one woman “began saving, thinking

that I'm only going to *try it out*, but now both my husband and daughter also save," and another described how she'd motivated her children to save "even just ten cents." Several had changed their mentality about money: "In our family, [financial education] has helped a lot. Now when we have money left, what comes to mind is saving, and not spending it." Finally, some respondents have seen the tangible benefits from saving: "We've had changes because we no longer spend money like we used to. Now we save it, so I have little animals and I sell them for my expenses, because I take care of the house and my daughter."

Savings, which was practiced regularly by the SILC-member FE participants, improved in participant's self-evaluations, and the FGDs illustrated the value that the participants placed on the practice. But while some SILCs set up emergency funds after learning about the importance of saving for emergencies, few respondents indicated that they saved individually to cover at least three months of expenses, should they be unable to earn money, as FE Section II, lesson 7, recommends. Without formally changing lesson 7, future facilitators might recommend less ambitious individual emergency savings targets (e.g. 1- or 2-month targets) or emphasize the importance of building and maintaining a SILC emergency fund capable of paying for multiple emergencies.

3.2.3 SECTION III: BORROWING

Section III of the FE curriculum centers on borrowing concepts, and SILC lending reinforced some of these concepts for the FE participants. In the endline self-evaluation, many respondents reported learning quite a bit, and changing their behavior in response to the FE lessons around borrowing and financial services. In El Salvador, almost 30% of respondents jumped from the lowest to the highest rating from baseline to endline, and 20% of Ecuadorians leapt two steps, from "know, but don't practice" to "know, practice always." Meanwhile, as was true for the Sections I and II self-evaluation questions, few respondents backslid – though 7% of Salvadorans and 8% each of Ecuadorians and Guatemalans who had given themselves the highest rating at baseline rated themselves one step below that at endline. These respondents may have realized that borrowing concepts are more numerous and complex – and their grasp of them more tenuous – than they had previously thought.¹¹ Table 9, below, presents these results.

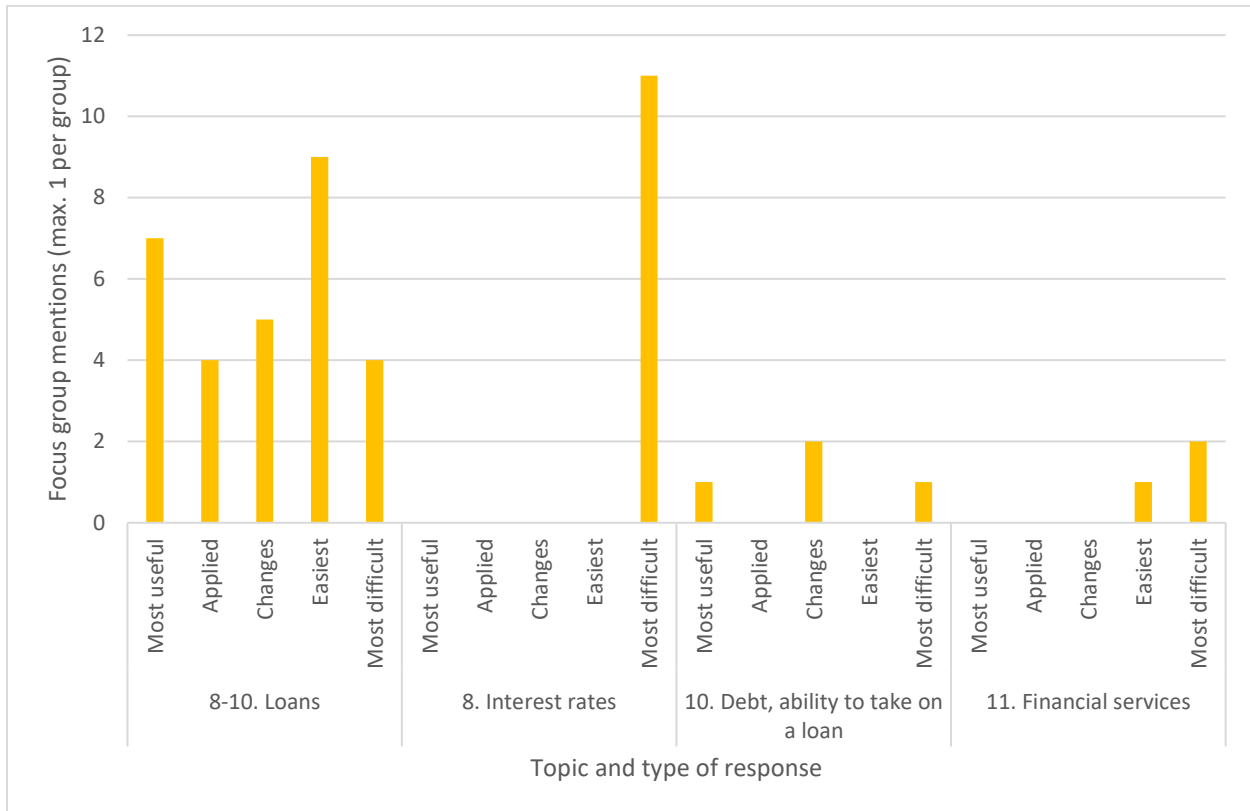
¹¹ Another hypothesis is that these respondents have simply changed their behavior: they might borrow less now from SILC than they used to from formal financial service providers, as they reduce their spending and use their savings to purchase necessities. But this is supposition.

