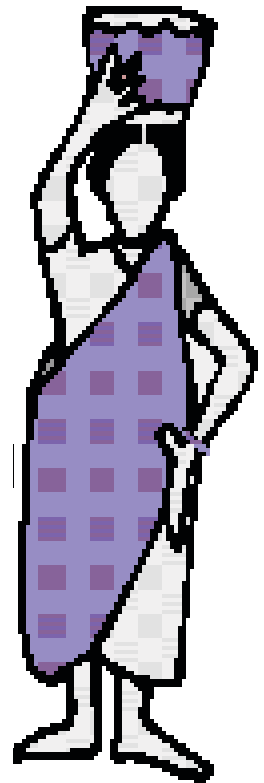


FINANCIAL EDUCATION FOR SEWA BANK MEMBERS

A FACILITATOR'S GUIDE



December 2003



Acknowledgements	4
Introduction	5
1. Introduction to Financial Planning	11
2. Daily Money Management Practices	13
3. Planning for Future Events	17
4. Savings and Investment	22
5. Borrowing and Loan Management	30
6. Insurance and Risk Management	37
7. Making a Financial Plan	41
Appendices	
1. Financial Planning Guide and Worksheets for Individual Members	52
2. Member Assessment of Financial Education Training	60
3. Trainer's Survey	61

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Two important documents were used as background for the preparation of these documents. The first is *Managing Resources, Activities, and Risk in Urban India: The Impact of Microfinance* written by Martha A. Chen, Ph.D. and Donald Snodgrass, Ph.D. of The Hauser Center for Nonprofit Organizations, John F. Kennedy School of Government, Harvard University. This study, published in September 2001, was prepared under a contract from the USAID Assessing the Impact of Microenterprise Services (AIMS) project by Management Systems International with oversight by Monique Cohen, Ph.D., who was then with the office of Microenterprise Development, Global Bureau, USAID.

The second important work is titled *Microfinance, Risk Management and Poverty, 2001*, a synthesis of field studies conducted by Ronal T. Chua, Paul Mosley, Graham A.N. Wright and Hassan Zaman. The paper was prepared by Jennifer Sebstad and Monique Cohen under the direction of Monique Cohen and published by the Consultative Group to Assist the Poorest.

We also gratefully acknowledge Shalini Sinha who was responsible for coordinating the production and design of this manual.

INTRODUCTION

Shri Mahila SEWA Sahakari Bank, a cooperative bank of poor, self-employed women workers, was established in 1974 at the initiative of 4,000 self-employed women workers who contributed Rs 10 of share capital each. Many of the SEWA members, especially the vendors, were badly in need of cheap and easily available credit to earn a livelihood. It was the first organization built for its members by the SEWA trade union.

SEWA Bank embodies a well thought-out concept to serve poor, self-employed women. It aims to provide an integrated set of banking services. Thus, it is a multi-service organization that has deviated from the general pattern of cooperative banks. The objectives of this bank are to:

- Provide facilities for saving and fixed deposit accounts, to inculcate thrift and enhance women's management of savings
- Provide credit to further the productive, economic and income-generating activities of the poor and self-employed
- Extend technical and management assistance in the production, storage, procurement, design and sale of goods and services. This includes services to buy raw materials, equipment, tools and implements; establishing direct links with industries, wholesalers and producers where the borrowers buy rags, scrap iron and wood, vessels, bamboo, yarn, vegetables and waste paper; guidance in marketing their goods, and accounting services for individual members and groups
- Provide services to help women to rescue their jewelry from pawn-brokers and private moneylenders and give loans against jewelry
- Adopt procedures and schemes suitable to poor self-employed women, like collecting daily savings from their places of business or houses, or providing saving boxes, and giving training and assistance in understanding banking procedures

Women need finances for different purposes throughout their life. These are personal as well as business needs. They are short-term, medium-term and long-term needs. They include both consumption and production needs. SEWA Bank's objective is to act as a lifetime friend of women, not as a short-term provider of funds. Hence, we are trying to design services, products and mechanisms according to the needs of a woman throughout her life cycle changes including starting a business, educating her children, repairing her house, expanding her business, repaying old debt and preparing for sickness, unexpected calamities and old age. Part of being a lifetime friend is an approach to capacity-building that supports women in their ability to understand and take control of their options.

Project Tomorrow: Financial Education Program for SEWA Bank members

Resulting from years of close field-level interaction with SEWA Bank clients, SEWA Bank staff has recognized the need for education to help these clients make better financial decisions. For this reason, in June 2002, SEWA Bank introduced Project Tomorrow, a project for members to gain skills in personal financial planning. The program is intended to help these women to escape cycles of poverty, make informed decisions about their finances, build their own future and live a secure life.

Financial education for members, sometimes called financial literacy or financial counseling, is becoming increasingly recognized as a key element to ensure that members are active and

knowledgeable participants in their financial decisions and that households are able to fully utilize and leverage the financial services available to them.

SEWA Bank members, like many women who are self-employed, are economically savvy in many respects but are still extremely vulnerable, with low and irregular incomes. They live on a day-to-day basis and are consequentially extremely insecure. There is also the permanent danger of dislocation because even a small event like a minor sickness or an accident can lead the family to the brink of starvation. The situation is further aggravated by major incidents such as riots, heavy rains or cyclones. Even a social occasion such as marriage leads to a situation in which women may have to borrow at high interest rates, thus getting ensnared in the vicious cycle of poverty.

When women grow old, they do not have any old age security option such as pension or provident funds schemes. As a result, they have to work as long as they live and lead difficult lives in their old age. They continuously live their lives carrying a sense of insecurity and very little hope for the future. One of the reasons for this kind of situation is that the majority of them live and think on a day-to-day basis and do not plan for their short-term or long-term future. They have not learned planning because most have not gone to school. They have also not seen their parents living a planned life. They lack information about different financial services, products and investment opportunities available for reducing risks (for example, insurance) or securing their futures (for example, old age savings plans).

There is a dire need for spreading the concept of financial planning and its importance for poor women. There is also a need to provide them information about different financial services, products and investment opportunities available in the market in a language that is simple and appropriate for their understanding.

The goal of the Project Tomorrow Financial Education Program is to build the capacity of SEWA members in urban and rural areas to be better financial planners. By the end of the program members will have:

- Stated the importance of financial planning
- Analyzed their money management practices
- Recognized life cycle financial needs and managed future risks
- Analyzed trade-offs between various financial options
- Recognized how SEWA Bank and other financial products can help them to improve their financial situation
- Made a financial plan for their household

The intended outcome of the Program is for SEWA Bank members to be able to make informed decisions about personal financial management and planning through better understanding of the implications of various financial choices they can make. SEWA Bank wants to ensure that members use its services and products to maximize financial return and protect against future risks. Through better planning and investing women will be able to achieve financial security for themselves and their families.

This Facilitator's Guide

This Facilitator's Guide on Financial Education for Members has been developed to assist urban and rural SEWA Bank staff and community leaders to achieve the goals of the Project Tomorrow Program.

Some sessions have separate examples or activities for urban and rural audiences. There is a workbook for members in the appendix that provides exercises for members to do, corresponding to each learning session.

It is not the aim of this Guide to teach members how to better use SEWA Bank services only, or to provide members with detailed product information about SEWA Bank's financial services. Rather, members will engage in a number of learning activities to learn how to financially plan, broadly matching their life cycle needs with the various types of products SEWA Bank and other formal and informal local financial services providers offer. Given the high rate of illiteracy with members, the Guide draws heavily on story-telling, posters and metaphors, such as animal behavior, with which members can easily relate. Each session relates to a particular animal.

SEWA Bank, Freedom from Hunger and the Coady International Institute established a three-way partnership to produce these educational materials and training systems on financial education for members. Freedom from Hunger, with its expertise in microfinance, health education and adult-learning, led the initial stages to examine the interest and needs of members, define the content and methods for the manual and train SEWA Bank staff in the topics of financial counseling and adult learning. The Coady International Institute, also experienced in adult education, microfinance and training manual production, developed and refined the manual, coordinated field-testing, continued to train SEWA Bank staff and leaders in adult learning and oversaw the editing and final production of the educational materials with SEWA Bank and Freedom from Hunger.

The manual has been developed and field-tested for both urban and rural members of SEWA Bank – more than 200,000 women in Gujarat, India. The impact of the Guide, however, is potentially much broader. With increasing competition and sophistication in the supply of microfinancial services, financial education of members and participants is becoming recognized as an important activity for microfinance programs worldwide.

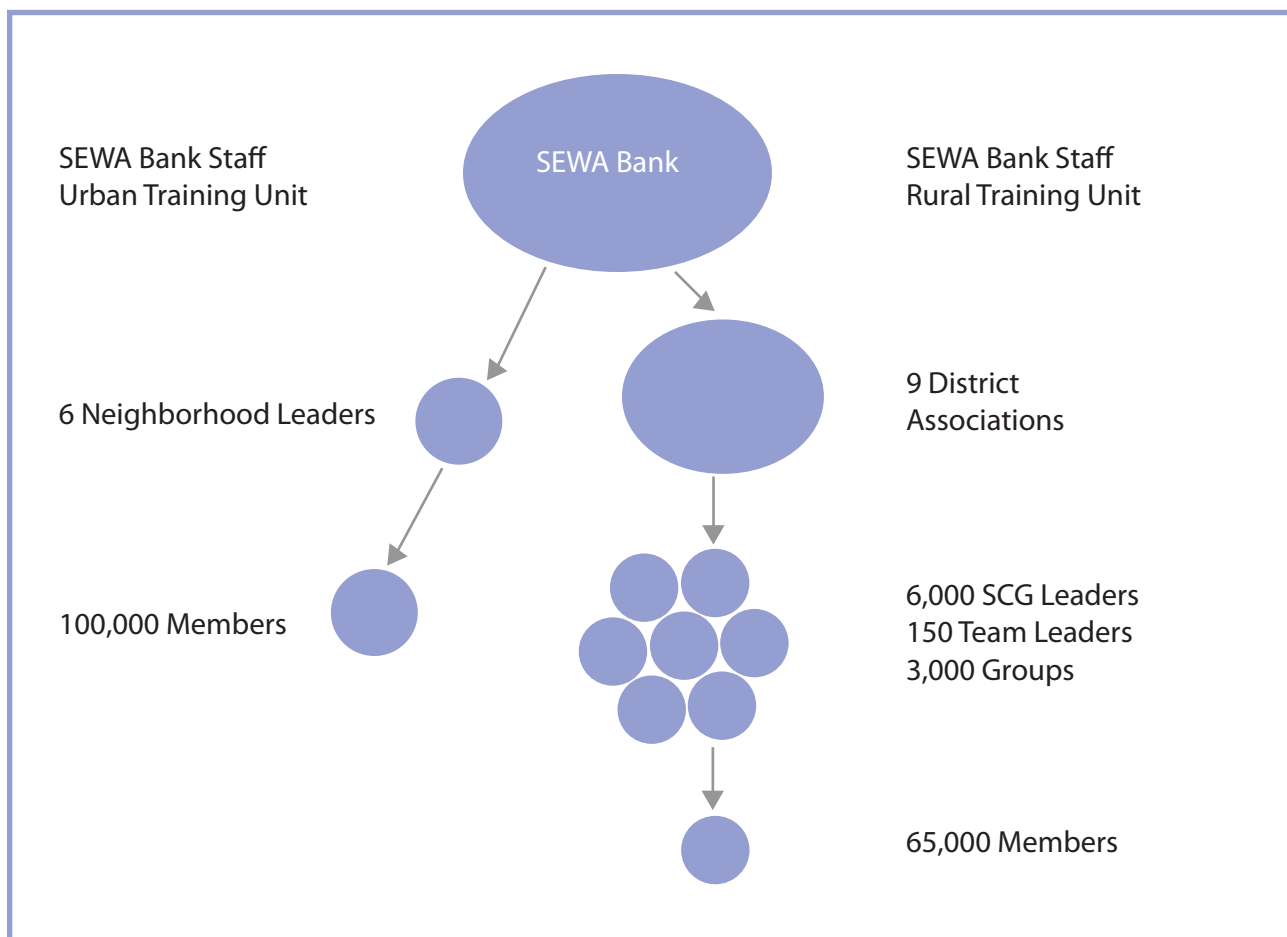
Overview of training process

This manual will be used by SEWA Bank's Urban and Rural Training Units. The training processes in the urban and rural settings are slightly different to reflect the differences in service delivery.

