



*In Cooperation With
The Education for Democracy Foundation, The Centre for Citizenship Education,
The Rural Development Foundation and The Polish Bank Association*

Financial Education *for Low-Income People* **in Practice**

An Evaluation Report on a Pilot Test of Financial Education

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Executive summary

This report presents the most important findings from the pilot test of financial education workshops¹ (FEWs), which was conducted in May and June 2005 as part of the “*Financial Education the Poor*” project.² Pilot workshops for the target audience of the project, which comprised low-income adults and in-school adolescents, were designed to test educational tools in practice and had a considerable role in developing an improved financial education package.

A total of 262 participants from 6 provinces (voivodeships) in Poland, divided into 28 groups, completed **pilot test** workshops. The pilot project was intended for both in-school adolescents (aged 16 to 19) and adults. Emphasis was intentionally placed on the recruitment of individuals aged up to 45 years, as this is the group where a change in financial practices delivers better value-added results over short term. Of the 550 individuals invited to FEWs, 321 attended the first meeting and 262 completed the workshops. Retention rate was very high, with as many as 82% of the individuals who attended the first meeting completing the workshops. This is clear evidence of the satisfaction with and high perceived value added of FEWs among workshop participants.

A variety of **evaluation methods** were used during the pilot project to diagnose participants’ needs, analyse satisfaction levels and, most importantly, evaluate the impact of FEWs on the way low-income people approach their finances and financial practices. The pilot project resulted in a high number of recommendations concerning the recruitment of workshop participants and the improvement of FEW contents and teaching methods. Another effect of the pilot project was a better understanding of the market for financial education for low-income people, which resulted in discriminating several market segments with distinct needs for financial education. All recommendations are described in detail further in the report.

The diagnosis of the financial education needs of FEW participants confirmed the existence of major gaps in financial education of low-income people in Poland. Whatever the participants’ social and demographic profile, the following practices were found to be widespread: reluctant attitude to financial planning (especially in long term), negative attitude and lack of habit to save regularly, reactive handling of sudden financial shocks, limited trust in financial institutions and limited use of savings and credit services. These problems were found to be all the more pronounced among the lowest-income participants. As regards youth, it was found that adolescents had practically no knowledge of financial education despite the introduction of some elements of economy to the secondary school syllabus.

All participants who completed the workshops evaluated them useful or very useful. The participants gave the following arguments for their high **satisfaction** with the workshops:

- an engaging agenda, the need for which they had not realised earlier,

¹ The purpose of financial education is to transfer knowledge, build skills and change attitudes that will enable people to manage money wisely while keeping the future economic goals in mind. Financial literacy is low among low-income people in Poland. In consequence, this social group has to develop their own financial practices and strategies through trial and error rather than by design. The high price they often pay for prevents an improvement in their living conditions.

² The project executed by the MFC in Poland in 2004-05 as part of a global project managed by *Microfinance Opportunities* resulted in developing an educational package “Plan Your Future” to deliver financial education workshops. The package comprises a basic FEW module. FEWs are intended to convince participants of the advisability of household financial planning and regular saving, while providing them with knowledge and skills necessary for building their own financial plans. Financial education is provided in a workshop format using adult learning principles and techniques, which are considerably more effective in communicating and changing attitudes among both adults and adolescents.

- the practical aspect of FEWs linked to the fact that the participants themselves worked out solutions,
- well-chosen individual topics that combined to make a coherent whole,
- the workshop format, which provided an opportunity to meet other people, learn from each other and have a good time.

The impact of FEWs on adult participants is summarised in the table below:

	Knowledge	Skills	Attitude
Largely successful	<ul style="list-style-type: none"> ▪ Increased awareness of the complexity of planning family finances ▪ Insight into what is worth saving for and where a loan is called for ▪ Discovery of a wide range of financial and banking services ▪ Detailed insight into basic savings services ▪ Awareness of borrowing traps and consumer rights 	<ul style="list-style-type: none"> ▪ Developing a financial plan ▪ Enriching the variety of the ways to save through rationalisation of expenditure ▪ Managing emergency expenses in a proactive way 	<ul style="list-style-type: none"> ▪ Belief that everybody may and should plan their finances and save money ▪ Belief that small amounts can build up to useful amounts in the long term ▪ Acquaintance with banks and an interest in what they offer ▪ Incentive to learn, take care of one's business and give up a demanding attitude
Successful to some extent and still needs to be reinforced	<ul style="list-style-type: none"> ▪ Insight into more sophisticated savings and credit services ▪ Better insight into insurance products ▪ More specific knowledge of consumer rights 	<ul style="list-style-type: none"> ▪ Putting a financial plan into action ▪ How to persuade a spouse and family members to mutually plan family finances ▪ Enriching the variety of the ways to save by seeking new sources of income ▪ Adapting savings services to needs ▪ Better balancing of saving and borrowing in the management of family finances ▪ Choosing the right credit services 	

FEWs produced even better outcomes among **youth**, even though it was only marginally modified compared with the version intended for adult participants. This probably reflects the fact that adolescents have attitudes that are not yet solidified and they are generally more inclined, and better able, to acquire new knowledge and skills.

In summary, **the financial education workshops fulfil their role as an initial contact with financial education of the low-income people.** In particular, FEWs are helpful in addressing the negative way in which people think about their limited financial resources and changing an attitude of demand and expectation prevalent among this social group. FEWs also play a role in promoting

enthusiasm for saving among adolescents and adults, a factor which is also important for macroeconomic stability. At the same time, FEWs provide participants with knowledge and skills to build their own financial plans and, for the first time in their life, to make an informed attempt to plan the future of their families. FEWs also promote an interest in financial services among low-income people and adolescents.

Importantly, the workshop format get the participants interested in long-life learning. Basic workshops on financial education provide a good basis on which to build more complex knowledge and skills, for instance in the three areas proposed in this report as the **next stages in financial education**. These are: 1) orientation in the job market and entrepreneurship, 2) crediting and 3) choice of savings and insurance services.

It should be kept in mind when discussing **the future of financial education in Poland** that demand for basic financial education is very high among low-income people and adolescents, and hence steps need to be taken to increase the scale of action.³ It should also be remembered that financial education is not a one-off exercise. For this reason, the next step should be in developing sustainable distribution models for financial education to efficiently reach more people from the target group. This involves the need for close cooperation among non-governmental organisations (which are already engaged in pioneering measures to promote education), public institutions and commercial enterprises, including in particular financial institutions. Positioned between market and society, financial education seeks to improve living conditions of less wealthy people while increasing their market awareness and purchasing power. The future work on financial education distribution models should integrate market mechanisms to ensure the self-sufficient existence of financial education for low-income people and adolescents in Poland.

³ It is roughly estimated that there are about 13.5 million people (5 million households) among the poorer members of society who are the target clients of financial education services in Poland.

1. Introduction

This report presents the most important findings of the evaluation of the pilot project of financial education workshops (FEWs), which was conducted in May and June 2005 as part of the “*Financial Education for the Poor*” Project.⁴ Pilot workshops were designed to test educational tools in practice and had a considerable role in developing an improved package of FEW tools.

The purpose of **financial education** is to transfer knowledge, build skills and change attitudes that will enable people to manage money wisely while keeping the future economic goals in mind. Financial literacy is low among low-income people in Poland. In consequence, this social group has to evolve their own financial practices and strategies through trial and error rather than by design. The high price they often pay for that prevents an improvement in their living conditions. Financial education should, therefore, play a key role in promoting optimal resource management among poor households, thus helping build their financial security.

Financial education is also important in the context of increasing the low level of savings in Polish society and developing the macroeconomic stability. This impact is particularly important among adolescents and people up to 45 years of age who follow Western spending patterns but who will soon be the only group capable of generating savings due to decreasing savings rates among elderly people (as shown by the recent *McKinsey* survey).

The 2003 Social Diagnosis Project has demonstrated that nearly 80% of Polish families do not save at all while nearly half of them are in the process of repaying loans. Debt is particularly high among low-income people. A study conducted by the *Microfinance Centre (MFC)* in summer 2004 has found that the following **financial education topics** are the most important in addressing major gaps in knowledge and skills and negative attitudes among poor households in Poland:

- long-term economic planning;
- regular saving and household budgeting;
- crisis management and rational borrowing;
- confidence in financial institutions and banking and financial services.⁵

It is roughly estimated that there are about **13.5 million people** among the poorer members of Polish society who are the **target clients** of financial education services in Poland. In other words, these are nearly **5 million households**.⁶

⁴ The Microfinance Centre (MFC) undertook an initiative to develop a package for financial education services in Poland within the framework of the “*Financial Education for the Poor*” global project managed by *Microfinance Opportunities* and funded by the *Citigroup Foundation*. Conducted in the years 2004-2005, the project is designed to address the most important challenges of financial education for low-income people in Poland. Additionally, the project aims to promote the financial education agenda and skill building among institutions that could substantially contribute to furthering financial education, i.e. banks and other financial institutions, microfinance institutions, non-governmental organisations for local development, and government agencies. Financial education of low-income people is a topic rarely addressed in Poland. Due to the lack of any prior experience, the project was experimental in nature and the final product development process was meticulously conducted with a particular emphasis on the needs analysis, the concept development for the educational package and an exhaustive pilot test of the preliminary training module with a view to improving the initial concept. To bring in more experience and expertise, the MFC invited a number of organisations to participate in the project and they made a considerable contribution to the development of the final package. The major partners are the Education for Democracy Foundation, the Centre for Citizenship Education, the Rural Development Foundation and the Polish Bank Association. Further information on the partner organisations can be found in Annex #1.

⁵ More information on the needs can be found in Annex #2 and in a report ‘Priorities for Enhancing Financial Education in Poland’, M. Matul, K. Pawlak and J. Falkowski, 2004, MFC, Warsaw.

The project conducted by the MFC in Poland in the years 2004-2005 resulted in developing the "*Plan Your Future*"⁷ package of educational tools for delivering financial education workshops (FEWs). The package is adapted to transition context of Eastern Europe. The initial conception of the package was developed in cooperation with institutional partners and representatives of low-income people using the findings of a qualitative study.

The package comprises **a basic FEW module**. FEWs are intended to convince participants of the advisability of household financial planning and regular saving, while providing them with the knowledge and skills necessary for building their own financial plans. FEWs guide participants through elements of household financial planning, such as:

- managing household cash-flow and budgeting for seasonal and life cycle events,
- emergency expenses and managing emergency fund,
- ways to save through rationalisation of expenditure and taking advantage of new income opportunities,
- saving services and choice of savings services suitable to needs,
- reasonable borrowing, credit services, credit traps and consumer rights,
- setting realistic goals, financial planning and success factors in putting plans into action.

The workshops end with the participants developing financial plans for their families that incorporate all of the elements described above.⁸

Instruction is provided in a **workshop format** using adult learning principles and techniques, which is considerably more effective in communicating and changing attitudes among both adults and adolescents. The participants develop their own case study, which they use to go through the entire material, mostly learning one from another. To test their newly acquired knowledge and skills in real life, they complete homework assignments using auxiliary materials. A study visit is also organised to a local financial institution to provide the participants with a hands-on experience in choosing formal financial services.