Table 9. Section III: Borrowing self-evaluation results, most frequent response by country (% of all respondents in country)

Ecuador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	5.4	4.1	10.8	17.6
	Know, but don't practice	0	2.7	5.4	20.3
	Know, practice a little	0	0	5.4	6.8
	Know, practice always	1.4	1.4	8.1	10.8
El Salvador		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	1.2	1.2	6	29.8
	Know, but don't practice	0	2.4	1.2	4.8
	Know, practice a little	0	1.2	3.6	11.9
	Know, practice always	0	1.2	7.1	28.6
Guatemala		<i>Endline</i>			
		Don't know, don't practice	Know, but don't practice	Know, practice a little	Know, practice always
<i>Baseline</i>	Don't know, don't practice	3.3	3.3	8.3	15
	Know, but don't practice	0	0	6.7	11.7
	Know, practice a little	0	0	15	6.7
	Know, practice always	0	0	8.3	21.7

In focus group discussion, several respondents drew on FE lessons to explain the importance they gave to understanding borrowing concepts and thinking hard about when they need loans. Per one woman, “it’s always advisable to analyze the alternatives before taking a loan, and now we know how to calculate interest and can decide if it’s convenient [to take the loan], or if it’ll strangle us.” Another: “We’ve learned when we really need to solicit a loan, when it’s really necessary, and not every time one just wants to. We also learned to solicit loans for reasons linked to productive themes (business), more than personal taste (a car).” Focus group mentions relating to *Section III: Borrowing*, are presented in Figure 3.

Figure 3. FGD – Section III: Borrowing



While interest rates were subsumed into broader borrowing themes when discussing the most *useful* and *applied* lessons, when the researchers asked which lessons were *easiest*, and which *most difficult*, members of nine FGDs agreed that calculating interest rates was hard, and another pair found understanding and comparing financial services difficult. Regarding interest rates, calculation could be difficult because of members’ lack of math skills: “with numbers, percentages, interest here... it’s difficult.” But the respondents did agree on the importance of the issue: “in the beginning, taking interest by percentage, we’d hear 5% and think, ‘that’s cheap!’ But we wouldn’t do all the math.” Another added, “interest rates, something someone doesn’t know, one ends up taking a loan without thinking about the interest calculations.” Those who had had negative experience repaying loans gave importance to understanding loan terms, including interest types and rates.

Facilitators interviewed concurred that the most difficult lessons to teach included loans generally, and interest rates particularly. Even in Ecuador, where the participants had more primary schooling and generally could read and write, the mathematics associated with calculating interest rates challenged participants. Per a facilitator there, participants’ lack of secondary schooling “made teaching [interest rates] difficult, as not everyone has graduated from high school – the majority just completed primary school.” Another facilitator had to dedicate more of her time to studying Lessons 8-11, to find “alternative [explanations] so that the people could understand the concepts and complete the exercises.”