In the urban setting, financial services are provided to individuals. Many urban women come directly to SEWA Bank or its neighborhood facilities for payment and receipt of funds. Therefore, the training takes place either at the bank or in the neighborhood (either in the facility or at a member home) provided by SEWA member neighborhood leaders or by the SEWA Bank urban training unit.

Rural members live in more sparsely populated areas and use self-help groups for service delivery. SEWA Bank is currently piloting a second-tier of delivery through district associations. Leaders, known as spearhead leaders, are selected from self-help groups to give groups representation at the association level. The vision of SEWA Bank is that the self-help groups will become federated under decentralized district associations operating as local area banks. Therefore, financial education will be provided at the various levels, from district association staff to spearhead leaders, to group leaders and finally to the members themselves.

This manual is tailored to different levels of trainers and trainees as illustrated on Page 8.



In urban areas, training takes place once per week through a training team of two with approximately 20-30 members per training 'class'. Participation in the training program is voluntary. Each week, one training session is held until all of the learning sessions have been completed. Generally, one session will be covered each week; therefore, in seven weeks all sessions can be completed. This time period might vary depending on how quickly the group is able to understand the concepts.

In the rural areas, the training will take place on a monthly basis through the self-help groups. One to two trainers train spearhead team leaders who, in turn, work with the self-help groups. Since approximately two training sessions will be covered each month, it would take approximately three months to complete the training in rural areas for each self-help group.

This manual reflects SEWA Bank's commitment to being more than just a bank providing financial services for its members. We appreciate the importance of supporting members to build capacity, build assets and hope for the future. Indeed, the production and testing of this manual has led us to realize that the next step in this process is a financial literacy campaign, an even broader-based approach to supporting women in improving their lives. We are dedicated to being life-long friends to our members.

Jayshree Vyas
 Managing Director, SEWA Bank
 December 2003

PREPARING FOR EACH SESSION

Each learning-session guide that follows this introduction begins with a summary of the session's objectives (and content) and methods. Review this information carefully.

After the objectives and methods, you will find a list of items you should prepare before each session. Carefully read these lists because you will need to have these materials ready for the session. The steps for the session are listed after this section. Please conduct the learning session following the steps provided. You should use your own words to explain each point, being careful to cover all steps in order if possible.

The box below is a reminder of some important principles and practices of adult learning to keep in mind as you lead each session. Remember that you, the field agent, do not have all the answers. The participants come to the learning sessions with a great deal of experience and have many things to add. It is important that all participants (including you) teach and learn.

IMPORTANT PRINCIPLES TO REMEMBER

- Create comfort for learners by being respectful and valuing participants' knowledge and experience
- Keep your stories and key points short and clear. Practice simplicity and learners will find it easier to understand
- Ensure relevance to participants' lives in content and activities
- Use techniques such as small group work and role play to provide an opportunity for the application of the information
- Ensure that there is mutual learning through the use of dialogue



OVERVIEW OF LEARNING SESSIONS

Learning session	Objectives By the end of the session, participants will have:
1. Introduction to Financial Planning: 15 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Discussed the purposes and approach of SEWA and SEWA Bank and the financial education service
2. Daily Money Management Practices: 60 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Distinguished between good and poor daily money management practices <input type="checkbox"/> Analyzed their own daily money management practices and identified ways to improve them
3. Planning for Future Events: 75 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Described their goals and dreams and what they need to achieve them <input type="checkbox"/> Defined planning and stated the importance of long-term planning <input type="checkbox"/> Prioritized future events that require financial education <input type="checkbox"/> Identified various financial options and the factors that influence those options <input type="checkbox"/> Stated trade-offs between different financial options
4. Savings and Investment: 90 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Stated the importance of saving and the difference between saving and investing <input type="checkbox"/> Described the match between different types of savings services and life cycle uses of savings <input type="checkbox"/> Analyzed the trade-offs between various savings and investment alternatives <input type="checkbox"/> Analyzed current savings options they are currently considering
5. Borrowing and Loan Management: 90 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Stated the difference between good and poor loan management <input type="checkbox"/> Matched life cycle needs with loan services <input type="checkbox"/> Analyzed trade-offs between different options for borrowing <input type="checkbox"/> Identified ways to improve personal loan management
6. Insurance and Risk Management: 55 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Stated the importance of insurance and risk management <input type="checkbox"/> Matched life cycle risks with different insurance products <input type="checkbox"/> Identified the types of insurance products that suit
7. Making a Financial Plan: 90 minutes	<ul style="list-style-type: none"> <input type="checkbox"/> Stated the aspects of a good financial plan <input type="checkbox"/> Practiced preparing a good budget <input type="checkbox"/> Stated whether or not they feel better prepared to meet their dreams <input type="checkbox"/> Decided how to share their financial education with their family



Objectives

By the end of the learning session participants will have:

- Discussed the purposes and approach of SEWA and SEWA Bank and the financial education service



Time

15 minutes



Preparation/Materials

- None



Methods

Short presentation, story-telling, large-group discussions, brainstorming, game using small groups



STEPS

1. Describe the purposes and approach of SEWA and SEWA Bank and the content of the financial education learning sessions – 15 minutes

If there are new members, give a brief background about the origins of SEWA Bank and broadly describe the types of services offered. Ask for two older members of SEWA or SEWA Bank to describe why they joined SEWA and how they have benefited.

- What questions do non-members have for members?

The goal of the financial education learning sessions is to assist SEWA Bank clients to realize their dreams, break out of the vicious cycle of poverty and improve the security and quality of their lives by increasing their assets and becoming self-reliant.

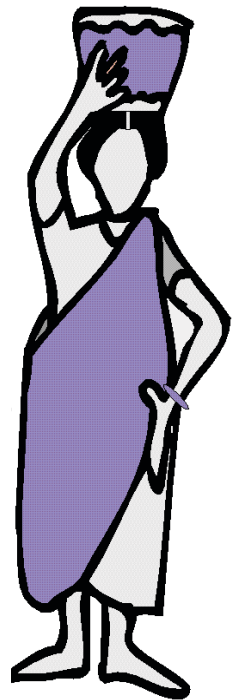
The purposes of the financial education guide are to assist members to:

- Appreciate the importance of financial planning
- Manage their money more productively
- Recognize life cycle financial needs and manage future risks
- Analyze trade-offs between various financial options
- Recognize how SEWA Bank and other financial products can help them to improve their financial situation
- Make a financial plan for their household

Ask members what questions they have regarding the sessions and tell them that you are looking forward to seeing them at all the sessions. Explain the schedule for the learning sessions to the members.

Be aware of timing that might disrupt holidays or harvest time and try to re-schedule accordingly.

- What are your questions?



SESSION 2

DAILY MONEY MANAGEMENT PRACTICES



Objectives

By the end of the learning session members will have:

- Reviewed key points from the last learning session
- Distinguished between good and poor daily money management practices
- Analyzed their own daily money management practices and identified ways to improve them



Time

60 minutes



Preparation/Materials

- Practice telling the stories
- 10-15 cards and markers
- Income and expenses poster



Methods

Short presentation, story-telling, large-group discussions, brainstorming, game using small groups

STEPS

1. Large group review of previous session and introduce this session – 5 minutes

Ask a few members to review the key points covered in the last learning session. Explain that, in this session, members will review their day-to-day money management in order to find ways of improving their practices.

2. Distinguish between good and bad financial managers in a large group – 20 minutes

Tell the following stories. Try to keep the stories very brief. The purpose of telling these stories is not to give detailed information about SEWA Bank's products. The stories help women to see simple examples of one person who plans and another who does not. Longer stories may complicate the message.

Maniben's story

Maniben is a vegetable vendor who earns Rs 50 a day. She plans her household purchases and searches for the least expensive groceries. She has saved daily with SEWA Bank since she joined. These savings allow her to borrow from SEWA rather than the moneylender if she needs a loan. By examining what money came in and out of her household regularly, she was able to save enough each month to put her current savings into a fixed deposit to earn more interest. She chooses to put some savings into the business. Her business has been growing. When her child got sick she had

savings to withdraw to buy medicine. She is also saving for her daughter's wedding in three years. It is to be a collective wedding with some other families in her village so it will be less expensive than other types of weddings.

Ramiben's story

Ramiben is a vegetable vendor who earns Rs 75 a day. She likes to buy lots of tea and is always buying ice-cream for the kids. Ramiben does not save. When Diwali came she had to borrow Rs 2,000 from the moneylender at Rs 10 per month for each Rs 100. Then she borrowed from her vishi to keep her business going. She buys household necessities at the last minute and has to pay higher prices. Her father suddenly got ill. She could not pay for the hospital and borrowed money from her brother. She has a lot of debt that is eating away her earnings.

- How do Maniben and Ramiben think differently about money? (Maniben plans, saves short and long term, saves money by buying in bulk, reduces costs by having a collective marriage, has money for unexpected sickness. Ramiben buys things for herself, borrows a lot at high cost, does not save regularly.)
- Which woman's approach do you prefer and why? (Maniben, because she saves on costs to have more money, has money for unexpected events, invests in productive uses to earn more, stays out of debt.)

When you are satisfied that members have understood the main differences between Maniben and Ramiben in how they manage money, summarize the key points of the discussion. Be sure to include any points that the members have not mentioned.

3. Large and small groups analyze their own money management practices – 35 minutes

Tell the group that a way to improve money management practices is to, like Maniben, lower your costs and look for ways to increase your income. We will do an exercise for this.

- Please call out the regular expenditures you have on a day-to-day basis. These are things that you spend money on regularly

As the expenditures are called out, write each one on a separate card in large letters. Probe by asking "What else?" Select no more than 5-8 expenditure items. For example:

EXPENDITURE ITEMS
<input type="checkbox"/> Food shopping
<input type="checkbox"/> Rent for the house
<input type="checkbox"/> Transportation to the market
<input type="checkbox"/> Utility payments
<input type="checkbox"/> Payments on debt
<input type="checkbox"/> Sweets for children
<input type="checkbox"/> Entertainment activities
<input type="checkbox"/> Hygiene supplies

- Are there ways of reducing the amount of money that we are spending on these items? (Cutting down on things that we don't need such as tobacco, ice-cream and movies; buying in bulk; making fewer trips to the market; thinking before you spend; planning your purchases; trying not to spend more than you have; reducing borrowing.)

