



# Financial Capability Building in Haiti

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## Discoveries and Insights

February, 2020

# I. Background

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As part of efforts to drive financial inclusion in Latin America and the Caribbean, the International Development Research Centre (IDRC) sponsored a project in conjunction with the Bank of the Republic of Haiti (BRH), Fundación Capital and the Alliance for Financial Inclusion (AFI) to enhance financial education in Haiti. Fundación Capital took on the role of implementing and coordinating this project. It ran from 2018 to 2020 and included three main deliverables: 1) a report by AFI on Haiti's financial education strategy; 2) a pilot project using LISTA,<sup>1</sup> a localized tablet-based solution designed by Fundación Capital for building financial capabilities and 3) a seminar for major stakeholders in financial inclusion in Haiti, organized by the Central Bank in Port-au-Prince to share project deliverables and results and discuss the challenges ahead.

This document presents Fundación Capital's discoveries and insights from the LISTA pilot in Haiti. LISTA is a financial education app that helps users develop and reinforce financial capabilities in a variety of areas including budgeting, saving and responsible borrowing. In partnership with the microfinance institution Action pour la Coopération avec la Micro Entreprise (ACME), Fundación Capital adapted LISTA to the Haitian context and then used it to build the capabilities of 532 clients.

Five lessons learned from this experience are described below. They are meant to provide practical recommendations for organizations in the region wishing to pursue similar efforts.

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<sup>1</sup> Spanish acronym meaning "achieving inclusion through technology and savings."

## II. Lesson 1:

### There is a demand for innovation in financial capability building methodologies and delivery channels

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The pilot succeeded in achieving high levels of engagement among clients. For ACME loan advisors, it was their first experience using an app as a training tool. Loan advisors and clients alike were pleasantly surprised by the effectiveness of tablets as training tools, thanks to the following unique advantages:

- 1) Consistent content:** In traditional training, quality of content varies depending on the trainer. With LISTA, content is consistent and does not depend on trainer performance.
- 2) Learning by doing:** Messages and content are more thoroughly absorbed thanks to a fun and interactive interface that gives users ways of putting lessons into practice immediately.

## III. Lesson 2:

### Financial education initiatives can be dual purpose, building capabilities but also loyalty in financial institutions

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Building capabilities among low-income people is not the only goal when designing financial education programs alongside private financial institutions. These programs must also be considered from a marketing perspective, taking into account the impact on customer acquisition, retention, loyalty and, most importantly, trust. When capability building efforts are properly integrated into an institution's product delivery model, clients may perceive it as added value. This has the ultimate effect of helping to balance supply and demand.

Clients who received LISTA training were grateful to ACME because they saw it as a special offer, giving the institution an advantage over its competitors.

Clients felt that ACME had demonstrated considerable confidence in them by entrusting tablets to them and their families, which in turn reinforced loyalty to ACME. This sense of belonging was further cultivated through simple but valuable incentives; for instance, participants received a diploma for successfully completing all LISTA modules and acquiring new financial capabilities. This made participants feel that their financial capability building efforts had resulted in noticeable changes in their knowledge and their status within the community.

## **IV. Lesson 3:**

### **Financial institution staff engagement is the key to successful implementation**

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The success of this initiative depends on the active engagement of ACME staff, and particularly loan advisors as they are in direct contact with clients. LISTA is a key piece of the puzzle; without it, financial capability building could be perceived as an additional, unpaid burden that takes up precious time and makes it harder to achieve product delivery targets.

It is important to involve and engage staff prior to implementing a project to ensure they will perceive the training as a useful tool for fulfilling their objectives and commitments. The tangible benefits of training must be communicated to them, such as improved client performance with higher loan repayment rates and more savings, which can improve prospects for future loans. Capability building is more likely to be successful when it is part of the institution's value proposition and is included in job descriptions. The process requires committed staff that understand the value of what the institution has to offer as a whole; this goes beyond financial products to include intangible goods like enhanced human capital among clientele.

## **V. Lesson 4:**

### **Training that takes capability building into the home is more likely to be effective**

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Clients greatly appreciated having the opportunity to take training from home. This method increases family involvement including that of children, while also reducing transportation and opportunity costs. The LISTA model adapts to each user's time restraints and individual learning pace to encourage engagement and take advantage of cognitive capacities.

Training techniques that focus on the family tend to be much more efficient at inspiring behavioral change because those involved reinforce concepts among one another and put them into practice together. Areas of interest where family interaction is key to behavioral change include family finance, spending control and group savings goals.

## **VI. Lesson 5:**

### **Capability building initiatives must take into account financial product supply**

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There are many advantages to value propositions that coordinate capability building with product supply—successful training is only the beginning.

User data collection features such as the LISTA back end provide more and more reasons to develop a comprehensive supply of financial products. Well-integrated capability building efforts have the potential to provide a steady stream of information to better understand clients, which can help institutions refine their needs-based approaches and cater to a changing clientele.

It is well known that approaches from a financial education perspective alone cannot drive successful financial inclusion centered on efficient and active use of financial products and services. On that note, it should be pointed out that the data provided by LISTA could potentially be used for designing new financial products. Evidence from rigorous impact assessments has demonstrated that clients with greater financial capabilities are more exacting; capability building must therefore be complemented by new financial product design and higher standards of customer service.

# Building capabilities to further financial inclusion in Haiti

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Designing and developing training solutions is an important step for building financial capabilities and bringing people closer to financial products and services. Training models must be sustainable and organically articulated with the internal processes and structures of financial institutions. Staff in direct contact with clients often have onerous client acquisition and loan targets, making it essential to integrate training into the strategies and goals of financial institutions. In other words, a sustainable training model is essential to financial capability building. Integrating initiatives into the existing structures of financial institutions—typically through the commercial department—is perhaps the best way to go about this.

Fundación Capital is currently on the lookout for more partners in the region, and in Haiti in particular, who are interested in acquiring tools like LISTA but also in building their own capacity and developing their own digital products.

In a world that is vastly interconnected and where digital devices are increasingly ubiquitous, it is clear that digital tools are the key to scaling up projects and exploiting economies of scale and technology that guarantee consistent training and, ultimately, access to and use of financial products.

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