⁶ The target group of the project comprised members of households with low income, living in poverty or threatened by poverty, yet who actively seek to change their financial situation and are not from dysfunctional families.

⁷ The "Plan Your Future" educational package comprises the following:

- A financial education compendium, the most important findings of a study of gaps in financial education of low-income people in Poland, needs analysis methods.
- A manual on how to organise and run basic financial education workshops, which addresses the major financial education needs in Poland.
- Guidelines on how to adapt the basic module to various communities and target groups, including in particular adolescents.
- Guidelines and tools for monitoring and evaluating the outcomes of financial education workshops.
- Reference materials from the global financial education project (separate general modules on debt management, household budgeting, cash flow management and use of banking services).

⁸ Detailed contents of FEW can be found in Annex #3.

2. General Description of the Pilot Project

2.1. Aim and Scale of the Pilot Project

The pilot financial education project provided an opportunity to test FEWs in a variety of situations and with a variety of audiences (selected from among the target group of the project) with a view to improving and enriching the financial education package. As this was the first attempt to deliver financial education to low-income people, particular emphasis was placed on testing educational contents and methods proposed in the initial package. The pilot project was also helpful in developing guidelines on how to organise workshops and recruit participants, as well as inspiring a discussion on the future distribution models for financial education in Poland.

A total of 262 participants completed the workshops, which were divided into 28 groups. These included 81 participants from Podkarpackie Voivodeship, 69 from Śląskie Voivodeship, 43 from Mazowieckie Voivodeship, 36 from Podlaskie Voivodeship, 19 from Kujawsko-Pomorskie Voivodeship and 14 from Małopolskie Voivodeship. A majority of FEWs were organised in small towns and in rural areas.⁹ The aim of the pilot project was to test FEWs in a variety of environments rather than achieve a nationwide reach.

The regional distribution of workshops and the choice of locations were dictated by the availability of local infrastructure of MFC partners. With input from its partners, the MFC selected a group of 10 experienced trainers from among local communities, who participated in a 3-day workshop to prepare them for the task of facilitating FEWs. In organising FEWs and recruiting participants, the trainers liaised mainly with local social welfare centres, state administration units, schools, local non-governmental organisations, the Church and local media.

2.2. Participant Profile

Workshop participants were recruited on the basis of whether they belonged to the target group of the project. **All participants were to be from low-income families, living in poverty or vulnerable to poverty.**¹⁰ These were to be active individuals who were not coming from dysfunctional families. This condition was fulfilled: a total of 92% of the participants who completed the workshops declared a net family income of less than PLN 2,000 a month (47% declared an income of less than PLN 1,000).¹¹

Adult participants declared the following sources of household income: 42% from permanent employment (not necessarily registered), 31% from temporary jobs, 3% from own business (registered), 12% from agriculture, 15% from retirement pension, 34% from social welfare benefits, 7% from remittances from family members working abroad, and 15% from remittances from family members living in Poland.

⁹ FEWs took place in the following locations: Żmigród, Brzostek, Leżajsk, Ustrzyki Dolne, Świętochłowice, Sosnowiec, Koszęcin, Gliwice, Józefów, Legionowo, Hajnówka, Narewka, Kurzętnik, Trzebinia, Chrzanów and Libiąż.

¹⁰ Persons vulnerable to poverty are those whose income is sufficiently high not to classify them as poor, yet their overall household assets are not very abundant. The risk is high that a financial shock (dismissal from work, sickness, etc.) will trigger an accelerated impoverishment process resulting in the degradation to the category of people living in poverty.

¹¹ 1 USD = 3.3 PLN (Polish Zloty). Income data were collected using a 5-grade scale. A simplified per capita income analysis for those who completed the workshops (taking into account equivalence scales: 1=adult, 0.7=child) yields the following results: average – PLN 320, median – PLN 250, minimum – PLN 57, maximum – 1750, 75% quartile – PLN 417.

The pilot project was designed to test the financial education package on both adults and adolescents.¹² The table below shows the age distribution of workshop participants:

	<i>Number of groups</i>	<i>% of total participants</i>
School-aged adolescents (16-19 years)	4	12%
College-aged adults (20-25 years)	3	17%
Adults (over 25 years)	21	71%

Of the adult participants, 37% were aged up to 30 years, 48% between 31 and 45 years, 13% between 46 and 60 years, and 2% over 60 years. Emphasis was intentionally placed on the recruitment of individuals aged up to 45 years, as this is the group where a change in financial practices delivers better value-added results.

Rather than being selected using the income criterion, the adolescent groups typically represented a cross section of society.

While the adolescent groups were balanced in terms of gender, the adult groups were dominated by female participants (86%). Attempts were made to entice a larger number of male participants, but these were unsuccessful mainly due to the fact that the workshops coincided with a period of increased opportunities for temporary employment.

2.3. Recruitment and Attendance

Of the 550 individuals invited to FEWs, 321 attended the first meeting and 262 completed the workshops.

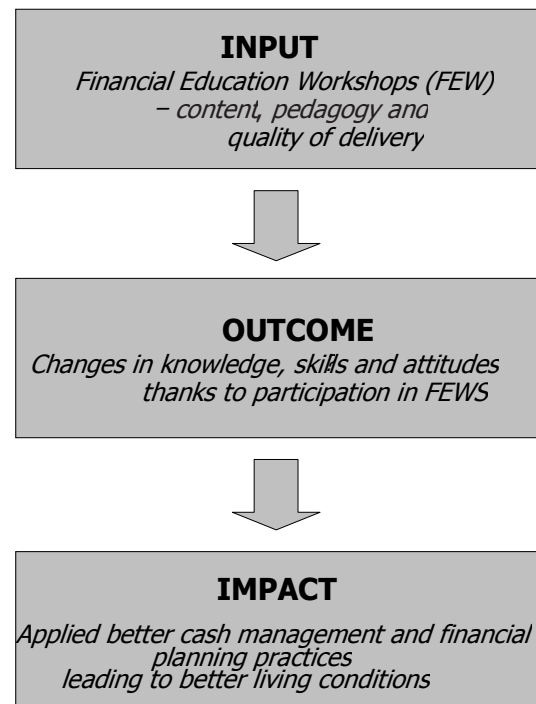
Participant retention rate was very high with **as many as 82% of the individuals who participated in the first meeting completing the workshops.** This is clear evidence of the satisfaction with and high perceived value added of FEWs among workshop participants. While there were no differences in attendance by age, the poorer participants showed a higher tendency to drop out.¹³

¹² The school test was conducted in cooperation with local partners of the Centre for Citizenship Education. The test was conducted in three school complexes in Legionów and Ustrzyki Dolne. In Legionów, the training group consisted of second-grade students of the upper secondary school. In Ustrzyki Dolne, one group consisted of third-grade students of the lower secondary school and the other group of second-grade students of the upper secondary school. The workshop group consisted of people from families with varying income (a full cross section of poverty levels). Trainers were teachers in the schools in which recruitment was conducted for financial education workshops. The recruitment process was conducted using their knowledge of local and school communities. Since the workshops were voluntary, individuals who were the most active applied to participate. No additional selection was conducted among training participants. Three groups comprised 15 to 20 participants. One group comprised 6 participants.

¹³ For those who attended the first meeting, the average per capital income was PLN 297 and the median was PLN 208 (for those who completed the workshops the average was PLN 320 and the median was PLN 250). The difference is statistically significant.

3. Evaluation Methodology

The FEW pilot project was evaluated using the model shown opposite. Considering that the present report was produced immediately following the completion of the pilot project, it is impossible to evaluate the impact of FEWs on changing practices and improving living conditions of the participants. As for now, we will limit ourselves to evaluating inputs and outcomes that could be tracked during and after completion of the workshops. This is particularly pertinent to changes in knowledge and attitudes; skills acquired during the workshops are harder to be evaluated in such a short time span.



The following evaluation tools were used:

- *Evaluation questionnaire* – to be filled out by participants before and after the workshops (see Annex #4). The questionnaire was designed to diagnose the participants’ needs regarding financial education and track the main changes in knowledge and attitudes.¹⁴
- *Evaluation discussion* – to be conducted by a trainer following completion of the workshops to identify major outcomes in terms of the impact on participants and evaluate inputs, including the level of participant satisfaction with the quality delivered.
- *Observation* – of the participants by the trainer during the workshops. Thanks to detailed guidelines for trainers, the feedback they provided complemented information obtained from the two previous sources.
- *Individual reports* – produced by each trainer in the form of workshop reports to summarise information from the three sources mentioned above.
- *On-site visits* – conducted by the organisers to obtain comparative information for the purposes of an input analysis.
- *Evaluation meeting* – of all trainers following completion of the pilot project. The major aspects of inputs and outcomes were discussed in detail during a two-day meeting.

¹⁴ Since the evaluation questionnaire was not administered with all the groups, all statements of quantitative data presented in this report are compiled from the evaluation questionnaire conducted on a sample of 229 adults who started attending the workshops and 189 adults who completed the workshops. Adolescent data were collected from samples of, respectively, 22 and 16 students from the two groups organised at schools.

4. Recruitment Evaluation

Statistics presented in Section 2.3 demonstrate that recruitment is one of the most challenging elements of FEWs. As such, it deserves a separate chapter.

A number of factors caused difficulties in the recruitment of workshop participants. These were:

- FEW recruitment was organised for the first time and methods were not yet fully-fledged. The agenda was new and people were not aware of their needs. For this reason, it was a challenge to devise a way of communicating benefits for participants that would encourage attendance at the first meeting.
- An overall reluctance to learn, especially in this particular social group.
- Unfavourable timing. The workshops were organised in late spring, when there are more opportunities for gainful employment and many more attractions compared with winter.
- Too optimistic assessment of the capacity of local partners, including in particular social welfare centres, to mobilise local communities into action.

Broadly speaking, the recruitment methods used by trainers fall into the following two categories:

- Invite an optimal number of people to participate in FEWs (15-18 people). Meetings take place according to a pre-determined timetable and the instruction starts with the first meeting.
- Invite the highest possible number of people to an orientation meeting, the aim of which is to present FEW ideas and jointly agree a timetable of meetings.

The other method proved to be much more effective. Recruitment was significantly easier among adolescents and people aged up to 25 years, who could be reached through more effective channels (schools) and were more willing to learn.

Persons holding the respect of local communities provided the most reliable channel for recruitment. For example, a competent microfinance officer from the Rural Development Foundation invited and motivated 16 people to come to a meeting in the town of Kurzętnik. People came to the meeting only because they respected the officer for the assistance they had received from him. By contrast, in the same location, the local Social Welfare Centre (SWC) would invite 30 people and only one-third would attend the meeting. Despite the dedication of their management, SWCs failed in their role of brokering contacts with FEW participants. The table below presents a more detailed evaluation of all recruitment channels used during the pilot project.