Despite the difficulties of the subject matter for both participants and facilitators, knowledge of, and behavior related to, borrowing concepts improved significantly among respondents in all three par-

ticipating countries. As with savings and goal setting, borrowing concepts were reinforced by the FE participants' membership in SILC.

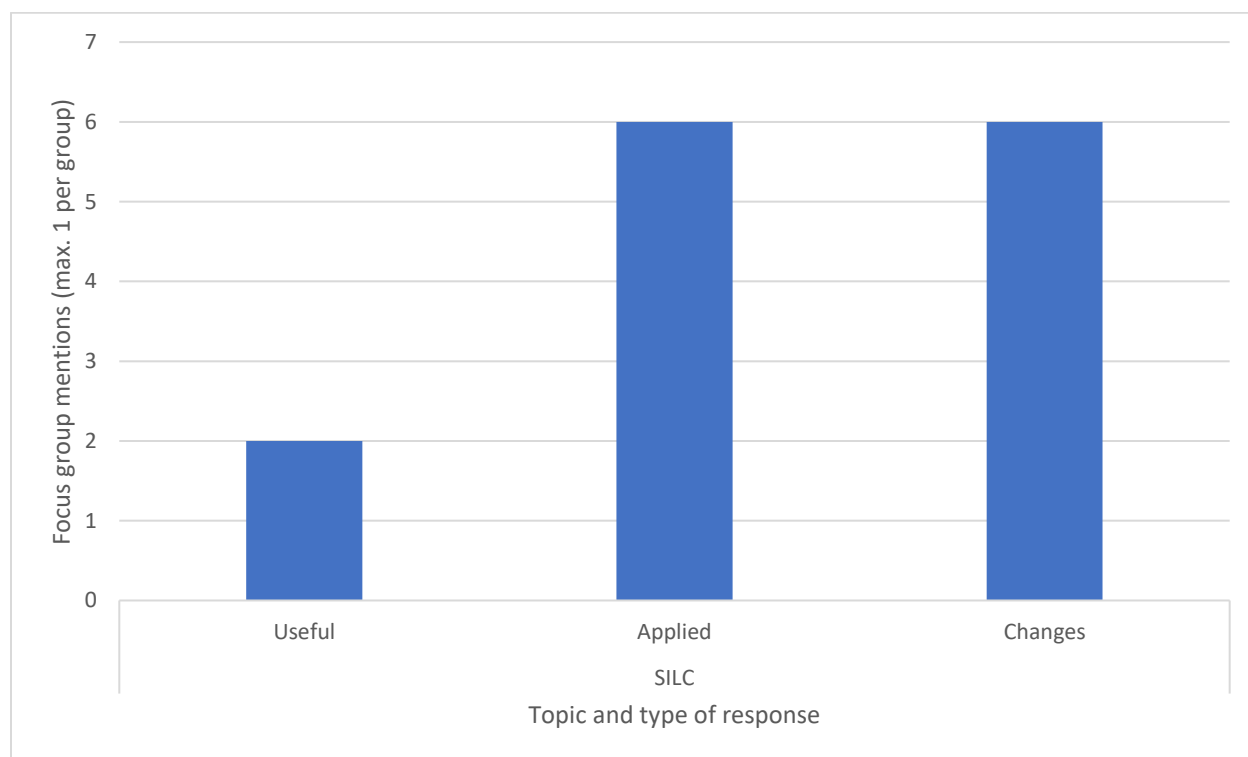
3.2.4 FGD ASSOCIATIONS OF FE LESSONS WITH SILC

FGD respondents demonstrated knowledge and enthusiasm about saving and borrowing – and related their success both to the FE lessons, and to their SILC membership. Indeed, it was periodically unclear whether respondents were discussing savings and borrowing related to the FE lessons, or their experience in SILC.