Next ask the women:

- What are all of the sources of income for your households?

Income is money coming into the household.


Write these on a card and ask some volunteers to put them in order of their importance. Again this is an example only as each household will be different. Here is an example. (Show the example.) Set this list apart from the expenditure list.

INCOME SOURCES

- Husband's salary
- Sale of farm products
- Wife's income-generating activity – vegetable sales
- Contribution from grown-up children

- Why are some income sources more important (value, stability)?

INCOME VS. EXPENSES



Income – Expenditure → Savings + Investment
 Expenditure – Income → Borrowings

- Why is it important to look at your expenditures and your income?

Ask for two volunteers to share their ideas. Then tell them the following:

The key is to find ways of increasing income and lowering expenses. If income is higher than expenses, we will be able to save. If expenses are higher than income, then we have to borrow to meet urgent needs.

SEASONAL AGRICULTURAL CALENDAR: FLUCTUATIONS IN INCOME													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Seasons		Dry Season					Rainy Season				Winter Season		
Crops		Harvesting					Planting				Harvesting		Planting
Social													
School													
Festivals	Utrayan	Weddings, Holi			Wedding Season							Diwali, Weddings	
Income		*	**	***	**	**	*	**	**	**	**	*	***

What time of year do you have a little bit more money? (Trainer considerations: participants may stress a particular season that is favorable for their business such as harvesting.) Use the agricultural calendar to show the relationship between income, seasons, activities and social events. Stress that while this example is from a rural area, similar fluctuations in income occur in urban activities as well.

What time of year are you short of money? (Trainer considerations: participants may mention Diwali or other social activities that require large sums of money. They also may describe the time of year that investments may be made in their business.) Again show the agricultural calendar. Then ask the group to work on the following questions:

What do you do if you have extra money? (Trainer considerations: particularly members in rural areas will have surpluses during harvest. It is important to examine what is done with this extra money. We want to encourage members to save at these times and build assets.)

What do you do if you are short of money? (Trainer considerations: particularly in rural areas, it is important to understand how members cope with fluctuations in income. We want to ensure that at different times, members can borrow at reasonable rates and do not have to draw on their savings or sell assets.)

What are some ways that you could increase the income coming to the household?
Once they have given their responses, summarize the discussion.

Please go to your families this evening and discuss ways that you could improve money management. In the next session, we will share some of these ideas. We will also examine ways of increasing income through saving and investment, how to borrow effectively and how to know what is best to do with the extra money.

KEY LEARNING POINTS – DAILY MONEY MANAGEMENT PRACTICES

- Think before you spend
- Reduce unnecessary costs
- Put aside extra money for the future and unexpected events



Objectives

By the end of the learning session members will have:

- Reviewed key points from the last learning session
- Defined planning and stated the importance of long-term planning
- Stated dreams and prioritized future life cycle events
- Identified various financial options and their characteristics
- Practiced analyzing trade-offs between different financial options



Time

75 minutes



Preparation/Materials

- Practice telling the story
- Life cycle cards
- Financial services poster



Methods

Short presentation, story-telling, large-group discussions, brainstorming, game using small groups

STEPS

1. Volunteers report on the results of improving money management practices – 5 minutes

Review previous session and have a few volunteers to report on their discussions with their families about improving money management practices.

- Will a few volunteers please tell us what you decided to do in your family to improve money management practices?

Ask the entire group:

- What are some other ways to improve these practices?

2. Story-telling about the ant and the grasshopper to discuss the importance of long-term planning – 15 minutes

Ant and grasshopper



This is the story of a farsighted ant and a lazy grasshopper. The grasshopper and the ant were good friends living in the jungle together. In the season of spring, the ant was working hard, stock-piling food for the rainy season. The grasshopper was wasting time by wandering on trees and was also advising the ant not to do any hard work in the spring season, saying that this is the time to enjoy yourself. The ant replied that she was doing hard work to prepare for the rainy season.

At the time of the rains, the ant does not have to worry because she has planned for the rainy days. But the poor grasshopper had to get wet because he had not planned for the rainy days. Today, the ant's savings will help to overcome the times of crisis.

Ask the members the following questions:

- What do you learn from the story?
(It is important to plan for the long term.)

Brainstorm with members:

- What is financial planning? (Setting goals; making conscious decisions about the use of time and resources; preparing for the future; trying to decide the best choice between several options; sacrificing a little bit now to gain more later.)

Tell the group:

The ant is a good animal to think about as a long-term planner. She regularly stores more food than she consumes. She does this regularly and often, not at the last minute, so that she can build up wealth over time.

Planning involves making choices. When you plan for tomorrow, you will most likely have to give up something today. When your resources are limited, you must choose between different things. Sometimes these choices are hard. In the long run, good choices will make for a happier, more secure life.

3. Members describe their goals and dreams and how to achieve them – 25 minutes

Ask members:

- What are your goals and dreams for the future?

Please think about this question for one or two minutes. Think about the goals or dreams that you truly want to happen in your lives that require money such as building a new house or sending a daughter to school.

Write or draw your dreams on a small index card.

After five minutes ask the group to do the following:

Think for a few minutes what must happen – what you will need – to achieve your goals and dreams. Then find another person with whom to share these. Tell her two things:

4. Poster and discussion on means of securing money – 15 minutes

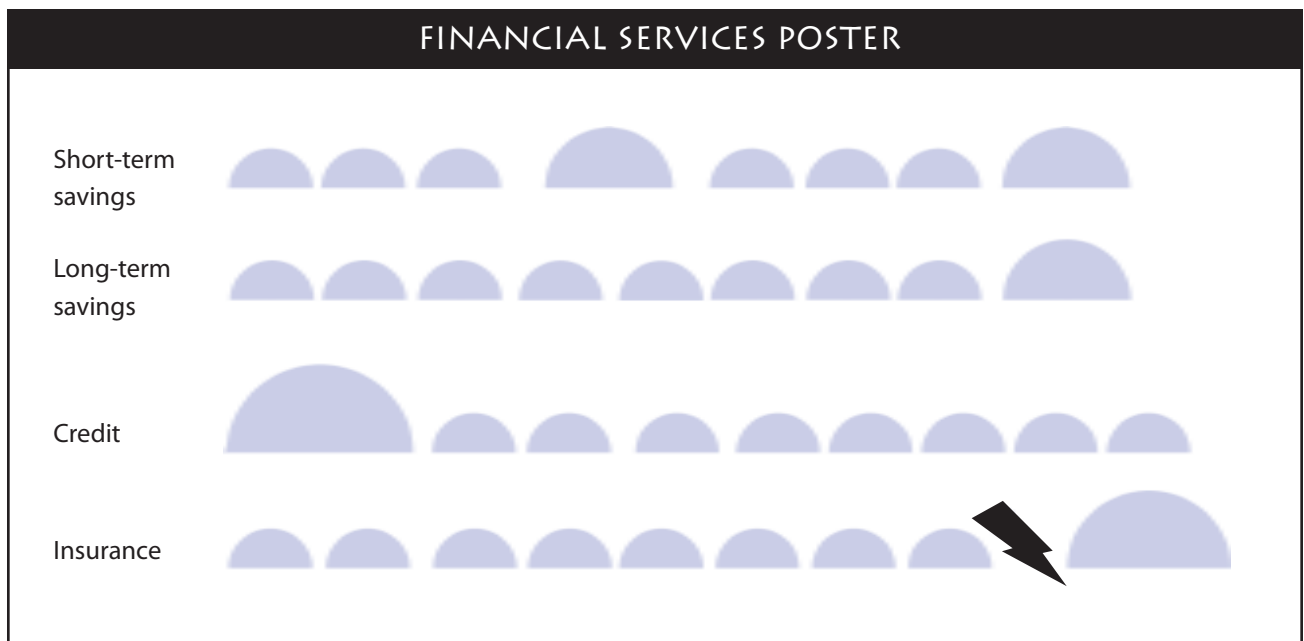
It is good to think of dreams because then we know what we want to achieve in the future. Finding a way to realize the dreams can be difficult. We need money at certain times to achieve them.

Now return to the second question that was asked of the women related to their dreams.

- How will you secure money to finance your dreams?
 - Draw from their savings
 - Invest more in an income-generating activity to earn more
 - Set up a long-term savings account
 - Borrow from a bank, SEWA Bank, moneylender, family member
 - Set up a pension scheme
 - Buy insurance

There are many financial options for realizing your dreams. In some cases, the right approach may be a mix of a few different options. The option that is best for you and your household depends on your particular situation. During the rest of this training, we will work together to identify ways to plan and manage money to help you achieve your dreams.

Show them the diagram of the various financial services options and how they support households in getting money when they need it. Explain the diagram.



Savings – you give little lumps and you will get a big lump at the end. The longer you leave it the bigger the lump at the end.

Loans – big lump at the beginning, pay little lumps as you go.

Insurance – you give little lumps regularly and you will get a lump when you need it ONLY if the event happens.

5. Scenario to analyze the trade-offs between different financial options – 15 minutes

Describe the following scenario and show the poster to the large group:

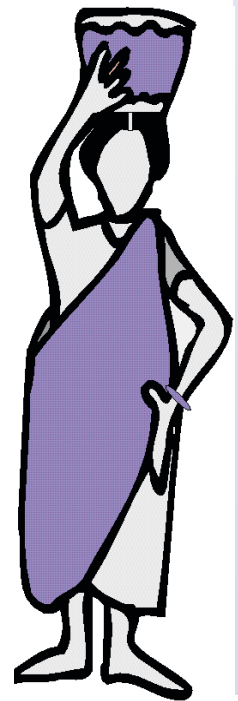
Scenario: Avaniben has some extra earnings. She would like to have money for her children's education but one of her children has a history of illness. She would also like to buy more inventory for her sari business.

- What should she do and why?

Discuss their responses.

Trainer's message: It is important to invest in your business as well as in education and insurance. Business can earn you money so you can save more in the long run. Insurance can protect you against loss. The education of children results in better jobs and more income for them. Think about the best way of using your money to meet your own goals.

There are no right and wrong decisions; however, some choices involve more risk and less return. The key for every member and household is to fully understand the various options and trade-offs in meeting their financial needs.





Objectives

By the end of the learning session participants will have:

- Reviewed key points from the last learning session
- Stated the match between different types of savings services and life cycle uses
- Analyzed the trade-offs between various long- and short-term savings and investment alternatives
- Identified what factors affect the choice of a short- or long-term savings service



Time

90 minutes



Preparation/Materials

- Review SEWA Bank's savings products
- Practice story-telling
- Financial services (interest) poster
- Role-play cards
- Picture scenario cards
- Worksheet and pencil for each participant



Methods

Story-telling, report, brainstorming, song, card game, paired discussion, large-group discussion

STEPS

1. Review previous session – 5 minutes

Ask for a volunteer to review the key points of the last session.

- How do you decide how to finance your future plans?

2. Testimonies to demonstrate the importance of saving and the difference between long- and short-term savings and investing – 20 minutes

Start with the experience of the members with SEWA Bank's savings products and services. Draw examples from the group by asking volunteers to answer:

- How many of you are saving?
- Where are you saving? (SEWA, vishis, bank, house, in cattle or trees)
- Why do you save? (build assets; future needs; security; children's future; unexpected event or illness)

Now ask them:

- How many of you are using long-term savings for a secure future?
- What is the difference between saving and investing?