Access channels	Pros	Cons
<i>A person of established local repute</i>	The most effective because people feel obliged to come.	Few people of established local repute nationwide.
<i>Friends and neighbours</i>	Effective, especially in self-contained communities.	Can be useful only after participating in first wave of FEWs.
<i>School</i>	Very effective in mobilising adolescents (a self-sufficient channel).	Ineffective in mobilising adults because they have completed their education and a return to school tends to be unfavourably perceived.
<i>Local non-governmental organisations, development associations, etc.</i>	Effective in mobilising their members/beneficiaries.	Limited nationwide reach and difficulty with reaching less active persons (they typically work with people who are the most active members of their communities).

<i>Television (preferably local), local radio and press</i>	Wide reach.	A short message does not work well. A longer introduction is required, which means much higher costs.
<i>Social Welfare Centres (SWC)</i>	Nationwide reach and focus exclusively on members of the target group.	SWCs have a transactional character (they disburse benefits) and that's how they are perceived by their beneficiaries. This is not conducive to developing a relationship that would make people seriously consider accepting an invitation.
<i>Other government agencies (labour offices, etc.)</i>	Nationwide reach.	Low interest on the part of the agencies themselves. Their attitude is disinterested and they command low public trust.
<i>Church</i>	Nationwide reach and authority depending on the behaviour of local priests.	Charity-oriented approach, unfocused message reaching not only the target audience.
<i>Financial institutions, local shops and supermarket chains, other commercial enterprises</i>	<i>This channel was not tested during the pilot project, but it offers a fairly high potential when an enterprise sees a profit for itself in financial education and enjoys public trust.</i>	

5. Pre-Workshop Diagnosis of Participant Needs

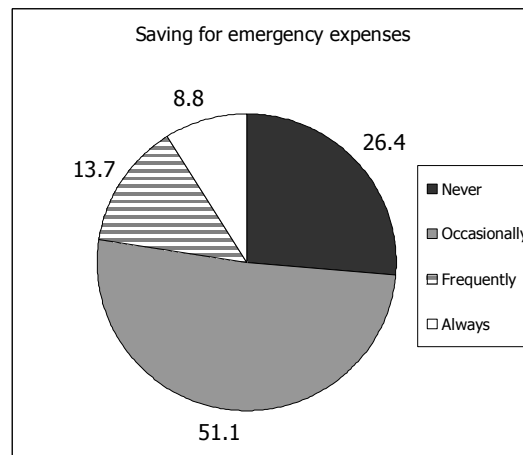
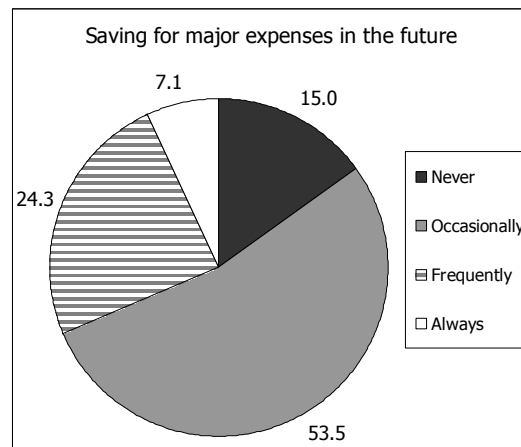
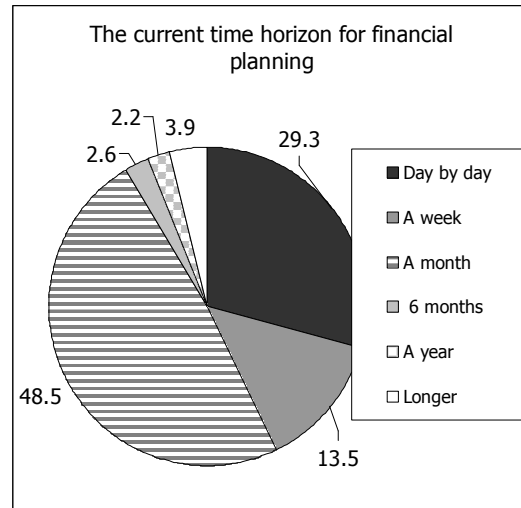
The diagnosis of the financial education needs of FEW participants confirmed the existence of major gaps in financial education of low-income people in Poland, that were defined earlier during the research phase. Whatever the participants' social and demographic profile, the following practices were found to be widespread:

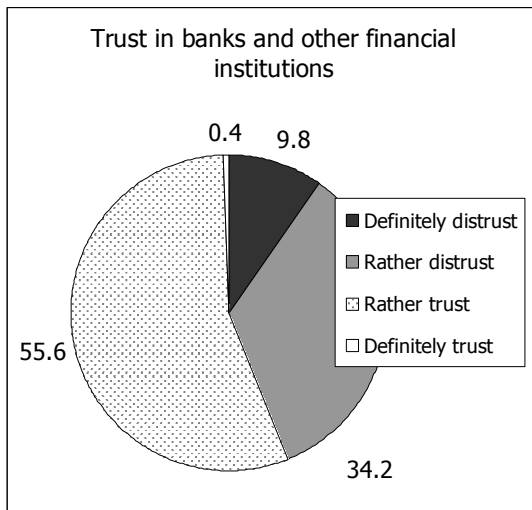
A reluctance to plan finances and a very short horizon for managing resources. Nearly 30% of the adult participants lived day by day and as few as 9% planned ahead beyond a month.

Budgeting was not helped by the fact that as few as 27% of the participants declared to keep a written budget.

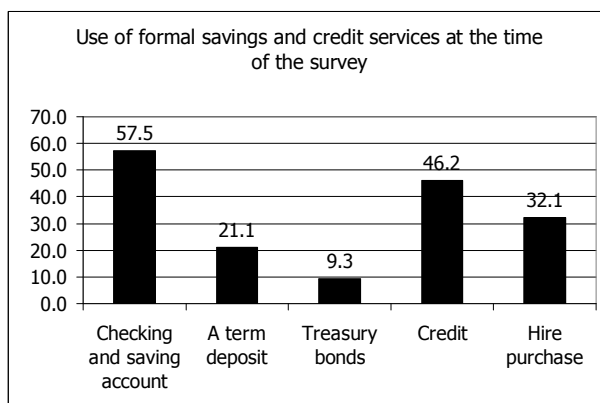
Lack of a regular saving habit and negative attitude towards saving, including in particular the belief that large income was a prerequisite for saving and small amounts would not build up into useful sums. As many as 56% of the participants said before the workshops that sufficiently high income was the most important factor to start saving.

Reactive handling of sudden financial shocks. The resignation and belief that nothing can be done to anticipate emergency expenses, as demonstrated by the very low number of the participants budgeting for emergency spending. Frequent use of informal sources of financing to fill gaps in the budget without any in-depth analysis of repayment risk.





Limited confidence in banks and other financial institutions. 44% of the participants did not trust formal financial institutions. This trust was higher in the participants who had higher income and were more frequent clients of financial services.



Limited use of banks' savings and credit services. Observation of the participants suggests that their knowledge of what the market offers is very selective and they are not aware of the availability of the wide range of financial services. For example, they often associate banks only with loans that are beyond their reach.

These problems are all the more pronounced in the **lowest-income participants**. This group is also more likely to exhibit a demanding attitude, which contributes to reinforcing negative feelings towards planning and saving.

"Why to save – if I am in need, I go to the welfare centre and I always get something there".

The view also persists that „we manage somehow“, and this is an attitude that leads to significantly more errors in money management (which are much more often identified during workshops with less wealthy groups). This phenomenon is illustrated by firm resistance to the agenda of the workshops among poorer participants, who claimed that nothing could be improved in the way they managed money. In a majority of cases, these negative emotions were effectively overcome during the session on how to save money.

As regards **adolescents**, it was found from the questionnaire the participants were asked to complete before the workshops that students had practically no knowledge of financial education despite the introduction of some elements of economy to the secondary school syllabus. A majority of them neither planned their expenses nor participated in their families' financial decision making process. Not only did they show no interest in the household budget, but also they had no idea of the seasonality of expenses and the need to fund major family events. For a majority of upper secondary school students (not mentioning lower secondary school students), saving meant an occasional setting aside of unspent money. They were by and large unfamiliar with the ways to save by rationalising expenses or earning extra money. What is more, students displayed a high propensity for risky credit

behaviours due to their perception of loans as a source of money for quick achievement of their financial goals. They were completely unaware of the need to save for old age.

In summary, the pre-identified financial education needs of low-income people in Poland were found to be strongly present among the workshop participants, thus providing evidence of the effective selection of FEW participants.

6. Participant Satisfaction

All participants who completed the workshops evaluated them useful or very useful. The participants gave the following arguments for their high satisfaction with the workshops:

- An engaging agenda, the need for which they had not realised earlier and which turned out to be very needed.
 - "An interesting topic, even though it initially seemed to be a big misunderstanding"*
 - "During the classes we studied things we don't think about in daily life. I will be better informed now"*
 - "Training is an investment for the future"*

- The practical aspect of FEWs linked to the fact that the participants themselves worked out solutions rather than listened to theory lectures from an external expert.
 - "Everything was hands-on. Unlike at school where things are so conventional"*
 - "It was like an open offer: everybody takes what they need"*
 - "I'm very happy with the training programme. I think all of the things we have talked about in class will be useful in everyday life"*

- Well-chosen individual topics that combined to make a coherent whole.
 - "What has been said exhausts the subject"*
 - "Overall, it has made you think"*

- The workshop format, which provided an opportunity to meet other people, learn from each other and have a good time.
 - "Something was happening, there was a chance to go out, stop thinking dark thoughts and meet other people struggling with similar problems"*
 - "People are wary of this type of training, yet it was so great here"*
 - "I had a good time, I met people, we will say hello to each other when we meet in the street"*

FEW facilitators and reference materials were also highly assessed. It is also important to note the lack of complaints about the duration of FEWs (15 hours, 5 meetings). On the contrary, a majority of the groups would ask: *"When are we meeting again?"*

7. Impact on Participants

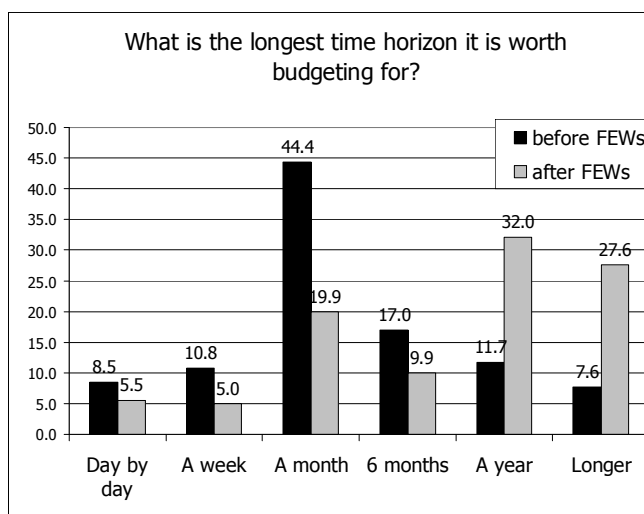
7.1. Impact on Adults

The impact of FEWs on adult participants is summarised in the table below:

	Knowledge	Skills	Attitude
Largely successful	<ul style="list-style-type: none"> ▪ Increased awareness of the complexity of planning family finances ▪ Insight into what is worth saving for and where a loan is called for ▪ Discovery of a wide range of financial and banking services ▪ Detailed insight into basic savings services ▪ Awareness of borrowing traps and consumer rights 	<ul style="list-style-type: none"> ▪ Developing a financial plan ▪ Enriching the variety of the ways to save through rationalisation of expenditure ▪ Managing emergency expenses in a proactive way 	<ul style="list-style-type: none"> ▪ Belief that everybody may and should plan their finances and save money ▪ Belief that small amounts can build up to useful amounts in the long term ▪ Acquaintance with banks and an interest in what they offer ▪ Incentive to learn, take care of one's business and give up a demanding attitude
Successful to some extent and still needs to be reinforced	<ul style="list-style-type: none"> ▪ Insight into more sophisticated savings and credit services ▪ Better insight into insurance products ▪ More specific knowledge of consumer rights 	<ul style="list-style-type: none"> ▪ Putting a financial plan into action ▪ How to persuade a spouse and family members to mutually plan family finances ▪ Enriching the variety of the ways to save by seeking new sources of income ▪ Adapting savings services to needs ▪ Better balancing of saving and borrowing in the management of family finances ▪ Choosing the right credit services 	

An attitude towards long-term planning

The change in a negative attitude towards financial planning was undoubtedly the biggest achievement of FEWs. The participants learned to believe that long-term financial planning was a viable option even with limited resources. FEWs persuaded them that conscious budgeting for the future was a must in the financial situation they were in. The number of people convinced of the advisability of budgeting for more than a month ahead increased twofold (from 36% before to 70% after FEWs) regardless of their social and demographic profile.



Organising the knowledge necessary for financial planning

The participants said that one of the major advantages of FEWs lay in the fact that the workshops helped them organise knowledge necessary for effective money management and financial planning. The participants had a more or less rough idea about individual components of the household budget management process, such as:

- managing household cash-flow and budgeting for seasonal and life cycle events,
- emergency expenses and managing emergency fund,
- ways to save through rationalisation of expenditure and taking advantage of new income opportunities,
- saving services and choice of savings services suitable to needs,
- reasonable borrowing, credit services, credit traps and consumer rights,
- setting realistic goals, financial planning and success factors in putting plans into action.

Yet few of them had an overall picture of the entire process. Thanks to the knowledge they supplied and the way in which it was delivered, the workshops provided the participants with an opportunity to improve their practices and integrate all elements into a coherent picture.

"I realised how many mistakes I made before the workshops"

"I realised that things can be dealt with differently than before"

Financial planning ability versus implementation ability

Comprehensive knowledge should lead in the future to a more informed approach to household budget planning, which will be helpful in limiting the risk of errors and more effective planning for the future. For that, certain skills are, however, required. It is very difficult to evaluate the skills acquired during FEWs. The results of homework assignments demonstrate, in general, that a majority of the participants acquired the skill to develop a financial plan taking into account the current household budget, the anticipated balance of income and expenditure and the most important financial goals.

"I learned how to budget for my needs using whatever money I have"

"I learned that I can plan my future expenses and give up some things"

Yet developing a plan is only the first step. Under current formula, FEWs cannot provide monitoring and guidance during the implementation of financial plans. The few guidelines discussed at the final meeting fall short of what is needed to reassure the participants to go ahead with their plans. This leads to the situation where people are rather sceptical about the implementation of their financial plans.

"All looks nice, but we will see if we are able to carry it on"

"Life is different from what you put down on paper"

Attempts to encourage people to set up their own self-help groups that would meet to continue educating and motivating people to adopt good practices were successful only where a local organisation (as was the case with the *Local Education Centre* in Świątchłowice) offered premises and some assistance in organising meetings. Overall, however, the idea failed (even though it was considered a good idea) due to the inability of the target group members to organise themselves.

Another obstacle to putting financial plans into action is that spouses and other family members do not share the enthusiasm and the drive for change. There is a clear lack of mutual and inclusive financial planning practices. For this reason, it was an excellent idea to invite two members of the household participate in FEWs. In these cases, there was an increased chance that the plan would be put into action. Unfortunately, inviting several household members requires more organisational effort on the part of both organisers and the participants themselves.¹⁵

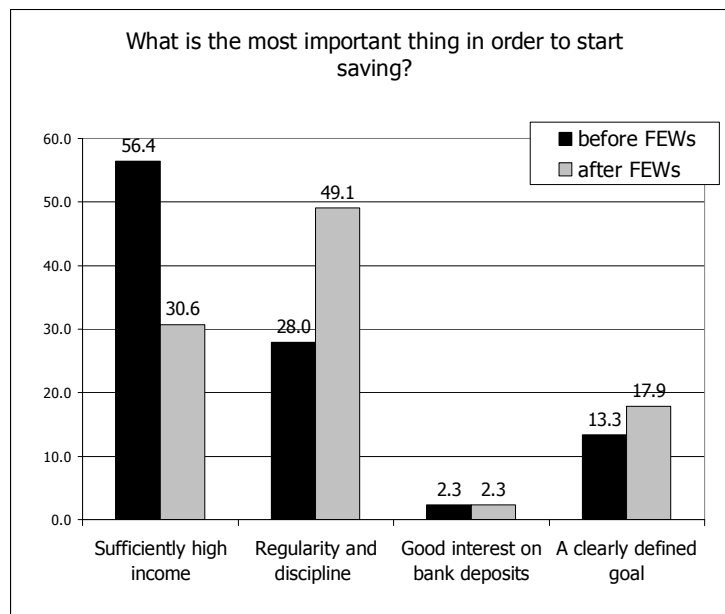
Approach to savings

A 180-degree change in the way the participants thought about savings was the most important factor contributing to an altered approach to household financial planning. As mentioned before, savings were associated with large sums and the majority of the participants believed they could not afford to save in the situation where they hardly made ends meet (and had no financial surplus). FEWs effectively addressed this argument. The participants worked to come up with their own new ideas on how to save money (by rationalising expenses or increasing income) and made calculations for new viable saving options. In the simulation, the small amounts everybody can set aside every day or every week build up over months or years into sums that are useful or even exorbitant for this particular social group.

"I was amazed: I realised I could save money on small things. I always thought that this was not worth it"

What is important is not whether the participants will be able to save exactly such sums in the future, but that the majority of them will complete FEWs with the belief that they are capable of saving. This is shown on the graph below. Of the four answers provided, two show a more correct approach to saving (regularity and discipline and a clear goal). After FEWs, the ratio of "correct" answers increased from 41% to 67%. The change is even more pronounced in the two-thirds of the group who had relatively lower income (increase from 35% to 70%). In other words, FEWs have a potential to turn half of the sceptics among low-income participants into enthusiasts of savings.

¹⁵ Among the 187 participants aged over 25 years, there were around 18 "family tandems".



Ability to navigate through a variety of savings methods

There is no denying that low-income people are familiar with a variety of ways on how to deal with financial difficulties. Yet, until now, they have rarely perceived these ways as methods to build up a financial surplus.¹⁶ By showing these methods in a new perspective and providing a forum for sharing experiences, FEWs contribute to developing the ability to rationalise expenses and identify new earning sources, thus increasing the saving ability of the participants. In this particular case, we may talk about an increase in skills, as demonstrated by the fact that certain new practices were adopted in everyday life (saving electricity, using a piggy bank to collect savings from daily shopping, limiting spending on stimulants, etc.) and specific decisions were made by the participants to improve their savings practices.

"I've learned to ask about prices when I go shopping – how much is this? I never asked this question before. Now, when I hear the price, I think if it's not too much. My shop-keeper friend is surprised and she asks me what happened. And I tell her that I'm attending a course on how to save money".

"After the first meeting I got this habit of turning off extra lights at home".

"Before I put something into the basket in a self-service shop, I ask myself – what do I need it for? Do I really need it? It has happened a couple of times that I put the thing away".

"I go shopping with a list – it really works! I buy fewer things that I don't really need".

While FEWs successfully address the participants' needs on the expenditure side, they fall rather short of expectations on the income side (looking for new sources of earnings), particularly if the group does not comprise any entrepreneurial individual who would share their experiences with other participants. This demonstrates that the participants need more reference material and practical exercise in the areas such as orientation in the labour market, entrepreneurship and running own business.

¹⁶ If they had a financial surplus, they would often spontaneously spend it and if they had a deficit, they had to manage with what they had.

The ability to manage emergency expenses

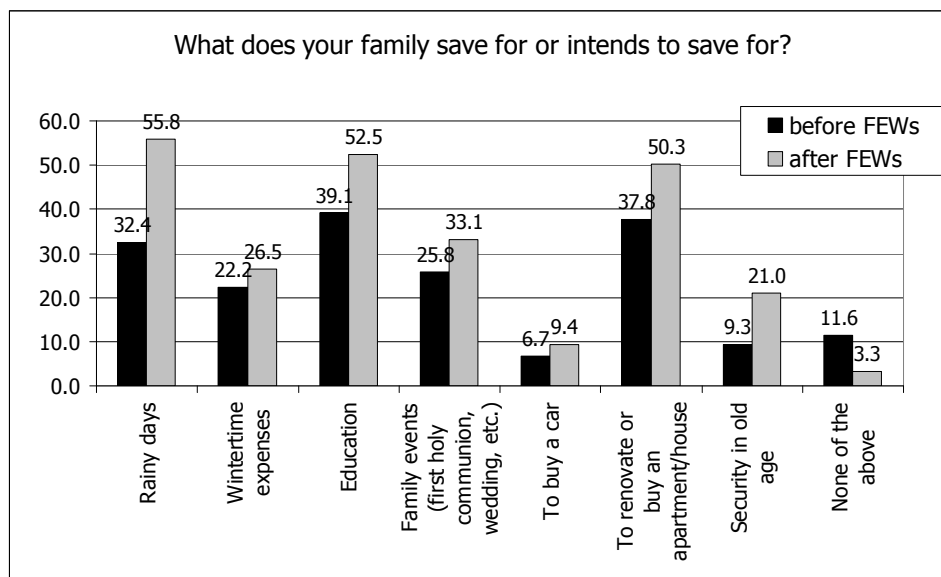
As mentioned in Section 3.1, low-income people tend to handle emergency expenses in a very reactive way. The inability to manage emergency expenses costs them a lot and is one of the major factors that prevent the improvement of their living conditions while reinforcing their vulnerability to poverty. The simple way presented during FEWs on how to manage emergency expenses (consisting in setting aside small sums every month towards emergency spending, known as “safety cushion”) met with great interest from the participants, who realised that there were unable to pursue their financial goals unless they stabilised their household budgets by eliminating the leakage of funds due to emergency expenses. During the final evaluation, the “safety cushion” was the most often quoted advantage derived from FEWs and many participants declared they were determined to start using this solution in practice.

"The safety cushion provides an opportunity to deal with sudden expenses in a stress-free way, giving you the psychological comfort which is so important these days".