Respondents in all three countries had experience with borrowing, whether from SILC or from formal financial service providers. Several discussed their experience with borrowing prior to SILC and compared SILC favorably to other options. One man in Guatemala had previously taken loans from banks without understanding the loan conditions, “and had bad experiences.” Another specified that he had taken loans before joining SILC, but had ignored the details, and now “I’ve come to know who the lender is, and my ability to manage a loan.” A couple in Ecuador that together ran a small business selling food, had previously taken unnecessary loans – but no longer did so.

Figure 4, below, shows the number and nature of focus group mentions of SILC.

Figure 4. SILC mentions in Financial Education pilot study FGDs



While few respondents mentioned SILC among the most useful FE lessons, when they started discussing their behaviors, it became clear that they considered SILC central to their financial education, and to their experience in budgeting, setting goals, saving, and borrowing. Regarding saving, one respondent simply said, “for what we need, it’s easier to save in our group.” Two others explained that they

prefer SILC “because it’s ours, we don’t have to [buy bus tickets], and we just save what we can.” Indeed, when asked about the most important changes resulting from the FE lessons, one respondent said simply, “the most important change is the SILC safe box, it’s more secure, verification is done by accountant 1, accountant 2, and the group.” And an Ecuadorian woman expressed her heartfelt gratitude to the Misión Scalabriniana, CRS Ecuador’s local implementing partner, for SILC, saying “SILC has given a strong push to my will to save, now saving is a priority.”

As with savings, SILC is central to the borrowing experience of most of the respondents. According to one respondent, “there are other sources [of loans], but SILC is the most recommended for us. SILC doesn’t ask us to [be able to] write to access a \$100 loan.” But some SILC members, particularly those in urban areas, had financing needs that exceeded SILC limits: “I use the bank, too. In SILC there’s a limit. The bank has limits too, but they’re higher. Though SILC is better.” A self-declared compulsive spender in El Salvador borrowed both from her SILC and the local cooperative. She used the latter because “they give larger loans. I take loans from both, and I already have financial training.” The new challenge for her, she said, was managing her SILC loans.

3.2.5 THE IMPORTANCE OF FLEXIBLE FACILITATION AND DIDACTIC MATERIALS

In addition to seeking to understand how participants’ knowledge, attitudes, and behavior had changed since completing the FE lessons, the study sought to understand the factors that foster good FE facilitation and learning, and to field feedback to improve facilitation in future FE delivery. Broadly, the evidence from the surveys, FGDs, and interviews with nine SILC promoters who facilitated FE lessons, suggests that flexible facilitation and adaptation of FE examples to local contexts is necessary; and to adapt lessons to local contexts, facilitators must be well-trained, knowledgeable of the local context, and must speak local languages.

Generally, FGD participants spoke positively about their facilitators, who, in cities, frequently adapted examples and field exercises from the FE curriculum – which focuses on smallholder farmers’ concerns – to the urban context, so that participants could relate the lessons to their daily lives. Per one facilitator, “we need to relate the lessons to daily life, not examples that we haven’t lived.” Another facilitator confirmed that she had changed the examples she used, to more quotidian examples and language, upon receiving feedback from her FE participants part way through the lessons.

During the FE participant FGDs, some respondents noted facilitator flexibility in the breach: in a city in northern Ecuador, one SILC member noted that her facilitator had not adapted the seasonal calendar lesson to the urban context, instead leaving in the agriculture examples. Another urban respondent added that facilitators should not “just use agricultural themes: the majority of us don’t do that activity.” In El Salvador, another urban SILC member said that the facilitator had “made almost no changes.” Members of other FGDs, when asked, confirmed that their facilitators had made adequate changes to the material to relate it to the participants’ lives and context. But the fact that some facilitators did not alter the curriculum examples or field exercises as necessary, suggests that future training of facilitators should reinforce the importance of flexibility and adaptation to effective FE lesson delivery.