Summarize and make the following points:

Savings is both a long- and a short-term strategy. Savings for the short term can be drawn upon more easily.

Long-term savings have a higher return but you must keep them in an account longer and it cannot be drawn on as often. Investment is similar to long-term savings in that the money is tied up and cannot easily be drawn upon.

Investment is when money (either savings or additional income) is put back into productive activities either in the form of a purchased asset or working capital. Returns will depend on the activity. For example, investment in a sewing machine for the business may yield more income for the business.

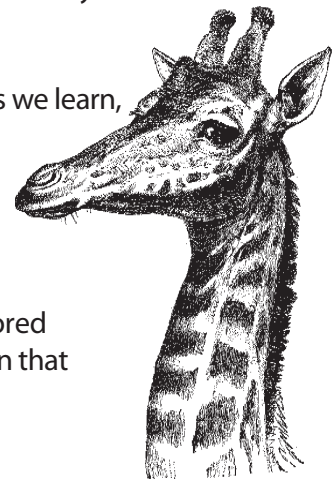
Refer to the financial services poster from the last session that illustrates the difference between short- and long-term savings.

Close with the following story and poster of the three animals that illustrate the key principles of saving and investment:

The zebra foal (baby) when it is born stands up within an hour of birth. From this we learn, start early.

The ant, as we recall, put away food often for the future. From this we learn to save regularly.

The giraffe has a part of his stomach that stores food. He can eat from food stored in this part when he is hungry. It doesn't have to eat again. From this we learn that we want ways to get our money back when we need it most.



Reinforce these basic principles:

Early
Often
When you need it most

Let us talk about how much can potentially be earned when you start saving early so that we can appreciate the benefits.

Urban example:

Maniben invests Rs 10,000 at a compound interest rate of 10% when she is 40 years old and earns Rs 67,257 by the time she is 60 years old. This is Rs 57,257 more than the original investment.

Ramiben invests Rs 20,000 at a compound interest rate of 10% when she is 50 years old and earns Rs 57,061 [$20,000 \times (1.1^{10}) = \text{Rs } 51,875$] by the time she is 60 years old. This is Rs 37,061 more than the original investment.

Rural example:

Maniben saves Rs 50 per week at 10% per year during January to August for 20 years. The income is low during September to December (or other 'lean season' months), so she does not contribute to her savings at that time. After 20 years, she has Rs 106,890. This includes Rs 71,890 of interest.

Ramiben saves Rs 100 per week at 10% during January to August of each year for 10 years. Like Maniben, she does not contribute to her savings during the lean season. After 10 years, she has Rs 59,487. This includes Rs 24,487 of interest.

It is more important to get into the regular and disciplined habit of saving than it is to save a large amount at each contribution.

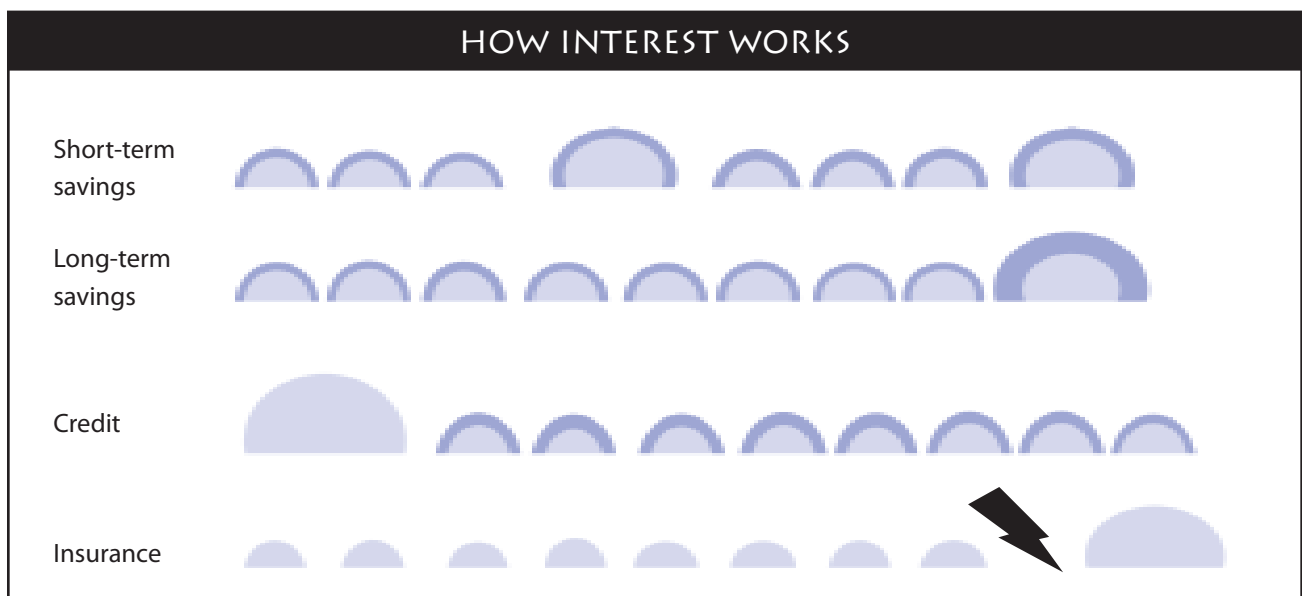
Ask a few members to respond to the following question:

- Why did Maniben earn so much more money if she saved less than Ramiben per week?

Summarize their responses and clarify:

The first woman earned more money because she earned a little bit for saving. This is called interest. Each little bit that she earned, earned a little more. This continued. The longer your savings are left, the more interest is earned.

Show the interest poster that illustrates how interest is built upon interest.



The first woman earned more because she started early and saved regularly.

Now, let us learn about different types of savings products by looking at SEWA Bank's savings schemes.

3. Match SEWA Bank savings services to life cycle needs – 20 minutes

Ask for four volunteers to come forward for a role play. Give each volunteer a description of who they are role playing. If the woman is illiterate, describe it for her. One at a time, ask each volunteer to describe her situation. Afterward, briefly explain why the scheme and its conditions are appropriate for that life cycle need.

Remember the three animals: invest early, often and when you need it most.

Volunteer 1: I am Kamla and I have a 12-year-old daughter. I am trying to save for her marriage. What is the best savings scheme for me?

Trainer: It is best to have a savings scheme that you can access in roughly five years when the marriage will take place. Currently the Mangal Prasang Yojana Scheme requires smaller monthly investment beginning at so this would be the best scheme at SEWA Bank. Depending on how much the marriage will cost, you will receive in a lump sum all the money invested plus interest. Be sure that your investment in marriage has left money to be invested in other areas.

Volunteer 2: I am Haseena. I want to purchase a home in about five years. What would be the best scheme to save for a home purchase and why?

Trainer: Again, the savings scheme should allow you to get your money when you will need it. Currently, the Ghar Fund Yojana Scheme at SEWA Bank is suitable for housing purposes. It is a five-year term with slightly higher monthly investment beginning at and up to per month.

Volunteer 3: I am Leela. I am 45 years old. My health is not so good but my sari business is going well. What is the best way for me to save for my old age?

Trainer: Describe the Pension Scheme. Generally, pension schemes are for much longer periods of time, requiring a minimum of 10 or more years to save till the age of 60. How much is invested and how often will vary, but the more that is invested and the more regularly it is invested, the more interest will be earned. Of course, older women will have to invest more money in a shorter period of time to have a reasonable amount put aside before they are 60. Younger women can put less aside for a longer period of time. At SEWA Bank, there are two options for collecting your pension. The first option is to receive a lump sum of accumulated savings plus interest at 60 years. The second option is to receive what has been saved to date plus interest when the money is taken out (possibly before 60 years). The first option will earn more interest because the saving is invested over a longer period of time.

Volunteer 4: I am Kantaben. I sometimes put money in my savings account. My balance is Rs 2,000. What can I do to earn more interest?

Trainer: Move your money from a savings account to a fixed deposit. Fixed deposit accounts, or recurring accounts as SEWA Bank calls them, must be left for longer periods of time. Savings accounts can be accessed at any time. Fixed deposit accounts must be left for a minimum of

30 days and can be left for years. The longer the money is left, the more interest it will earn. For example, SEWA Bank's fixed deposit accounts earn from 6.5% to 8.5% annually, whereas a savings account only earns 3.5% interest. For example, Rs 100 over one year at 8.5% paid annually will generate Rs 8.50 whereas the same Rs 100 over the same period at 3.5% would only generate Rs 3.50 interest.

The characteristics of the savings product make them appropriate for certain life cycle needs. For example, for long-term investments, such as children's marriage that may be 7-10 years in the future, you can earn more interest by having a longer term since you will not need to draw on it until much later.

4. Analyze the trade-offs between various savings and investment alternatives – 30 minutes

Break the group into five smaller groups. Have each group draw a picture scenario card out of the box representing a savings scenario. Have one member of the group show the card to the group. Instruct the group to answer the questions on the back of each card. Give them 15 minutes for this activity and tell them that another volunteer in the group will report back to the larger group with the answers.

Everyone in the group may not be familiar with the various types of savings services so be sure that members are in groups where at least one member has experience with the savings services described.

Once the members have given their answers based on their group work, the trainers will elaborate based on the considerations that follow each card description.

Card 1: (Mayaben's daughter will be married in six years. Should she save in a long-term fixed deposit account or in gold jewelry? Explain why you chose your option.)

Trainers should keep in mind the following considerations for Mayaben's decision and raise them if not raised in the conversation: Age (it is not considered proper for older women to wear a lot of gold jewelry); status; liquidity; risk (of fluctuation in price of gold); risk (of theft); easy access; personal asset vs. household asset (jewelry is much more her own asset compared to the account which may be controlled by the husband as well).

Note: Another option is in gold bars which are more liquid than jewelry but do not have the usability or status.

Card 2: (Kamla who is 25 years old but has been told that she should now start thinking about her old age. Should she save in a fixed deposit for another few years or begin right now with a pension scheme? What should Kamla do? Explain why you chose your option.)

Trainer considerations: Return. Pension is likely to give a higher return if she can do without access to her money for a long term. In a pension, the earlier you start saving with a pension scheme, the more interest can be earned due to compound interest. Interest is extra money that you earn from SEWA Bank because it is using your money. The longer that they have your money and the more money that they have, the more interest you will receive because you will be earning interest on your money as well as on your interest. This builds and builds over time if it is not touched. If she needs access to the funds, it is safer to put the money into a fixed deposit for a shorter time period.

Card 3: (Leela who is 45 years old. Her health is not so good but her sari business is going well. Should

she put her savings into a pension scheme, an insurance scheme or back into her business? Explain why you chose your option.)

Trainer considerations: Risk; return. The main factor for Leela is risk. If her illness is the type that she will need to have medication often and frequently, it may be helpful to have a health insurance scheme. If she is more worried about the long-term ability to provide for her family, the pension scheme might make more sense. In any case, it is probably worth sacrificing some investment in the business (short-term return) for security and risk avoidance.

Card 4: (Smita's business is steady and she earns small and regular profits. She finds that it is hard to keep that money aside for future needs since there are so many familial demands. Should she invest in a fixed deposit or a daily savings account? Explain why you chose your option.)