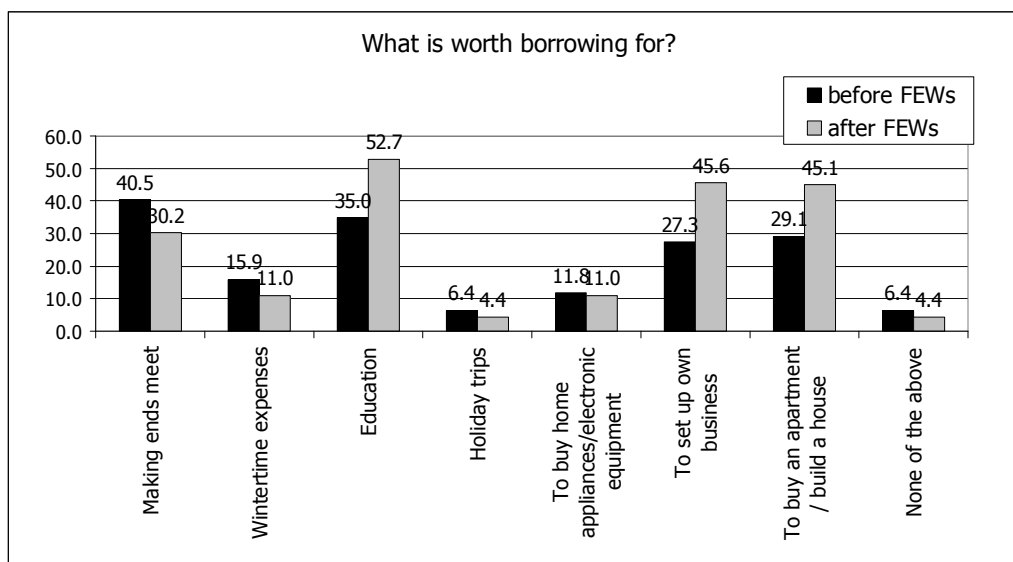
While this new skill will help achieve a greater stabilisation of the household budget, its impact is limited to lesser expenses (for emergencies such as sickness or damage of household appliances). Following the completion of FEWs at a basic level, the participants appear to be ready to expand their knowledge by learning about insurance services. Such knowledge would surely increase their options for management of expenses in the case of more serious emergencies.

Saving versus borrowing – how to do it reasonably?

The graphs below illustrate the knowledge the participants acquired on reasonable money management practices. The first graph shows an overall increase in declared savings for purposes such as rainy days or old age. The other graph illustrates a decrease in the attractiveness of borrowing to close budget gaps (both ongoing and seasonal) or to spend on pleasures (e.g. holidays), as well as an increase of interest in long-term investments (e.g. education of children and family members, own business, apartment/house).¹⁷ The new knowledge is certain to help the participants in more effective planning of their household finances.



¹⁷ In a majority of cases, changes are statistically significant in various groups by poverty and age. The biggest leap can, however, be seen in the medium group according to the poverty level and among people aged over 45 years.



It would, however, be an exaggeration to claim that FEW participants have mastered the skill of balancing savings and borrowings in planning their finances. This is a difficult art, and FEWs do not offer sufficient time to test skills in practice. This is most certainly related to the inability to perceive one's finances over a longer time horizon. Furthermore, the omission from the FEW programme of the topic such as the choice of credit services suitable to needs means that there are gaps in the knowledge and skills required for making an informed loan decision.¹⁸

Note should also be taken of the diametrically opposed differences between adolescents and middle-aged adults (35-60 years). As mentioned before, adolescents have a very carefree attitude towards spending while adults are often wary of borrowing because they have had, or heard of others having, an unpleasant experience with borrowing from informal sources. FEWs should seek to balance these extreme positions.

An overall attitude towards financial institutions and acquaintance with banks

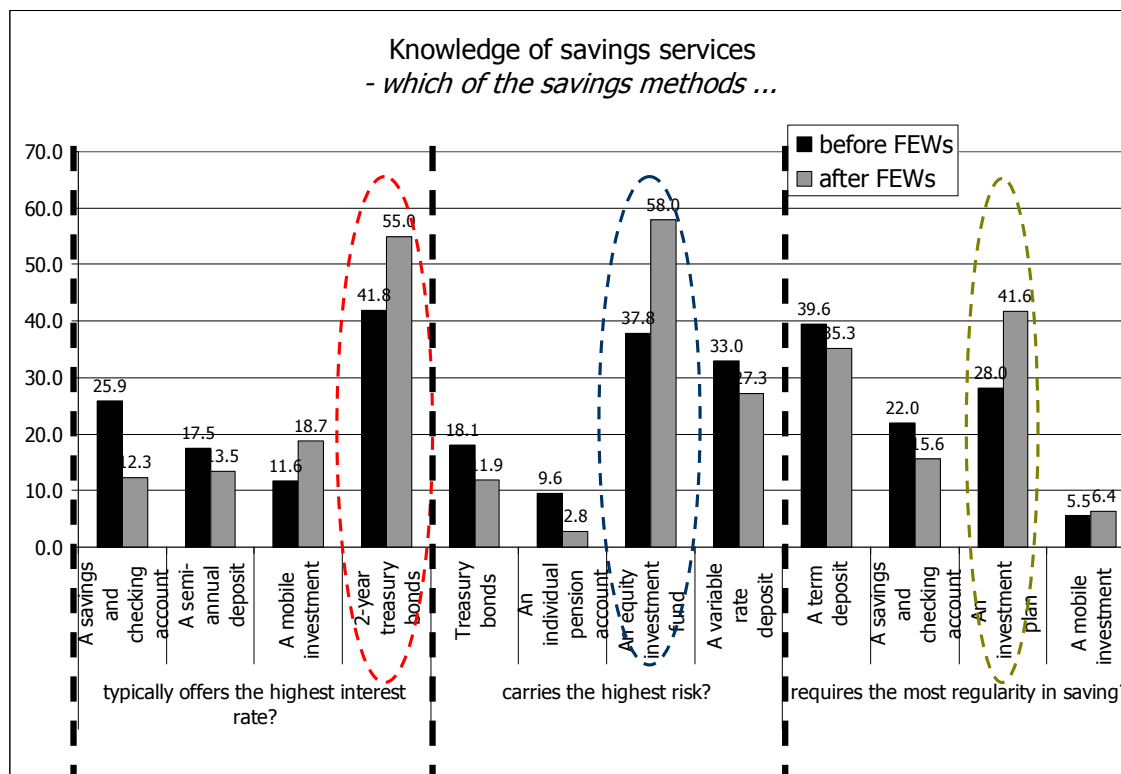
The needs' diagnosis demonstrates (Section 5) that confidence in financial institutions is not as low as could be expected. It is higher among the people who are more frequent users of financial services and lower among the less wealthy participants of FEWs, who make very limited use of these services. This group claims (quite correctly) that financial services are not intended for them. A visit to a local bank is a key FEW component designed to familiarise the participants with financial institutions. The purpose of the visit is to collect information about the bank's current offer for both private and training purposes. While a single visit cannot increase confidence, it is certainly effective in overcoming a certain barrier and persuading less wealthy people to look at financial services available on the market from the point of view of suitability for their needs. Overall, the visit to the bank was quite an attraction, as demonstrated by the positive feedback from the participants (except for the few cases of unfriendly behaviour from the bank staff). It comes as a surprise that the bank is not only about credit. The participants came to realise that financial services (notably savings and banking services) were within their reach. Some of them declared their willingness to start using these services in the near future.

¹⁸ This was due to the fact that this material was too difficult for the basic workshops and no proper range of services was available for this particular target group. Classes on borrowing consist of providing guidelines on how to borrow reasonably, identifying potential traps and teaching basics of consumer rights.

Another matter is that, in Poland, financial services are not yet adapted to the needs and capacities of low-income people. As well as being frustrating, this situation prevents the full use of financial services to promote development at a microscale. This provides evidence that financial education and financial services for low-income people are interlinked and cannot be handled separately.

The knowledge of savings services and the ability to select them according to needs

Savings services are the only financial services discussed in more detail during FEWs in view of their availability for the target group and the role they may play in promoting new savings practices among the participants. The evaluation presented below attempts to test what knowledge and skills people need in order to adapt savings services to their needs. In general, the knowledge is seen to have increased among all social and demographic groups following FEWs.



The question is whether this knowledge has practical application. The trainers noted, overall, that the participants frequently encountered problems in selecting savings services that would be suitable to their needs. This was particularly visible in the group of the lowest-income participants, who found it difficult to assimilate knowledge about more sophisticated instruments. In effect, the participants would often conclude that a term deposit was a good all-around solution.

The knowledge of consumer rights

It was a complete novelty for FEW participants to learn about their rights as consumers of financial services. They were also interested to learn that there was a consumer advocate in each district, whom they could consult for advice. With some expansion of its consumer right component, FEWs could be even more effective in contributing to consumer protection and higher transparency of the financial market.

"I've realised how little I know about my rights and about banks"

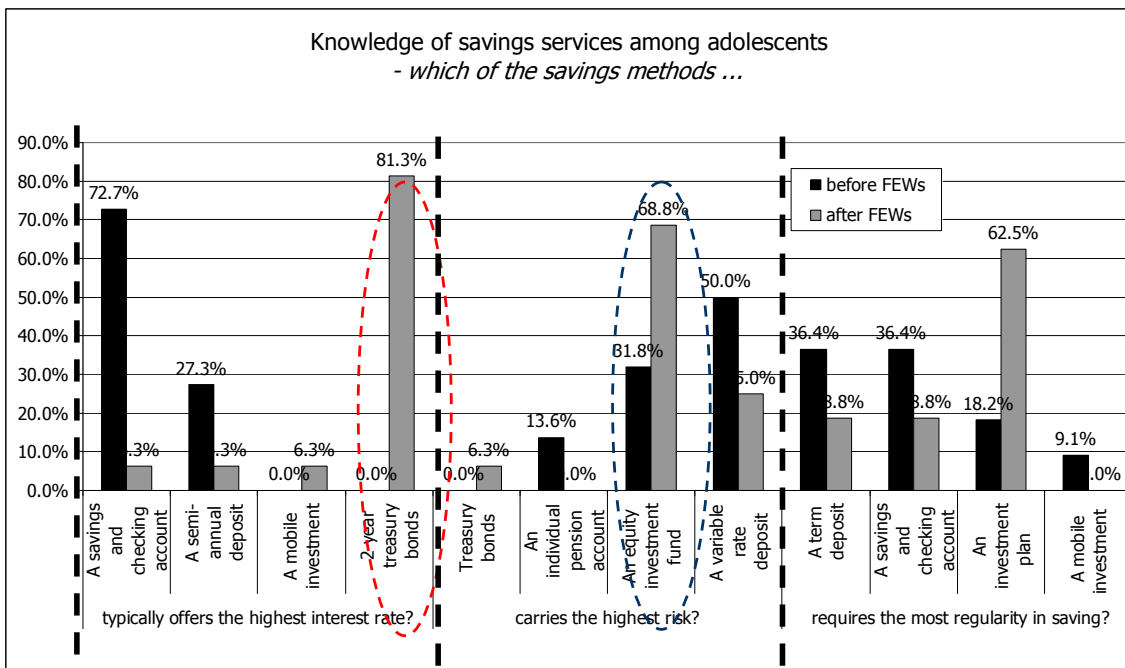
From a demanding attitude to self-sufficiency

Another benefit of FEWs was a change in a demanding attitude and the overall reluctance to learn, which were widespread among the adult participants (particularly those with less income) at the start of the workshops. The workshop formula, in which participants learn one from another with a minimum input from outside, gives the participants considerable satisfaction with the work they have done. There are even opinions that *"like this it is possible to learn everything"*. One factor contributing to the success of the workshops is that financial education is a basic element of life in a market environment (and probably the most neglected one) and the participants fairly quickly become aware of its practical application. This is conducive to developing an attitude that it is high time to take matters in one's own hands.