Several FGD respondents spoke glowingly of their facilitators but were not sure that they themselves had absorbed the FE lessons adequately – and requested opportunities to remind themselves of what they had learned. According to one SILC member in Ecuador, “If there is an opportunity to reinforce the lessons, that would help us.” Three FGD members in Ecuador, and one in Guatemala, requested that they be provided with printed booklets to enable them to review the FE lessons. Two

facilitators in Ecuador echoed these requests, to help their students reinforce and retain the knowledge imparted in the lessons and field exercises.¹² These requests suggest that facilitators need to take more time later in the FE course to review concepts introduced earlier – and that some participants require written materials to study at home.

While participants and facilitators generally spoke positively about their FE experiences, the knowledge survey endline scores demonstrate that participant educational background and language matter in learning – and by extension, facilitation. As Table 3 (Section 3.a, above) shows, mean scores from baseline to endline improved by 3.8 points in Ecuador and 5.9 points in El Salvador, but by only 1.8 in Guatemala. Median and modal scores tell similar stories: participants in all three countries started low, but only in Ecuador and El Salvador did their knowledge (or ability to demonstrate their knowledge) of financial concepts improve considerably. In Guatemala, improvement was minor. Two hypotheses might explain this observation: First, the translation of the survey instruments in Guatemala, from Spanish to K'iché and Mam, may have been poor. This hypothesis cannot be entirely rejected, but staff from CRS Guatemala carefully reviewed and approved the translations of the instruments. Second, minor improvement in Guatemala may be due to the low educational attainment, illiteracy and inability to speak Spanish of many participants – which could have hindered their learning during FE lessons. If true, the facilitators' tasks in Guatemala were more difficult than in Ecuador or El Salvador: to translate, explain and communicate clearly the baseline and endline surveys; and to facilitate in K'iché or Mam lessons and field exercises written in Spanish – all while adapting examples as needed to local contexts, and explaining most FE concepts and recommended practices orally or pictorially.

High-quality facilitation is key to success in FE. Good facilitators must possess a strong grasp of the FE concepts; use appropriate language, strategies and examples to explain concepts; and have the patience to review difficult topics with their participants. While training the facilitators properly takes time and effort, the payoff in participants' is well worth the effort.

4. Conclusion

This report has summarized results from a three-country, multi-method study of the effectiveness of CRS' Financial Education lessons, delivered in the context of SILC. Designed principally to help rural households and smallholder farmers strengthen their skills to better plan and manage their businesses and meet household needs, the FE lessons have been taught to a diverse array of urban and rural SILC members, from different socioeconomic and educational backgrounds. The pilot study presented in this report, which was carried out in Ecuador, El Salvador, and Guatemala in 2017 and 2018, tested two new tools to evaluate FE delivery quantitatively – a knowledge assessment and a self-evaluation, administered at baseline and endline to 218 respondents – and gathered qualitative data from FGDs with 196 SILC members who had completed the FE lessons, as well as interviews with FE facilitators, to understand

¹² Responses to SILC members' requests for FE didactic materials precede the production of this report: In El Salvador, the researchers learned that the SILCs associated with one partner, PADECOMSM, had been requesting additional didactic materials about FE for so long, that the organization had published a booklet summarizing the FE lessons, for distribution to SILCs. In Guatemala, the CRS country program has produced a lesson wheel to help facilitators and participants review earlier lessons and remember where they are in the 11-lesson, 19-session FE curriculum.

which FE sections and lessons are most effective and why, and to provide recommendations to improve FE content and facilitation in future delivery.

The knowledge assessment results demonstrate that the FE lessons improve participants' understanding of core financial management concepts, while the self-evaluation, FGDs, and facilitator interviews jointly provide evidence that FE participants improve their financial attitudes and behavior as they complete the FE lessons. But participants are more likely to retain knowledge and change the behaviors that relate to their everyday lives, than they are with respect to concepts and lessons of less daily relevance. The self-evaluation survey and FGD results showed that most respondents were more comfortable with concepts related to *FE Sections I: Goals, Income, Expenses, and Budgeting*, and *II: Savings*, than with *III: Borrowing* – because they managed money daily and understood the urgency of cutting expenses and saving. Moreover, the FE participants were all SILC members, and weekly or bi-weekly participation in SILC improved their understanding of and attitudes toward savings and reinforced their commitment to save money.