Trainer considerations: Time; convenience. It would probably be easiest for Smita to use the daily savings account since she has small, frequent amounts available. The daily savings would also give her the discipline and put the money safely out of reach of careless daily spending. The more often that you save, the more interest you will earn.

Which decision is the right one to make depends on a number of things. Remember, that to earn the most interest income you want to invest early, often and be able to get the money when you need it.

Card 5 (rural): (Aarti does farm labor and also takes care of children at the temple for money. She would like to begin buying buffalos. Should she use a fixed deposit or a daily savings account? Explain why you chose your option.)

Trainer considerations: A daily savings scheme may be the best choice since the savings will shortly be used for a purchase. A fixed deposit requires that money is kept for longer. The daily savings scheme is less expensive and easier to have frequent access to your money.

If you would like more information on the details of SEWA Bank's savings services, stay after the session, ask the handholders (urban) or raise the questions in their savings and credit group (rural).

Summarize the previous activities by making the following points:

- Saving is important for big expenses in the future
- You earn more interest if you save early and often (zebra, ant)
- The longer you save the higher will be your returns
- You need to be able to get your money when you need it (giraffe)
- There are trade-offs to using different savings services

5. In pairs, discuss some of their own options that they are considering – 15 minutes

Ask them to break into pairs and answer the following questions in their workbooks while discussing with their partners:

- How are you saving now? (how often; in what form – money, gold, buffalo, where?)
- What can you do to improve your saving and why?

Allow them 10 minutes for this activity. Facilitators should be there to assist members with detailed knowledge and brochures on SEWA Bank's current savings products.

Ask a few volunteers to report back to the group about what they discussed.

Ask the members to take these discussions home to their husbands and their households to discuss with them as well.

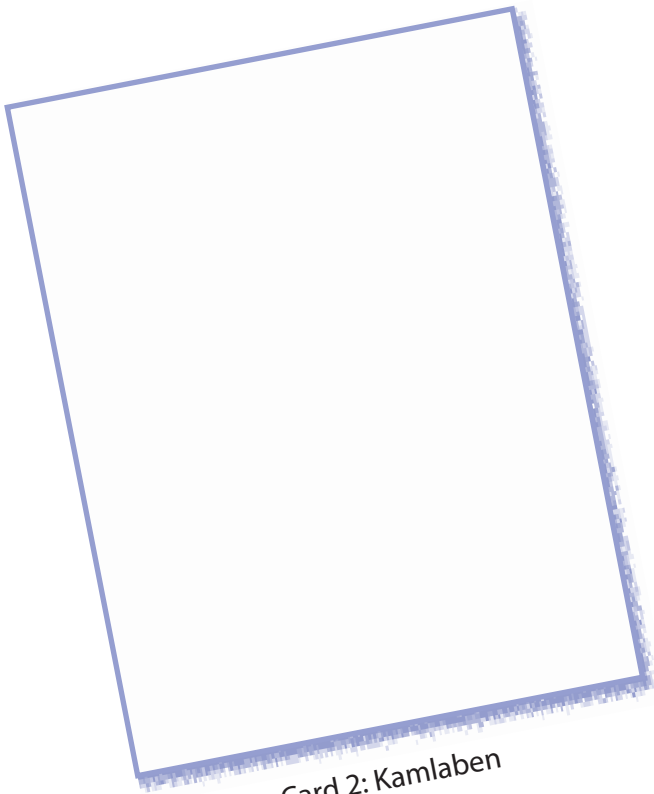
CONSIDERATIONS WITH OUR SAVINGS

- How easily can I get money (liquidity)?
- How much will I earn (return)?
- How safe is my money (security)?

PICTURE SCENARIO CARDS



Card 1: Mayaben



Card 2: Kamlaben



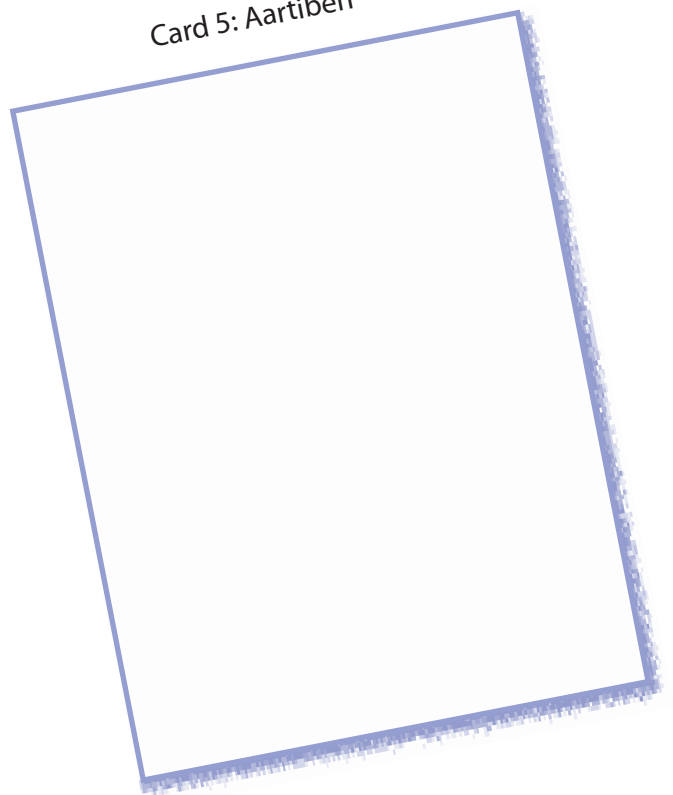
Card 3: Leelaben

PICTURE SCENARIO CARDS

Card 4: Smitaben



Card 5: Aartiben



SESSION 5

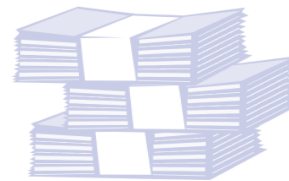
SQUIRREL: BORROWING AND LOAN MANAGEMENT



Objectives

By the end of the learning session participants will have:

- Reviewed key points from the last learning session
- Stated the difference between good and poor loan management
- Matched life cycle needs with SEWA Bank services
- Analyzed trade-offs between different options for borrowing
- Identified ways to improve personal loan management



Time

90 minutes



Preparation/Materials

- Review SEWA Bank's loan products
- Sources of loan poster
- Practice story-telling
- Picture scenario cards
- Factor cards
- Worksheet and pencil for each participant



Methods

Story-telling, demonstrations, card game

STEPS

1. Review last session – 5 minutes

Briefly review the last session on savings and investment. Ask two volunteers to share, with the group, an option that they are considering for using their money and the factors that are influencing their choice.

Thank them for their ideas and tell them the following:

Deciding how best to use money depends on many things. Each family decision will be different, depending on your own personal goals. The important thing is to take time to consider what is the best option for your security and your income earning needs.

2. Large group discussion about loans and loan sources – 20 minutes

Explain borrowing.

Borrowing is getting a lump sum of money in advance, particularly for productive needs, and paying smaller amounts regularly until the lump sum plus interest is paid back.

Show members the earlier financial services poster.

Ask members:

- Why do you take out loans?

Probe the women for all of the different reasons that they take out loans. These may include:

- Business capital – money to buy materials for what you sell
- Business equipment – money to buy equipment to make what you sell
- House purchase
- House repair
- Social or personal expenses
- Land (rural)
- Livestock, cattle or trees (rural)

Some of the reasons that you have mentioned such as social expenses or to pay for medicine may be better addressed through savings or investment.

- Why is it better to save or invest for social or personal expenses than borrow?

Summarize their responses and clarify:

Borrowing can be very expensive. If the reason for borrowing is not productive (does not earn income) it may be difficult to repay and can result in a cycle of debt. Borrowing is the opposite of saving or investing. The longer time that you borrow for and the less frequently that you make payments, the more that you will spend in interest.

- Where do you currently obtain loans? (moneylenders, family, bank, SEWA Bank)

Show the poster of different sources of loans. Point to each source and ask:

- What are the advantages and disadvantages of these sources of loans?

Ensure that the following advantages and disadvantages are covered: cost; convenience; terms and amount; paper work; collateral requirements.

Make sure the following points are made:

Sources such as moneylenders are much more expensive than other sources. The goal is to ensure that you have as much money from cheaper sources as you can and as little money from more expensive sources as you can. Also, moneylenders do not require collateral or security for the loan whereas banks and credit unions do. SEWA Bank uses a portion of fixed deposits as security for larger loans. Some sources such as the moneylender are quicker and easier to access. SEWA Bank is easier to access and has less paper work than a formal bank.

DIFFERENT SOURCES OF LOANS



ADVANTAGES AND DISADVANTAGES OF EACH SOURCE OF BORROWINGS

A MATRIX

Party	Risk*	Cost	Legality
Moneylender	High	High	Low
Relative	Low	High	Low
Vishi	High	High	Low
Bank	Low	Low	Medium

* Risk in terms of returning assets which are pledged with the various parties

The squirrel is an interesting animal to help us think about good loan management. The squirrel hides nuts in different places in the woods. He may risk losing more nuts in some places compared to others.

The same is true for our borrowing. We will always be paying interest but we can minimize the amount that we lose to one source as compared to another. There are a few ways in which we can ensure that we lose less and we will look at them now.

3. Storytelling to illustrate good and poor loan management – 25 minutes

Tell the following story and, if willing, have two members role play the situation using play money and a calendar. Use the calendar to show the passage of time month-by-month. As time goes by, Gomiben is paying back so her pile is going down while Hasiniben is only paying every other time and the interest is piling up between payments:



Gomiben and Hasiniben's loan repayment costs

Let's compare Gomiben and Hasiniben. They both took a loan of Rs 2,000 at the same time. Gomiben does not go to the moneylender at the last minute. This time she planned when she would need her money and went to a local bank. Gomiben invests all the money in her 'bidi' business. She makes a loan repayment of Rs 100 on time each month (Rs 50 for every Rs 1,000 owed).

Hasiniben uses part of the loan for business and some on household needs and religious obligations. She also has an outstanding loan with a local moneylender. She manages to make a loan repayment only one time about every two months.

Gomiben can repay her loan in two years. The total cost of the loan will be Rs 1,711.

Hasiniben's loan will take four years to repay and the total cost of the loan will be Rs 5,208, close to three times the cost of Gomiben's loan.

- Why does Hasiniben pay so much more than Gomiben?

(A loan from the local bank is cheaper than a loan from a moneylender. The longer that you take to repay, the more you will have to pay as interest. Even if your original loan is the same as one of your friends, your loan will cost you more, in the end, if you take longer to pay it off.)

Probe the women a bit about the difference between Gomiben and Hasiniben's loan management.

- How was Gomiben able to pay off her loan more quickly?

(Gomiben was able to pay off her loan faster because she invested in productive activities whereas Hasiniben invested in non-productive activities. Gomiben was able to ensure that there was a steady flow of income to pay off the loan as soon as possible. Also, making more frequent payments will pay off the loan more quickly.)

4. Analyze trade-offs between different options for borrowing – 30 minutes

Show one picture scenario card at a time and ask members to decide with each scenario whether they would choose savings or loans to solve the problem. As each card is shown, ask the group to move to the left side of the room if they believe that savings should be used and to the right side of the room if loans should be used. Once the volunteers have explained their responses, elaborate using the trainer considerations.

Card 1: (Krishna, a vegetable vendor, has a big loan

from a moneylender that is eroding her business profits.)