7.2. Impact on Adolescents

As demonstrated by the diagnosis of needs, adolescents have serious gaps in financial education. This is not surprising if we consider that financial practices are mostly inherited from home, while the school provides limited instruction on financial education.

FEWs produced even better outcomes among adolescents, even though they were only marginally modified compared with the version intended for adult participants. This probably reflects the fact that adolescents have attitudes that are not yet solidified and they are generally more inclined, and better able, to acquire new knowledge and skills. For example, 100% of the participants were persuaded of the need to plan ahead for a year or longer (compared with 41% prior to the workshops). All of them also agreed that income was not the most important factor to start saving. The graph below illustrates a quantum leap in the knowledge of savings services among adolescents, who were surprised to learn that the banks' offer was so varied, particularly for young people. In a word, FEWs provided adolescent participants with an opportunity to go all the way from chaos and lack of thinking about household finances to developing a positive attitude and practical knowledge about savings. This should yield results in the near future.



It is interesting to note that, as well as providing instruction, the workshops have a role in educating adolescents. Parents commented that, following the completion of FEWs, adolescents realised that it was not an easy task to manage money wisely and, as a result, their attitude towards parents changed from demand-based to more partnership-oriented. They also realised that they could help their parents in putting the family's financial goals into practice.

7.3. Potential Use of Adolescents to Deliver Financial Education to Adults

One of the goals of the FEW pilot project was to test the potential use of adolescents to deliver financial education to their parents.

Parents thought the training was useful for their children and none of them expressed any doubts concerning the advisability of the workshops. This is illustrated by positive comments from parents following the workshops in Legionowo:

"Our child has started to show interest in the finances our family"

"My daughter has been persuading me to try the safety cushion. I think we will give it a try"

"Our daughter has calculated our expenses and said we could save on a couple of things"

"We agreed to set aside some money every month"

"This will earn us interest in the future"

"For my child, the most important thing in this training was the ability to plan and the need to give up his whims"

"I was really surprised with how involved my child was in the assignments she did after classes"

"What my child was the most impressed with was the exercise in the bank. This task surely teaches self-reliance"

"It was the first time we talked about savings and not about the money we did not have"

"The school finally offers something useful"

At the same time, however, parents often claimed they were not capable of changing their ritualised behaviours.

"I will not change my habits, but she may learn how to save".

Teachers who worked with adolescents and were familiar with local communities confirmed that the use of adolescents offered limited potential as a channel for communicating financial education to adults. This could succeed only in the situation where there the relationship between parents and children is based on partnership. Yet there are not many such families. It is worth emphasising that financial education of the society cannot be hinged solely on adolescents, or we would have to wait for several generations to see the effects (with adults continuing to instil negative attitudes in young people).

8. General Recommendations

This section presents the most important recommendations resulting from the monitoring and evaluation of the pilot project. Detailed recommendations from an analysis of contents of each workshop and reference materials will be reflected in an improved financial education package.

8.1. Target Group Composition

While a majority of Poles need financial education, it is clear that, for social reasons, the focus should be on the target group of the project, i.e. low-income people with the lowest possible exposure to pathological behaviours. The sheer size of this group, estimated at 13.5 million people, should provide a sufficient incentive for all actors interested in promoting financial education.

The pilot project has also provided a better insight into the market of financial education for low-income people. The target group may be divided into three sub-groups, whose needs for financial education vary depending on their income and lifestyle. These sub-groups are:

- **Chronic** – people who have remained poor for more than ten years and rely on welfare assistance. Their financial education needs are basic and the biggest obstacle is in their demanding attitude and negative approach.
- **More active** – people who have been in the lower-income category since recently, are not yet dependent on welfare assistance and make active attempts (although without much success) to improve their situation. Their needs are higher. Namely, they need skills to plan finances, put plans into action and use financial services.
- **Entrepreneurial** – people balancing on the edge of poverty, having very volatile income and typically operating their own microenterprises. The financial education offered for this group should be more closely integrated with the volatility of income from their microenterprises and business education.

In view of their developmental potential, it would also be advisable to include **adolescents** in the target group regardless of family income. As we have already outlined, financial education for adolescents is very needed, has a perceptive audience, will be useful over a short period of time and will contribute to building a civic society. It appears that the youngest audience responsive to the financial education agenda are the third grade students of lower secondary school (aged 14-15). While they are not familiar with household budgeting, they are mature enough to display interest in financial education.

8.2. Recruitment and Group Organisation

Recruitment is one of the most challenging elements of FEWs. It has already been noted that people in the target group showed reluctance to go out, away from the television set, as well as manifesting a deep-rooted belief that learning did not make sense. What makes things even more difficult is the thematic scope of FEWs, which may be generally described as very basic. People invited to the workshops may even feel offended since, in a majority of cases, they do not realise the need for efficient management of their household budget. Additionally, low-income people are reluctant to participate in the workshops because, on the one hand, they are not familiar with the workshop method, while on the other they are not interested in another lecture from an external expert.

Clearly, the easiest to attract are the “more active” and adolescents, while the most difficult to deal with are the “chronic” (due to a very negative attitude) and the “entrepreneurial” (due to the shortage of time).

The two-phase introduction of FEWs in a local community

People who completed FEWs are surprised why others have not participated as well and offer to persuade their friends to attend another round of workshops. The conclusion is simple: FEWs should be launched in two phases in each local community. The first phase would involve working with several groups of the most active members of the community, who will then promote the idea of financial education among their friends and neighbours. This will facilitate reaching other members of the target group at the second stage of FEWs.

Rely on reputable individuals while making use of many access channels

Local persons of established reputation as well as those who completed FEWs are the most effective channels for reaching the target group. However, in view of the limited number of these people on a national scale, it is recommended to simultaneously use a variety of other channels that will mutually complement each other. Prior to FEWs, it is advisable to analyse the suitability of individual channels for various groups, taking into account each channel's pros and cons as discussed before. It is important to ensure that individuals involved in the recruitment process complete detailed training on FEW and recruitment techniques.

Schools, or rather genuine teachers, are sufficient for attracting adolescents to participate in FEWs.

A pre-FEW meeting

The pilot project has demonstrated that recruitment is more effective if there is an opportunity to organise a short meeting to deliver a recruitment message, show convincing case studies (video), answer questions and propose a timetable of meetings. The meeting should be organised some two weeks before the workshop. The individual designated to facilitate FEWs should also be in charge of the preparatory meeting.

Homogenous and small groups of workshop participants

There is no reason to combine members of the four sub-groups identified above into a single workshop group. Despite little difference in their income levels, these groups are characterised by different lifestyles, which would have an inhibiting effect on joint work and communication within the group. Furthermore, their needs vary slightly in the area of financial education.

Because of the workshop format, groups should be sufficiently small to ensure integration, communication and monitoring of the outcomes of joint work. Workshop participants often work in small groups, ideally of four people each. Depending on how experienced the facilitator is, there should be from 2 to 4 or 5 such groups at the workshops, which means that the entire group should comprise 8 to 20 participants. Any deviation up or down will have a negative impact on the quality of education.

A simple recruitment message suited to individual groups

A recruitment message should be delivered in a simple language, communicating the most important advantages for participants. The message should highlight:

- *Independence and pro-development orientation of the organisers* – short information about the organisers should clearly communicate that this is not another presentation of marketable products or services, but a development campaign intended to provide people with tools to improve their lives.

- *Workshop format* – it should be made clear that this is not another lecture, but a series of meetings that will provide participants with an opportunity to learn from one another in a relaxed small group environment.
- *The elite character of the group* – it should be emphasised that the group has been selected from among the most active members of the local community.
- *Avoid detailed discussion of the thematic agenda* – because members of the target group are not aware of their financial education needs. Bearing in mind that people in the target group are convinced that they are incapable of planning and saving, avoid statements such as “we will teach you how to save” or “we will show you how to plan your finances over a longer period of time”.
- *Usefulness of the additional knowledge and skills in the job market* – mention that a reasonable management of resources, coupled with a FEW certificate, can be helpful in job seeking.
- *A handful of convincing case studies* – preferably from earlier FEWs and supported by comments from earlier participants. To make the message more convincing, comments should refer to elements of FEWs that should be improved.

The safest way to describe the agenda of the workshops seems to be the following: ***effective household budgeting to make better use of small financial resources***. To increase its effectiveness, the message should be adapted to suit diverse needs and attitudes of each of the four sub-groups.

<i>Sub-group</i>	<i>Extra elements of the message</i>
“Chronic”	<ul style="list-style-type: none"> ▪ Refer to the country’s difficult situation and the need for better management of personal resources, however small. ▪ Emphasise that group work always provides a better opportunity to help each other and improve one’s living conditions.
“More active”	<ul style="list-style-type: none"> ▪ Demonstrate that FEWs may improve the family’s situation and be helpful in seeking a job. ▪ The agenda may be presented in a bit more detail. In particular, more information may be provided about financial services that are to be covered during the workshops.
“Entrepreneurial”	<ul style="list-style-type: none"> ▪ Show the impact of household budgeting on small business (not necessarily a registered one). ▪ Business language. ▪ More information on financial services for home and business.
Adolescents	<ul style="list-style-type: none"> ▪ Emphasise that, these days, everybody should competently manage their finances using modern financial services. ▪ Ensure that they will enjoy themselves.

A time and venue convenient for participants

The workshops should take place at a venue which participants will feel comfortable with. For this reason, it is preferable to choose a neutral location such as a community centre, a fire station or a reputable school rather than government office premises.

The best time is from October to March (except for the second half of December), when attractions and extra earning opportunities are limited. While the choice of the hour depends on the profile of participants, it seems that the best time is morning (8 a.m. to 11 a.m.) or evening (5 p.m. to 8 p.m.).

8.3. FEW Contents

An analysis of how FEWs impact the participants demonstrates that the contents and structure of FEWs have been designed to deliver substantial results, particularly in the way they change negative attitudes. Participants and trainers commented that, in general, all topics were important and were properly combined into a whole. Overall it may be said that, as it is now,¹⁹ FEW fulfils its role of a basic module that may be further adapted to individual market segments or used as a platform for delivery of more sophisticated knowledge and skills, taking advantage of the fact that the negative attitude barrier has been overcome.

Elements of the basic module to be reinforced

The following elements of the basic module should be reinforced with regard to all groups:

- more detailed knowledge of consumer rights,
- how to persuade a spouse and family members to mutually plan family finances – interpersonal communication techniques,
- increasing the ways to save by seeking new sources of income,
- more emphasis on the balancing of savings and borrowings in the management of family finances.

Developing ways to support the implementation of financial plans after FEWs

It is very important to motivate participants to go ahead with their plans in the follow-up to FEWs. To this end, steps are taken during the workshops to better motivate participants to seriously treat homework assignments and make them feel more comfortable about the implementation of their financial plans. Proper mechanisms should, furthermore, be developed to keep track of and support the use of the new knowledge and skills in practice. This, however, is more a matter of the distribution model than of FEW contents.

Adapting the basic module to the needs of individual groups

The table below shows how the general module should be adapted to suit the needs of individual sub-groups:

<i>Sub-group</i>	<i>Areas for adaptation of contents</i>
"Chronic"	<ul style="list-style-type: none">▪ Omit any extra knowledge (e.g. insurance) and communicate the minimum knowledge necessary to build a financial plan in a competent way.▪ Simplify the part about savings services. Discuss only a limited number of services and factors for matching services to needs.▪ When discussing savings, emphasise goals worth saving for, borrowing traps and consumer rights rather than credit services, which are anyway beyond the reach of this particular group. One may also consider adding a section on how to get out of debt.
"More active"	<ul style="list-style-type: none">▪ The basic module is best suited to this group and does not have to be further adapted.
"Entrepreneurial"	<ul style="list-style-type: none">▪ Put more emphasis on details of financial services (savings, credit and insurance) and on how to select them to give the participants an adequate understanding of the market offer and skills to make an informed choice.▪ More attention should also be paid to a household budget analysis in the situation where income from small business is volatile.

¹⁹ That is following the introduction of corrections and the improvement of reference materials using guidelines from the pilot project.

Adolescents	<ul style="list-style-type: none"> ▪ Similarly to the “entrepreneurial” group, financial services should be discussed in more detail with adolescents. ▪ FEWs may also feature more simulations (e.g. long-term saving, credit repayment) and, in general, more computational exercises to take advantage of the fact that adolescents have much better computational skills and figures speak better to them. ▪ Fewer exercises may be proposed that make use of the life experience of participants (which is low in adolescents) and more knowledge may be delivered through lectures giving examples from the adult life. ▪ In addition to the future family-oriented planning, it is a good idea to refer to the present situation of young people, asking them questions on how they could save money and help their parents in planning household finances. This will be helpful in consolidating the newly acquired knowledge and developing good habits.
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Further financial education topics

The analysis above has identified three major topics that, while being too complex to be included in the basic training module, could be used as a follow-up to the basic module. These are:

- **Workshops on job market orientation, entrepreneurship and own business** that would reinforce the income-oriented part of money management knowledge. Not everybody is born a businessman. For this reason, unlike many other training courses, the workshops would present all options available on the job market rather than merely focusing on entrepreneurship and on how to prepare a business plan.
- **Workshops on crediting** that would show participants all available options, teach them how to choose credit products in an informed way and guide them through the credit application procedure. More information could be provided on consumer rights and good practices of dealing with debt problems.
- **Workshops on savings and insurance services** to teach participants how to make a more informed choice of tools available on the market.

8.4. FEW Pedagogy

Broadly speaking, teaching methods employed in FEWs fulfilled their function, while the use of adult teaching principles had an effect of communicating FEW contents in a practical way. Below is a number of recommendations to improve the way the workshops are taught in the future.

Avoid idealising case study families

Used as a leading FEW method, a “typical family” case study is a good solution. Care should, however, be taken to ensure that typical families are not excessively idealised or they will be too detached from reality to provide a good example for the application of financial education and an incentive to use newly acquired knowledge and skills in practice. Idealised families are difficult to work on further in the workshops. It is important to note that case studies are also recommended for use in working with adolescents. While their life experience is yet limited, they are well able to devise their own typical families. This is the exercise they enjoy, which limits the risk that classes will be boring. The only problem is that the families they devise are even more idealised than in the case of adults. It is an important task for the facilitator to lead the workshops in such a way as to ensure that case studies are closer to reality and thus are better suited for use as teaching tools.

Make sure that homework assignments are completed

Just like case studies are there to help learn the material, homework assignments are intended to provide an opportunity to use newly acquired knowledge and skills in practice. The ultimate impact – that of a change in financial practices of the participants' families – cannot be achieved if homework assignments are neglected. The participants (including adults) are easily persuaded to do homework if it is properly introduced and explained. Greater regularity in homework may be achieved by, for example, organising a competition for the most diligent participant.

Preparing a study visit to a bank

A study visit to a bank is an interesting experience for participants. As well as helping to process information about savings and credit services, the visit provides an opportunity for low-income people to familiarise themselves with local financial institutions, which they thought were beyond their reach prior to FEWs. The customer service provided by the bank staff to the participants is of crucial importance for the success of the first contact. The risk is high that unfriendly service will cause frustration, thus having the opposite effect to that intended. While there were very few such cases during the pilot project, it is a good idea to make an advance visit to local financial institutions to inform them about the planned study visit from their potential customers.

In groups with low self-confidence, a simulation exercise of the visit may be used to encourage the participants to visit the bank.

Real-life examples to reinforce the message

It is advisable to provide the participants with a number of real-life stories for each of the topics that they will find easy to remember, thus reinforcing the communication of the financial education agenda.

Diversified teaching methods

FEWs are largely based on working in small groups, which are often of similar composition because of the work involving case study families. There is also a bit excessive use of the brainstorming technique in discussing general issues. The use of these two techniques should be slightly reduced and exercises of other type should be added. This in particular concerns psychomotor exercises (role playing, use of a blackboard, etc.), which are insufficiently featured in the current programme.

Use of adult teaching techniques to integrate the group and keep high retention

High participant retention rate provide evidence of the successful application of adult teaching techniques. Trainers often emphasised that early integration between the group and the facilitator was an important factor of success in achieving results. The value added of the workshops decreases considerably for adults if group work does not have proper dynamics. This is because the learning process is more effective in adults if it is based on actual experiences shared among group members.

Proper timetable

Case studies, bank visits and homework assignments are the factors that determine the timetable of the workshops. There should be breaks of not more than 3 to 4 days between meetings to ensure that the participants remember their typical families, which they are to build up over subsequent meetings. On the other hand, FEWs cannot be completed during a single meeting because there is a study visit to a bank in the middle of the workshop cycle (a break of 2 or 3 days) and the participants are required to do homework following completion of each major topic. The best solution is a cycle of 5 or 6 regular meetings (each meeting lasting 2 to 4 hours) with a break of 2 or 3 days in between.

Supporting the participants after FEWs

It has already been mentioned that the participants should receive some support following the completion of FEWs. As well as providing an incentive for putting financial plans into action, this support will be a source of additional consultation and basic guidance. FEWs should be expanded to include elements that would cause the participants to come up with their own initiative to set up a support group (these could be examples of such groups operating in other locations). The facilitator and the FEW organiser could, for a period of time, provide the group with organisational support and expertise until it starts operating entirely on its own.

9. Summary: The Future of Financial Education in Poland

The experimental educational package development process, the needs analysis, the FEW pilot project, strong institutional partners and the working group of people competent in diverse fields have all provided a basis for designing and improving a financial education package that fulfils its role of providing low-income people with the first contact with financial education. In particular, FEWs are helpful in addressing the negative way in which people think about their poor finances and changing a demanding attitude prevalent in this social group. FEWs also play a role in promoting enthusiasm for saving among adolescents and adults, a factor which is important in the development of macroeconomic stability. At the same time, FEWs provide participants with knowledge and skills to build their own financial plan and, for the first time in their life, make an informed attempt to plan the future of their families. Workshops also promote an interest in financial services among low-income people and adolescents.

Importantly, the workshop format gets the participants interested in long-life learning. Basic workshops on financial education provide a good basis on which to build more complex knowledge and skills, for instance in the three areas proposed in this report as the next stages in financial education. These are: 1) orientation in the job market and entrepreneurship, 2) crediting and 3) choice of savings and insurance services.

Financial education workshops may be distributed in a variety of ways. The pilot project was intended to test in practice (and only to a certain degree) only one distribution model (stand alone workshops). The use of other distribution models could be considered in the future that would be more integrated with activities of non-governmental or commercial organisations.

It should be emphasised that workshops are not the only way to strengthen financial education in Poland. Tools such as social campaigns or individual guidance services should also be considered in promoting financial education in Poland.

A very large number of low-income people and adolescents need financial education and steps must be taken to address this demand on a larger scale. Furthermore, financial education is not a one-off exercise. A majority of the target group members will need ongoing support and guidance and there will be new generations for whom financial education will be a very important tool. For this reason, the next step should be in developing sustainable distribution models for financial education to efficiently reach more people from the target group, thus ensuring that financial education will continue on its own momentum. This is equivalent to developing certain mechanisms to provide financial education distributors with a sufficient and long-term incentive to deliver education and continue innovating to improve the existing offer. This involves the need for close cooperation among non-governmental organisations (which are already engaged in pioneering measures to promote education), public institutions and commercial enterprises, in particular financial institutions. Positioned between market and society, financial education seeks to improve living conditions of less wealthy people while increasing their market awareness and purchasing power. It is to be hoped that there will be market mechanisms to ensure the self-sufficient existence of financial education for low-income people and adolescents in Poland.

Annex #1: Project Partners

The Microfinance Centre (MFC) – www.mfc.org.pl – is an international non-governmental organisation comprising 94 microfinance institutions from Central and Eastern Europe and the New Independent States. Its mission is to promote the development of a strong and sustainable microfinance sector in order to increase access to financial services for low-income households, particularly micro entrepreneurs. The MFC fulfils this mission by providing training, consulting, research, mutual learning and legal and policy development services. The MFC was established in 1997 on the initiative of representatives of microfinance institutions and is funded by income from its training and consulting services and grants from USAID, the Mott Foundation, the World Bank and the Open Society Institute

Microfinance Opportunities – www.microfinanceopportunities.org – is a Washington-based international centre that promotes and implements microfinance solutions. The MO seeks to help poor people around the world to increase their access to well-designed and delivered financial services. It achieves this goal by building the capacity of the microfinance sector to take customer-oriented action while engaging in cooperation with microfinance institutions and formal financial sector institutions.

The Education for Democracy Foundation (FED) – www.edudemo.org.pl – is a non-governmental organisation operating in Poland, Eastern Europe, Central Asia and Mongolia since 1989. The FED has, among others, provided training to over 20,000 people, mostly students, teachers and non-governmental organisation representatives. In recognition of its achievements the FED was honoured with the EU-US Democracy and Civil Social Award in 1998 and the Pro Publico Bono Institution Title in the 2004 Pro Publico Bono Competition for the Best Civic Initiative.

The Centre for Citizenship Education (CEO) – www.ceo.org.pl – is a non-governmental educational institution founded in 1994. The CEO promotes civic knowledge, practical skills and attitudes necessary for building a democratic state of law and civic society. It also operates a non-public teacher training centre registered by the Minister of National Education.