In addition to daily needs, participants' educational background and socio-economic context likely shaped their learning, knowledge retention, and behavior change. As Section 3, above, showed, knowledge scores improved more among the better-educated SILC participants of Ecuador and El Salvador, who were fluent in Spanish and more likely to live in or near cities; than they did among the rural SILC members of Guatemala, many of whom did not speak Spanish and could not read or write. And despite universal SILC membership among the study respondents – and the value participants placed on being able to borrow from SILC – members of 11 (of 20) FGDs talked about the difficulties of understanding different types of interest rates, and how to calculate them. Both FGD respondents and facilitators confirmed that the difficulty stemmed from the respondents' lack of training in and practice with mathematics.

Finally, quality of facilitation matters to financial knowledge retention and behavior change. In the FGDs, respondents whose facilitators had adapted or changed the FE lesson examples to render them relevant to their participants' daily lives, expressed appreciation – while those whose facilitators had not done so, requested that they do so in the future. Several respondents expressed uncertainty regarding how well they had retained the information imparted in the FE lessons, and requested that didactic materials be given to them, to remind them of what they had learned.

Overall, the surveys, participant FGDs, and facilitator interviews demonstrated that the CRS FE lessons effectively teach SILC members core concepts and practices pertaining to responsible financial management, and that they combine with SILC experience to motivate many participants to improve their behavior. However, proper training of facilitators is essential to success: facilitators must be able to communicate FE concepts and practices clearly in the languages spoken by their participants; and must have the necessary dedication, patience, and flexibility to adapt examples written for rural smallholder families, to the daily lives of participants in other contexts, from different backgrounds.

4.1 RECOMMENDATIONS FOR FUTURE FINANCIAL EDUCATION IMPLEMENTATION

The FE curriculum is strong and effective, but some improvements can be made to render its content and delivery more effective for students with low educational achievement, or who live in non-agricultural contexts. The list presented here is not exhaustive, but can point the way toward improving the FE experience:

1. *Conclude the FE lessons with a final project that brings together multiple concepts and practices, including SMART goals.* Focus group participants were unsure how much they remembered from the more complicated lessons, including the concepts and applications of SMART goals and interest rate calculations. Concluding the FE curriculum by asking the participants to design their own medium- or long-run financial plans, perhaps building on the insights gained from the seasonal calendar, can help bring some lessons together in practice, reinforce what the participants have learned, and encourage better post-FE financial behavior.

2. *Reinforce later in the course concepts introduced earlier and provide printed summary material to participants who have completed the FE lessons.* Facilitators can reinforce learning and retention of concepts introduced in early FE lessons by conducting reviews, and by distributing summary material. Doing the latter can provide participants with a reference to help remind them of the meaning of concepts, and good financial practices. One of CRS' local partners in El Salvador, PADECOMSM, produced a pamphlet for distribution to its SILC members, and the CRS-branded version is available online for other CRS programs.

3. *To encourage emergency savings, recommend initially less ambitious individual emergency savings targets than those recommended by the FE curriculum.* The FGDs indicated that individual emergency saving rates were low, and almost nobody interviewed had set aside sufficient funds to cover expenses for three months without income. Encouraging FE participants to set aside funds for shorter periods may help participants adopt the emergency savings habit recommended by the FE curriculum.

4. *During facilitator training, emphasize the importance of flexibly altering the FE curriculum content to reflect the FE participants' everyday reality.* The published curriculum contains agricultural examples, but many FE participants live in urban or peri-urban areas, and stories and examples relating to commerce or other non-rural concerns may resonate more with the participants than stories pertaining to agriculture.

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Appendix I: Evaluation tools (Spanish)

AI.1 KNOWLEDGE SURVEY

Catholic Relief Services
 Educación Financiera
 Encuesta – conocimientos sobre el manejo financiero

Fecha:	
Nombre de participante:	
Nombre de GAAP:	

Instrucciones: Para cada frase, deberá decidir si la frase es **Verdadera** o **Falsa** y marcar la casilla correspondiente. Si usted no sabe o tiene dudas deberá marcar la caja **No sé**.