Trainer considerations: She could take out a cheaper loan from SEWA Bank or another cheaper source of borrowing and pay off her original loan. At least, then she is paying less in interest. If she can avoid it, it is best not to touch her savings or other assets.



Card 2: (Bamma is taking out a loan. She is not sure whether she should use the money to buy gold or to buy cheaper cloth in the market instead of from the trader. She makes ready-made clothes to sell retail.)

Trainer considerations: It is risky to use a loan to invest in something that you are not sure about like the price of gold. It is better to use your loan for a business you know that will earn income. Gold is a risk because it is like betting on the price going up in the future even though it may go down.

Card 3: (Gomiben has been building her savings for many years. Suddenly her husband needs expensive treatment for his illness. She is trying to decide if she should use a loan or savings to pay this cost.)

Trainer considerations: It is better to use your loan for a productive purpose and insurance for an emergency. Otherwise, she may not be able to repay the loan. If there is no insurance policy, then she may

have to draw on her savings. However, depleting assets in this way should be a last resort. It would have been better to have a health insurance policy in place.



Card 4: (Ramiben, a seamstress, wants to buy a new sewing machine. Should she use a loan or her savings?)

Trainer considerations: For smaller business inputs such as the purchase of more material, loans may be helpful and can be paid back fairly quickly. For a larger purchase, such as a sewing machine, it may be helpful to take out a loan if you are confident that the increase in production will allow you

to pay off the loan quickly. If that is not possible, it might be better to save a separate amount of money in a short-term fixed deposit that you can eventually use toward the purchase of the sewing machine.

Card 5 (rural): (Jaya works with her husband on their farm. They also have seven cattle and one buffalo. She is considering home improvements. Should she use a loan or savings?)

KEY LEARNING POINTS ABOUT LOAN MANAGEMENT

- Invest in the productive activities such as your business so that your money will earn and on-time repayment will be easier
- Pay on time. The longer you take to repay, the more the loan costs
- Reduce high-cost loans by borrowing from cheaper sources. Moneylenders are the most expensive source
- When considering a loan, ensure your ability to repay

Trainer considerations: In this case, it may be wise to take out a home improvement loan and pay back that loan with the milk money from the animals. The milk provides a fairly stable source of income for payments. If it is enough money it will prevent them from using their savings.

5. In pairs, member review their loan management using their workbooks – 10 minutes

Ask members to go into pairs and, using their workbooks, answer the following questions:

- How can you improve the way you use loans that will be less costly and easier to repay?
- What are you using loans for – so that savings or investment can be better addressed?

They can work in pairs for five minutes and volunteers can report back for five minutes.

CONSIDERATIONS WITH OUR LOANS

- Ability to repay
- Whether savings or investment might be a better option
- Cost of source (interest rate and term)
- Urgency or convenience
- Conditions
- Level of current indebtedness
- Security

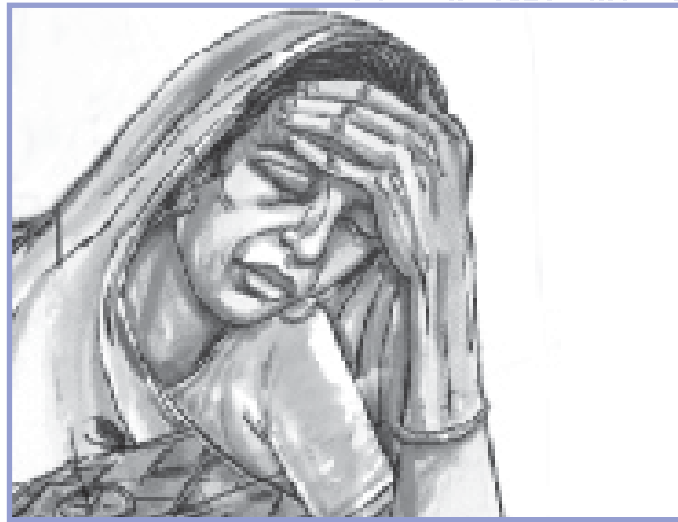
PICTURE SCENARIO CARDS



Card 1: Krishnaben



Card 2: Balammbaben



Card 3: Gomiben



Card 4: Ramiben

Card 5: Jayaben



SESSION 6

KANGAROO: INSURANCE AND RISK MANAGEMENT



Objectives

By the end of the learning sessions the participants will have:

- Reviewed key points from the last learning session
- Stated the importance of insurance to manage risk
- Distinguished between insurance payments and savings payments
- Compared different insurance products and premiums
- Articulated the types of insurance products that suit their personal risk situation



Time

55 minutes



Preparation/Materials

- Review SEWA Bank's current insurance products
- Practice story-telling
- Risk picture cards
- Worksheet and pencil for each participant



Methods

Story-telling, demonstrations, card game



STEPS

1. Review the last session – 10 minutes

Ask two new volunteers to summarize the last session and describe how they manage their own loans.

- What are the main things you learned about loan management? (Pay on time, do not take more than you can pay, use loans for investment and savings primarily for future plans and emergencies.)
- What ways will you improve loan use? (Borrow less often from the moneylender, use lower cost loans to pay off higher cost loans...)

2. Story-telling to understand the key aspects of risk management and insurance – 15 minutes

First define insurance for members.

Insurance is a way of preparing for a potential emergency. By paying small amounts of money on a regular basis you ensure that, in a difficult time, you have enough money to cover it. Kangaroos have a special pocket to keep their young safe from any potential danger. Insurance is like

a safety pocket.

The payments are called premiums. If you do not have an emergency, you will not access the money, or make what is called a claim.

Without insurance people sometimes have to borrow at a very high cost and find it difficult to repay.



Then describe the following scenario:

Scenario: Kamla's child suddenly got appendicitis. She had to be hospitalized for surgery. It was very expensive but Kamla had SEWA Bank insurance to pay for it. Here's what she did. She deposited Rs 240 one time a year for many years to insure her whole family. When her hospital bill came, it was Rs 3,000. She took it to SEWA Bank and insurance paid a big part of the bill. She never had to pay back that amount. After that, she kept depositing to insurance in case something else might happen in the future.

Her friend Ramiben also has insurance. She is lucky nothing has happened to her. She keeps making regular insurance payments though, since one never can predict the future. For her, insurance is a security guarantee.

- How does insurance help Kamla?
- How does insurance help Ramiben?

3. Match life cycle needs with insurance services – 15 minutes

If possible, in advance, arrange with a woman who was affected by the communal riots or a hospitalization who has made use of the insurance to talk about the benefits.

- What are some other risks people here face in their lives?

Show the risk picture cards as they are named by members. Then show any that they have not mentioned. Potential risks include:

- Natural and accidental death
- Widowhood
- Hospitalization
- Loss of assets, including house

Ask the group to rank them in order of their likely impact on the household. If other risks are mentioned, the trainer can draw or write these on a separate piece of paper. Then ask:

- How can you best protect against these risks?
 - Build savings
 - Loan from moneylender
 - Take from working capital
 - Sell assets
 - Insurance

Discuss with the group the implications of using savings or assets. Building assets helps us to have a more secure future.

- How is insurance different from savings?
- What are the benefits of insurance? Why?
 - Savings deposited will be returned to you with interest. The longer you keep savings in the Bank, the higher the interest will be and the more money you will have.
 - Insurance premiums will not be returned. If you are blessed and have no needs for the hospital or other natural calamities, you will not see the money. If you have these problems, the insurance will be a big help for the payment.

Show members the earlier financial services poster to reinforce the difference between savings and insurance.

For example, SEWA Bank offers insurance to members, and in some cases for their spouses and children, for the following emergencies:

- Medical emergencies
- Asset loss due to riots or floods (earthquakes are not covered)
- Natural death of member (suicide is not covered)
- Accidental death of member (such as snake bite; job-related death)
- What are the other insurance services offered in this area?
- What risks are covered by those policies?

4. Match insurance products with their personal risk situation – 15 minutes

Ask the women to break into pairs and answer the following questions using their workbooks:

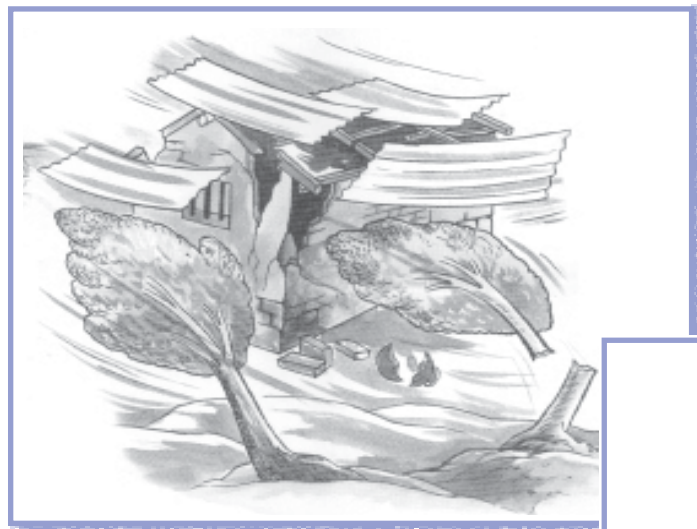
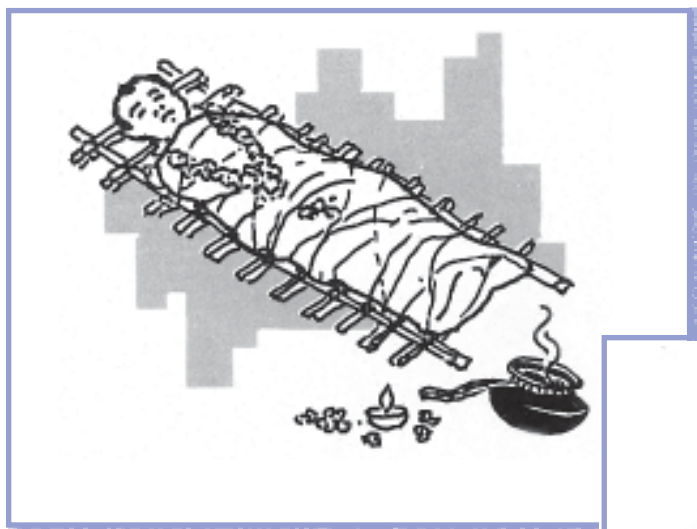
- What are the biggest risks in my own household?
- What is the best way I can protect against these risks? Why?

Go around the groups and answer any questions that the women have about insurance.

After 10 minutes ask for one or two volunteers to share their discussion.
Thank the volunteers for sharing.

Tell them where they can learn more about the insurance products that they have.
Tell them how to obtain insurance if they don't have it.

RISK PICTURE CARDS



SESSION 7

MAKING A FINANCIAL PLAN



Objectives

By the end of the learning session the participants will have:

- Reviewed key points from the previous learning sessions
- Stated the aspects of a good financial plan
- Practiced preparing a good financial plan
- Stated whether or not they feel better prepared to realize their dreams
- Described how to share their plans and planning with their family



Time

90 minutes



Preparation/Materials

- Life cycle event cards
- Practice story-telling
- Worksheet and pencil for each participant
- Slips of paper with obstacles



Methods

Fill-in-the-blanks, game, presentation, large-group discussion, paired discussion, story, mini-lecture

STEPS

1. Review the previous sessions using a card game – 20 minutes

Divide the participants into three groups. Put the three large red, green and blue cards representing the different types of SEWA Bank financial services on the wall or the floor in different parts of the room and explain what each represents: SEWA Bank loans (red), savings (green) and insurance services (blue).