The Rural Development Foundation – www.fww.org.pl – is a non-governmental organisation founded in 1999 to support business, social and cultural initiatives of rural and small town communities and promote measures to improve infrastructures in rural areas. These goals are addressed through training, publishing and micro-loan services.

The Polish Bank Association (ZBP) – www.zbp.pl – is an independent organisation of banks founded in January 1991 under the Act on the Chambers of Commerce of 30 May 1989. Membership in the ZBP is voluntary and open to banks incorporated and operating under Polish law. The ZBP's statutory responsibilities include representing and protecting the common interests of its member banks (including in the area of banking legislation), giving opinions and expert assessments, seconding its representatives to participate in the work of think tanks concerning banking operations, participating in the legislative process at a parliamentary level in the capacity of expert, liaising with the National Bank of Poland, the government and competent ministries regarding the operation of laws related to the Polish banking system, organising the flow of information between banks, promoting the banking sector and services, developing interbank infrastructure, supporting the standardisation of banking products and services, promoting the knowledge of banking, providing arbitration services for banks, promoting good banking practices, supporting professional education and coordinating training programmes for bank staff.

Annex #2: The Most Important Financial Education Needs of Low-Income People in Poland

Existing behaviour	Future behaviour	Required		
		Knowledge	Skills	Attitude
1. Tendency to live day by day; no ability or habit to make long-term plans to enhance household resources	Taking care not only of current needs, but also paying attention to future events, particularly life cycle events, and opportunities to invest in financial, physical, human and social capital.	<p>How to build a household budget taking into account future expenses.</p> <p>Benefits of planning and tracking expenses.</p> <p>Where the necessary information can be obtained on household budget planning.</p>	<p>Projecting expenses against anticipated income (taking into account the seasonality of income and expenditure) and assessing the impact of today's decision on the budget in the future.</p> <p>Preparing emergency plans in advance to address a situation where expenses exceed anticipated income.</p> <p>Controlling and assessing the advisability of expenses – dividing expenses into those necessary and those that can wait</p>	Conviction of the necessity of future planning
<p>2. A negative attitude toward saving and possibilities of organising the household budget</p> <p>Inability to keep to goals</p> <p>No systematic approach to saving</p>	<p>Realising the advisability and necessity of expenditure planning, control and assessment, and understanding the opportunities for saving</p> <p>Rationalising needs and expenditure; regular saving for specific purposes</p>	<p>Where and how can savings be made.</p> <p>Benefits of saving in the face of emergency expenses and life cycle events.</p> <p>The role of savings in providing for life in old age</p> <p>Conditions for saving.</p> <p>Where the necessary information can be obtained about saving options.</p>	<p>Setting and keeping to specific goals for saving.</p> <p>Comparing available saving options (interest rates, loss risk, options to freely use deposited funds, etc.).</p> <p>Opening a savings deposit</p>	<p>Conviction that it is possible and in many respects profitable to save on a regular basis.</p> <p>Conviction of the necessity of maintaining a reserve fund for unanticipated expenses.</p>
3. No safeguards against emergency situations and overreliance on	<p>Maintaining a reserve fund for unanticipated expenses</p> <p>More effective distribution of</p>	<p>Available loan sources:</p> <p>Terms of borrowing.</p>	Rational distribution of resources over time and moving toward self-financing of needs.	Conviction of the necessity to avoid overreliance on loans.

<p>external sources of finance to address recurrent and predictable expenses</p> <p><u>Reactive borrowing</u></p> <p>No in-depth analysis of repayment risk</p>	<p>resources over time and increased own contribution to financing recurrent and predictable expenses</p> <p>Rational choice of loan options and analysis of risk repayment</p>	<p>Consequences of borrowing (debt trap).</p> <p>Where the necessary information can be obtained about loans.</p>	<p>Taking coping measures well in advance.</p> <p>Comparing available offers and choosing appropriate loan options.</p> <p>Assessing one's capacity for repayment in the future.</p> <p>Preparing emergency plans in advance to address a situation where income is insufficient to pay off the loan.</p>	
<p>4. <u>No confidence in financial institutions and infrequent use of their services</u></p>	<p>Informed and effective use of financial services</p>	<p>Various financial institutions and the services they provide.</p> <p>How these services can be used and how can they support household finance management.</p> <p>Where the necessary information can be obtained about financial institutions.</p>	<p>Completing all procedures involved in using financial institutions services.</p> <p>Comparing available offers (interest rates, handling charges, etc.).</p> <p>Using bank accounts (payments and withdrawals), credit (ATM) cards, etc.</p>	<p>Confidence in financial institutions.</p> <p>Willingness to use financial services despite the need to complete all the formalities and paperwork.</p>

Annex #3: Detailed Timetable of the Financial Education Workshops

"Plan Your Future"

#	Title of session ²⁰	Specific goals	Duration (in minutes)
1	<i>Introduction</i>	<ul style="list-style-type: none"> ▪ Get to know each other ▪ Identify the goals and scope of the workshops ▪ Create a "typical family" case to be used throughout the workshops 	90
2	<i>Current cash flow vis-à-vis financial goals</i>	<ul style="list-style-type: none"> ▪ Ability to explain various sources of income and expenditure ▪ Analyse the seasonality of cash flow and identify good ways to deal with it ▪ Define the life cycle of events and good ways to deal with it ▪ Make a list of family financial goals 	120
3	<i>Emergency expenses and budgeting for emergency spending</i>	<ul style="list-style-type: none"> ▪ Make a list of emergency expenses and identify good ways to deal with them ▪ Go over how to estimate and manage an emergency spending budget ▪ Update a list of family financial goals 	90
4	<i>Ways and opportunities to save</i>	<ul style="list-style-type: none"> ▪ Define savings and outline main reasons why people save ▪ Identify major factors influencing our savings behaviours ▪ Make a list of ways to save ▪ Calculate savings capacity 	120
5	<i>Savings tools/services</i>	<ul style="list-style-type: none"> ▪ Identify a wide range of savings services ▪ Make a list of major features to be considered in selecting savings services ▪ Analyse various savings services and how they may be used to achieve various goals ▪ Draw up a plan of a study visit intended to check out services available locally 	120
6	<i>Rational borrowing</i>	<ul style="list-style-type: none"> ▪ Make a list of pros and cons of borrowing ▪ Identify key rules of borrowing ▪ Present main types of credit services ▪ Identify main credit traps 	120
7	<i>Building a financial plan</i>	<ul style="list-style-type: none"> ▪ Go over how to build a financial plan ▪ Go over how to select savings services that are best suited to goals 	120
8	<i>Putting a plan into action</i>	<ul style="list-style-type: none"> ▪ Propose financial plans for the participants' typical families ▪ Make a list for monitoring and evaluation of progress in achieving financial goals ▪ Identify success factors in implementing the plan ▪ Develop an action plan for putting a financial plan into practice ▪ Summarise lessons learned from the workshops 	120

²⁰ Sessions 1 and 2 should be completed at a single meeting (session 1 may not by itself provide a sufficient incentive to continue participation in the workshops). Sessions 3 and 4, 5 and 6 may be combined into a single meeting. Other sessions should not be combined so that the participants are given time to complete homework and make a visit to the bank.

Annex #4: Evaluation Questionnaire on the Financial Education Workshops

<p>1. What is the typical time horizon for planning expenses in your family? (select one answer)</p>	<p>a. Day by day b. A week c. A month d. 6 months e. A year f. Longer</p>
<p>2. Does any family member keep a written record of income and expenditure?</p>	<p>a. No b. Yes</p>
<p>3. Does your family set aside money for larger expenses in the future?</p>	<p>a. Never b. Occasionally c. Frequently d. Always</p>
<p>4. Does your family set aside money for rainy days?</p>	<p>a. Never b. Occasionally c. Frequently d. Always</p>
<p>5. Do you trust banks and other financial institutions?</p>	<p>a. Definitely distrust b. Rather distrust c. Rather trust d. Definitely trust</p>
<p>6. Does any family member have:</p>	
<p>A savings and checking account with the bank</p>	<p>a. No b. Yes</p>
<p>A savings deposit with the bank</p>	<p>a. No b. Yes</p>
<p>Treasury bonds</p>	<p>a. No b. Yes</p>
<p>7. Is any family member currently repaying a bank loan?</p>	<p>a. No b. Yes</p>
<p>8. Is any family member currently repaying hire-purchase debt?</p>	<p>a. No b. Yes</p>
<p>9. What is the longest time horizon it is worth budgeting for? (select one answer)</p>	<p>a. Day by day b. A week c. A month d. 6 months e. A year f. Longer</p>
<p>10. What does your family save for or intends to save for? (select as many answers as apply)</p>	<p>a. For rainy days b. To get prepared for wintertime expenses c. For education of children or other family members d. For family events (first holy communion, wedding, etc.) e. To buy a car f. To renovate or buy an apartment/house g. For old age (retirement pension) h. <i>None of the above</i></p>
<p>11. What is the most important in order to be able to save? (select one answer)</p>	<p>a. Sufficiently high income b. Regularity and discipline c. Good interest on bank deposits d. A clearly defined goal</p>
<p>12. Which of these savings methods usually offers the highest interest rate? (select one answer)</p>	<p>a. A savings and checking account b. A semi-annual deposit c. A mobile investment d. 2-year treasury bonds</p>

<p>13. Which of these savings methods carries the highest risk (can generate high earnings or high losses)? (select one answer)</p>	<p>a. Treasury bonds b. An individual pension account c. An equity investment fund d. A variable rate deposit</p>
<p>14. Which of these savings methods requires the most regularity in saving? (select one answer)</p>	<p>a. A term deposit b. A savings and checking account c. An investment plan d. A mobile investment</p>
<p>15. What is worth borrowing for? (select as many answers as apply)</p>	<p>a. To make ends meet during the harder months b. To get prepared for winter c. For education of children or other family members d. For holiday trips e. To buy home appliances/electronic equipment f. To set up own business g. To buy an apartment / build a house h. <i>None of the above</i></p>

<p>16. Sex?</p>	<p>a. Female b. Male</p>
<p>17. Age?</p>	<p>a. Up to 30 years b. 31 – 45 years c. 46 – 60 years d. Over 60 years</p>
<p>18. How many adults are there in your family?</p>	<p>[_____]</p>
<p>19. How many children are there in your family (under 18 years of age)?</p>	<p>[_____]</p>
<p>20. Where has your family earned income from in the recent year? (select as many answers as apply)</p>	<p>a. Permanent employment b. Temporary jobs c. Own business (trade, services, manufacturing) d. Agricultural holding e. Retirement pay f. Welfare benefits, pensions (from municipal and communal welfare centres) g. Remittances from abroad h. Financial support from other people</p>
<p>21. What is the average monthly disposable income of your family?</p>	<p>a. Below PLN 1,000 b. PLN 1,000 – 1,500 c. PLN 1,501 – 2,000 d. PLN 2,001 – 3,000 e. Over PLN 3,000</p>