	Verdadero	Falso	No sé
1. Un presupuesto es una herramienta útil para metas financieras.			

2. Una vez que hayas hecho un presupuesto, nunca deberías cambiarlo.			
3. Para elaborar un presupuesto, solamente necesita conocer los gastos.			
4. Ahorros no incluyen sólo dinero, sino también bienes como ganado, cosechas y joyas.			
5. “Liquidez” quiere decir “el costo asociado a una cuenta de ahorros.”			
6. Existe una manera totalmente segura de ahorrar.			
7. Se debe evitar tomar un préstamo para gastos de consumo innecesario.			
8. Usted sabe que su deuda está fuera de control cuando toma otro préstamo para pagar el primero.			
9. Es más caro usar mis ahorros que tomar un préstamo para pagar los gastos del negocio y/o del hogar.			
10. El total de todos los pagos de su préstamo no debe superar el 20% de su ingreso.			

AI.2 REVISED SELF-EVALUATION SURVEY

Upon receiving extensive feedback from both facilitators and FGD respondents regarding the difficulty of administering and completing the original, 4-step rating scale self-evaluation – which combined knowledge and action statements, and asked respondents to rate simultaneously both their level of knowledge and behavior – the researchers simplified the tool. Below, the revised self-evaluation separates knowledge of FE concepts and practices (odd-numbered statements) and behavior (even-numbered statements), and simplifies answer choices to *yes* or *no*.

Catholic Relief Services
Educación Financiera
Encuesta – Identificación de comportamientos

Fecha:		País:	
Nombre de participante:		Edad:	
Nombre de GAAP:		Ciclo:	
Nombre de Agente de campo:			
Número de miembros en el GAAP:			
Departamento y Municipio:			
Comunidad:			

Idioma: |

Instrucciones: Marcar la caja que corresponda a su respuesta. Si Ud. no sabe si entiende o hace lo que dice la frase, marcar "No".

1. Metas, ingreso, gastos, y presupuesto			
No.	Pregunta	Sí	No
1.1	Yo entiendo cómo mis ingresos cambian de una temporada a otra.		
1.2	Planifico para cuando mi ingreso es bajo, o no tengo ingreso.		
1.3	Yo entiendo cómo hacer un registro de los ingresos y gastos de mi casa y/o de mi negocio.		
1.4	Hago un registro de los ingresos y gastos de mi casa y/o de mi negocio.		
1.5	Yo entiendo qué es un presupuesto.		
1.6	Hago un presupuesto para planificar para el futuro.		
1.7	Yo entiendo cómo diferenciar entre deseos y necesidades para priorizar los gastos.		
1.8	Priorizo mis gastos, pensando en deseos y necesidades.		

2. Ahorros			
No.	Pregunta	Sí	No
2.1	Entiendo qué es una meta financiera y		

2. Ahorros			
	cómo planificarla con mis ahorros.		
2.2	Planifico para lograr mis metas financieras.		
2.3	Entiendo los beneficios y riesgos de las diferentes formas de ahorrar.		
2.4	Tomo en cuenta los beneficios y riesgos de las diferentes formas de ahorrar, cuando decido ahorrar.		
2.5	Entiendo que aún cuando mis ingresos son bajos o irregulares siempre debo ahorrar.		
2.6	Siempre ahorro, aún cuando mis ingresos son bajos o irregulares.		
2.7	Entiendo qué es un plan de ahorros.		
2.8	Hago un plan de ahorros para cumplir mis metas.		
2.9	Entiendo qué es un plan de ahorro para emergencias.		
2.10	Estoy guardando dinero para 3 meses de gastos.		