Quickly review links between different life cycle events and the appropriate financial services. Give each group five of the different life cycle events.

LIFE CYCLE EVENT CARDS

1. Marriage
2. House purchase
3. House repair
4. Accident
5. Education of children
6. Business equipment

7. Riots/home burning
8. Business inputs/operations
9. Death
10. Old age
11. Puberty ceremony
12. Earthquake/floods
13. Maternity



Give the groups the following instructions:

- Discuss the events on the cards and decide which financial service would be best to use for these events and why

When you are ready, take the cards and stand by the color/financial service that you think is most appropriate for the event.

Give the participants five minutes for this activity. Instruct the participants to do the following:

- Get up and look at how the cards have been placed. Explain why you agree or not agree with the placement

Ask for a number of volunteers to give their ideas.

Move the cards that are not placed in a recommended category to the category recommended. Where there is overlap, discuss why this can be.

Summarize the discussion with the following chart and give them some helpful tips.

2. What is a good financial plan? – 20 minutes

REVIEW: USES OF SEWA BANK FINANCIAL SERVICES			
Financial services	Savings	Loans	Insurance
Recommended uses	Marriage Festivals Sickness Old age Puberty ceremony Children's education	Business capital Business equipment House purchase House repair	Maternity Hospitalization Death Loss of assets Earthquake/Floods

HELPFUL TIPS

- Prosperity does not come from what you earn. It comes from what you do with what you have
- If you save smartly then you will swim across problems easily
- There is joy in savings and sorrow in debt
- A penny saved is more than a penny earned

Bring back the dreams and goals that the women had recorded in an earlier session. Ask the women:

- Let us reflect on the sessions that we have been having. How can financial planning help us to realize our dreams?

In summarizing their responses, emphasize the importance of financial planning and management.

Ask for three volunteers, one to represent loans, one to represent savings and one to represent business investment. Tell the story of Hansaben and after each transaction, hold up the money for the women to see and give play money to a corresponding volunteer.

The story of Hansaben (urban)

Hansaben had two dreams. She wanted to send her daughter to school. She also wanted to invest in her sewing business. For the short term, she wanted to make sure money would be readily available for any unexpected events. She began saving Rs 50 a week in a savings account.

She borrowed Rs 10,000 for her business. She earned Rs 5,000 profit after a few months. She paid back the loan on time and Rs 1,500 in interest.

She had Rs 3,500 left. She put Rs 2,000 into a fixed-term savings account for her daughter's education. A friend told her about a beautiful sari. She was tempted but decided instead to put Rs 500 into a current account for unexpected needs. She used the Rs 1,000 left to buy more cloth for her business to keep it growing. She spread the word about her business through her neighborhood women's association.

She is able to afford small luxuries after investment and buys the beautiful sari with greater profits from her business due to her increased business investment.

The story of Hansaben (rural)

Hansaben had two dreams. She wanted to send her daughter to school. She also wanted to be able to save some money from the household earning to invest in beginning a sewing business. For the short term, she wanted to make sure money would be readily available for any unexpected events. She began saving Rs 50 a week in a savings account.

She sits with her husband and determines that they are able to put aside about Rs 4,000 during peak season (harvest) for investment or savings. With the first Rs 3,000, they were able to open up

a fixed savings account for her daughter's education and marriage. With the remaining Rs 1,000, they purchased cattle, a productive asset and source of food for the family. The savings account also allowed her to borrow Rs 7,000 to begin her sewing business. She was able to pay back the loan after a few months and avoided paying heavy interest.

Now, the sewing business will help them, particularly in the four months when income is low due to the seasonality of their crops.

Ask the women:

- What do you think about Hansaben's plan? Why?

Summarize the ideas of the participants. Probe them and fill in anything they might have missed from the following:

Why Hansaben has a good plan:

- Distinguishes long- and short-term goals
- Thinks ahead about how to make more money
- Plans for her daughter's education
- Considers unexpected events
- Uses loans for business
- Pays back the loan
- Avoids temptation
- Invests in growing the business
- Sticks to her goals
- Reduces luxury or unnecessary items
- Makes regular savings
- Invests for the future
- Invests in business
- Watches expenses

Summarize the above with the following key points:

1. Manage our money better to earn more?
2. Invest more for our future?
3. Be better prepared for unexpected events?

These are the guidelines for a good financial plan.

3. Make your own financial plan – 30 minutes

- What is a financial plan? (Setting objectives and then making plans to meet them. Refer back to dreams.)
- How is a financial plan different than a budget? (A budget only calculates income and expenses at a given time, whereas a financial plan tries to increase income and lower costs over a long term through different financial options such as savings, investment, loan management and insurance. A financial plan is broader.)

Refer women to the planning worksheet in their workbooks. Explain the columns. On the left is a list

of life cycle events and on the right is a blank space. Ask the women:

- What are your goals for the future to build and protect your resources? Put a mark beside the three or four that are most important to you
- Look at the goals you selected. Distinguish the long-term from the medium-term and short-term goals by circling the long-term goals

Circulate among the women to clarify the assignment and answer any questions. Give the participants five minutes for this exercise. When nearly all the participants have checked and circled their goals, give them the following instructions:

Find one other participant with whom to share your financial goals. Tell her how you plan to reach these goals.

- What changes will you make in how you manage your money to reach these goals? Why? Choose a change you plan to make and explain it to your partner
- What financial services will help you reach your goals? Describe a goal and the financial service you will use. Explain why
- You will have 15 minutes for this discussion

At the end of the discussion ask for three or four volunteers to share their plans. Ask the participants:

- What do you like about the plan?
- What suggestions do you have?

Thank the volunteers for sharing their plans.

4. Practice how to overcome problems that prevent you from reaching your goals – 20 minutes

Life has many problems that make reaching goals difficult. It is important to keep going. Remember this.

Proverbs

You can turn any situation around when you make the decision to do so.
Let your money work for you rather than you for your money.

Tell the women that together you will consider some problems and discuss how to turn them around. Hold out a basket with slips of paper that have the problems listed below on them. Ask the women to choose one slip of paper. Read the problem. Ask them:

- What would you do to turn this situation around?

Overcoming obstacles to achieving the financial plan

Make the point that no matter how difficult, one can find a way to solve a problem.

Problem situations

Challenges and suggestions (urban)

Challenges	Suggestions
The family owes a big debt to a moneylender	<input type="checkbox"/> Make a plan to pay off the debt little by little <input type="checkbox"/> Set aside a small amount each day to pay off the loan <input type="checkbox"/> Use some savings to pay off the loan
A child becomes sick and there is no money to pay for medicine	<input type="checkbox"/> Use accident insurance <input type="checkbox"/> He can work at home at a job that doesn't require too much mobility <input type="checkbox"/> Savings for lump sum needs <input type="checkbox"/> Get a personal loan (if you can invest it and pay back). Diversify your business
The husband breaks his leg and can no longer work	<input type="checkbox"/> Try to have insurance ahead of time
The groom's family wants a very expensive wedding	<input type="checkbox"/> Save ahead of time <input type="checkbox"/> Work extra hours <input type="checkbox"/> Try to convince the groom and his family how money saved on the wedding can be invested
The roof of the house is leaking	<input type="checkbox"/> Get a house repair loan
Business stocks have been destroyed	<input type="checkbox"/> Have insurance for the business <input type="checkbox"/> Take a loan if you can invest it and repay it <input type="checkbox"/> Use savings





Challenges and suggestions (rural)

Challenges	Suggestions
There has been a drought this year and you rely on crops for income	<ul style="list-style-type: none"> <input type="checkbox"/> In the short term, draw on savings or take out a loan if there is confidence in the coming harvest. In the long term it is helpful to diversify income so that it is not so heavily dependent on agriculture
Two of your cattle have died. You were going to use them for cash in case of emergencies	<ul style="list-style-type: none"> <input type="checkbox"/> Consider an insurance scheme to complement purchase of cattle. It is less risky and more liquid than cattle
It is too far to go to the local bank but if you save the money in the house, it always gets spent	<ul style="list-style-type: none"> <input type="checkbox"/> Put savings in your group. That way the savings is out of your house. When you need to access your savings you can get it from the group
Four months out of the year, you simply don't have much income let alone enough to save	<ul style="list-style-type: none"> <input type="checkbox"/> During low-income seasons, it is important to try to find other forms of income to complement the agriculture. Also, it is important to save enough during the high income periods to tide the family over in low income periods. The rotating savings and loans in groups could work well here
You tend to get your credit from your seed supplier in kind	<ul style="list-style-type: none"> <input type="checkbox"/> It may not be possible to entirely replace supplier credit but try to reduce dependency on expensive credit and complement with other cheaper forms of credit such as loans from SEWA Bank
There are times when you simply need a large sum of money in a short time. Then you have to pay the local moneylender	<ul style="list-style-type: none"> <input type="checkbox"/> Loans from moneylenders may be used in circumstances where quick, convenient money is needed. However, be sure to take into account the high cost and determine if another cheaper source might not be worthwhile

Our attitudes must change from “Can’t do it” to “I CAN do it!!”

5. Decide how to share the plan with your family – 15 minutes

In light of the problems raised, and all of the learning from previous sessions, get members to review their plans. Organize the participants into groups of five to discuss the following questions. Give them 10 minutes for this activity.

- How will you motivate your family to make and implement a financial plan?
- What benefits of financial planning can you share with them?

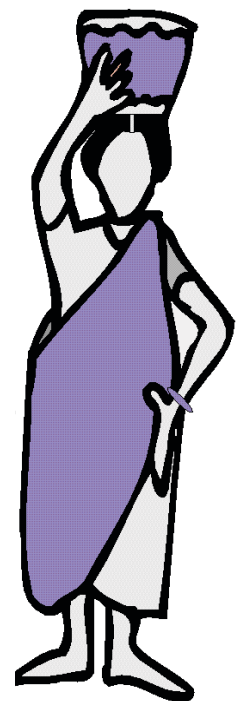
Tell the groups:

Be sure to discuss and include information about the risks of not having a financial plan.

Ask for three or four volunteers to provide their ideas to the whole group. Invite the participants to comment on their ideas.

End the financial counseling module with the following:

Remember that if you fail to plan, your plan will fail. The key to success in business and personal finance is planning. Unless you look after your money, it will slip through your fingers. You can make a difference in your life with a positive attitude and discipline. SEWA Bank is ready to support you throughout your life.