3. Préstamos			
No.	Pregunta	Sí	No

3. Préstamos			
3.1	Entiendo las diferencias entre costos directos e indirectos.		
3.2	Tomo las diferencias entre costos directos e indirectos en cuenta cuando solicito un préstamo.		
3.3	Entiendo que para solicitar un préstamo debo considerar mi capacidad de pago.		
3.4	Considero mi capacidad de pago cuando solicito un préstamo.		
3.5	Entiendo la diferencia entre interés fijo y sobre saldos, y puedo identificar la mejor.		
3.6	Tomo en cuenta las ventajas y desventajas de interés fijo y sobre saldos cuando solicito un préstamo.		
3.7	Entiendo lo que significa sobreendeudamiento.		
3.8	Tomo medidas para evitar sobreendeudamiento.		
3.9	Entiendo las consecuencias de no pagar a tiempo un préstamo.		
3.10	Evito pagar tarde mis préstamos.		

Appendix II. Evaluation tools (English)

AII.1 KNOWLEDGE SURVEY

Catholic Relief Services
Financial Education
Survey – Financial knowledge

Date:	
Respondent name:	
SILC name:	

Instrucciones: For each phrase, please decide if the phrase is **True** or **False**, and tick the corresponding box. If you don't know or have doubts, tick **I don't know**.

	True	False	I don't know
1. A budget is a useful tool for financial goals.			
2. Once you have made a budget, you should never change it.			
3. To make a budget, you only need to know your expenses.			
4. Savings don't include just money, but also goods like cattle, crops, and jewelry.			
5. "Liquidity" means "the cost associated with a savings account."			
6. There exists a totally save means of saving.			
7. One should avoid taking a loan for unnecessary consumption expenses.			
8. You know your debt is out of control when you take a second loan to repay the first.			
9. It is more expensive to use my savings than taking a loan, to pay business or household expenses.			
10. The total payments of your loan should not be greater than 20% of your income.			

AII.2 REVISED SELF-EVALUATION SURVEY

Catholic Relief Services

Financial Education
Survey – Identification of Behaviors

Date:		Country:
Respondent name:		Age:
SILC name:		Cycle:
FA or PSP name:		
Number of members in SILC:		
Department and Municipality:		
Community:		
Language:		

Instructions: Tick the box that corresponds to your answer. If you don't know if you understand or practice what the phrase says, mark "No."

1. Goals, income, expenses, and budgeting			
No.	Question	Yes	No
1.1	I understand how my income varies from one season to another.		
1.2	I plan for when my income is low, or I don't have income.		
1.3	I understand how to record the income and expenses related to my house and/or business.		
1.4	I keep a register of the income and expenses related to my household and/or business.		
1.5	I understand what a budget is.		
1.6	I make a budget to plan for the future.		
1.7	I understand how to differentiate between needs and wants, to prioritize my spending.		

1. Goals, income, expenses, and budgeting			
1.8	I prioritize my spending, thinking about my needs and wants.		

2. Savings			
No.	Pregunta	Sí	No
2.1	I understand what a financial goal is and how to plan for it with my savings.		
2.2	I plan in order to achieve my financial goals.		
2.3	I understand the benefits and risks of the different saving options.		
2.4	I take into account the benefits and risks of the different saving options when I decide to save.		
2.5	I understand that even when my income is low or irregular, I should always save.		
2.6	I always save, even when my income is low or irregular.		
2.7	I understand what a savings plan is.		
2.8	I make a savings plan to achieve my goals.		

2. Savings			
2.9	I understand what an emergency savings plan is.		
2.10	I have enough money put away for 3 months of expenses.		

3. Borrowing			
No.	Pregunta	Sí	No
3.1	I understand the difference between direct and indirect costs.		
3.2	I take into account the difference between direct and indirect costs when I request a loan.		
3.3	I understand that to request a loan I should consider my ability to pay.		
3.4	I consider my ability to pay when I request a loan.		
3.5	I understand the difference between fixed and variable rate interest, and I can identify which is better.		
3.6	I take into account the advantages and disadvantages of fixed and variable rate interest when I request a loan.		
3.7	I understand what over-indebtedness means.		

3. Borrowing			
3.8	I take steps to avoid over-indebtedness.		
3.9	I understand the consequences of not repaying a loan on time.		
3.10	I avoid repaying my loans late.		