ACRONYMS

DA District Association; SCG Savings and Credit Group; SEWA Self-Employed Women’s Association

LIFE CYCLE EVENT CARDS



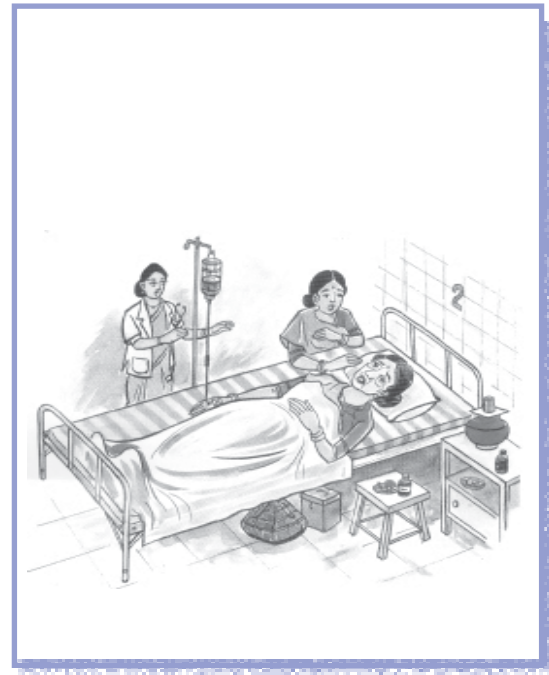
Card 1: Marriage



Card 2: House purchase



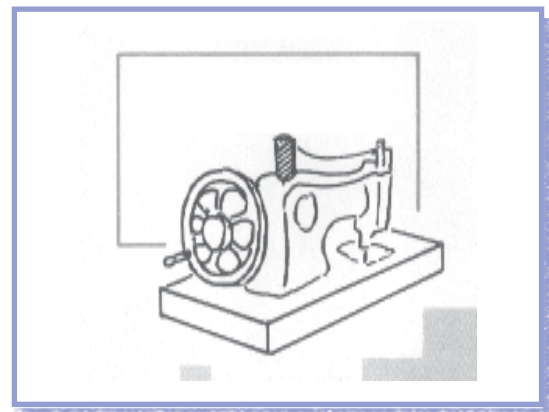
Card 3: House repair



Card 4: Accident



Card 5: Education of children



Card 6: Business equipment

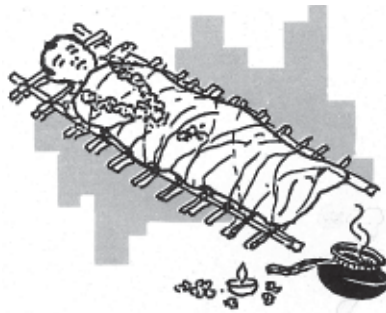
LIFE CYCLE EVENT CARDS



Card 7: Home burning



Card 8: Business inputs



Card 9: Death



Card 10: Old age



Card 11: Puberty ceremony



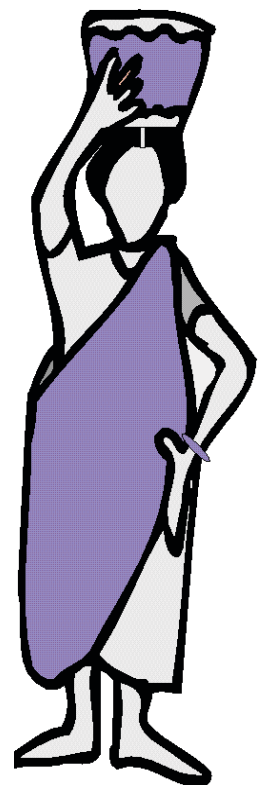
Card 12: Floods



Card 13: Maternity

FINANCIAL EDUCATION FOR SEWA BANK MEMBERS

APPENDICES





Worksheet Sessions 1, 2 and 3: Introduction to Financial Planning Money Management Practices Planning for Future Events

How can I cut down on unnecessary expenses?

What do I do when I have extra money?

What do I do when I am short of money?

How could our family improve our money management?

Goals/Dreams	Priority	How soon? (years)	Short-term, medium-term or long-term?
	1		
	2		
	3		

Notes:

Worksheet Session 4: Savings and Investment

How and where am I saving now?

Why?

What can I do to improve my savings?

Notes:

Worksheet Session 5: Borrowing and Loan Management

How and from where am I borrowing now?

How can I improve the way I use loans that will be less costly and easier to repay?

Am I using loans for things that savings or investment might better address?

Notes:

Worksheet Session 6: Insurance and Risk Management

What are the biggest risks in my own household, now and in the future?

What is the best way I can protect against these risks?

Why?




Notes:

Worksheet Session 7: Making a Financial Plan



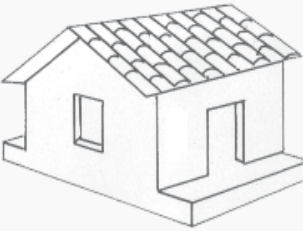

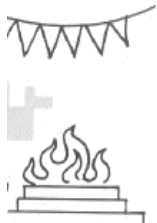
What are your goals to build/protect your resources? Put a mark beside the ones that are important to you. What changes will you make in managing your money to reach these goals? Why?

Date:

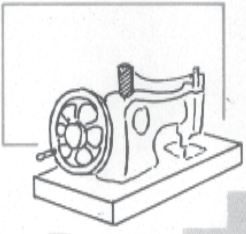



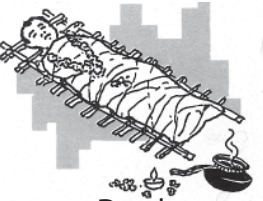
FINANCIAL PLAN

Events	Check priorities	Time frame	Options
 <p>Puberty</p>			
 <p>Sickness</p>			
 <p>Education</p>			

FINANCIAL PLAN

Events	Check priorities	Time frame	Options
 <p>Marriage</p>			
 <p>House purchase</p>			
 <p>House repair</p>			
 <p>Maternity</p>			
 <p>Religious festival</p>			

FINANCIAL PLAN

Events	Check priorities	Time frame	Options
 <p>Business equipment</p>			
 <p>Business inputs</p>			
 <p>Natural calamities</p>			
 <p>Old age</p>			
 <p>Death</p>			

APPENDIX 2

MEMBER ASSESSMENT OF FINANCIAL EDUCATION TRAINING



Date:

Photo of the woman

Trainer:

Name:

Age:

Residential address:

Savings and credit group (rural only):

Occupation:

Family members:

Name	Age	Economic activity

Income level:

Individual:

Household:

Personal confidence in financial planning:

(Rated with number of seeds or stones?)

Before Session 1:

After Session 7:



Interviewer:

() Trainer at SEWA Bank

() Trainer in field areas

1. In your opinion, why does financial counseling exist?

2. What is the session that you felt was most effective?

a) Money management

b) Planning for the future

c) Savings

d) Loans

e) Insurance

f) Financial planning

3. What is the session that you feel needs improvement (circle all that apply)?

a) Money management

b) Planning for the future

c) Savings

d) Loans

e) Insurance

f) Financial planning

4. What improvements do you suggest?

5. Do you feel confident to train after the preparation provided to you?

YES

NO

If NO, in what areas would you like further training?

6. What adult education methods did you feel the women enjoyed most?

- a) Objective of the day
- b) Evaluation
- c) Stories
- d) Round of interaction
- e) Prayer
- f) Others

7. Did you have to cancel a financial counseling session? If YES, why?

YES NO

8. How many hours do you dedicate to financial counseling per week?

- a) 1-2
- b) 3-4
- c) 5-6
- d) 7-more

9. Do you do financial planning in your household?

YES NO

If NOT, why not?

10. Do you have with SEWA Bank?

- a) Saving accounts
- b) Pension account
- c) Loans
- d) Insurance

11. What is your other job in the bank?

12. Do you think that your other job could support financial counseling?

YES NO

If YES, how?

13. Do you interact with clients to share experiences or give personal advice during the financial counseling meeting? Why?

YES NO

14. Have you any strong financial planners in the members during the financial counseling sessions that could act as a role model for others?

YES NO

If YES, who or in which area?

15. Did you make any changes or revisions during your sessions?

YES NO

If YES, what did you do?

16. What do you think can be done to improve the financial counseling sessions?

THANK YOU!



Date:

Interviewer:

Translator:

Local:

A. Personal Data

Name:

Area:

Age:

a) 18-25 b) 26-35 c) 36-45 d) 46-60 e) 61-more

Civil Status:

a) Single b) Married c) Divorced d) Widowed

Occupation/Business:

a) Home-based b) Seller c) Service/Employee d) Others

What?

Number of family members:

Age of family members

a) Minor b) Adult c) Elderly

Personal education:

a) Illiterate b) Literate Level

Husband's education:

a) Illiterate b) Literate Level

B. SEWA Bank Services

Years as account-holder of SEWA Bank:

- a) 0-1 b) 2-5 c) 6-10 d) 11-20 e) 21-more

How did you get to know about SEWA Bank?

- a) Word of mouth b) Bank staff c) Bank saathis
d) SEWA organizers e) Others

What are the services that you are using?

- a) Saving accounts b) Insurance c) Pension
d) Loans e) Financial counseling f) Others

C. Income and Expenses

How is financial planning carried out in your household?

Number of family members earning

Number of sources of income

Frequency and amount of individual income

DAILY MONTHLY

If DAILY

- a) 0-75 b) 76-100 c) 101-150 d) 151-more

If MONTHLY

- a) 0-2,000 b) 2,001-2,500 c) 2,501-3,500 d) 3,501-more

Frequency and amount of family income

DAILY MONTHLY

If DAILY

- a) 0-150 b) 151-250 c) 251-300 d) 301-more

If MONTHLY

- a) 0-4,000 b) 4,001-5,000 c) 5,001-9,000 d) 9001-more

D. Savings

Where are you saving your money?

a) Jewelry b) Safe c) Banks d) Others

Do you have saving accounts in the bank?

YES NO

Why are you saving?

E. Loans

Do you know the types of loans that SEWA Bank offers?

YES NO

If YES, which?

How many times have you taken loans with SEWA Bank?

Purpose to get the loan:

Do you have loans with others?

YES NO

If YES, with whom:

a) Moneylenders b) Banks c) Relatives d) Others

Do you know the interest rate paid for them?

YES NO

If YES, what is the rate

Are you able to pay the instalments of your loans regularly?

YES NO

If NO, why?

F. Planning and Budgeting

Do you know what is planning?

YES NO

If YES, explain:

Do you know...

Your costs to produce/work?

YES NO

The expenses of your family per month?

YES NO

The incomes of your family?

YES NO

Your capacity to save money?

YES NO

How do you think your life will be in future? (Specify years)

Do you plan to have any expense in future? If YES, in how many years?

How do you plan to manage them?

Financial Counseling

(Did not attend financial counseling?)

Do you know about the financial counseling of SEWA Bank?

YES NO

If YES, how?

Do you think that financial counseling can help you?

YES NO

Why?

(Attended financial counseling)

How did you know about the financial counseling?

- a) Word of mouth b) Bank staff c) Bank saathis
d) SEWA organizers e) Others

Why did you come for financial counseling?

Did you attend all the sessions?

YES NO

If NO, how many sessions did you attend?

If NO, why did you not attend certain sessions?

Which sessions were useful/important? (Circle all that apply)

- a) Money management b) Planning for the future c) Savings
d) Loans e) Insurance f) Financial planning

Why?

Which sessions were the least useful? (Circle all that apply)

- a) Money management b) Planning for the future c) Savings

d) Loans

e) Insurance

f) Financial planning

Why?

Who were your trainers?

Do you remember everything that you learned in the session?

YES NO

If NO, why?

39. Would your husband come to financial counseling?

YES NO

Why?

Did your husband support the financial plan you took home at the end of the session? Are you implementing it?

YES NO

If NO, why?

Did you change something in your life after financial counseling?

YES NO

If YES, what?

Did you start using different services of the bank because of financial counseling?

YES NO

If YES, which one?

a) Saving accounts

b) Insurance

c) Pension

d) Loan

e) Financial counseling

f) Others

Do you have any suggestions for SEWA Bank?

THANK YOU!

NOTES: