



CONSUMER EMPOWERMENT
AND MARKET CONDUCT
(CEMC) WORKING GROUP



DIGITAL FINANCIAL SERVICES
(DFS) WORKING GROUP

DIGITAL FINANCIAL LITERACY TOOLKIT



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INTRODUCTION

The rapid digitalization brings a plethora of Digital Financial Services (DFS) providers on the market and offers a unique opportunity to advance financial inclusion of previously excluded and underserved groups with more tailored financial services and products.

New big players are rapidly entering the space to serve both individuals and Micro, Small and Medium-sized Enterprises (MSMEs), bringing a variety of new products (including digitally delivered credit, mobile payments, virtual currencies, buy-now-pay-later products) and innovative business models (such as virtual banking, Open Application Programming Interfaces (APIs), alternate credit assessments, among others), creating new levels of complexity in the DFS landscape.

As a consequence, consumers have to deal with new risks and challenges, such as unregulated service providers, data abuse linked to new uses of personal data and new types of data collected, fraud and identity theft, inadequate disclosure and non-transparent services and cost structures, among other issues.¹ Consumers have had to rapidly learn and adapt to the increasing sophistication, complexity and variety of DFS, which means acquiring the understanding and developing behaviors that will allow them to make effective use of these products and services.

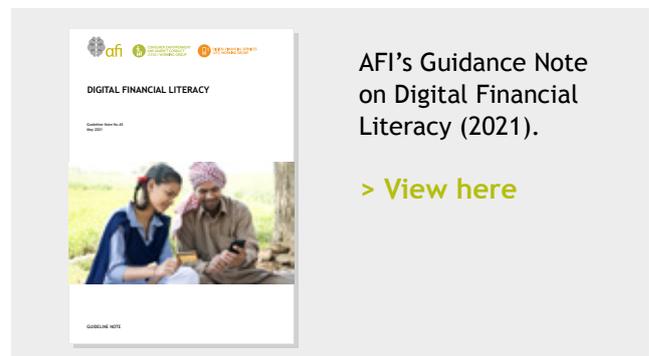
There are also significant and persistent challenges on the demand-side that impacts the adoption and safe use of DFS, such as overall low financial literacy, limited awareness of DFS by consumers, poor perception and lack of trust in DFS, perceived complexity of DFS, and general illiteracy (low literacy and numeracy skills).² Addressing these barriers from the consumer perspective is crucial to drive adoption and safe usage of DFS, thus deepening responsible financial inclusion and strengthening consumer protection frameworks for DFS. Moreover, the evolution of the DFS landscape necessitates not only increased financial literacy from the consumers, but also digital literacy (proficiency/ability to use digital technology) and respect for digital rights of consumers (civil/human rights in the internet era, such as rights to online privacy). Within this context, there is a growing need and emerging focus among AFI members to respond to these challenges by developing and implementing effective Digital Financial Literacy (DFL) policies and interventions.

OBJECTIVE OF THE TOOLKIT

This Toolkit aims to provide practical guidance to AFI members and other financial inclusion policymakers on formulating and implementing DFL strategies and interventions, and then, monitoring and evaluating its progress over time, in a systematic and efficient way. Specifically, the Toolkit is intended to:

- > Provide key stakeholders with a comprehensive knowledge on what is required to develop an effective DFL strategy and interventions;
- > Help lead institutions to approach the task in an organized, systematic and efficient way; and
- > Support DFL stakeholders to implement and evaluate DFL interventions.

This Toolkit is complimentary and should be used alongside the AFI Guideline Note on Digital Financial Literacy. The latter provides an effective framework of guiding principles to support policymakers and regulators understand, develop, facilitate and regulate policies, tools and interventions that are directed at advancing DFL in their jurisdictions.



AFI's Guidance Note on Digital Financial Literacy (2021).

> [View here](#)

TARGET AUDIENCE

This Toolkit is intended primarily for public sector policymakers and financial system regulators who are taking a leading, hands-on role in the development of financial inclusion and/or financial education initiatives/policies, or those planning to develop one. Specifically, this Toolkit can be helpful to:

- > Countries/national authorities with an existing National Financial Inclusion Strategy (NFIS) and/or National Strategy for Financial Education (NFES), who could use it to adapt the existing strategies to include DFL.
- > Countries/national authorities that are currently in the process of formulating a NFIS and/or NFES, and can enhance the process to integrate DFL objectives in the development of the strategy.

1 AFI DFL survey, 2020

2 Ibid.

- > Countries/national authorities that are yet to begin the process, and can plan their strategy to include DFL interventions and accompanying objectives or develop stand-alone DFL programs/interventions.

SCOPE AND DEFINITIONS

DEFINING DIGITAL FINANCIAL LITERACY

The AFI network defines Digital Financial Literacy as “acquiring the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services, to make informed financial decisions and act in one’s best financial interest per individual’s economic and social circumstance.”

DFL is a multi-dimensional concept that integrates financial literacy, financial capability and digital literacy. The experiences of AFI network members show that the concept of DFL encompasses:

- Awareness/and knowledge of DFS and the competency to use relevant DFS independently;
- Awareness/ knowledge of relevant DFS-related risks and the competency to prevent these risks when using DFS; and

CASE STUDY

DFL Definition in the Philippines



Bangko Sentral ng Pilipinas (BSP), the central bank of the Philippines, defines digital literacy as a competency in relation to financial literacy. Financial literacy is the level of knowledge about financial concepts that are useful for a person to make financial decisions; while digital literacy is the ability of a consumer to use a variety of DFS with self-assurance and full trust in their benefits. Digital literacy, in the context of financial services, has the following dimensions:

- **Knowledge of DFS:** Consumers are aware of the existence of DFS, have a basic understanding of how DFS are used, and able to compare the pros and cons of each product type;
- **Awareness DFS Risks:** Consumers understand the potential pitfalls of DFS usage, such as phishing, spoofing, personal data theft, hacking, and other cyber risks;
- **Digital Financial Risk Control:** Consumers have the ability to secure their transactions from cyber risks attendant to DFS through the appropriate cyber hygiene practices, such as strong password protection, multi-factor authentication, data privacy standards and cybersecurity protocols;
- **Knowledge of Redress Procedures:** Consumers know their basic rights as DFS users and what to do when they encounter usage errors or fall victim to cyber fraud and abuse.

- Awareness/knowledge of related consumer protection and redress mechanisms, and the competency to seek the same when needed.

With this in mind, *DFL interventions* should include initiatives that:

- > Establish DFL objectives and outline a set of coordinated and sequenced actions to accelerate progress towards achieving those objectives.
- > Define the key constraints and opportunities that are relevant to achieving higher levels of DFL.
- > Determine a set of priorities and regulation/policy, and non-policy/programmatic actions linked to those.
- > Encourage a consultative and coordinated process for development and implementation, including inputs from all actors/sectors relevant.

RELEVANCE OF DFL WITHIN FINANCIAL EDUCATION AND INCLUSION AGENDA

Traditional financial education, mainly concerned with personal financial management skills (such as budgeting or saving) and linked to basic financial services (such as credit or savings accounts), has been on the agenda of regulators and policymakers for over a decade. Similarly, many policymakers have encouraged patronage of formal financial services, improved savings culture to whip up deposits, and promoted asset building, among others. However, there is a growing and evident need to focus specifically on DFL, which does not naturally occur within overall financial literacy strategies and initiatives. Regulators should consider facilitating DFL for one - or all - of the following reasons:

- > DFL is a relatively new concept and implementing stakeholders would need guidance from policymakers and regulatory authorities to establish common definitions and shared objectives.
- > DFL strategy requires a holistic view of DFS-related challenges and opportunities, and contextualization at the national level.
- > The private sector stakeholders that need to be involved (such as FinTech firms and other DFS providers) are often different than those of traditional financial literacy/education initiatives, and as such, there is a prevalent need to collaborate and coordinate efforts.
- > Achievement of DFL objectives requires deliberate and targeted efforts that may not be addressed by the overall Financial Education Strategies/interventions.
- > By demonstrating their commitment to DFL, regulators can create a rallying effect and spur actions by other stakeholders.

INTEGRATION OF DFL IN NATIONAL STRATEGIES

A national strategy with clear goals and targets can support coordination among public and private sector stakeholders and provide a framework for financial inclusion, financial education policies and regulations to be implemented.³ In this regard, the development and implementation of a National Financial Education Strategy (NFES), or National Financial Literacy Strategy (NFLS)⁴ or the inclusion of financial education/financial literacy as a component of a National Financial Inclusion Strategy (NFIS), are now common practices among AFI member countries. At the same time, only a handful of countries have so far included a special provision for DFL in the national strategy.⁵

A national approach/strategy on DFL can provide a guide for the systematic implementation of DFL with a centralized oversight for tracking progress, mobilizing stakeholders and effectively utilization of resources. Thus, it is important for regulators to consider the following:

- a. Where NFES or NFIS exists (with a component/provisions on financial education/literacy), a DFL component could be embedded. Periodic reviews of the national strategies and the underlying action plans can also provide a suitable opportunity to amend the national strategies to include DFL provisions.
- b. For jurisdictions that are in the process of drafting their NFIS or NFES, it would be important to incorporate DFL objectives and ensure the participation of relevant stakeholders in pre-formulation and formulation phases.
- c. In jurisdictions where there is no NFES or NFIS yet, steps can be taken to ensure DFL initiatives are considered in the wider financial literacy agenda. National strategies should encompass all dimensions of DFL, including knowledge, understanding, skills, attitude and behaviors with relation to a range of available DFS in a particular jurisdiction, and address key aspects of consumer protection, risks and redress mechanisms.

HOW TO USE THIS TOOLKIT

The current DFL Toolkit is aligned with AFI's National Financial Inclusion Strategy Lifecycle,⁶ and is structured along three phases: i) Pre-formulation, ii) Formulation and iii) Implementation. Figure 1 provides an overview of each of the three phases, as relevant to the incorporation of DFL in the national strategies. It can also be used for the design and implementation of stand-alone DFL interventions/programs by regulators and policymakers.

Each of the following chapters include recommended steps for each phase, highlighting relevant country experiences in DFL from across, and beyond, AFI network.

While the current toolkit defines only the steps most relevant to the inclusion of DFL into the national strategies, or in the design of a separate DFL strategy, for complimentary insights across related thematic issues, we suggest consulting the following relevant AFI publications:

- > Policy Model for National Financial Inclusion Strategy (2020).
- > Financial education for MSMEs: identifying MSMEs' educational needs (2020).
- > Policy Framework, The Financial Competency Matrix for Adults (2020).
- > Sex-disaggregated Data Toolkit (2017).
- > National Financial Inclusion Strategies Toolkit (2016).

Moreover, we recommend consulting AFI's Policy Model on Consumer Protection for Digital Financial Services (2020) for relevant guiding principles and key policy recommendations to advance responsible digital financial inclusion and DFL.

3 This alignment has been made under the assumption that most DFL programs or initiatives will be embedded in NFES or NFIS. For more information see: AFI National Financial Inclusion Strategies webpage. <https://www.afi-global.org/policy-areas/financial-inclusion-strategy>.

4 Going forward, the terms NFES and NFLS will be used interchangeably.

5 Based on the results of AFI DFL survey (2020). For more details on AFI member experiences, please refer to the AFI Guideline Note on DFL.

6 Alliance for Financial Inclusion (2020) Policy Model for National Financial Inclusion Strategy. Available at: https://www.afi-global.org/sites/default/files/publications/2020-09/AFI_NFIS_PM_AW2_digital.pdf

FIGURE 1: INTEGRATING DFL IN THE NFIS AND/OR NFES LIFECYCLE



PHASE 1: PRE-FORMULATION

- 1 Conduct diagnostics and collect relevant data to inform the development of DFL strategies and/or programs.
- 2 Undertake a review of existing national strategies, relevant policy instruments and a mapping exercise of the financial literacy/ education and digital literacy landscape.
- 3 Identify DFL objectives and competencies to be addressed.



PHASE 2: FORMULATION

- 1 Integrate DFL-specific goals and targets into NFIS and/or NFES.
- 2 Incorporate DFL relevant representation within governance structure of national strategy.
- 3 Engage relevant stakeholders and design strategic partnerships.
- 4 Develop relevant regulatory and policy actions.
- 5 Determine target groups and their needs.
- 6 Plan resources and budgets.
- 7 Establish M&E mechanisms



PHASE 3: IMPLEMENTATION

- 1 Oversee and guide implementation by stakeholders.
- 2 Design relevant and well-defined interventions.
- 3 Use appropriate, innovative and effective delivery channels for DFL outreach.
- 4 Conduct monitoring & evaluation



MONITORING AND EVALUATION

PHASE 1: PRE-FORMULATION



1. Conduct diagnostics and collect relevant data to inform the development of DFL strategies and/or programs.
2. Undertake a review of existing national strategies, relevant policy instruments and conduct a mapping exercise of the financial literacy/education and digital literacy landscape.
3. Identify DFL objectives and competencies to be addressed.

1. Conduct diagnostics and collect relevant data to inform the development of DFL strategies and/or programs

It is crucial to conduct diagnostics studies in order to inform the design of any evidence-based strategy and/or program. Depending on the type of data already being collected by regulators and other stakeholders in the country, indicators can be specifically created to enhance understanding of the DFS and DFL landscape in the country.

Demand-side data contributes to inform policymakers on the key DFL needs, consumer risks, helps prioritize focus areas and most relevant target groups for DFL interventions. Key steps to undertake in this regard include:

1. Review existing diagnostic studies on financial education and/or financial inclusion, financial capability surveys, periodic consumer surveys to assess the integration or otherwise of DFL relevant questions (see the case study of Jordan). There is also a salient need to review literature, studies and surveys on the DFS landscape, product innovations, technologies, etc., which have implications on DFL.
2. Where possible, incorporate DFL questions in periodic FI and FL surveys, or conduct a separate diagnostic if feasible (see Table 1 for examples of data to be collected):
 - Note that internationally standardized surveys of general financial literacy (e.g., by the OECD/INFE 2018; the World Bank 2018) do not include all four dimensions of DFL as described earlier, so there is a need to develop a standardized set of questions to cover these dimensions, in order to measure the baseline for DFL.
 - Demand-side data collected should be disaggregated by gender, age, location (urban/rural), as well as other indicators relevant to the local context.

Collect supply-side data to inform the initial stages of DFL strategies and interventions. Supply-side data focuses on products and services provided, as well as data from providers such as complaints and risk register, rather than on users. Such data is often more readily available from regulatory authorities who frequently collect them. Key steps to undertake in this regard include:

- Review existing data collection framework and tools to ensure that new players, beyond traditional financial services provider are included. This

TABLE 1. EXAMPLES OF DEMAND AND SUPPLY-SIDE DATA TO BE COLLECTED

Examples of demand-side data	<ul style="list-style-type: none"> > Awareness and knowledge of different types of DFS across different population segments; > Usage of different types of DFS across populations segments; > Motivations to use and reasons for no/limited usage of different types of DFS; > Attitudes, perceptions and behaviors of DFS users (i.e, issues of trust); > Knowledge/awareness of consumer rights, existing consumer protection provisions/regulations, as well as complaint and redress mechanisms (as applicable); > The level of digital literacy of different population groups, including proficiency and confidence in using internet/mobile internet, online browsing skills, use of mobile phones/smartphones, and digital channels (mobile/internet banking; e-money; digital wallets etc.); > Assess levels of DFL by complementing existing financial literacy surveys with correspondent DFL indicators; > Access to and usage of digital tools, such as access to internet, mobile phone/smartphone ownership, etc.
Examples of supply-side data	<ul style="list-style-type: none"> > Data on DFS markets, growth rates, across different types of DFS; > Availability of and access to different types of DFS, most prevalent in the market; > Frequency of the use of different types of DFS; > Volume of DFS transactions; > DFS delivery channels; > Access to DFS infrastructure, such as access to internet, number of sim cards, e-money accounts, digital wallets, ATMs, etc.

includes FinTech firms, peer-to-peer lending/ crowdfunding platforms, online/digital lenders and platforms, e-commerce platforms, social media providers, among others.

- Existing financial inclusion indicators can be adapted to cover DFS. There are also a wide variety of globally developed supply-side indicators (e.g., number of adults with at least one DFS product, percentage of DFS contracted, etc.) that can be relevant to the national context.
- Collect other DFL-relevant data from periodic industry (e.g., complaints register) and market supervision reports.

CASE STUDY

Example of indicators from the 2017 Financial Inclusion Diagnostic Study in Jordan



In 2017, a study of financial inclusion in Jordan was mandated by the Central Bank of Jordan and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH for the Promotion of Financial Inclusion in the country. The main objective of this study was to establish a baseline for financial inclusion by assessing the state of access to, usage and quality of financial services; the regulatory, physical and commercial barriers thereto; and the gender, socio-economic, demographic and geographic usage, specifics and needs.

A selection of indicators relevant to DFL used in the study are presented below:

1. Ever heard of a mobile wallet
2. E-money accounts per 1,000 adults
3. Made or received digital payments
4. Used internet to pay bills or buy things
5. Mobile money transactions per 1,000 adults
6. ATMs per 100,000 adults
7. Agents of payment service providers per 100,000 adults
8. Mobile agent outlets per 100,000 adults
9. POS terminals per 100,000 adults
10. Has access to mobile phone or internet at home
11. Made any transactions with bank account using mobile phone

2. Review existing strategies and conduct mapping of relevant stakeholders, initiatives and available resources

The next step, which is often considered as part of the initial diagnostics, is to review existing national strategies and any other policy initiative to map out DFL-related provisions, gaps, opportunities and interventions. This action is important to inform

strategy/intervention development. The experiences and lessons learned help to avoid duplication of efforts, and potentially identify and further scale-up successful interventions. Mapping exercises should be conducted across three dimensions:

- > **Relevant stakeholders.** When mapping DFL stakeholders, authorities should consider what type of institutions are already involved in DFL, financial literacy/education /inclusion, levels of commitment, capacity, and geographical coverage.
- > **Existing initiatives.** When mapping existing initiatives, authorities should consider the type of initiative, thematic areas covered, target populations and outreach (i.e, geographical area covered). This dimension should also include existing financial education initiatives/programs that currently do not have a DFL component but offer a possibility to integrate it.
- > **Available resources.** When mapping available resources, authorities should consider resources (such as budget, human resources, and partnerships) utilized by all stakeholders that are implementing DFL interventions. Mapping available resources gives the regulator a more comprehensive understanding of the investment already in play for this type of interventions and help create the necessary budget estimations.

Mapping exercises can be completed by following these steps:

1. **Identify all potential stakeholders.**
Members of national committees for financial education and inclusion are crucial to this process as they will contribute to identification of relevant stakeholders and initiatives. Stakeholder mapping should concern traditional financial education stakeholders, as well as additional DFL stakeholders, such as DFS providers (e.g, FinTechs), telecommunications providers and regulators, other financial sector regulators, social media platforms etc.
2. **Categorize the results of these findings.**
Being able to put relevant stakeholders into categories will allow for further prioritization and effective allocation of resources during the pre-formulation and formulation phases. For example, pre-formulation can help to distribute the selected mapping tool (e.g, mapping survey) and the formulation phase can help to assign roles and responsibilities.

3. Identify criteria for prioritization.

Once the DFL ecosystem has been mapped, it would be necessary to create an engagement plan. Understandably so, not all stakeholders can be engaged at the same level. Identifying prioritization criteria will help in selecting those most relevant to DFL objectives, so as to develop targeted communication.

4. Analyze your findings.

Mapping exercises should be accompanied by a thoughtful analysis that seeks to uncover levels of engagement of different stakeholders, identify potential gaps between needs and supply, identify access gaps, good practices, challenges, successes, lessons learned and assess the effectiveness of the initiative, where possible.

5. Make plans for continued engagement.

Maintaining the level of interest and therefore engagement of stakeholders can be challenging but needs to be considered (see more suggestions in the following sections).

Table 2 provides the template/examples of questions that can be used for mapping of DFL stakeholders and relevant initiatives.

Similar to the case with NFIS, relevant stakeholders identified during the mapping stage should be invited to provide inputs to the DFL strategy or program formulation, starting from the Pre-formulation phase, to ensure ownership and a coherent approach from the outset.⁷ Throughout the engagement period, stakeholders should be provided with enough time to submit their feedback and inputs (also relevant throughout other phases of strategy development).

Similarly, it is important to undertake a review of any existing national level strategies and relevant policy instruments to map out provisions, gaps and challenges that could facilitate or hinder the implementation of DFL initiatives.

CASE STUDY

Diagnostics for DFL in the National Strategy in El Salvador



The National Financial Education Strategy of Salvador has envisioned the implementation of DFL initiatives. This is the response of the Salvadorian authorities to the current DFS landscape in the country and the financial capabilities of their population.

In 2016, the Central Bank carried out a Financial Capabilities Survey that made it possible to develop Financial Education indicators for the NFES. This study also identified that rural areas were those with the lowest financial capabilities. Additionally, in 2018 the Central Bank carried out the first study on Financial Education initiatives, which included 28 private initiatives. This study will be carried out again in 2021 and a key aspect when evaluating the initiatives will be the use of digital channels and implementation of DFL principles.

The NFES also contemplates the need to promote innovative models and tools to encourage to improvement of financial education initiatives by FSPs. This is why the Central Bank is currently planning a mapping of private initiatives. This mapping is to be carried out to identify those that have already implemented DFL components and offer institutional support to those not yet engaged with DFL.

3. Identify DFL objectives and competencies

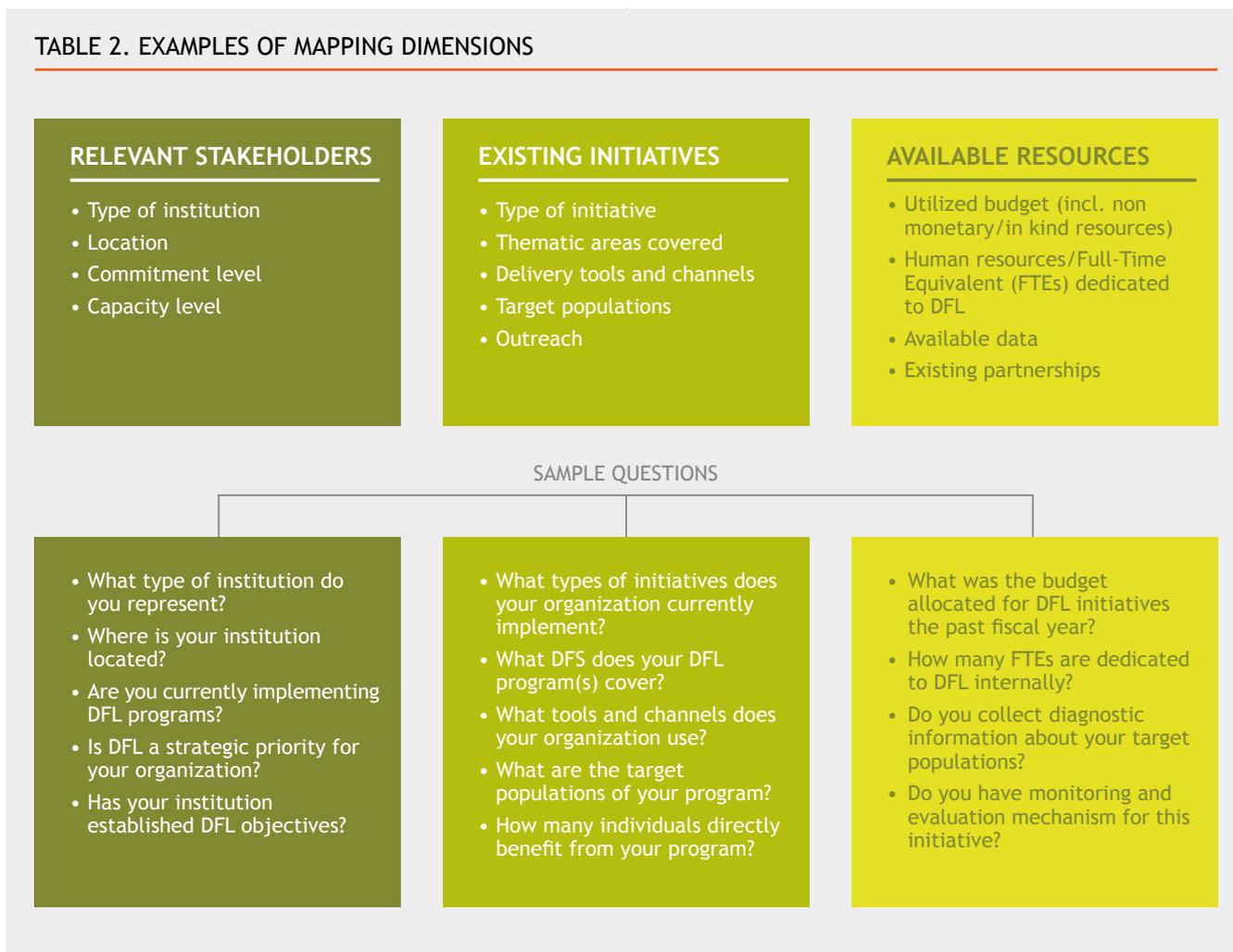
Diagnostic studies should provide a suitable base for the identification of the core objectives, and subsequently core competencies related to the effective use of DFS, across different target groups. Identifying DFL objectives is crucial to inform the design of any related DFL intervention. The following are some of the key considerations to keep in mind when developing the DFL competencies framework:

- > DFL competencies framework should be outcome-based and include aspects of awareness, knowledge, attitude and behaviors in relation to the DFS that are most prevalent in the national context.
- > For the development of a national DFL competency framework, some international standards can serve as a guide for the development of locally relevant competency frameworks. Examples include, DFS Consumer Competency Framework⁸ by the Financial Inclusion Global Initiative (FIGI).

⁷ AFI, 2020, Policy model for National Financial Inclusion Strategy. Available at: https://www.afi-global.org/sites/default/files/publications/2020-09/AFI_NFIS_PM_AW2_digital.pdf

⁸ FIGI, 2020. DFS Consumer Competency Framework. Available at: <https://www.itu.int/en/myitu/Publications/2020/08/20/14/53/DFS-Consumer-Competency-Framework>

TABLE 2. EXAMPLES OF MAPPING DIMENSIONS



- > Define DFL Competency framework for vulnerable segments such as youth, women, migrants/IDPs, MSMEs, rural populations, and for vulnerable periods such as emergencies, conflict or natural disasters.
- > The development of a separate document with DFL core competencies framework is not always needed; the identified core competencies related specifically to DFL, can be integrated and can complement existing core competencies frameworks of a broader financial literacy/financial capability, where such exist.
- > Considering the ever-evolving nature of DFS, the frameworks should be a living document and regularly updated to take into account changes in the market.

BOX 1. DFS CONSUMER COMPETENCY FRAMEWORK, FIGI (2020)

DFS TRANSACTION PHASE

PRE-TRANSACTION (CA1)

COMPETENCES:

- CA 1.1 Search for information about costs, quality and terms of conditions of the service.
- CA 1.2 Compare information on costs, quality and terms of conditions of the service.
- CA 1.3 Evaluate the commercial information provided and suitability for purpose.
- CA 1.4 Manage digital identity and credit profile.
- CA 1.5 Understand how to access digital financial service in a secure manner.
- CA 1.6 Understand what is personal data and the related risk to personal data.

TRANSACTION (CA1)

COMPETENCES:

- CA 2.1 Understand how an electronic payment is initiated using digital channels and the conditions for the transactions to be completed (i.e. receiver receives payment).
- CA 2.2 Make payments and accessing finance through digital channels.
- CA 2.3 Understand the terms and conditions of the DFS provider, including related costs and risks.
- CA 2.4 Manage personal data and privacy.
- CA 2.5 Protect health and safety.

POST-TRANSACTION (CA3)

COMPETENCES:

- CA 3.1 Share information with the service providers (i.e. feedback) and other consumers online.
- CA 3.2 Know consumer rights and how to obtain redress.
- CA 3.3 Know the responsible regulator to approach with intractable problems and the mechanism for doing so.
- CA 3.4 Keep up to date on developments in digital financial services.

PHASE 2: FORMULATION



1. Integrate DFL-specific goals and targets into NFIS and/or NFES.
2. Incorporate DFL relevant representation within the governance structure of the national strategy.
3. Engage relevant stakeholders and design strategic partnerships.
4. Develop relevant regulatory and policy actions.
5. Determine target groups and their needs.
6. Plan resources and budgets.
7. Establish M&E mechanisms

1. Integrate DFL specific goals and targets in the NFIS and /or NFES

In countries where the national strategy, either for financial education or for financial inclusion with a financial education component, is still in the drafting phase, it is essential to incorporate DFL-related goals and objectives from the start. As the experience of AFI network shows (see Table 3), it is possible to incorporate DFL-related goals and actions across different dimensions of NFES or NFIS, such as consumer protection, developing and deepening financial inclusion, and financial/digital education.

As DFL is a relatively new technical concept, no examples are within the AFI network. Moving forward, it is advisable to consider incorporating quantitative targets on DFL into the national strategy. In this regard, it is important to use the ‘SMART’ approach to ensure that the targets are: Specific, Measurable, Attainable, Relevant, and Time-bound. Examples of such targets are:

- > Goal 2030: 80 percent of consumers assess and compare pricing, terms and conditions, and relevant features of digital credit providers before making a decision.
- > 100 percent of cryptocurrency investors understand main features and associated risks by 2025.

In countries that are aiming to develop a stand-alone DFL program, it is also relevant to set the targets in order to further assess the effectiveness of the intervention. In both cases, having a strong baseline data is crucial to assess the impact of strategy/ interventions.

2. Incorporate DFL relevant representation within the governance structure of the national strategy.

Having a robust governance structure is essential to the pre-formulation, formulation and implementation of financial education in general, and DFL initiative in particular. In the pre-formulation, a solid governance structure guarantees that the initiative includes all voices relevant to the discussion. During the formulation phase, these structures ascertain roles and responsibilities, and in the implementation phase they guarantee the proper coordination of policy

actions. The survey of the AFI network has shown that central banks or other financial sector regulators are in most cases, the lead institution in charge of DFL promotion. This highlights the unique role regulators have in ensuring that the importance of DFL is properly reflected in existing governance structures. In some cases, this can imply the inclusion of new actors and perspectives. In this sense, regulators should consider two existing approaches:

- > Integrating DFL as a cross-cutting theme. This approach guarantees that DFL addresses a multitude of products, services and populations.

TABLE 3. EXAMPLES OF STRATEGIC GOALS AND ACTIONS RELATED TO DFL IN NFIS ACROSS AFI NETWORK

<p>Fiji From National Financial Inclusion Strategy 2016-2020 – PFIP</p> 	<p>Within strategic Goal 3 - Digital Financial Services</p> <ul style="list-style-type: none"> • Design education and awareness programs on DFS for consumers and service providers. <p><i>Other:</i></p> <ul style="list-style-type: none"> • Leverage technology and DFS, especially amongst young people who are digitally savvy to enable this target group maximize their economic participation.
<p>Ivory Coast From National Financial Inclusion Strategy 2019-2024</p> 	<ul style="list-style-type: none"> • Enrich the already existing financial education initiatives with information on digital finance. • Organize communication and information campaigns for target populations on the diversity of financial services and digital finance.
<p>Jordan From National Financial Inclusion Strategy 2018-2020</p> 	<ul style="list-style-type: none"> • Develop an action plan for financial consumer protection in line with international guidelines and standards. • Regulate the customer-FSP relations, set minimum requirement for disclosure when marketing products and services by financial institutions supervised by the CBJ, and ensure their compliance with regulations and codes of conduct. • Set in place the necessary measures to safeguard client rights when there are grievances through complaints handling mechanisms. • Increase public awareness about financial activities to enhance financial inclusion.
<p>Mexico From National Financial Inclusion Strategy (PNIF) for 2020-2024</p> 	<ul style="list-style-type: none"> • Include economic, financial and digital education among the beneficiaries of social programs. • Expand and strengthen the offer and design of content from economic and financial education, as well as the dissemination of government-established online portals for such purposes.
<p>Nigeria From the review of NFIS, 2018</p> 	<p>Step 3 - Broadening and deepening inclusion: investments in tailored savings and credit products, accelerating digitization of government payments, including social transfers and Government to Persons (G2P), Persons to Government (P2G) and Financial and Digital literacy.</p>
<p>Solomon Islands From National Financial Inclusion Strategy 2016-2020</p> 	<p>Test digital solutions for savings clubs and market vendors, including digital book-keeping and financial literacy apps.</p>
<p>Uganda From Strategy for Financial Literacy 2019-2024 / National Financial Inclusion Strategy 2017-2022</p> 	<p>Integration of DFL into the Strategy for Financial Literacy in Uganda and in turn, support Objective #4 (Build out Digital Infrastructure for Efficiency) of the National Financial Inclusion Strategy 2017-2022 and the rising importance of DFS in promoting Financial Inclusion. DFS Literacy will be streamlined throughout all priority groups. DFS Education/Literacy/Capability will seek to address the understanding of concepts, mechanisms of operation, available products and services, as well as risks & mitigation measures posed by digital financial products, services, innovations, and payment systems (usage, cost/benefit, and security).</p>

- > Establishing DFL as a specific policy area. This approach underscores the unique nature of DFL as a policy concern.

Whatever the approach selected, it is important that governance structures consider the inclusion of DFL as a priority. This can be done for example through the creation of a DFL sub-group within existing coordination structures of the national strategies (where applicable).

CASE STUDY

DFL as a cross cutting theme in Uganda



Bank of Uganda is implementing its second National Strategy for Financial Literacy 2019-2024. In support of the Objective Four of Uganda's NFIS (build out financial infrastructure for efficiency) and driven by the rapid expansion of DFS in Uganda (largely driven by mobile financial services), there is a special provision for DFL in the second strategy that is expected to be streamlined across all target groups. The issue of DFL is spread across different working groups that concern women, youth, rural areas, and special interest groups. The ongoing Financial Capability Survey has included some aspects on DFL aimed to inform the DFL level of population in the country and thus have a better focus on the DFL initiatives.

The initial stakeholder mapping should inform the identification and engagement of relevant stakeholders, who can actively provide value-added contributions to the DFL strategy development and implementation processes.

During the formulation phase, stakeholders can be segmented them into three groups: (i) lead stakeholder(s), which usually are those with the most influence; (ii) implementing stakeholders, which are those generally with high levels of capacity and commitment; and (iii) consultation stakeholders, who you need to keep informed and consult as relevant. The identification of a strong lead stakeholder or "DFL champion" is particularly important to ensure the progress of DFL interventions.

The following are some of the key issues to consider:

- > In consultation with DFS providers, identify the potential areas to address consumer risks associated with DFS within the jurisdiction.
- > Invest time in building trust and obtaining institutional buy-in from influential and committed

CASE STUDY

DFL as a priority policy area in the National Plan for Financial Education in Portugal



The National Plan for Financial Education (2016-2020) of Portugal (led by the National Council of Financial Supervisors (CNSF), comprising Banco de Portugal, Comissão do Mercado de Valores Mobiliários - CMVM (Portuguese Securities Market Commission) and Autoridade de Supervisão de Seguros e Fundos de Pensões - ASF (Insurance and Pension Funds Supervisory Authority) included DFL as one of its core priorities - to deepen knowledge and skills in using DFS

- To raise awareness on DFS and the rules to follow in using them safely.
 - To raise awareness on the risks of using DFS, namely in terms of easier access to credit and impulse buying.
- The National Plan's intervention aims to continue to track technological change as use of DFS grows. The Plan recognizes the benefits of the services to consumers, but also the security risks and possible inappropriate behaviors, thereby requiring strengthened communication and financial education initiatives dedicated to the topics of DFS. The central bank of the country, Bank of Portugal, included DFL as one of its goals in the Strategic Plan 2017-2020.

stakeholders, as this may prove crucial for the sustainability of the initiatives.

- > Ensure the use of mixed methods for consultation and feedback. While regular consultation and coordination meetings with the stakeholders are crucial, make sure to consider a wide variety of methods for obtaining feedback and communicating the objectives and results of the initiatives. Different stakeholders need to be engaged at different levels, so the use of a variety of methods adds flexibility to the engagement strategy.
- > Guarantee the flow of information among the different stakeholders. For this, a knowledge management strategy can be considered to make sure that each stakeholder is given the right amount of information depending on the desired level of engagement.
- > Involve donors and international development organizations for financial and technical support potential. Consider that communicating early and often is important to allow paced decision-making.

CASE STUDY

Australia and New Zealand Banking Group (ANZ) advancing DFL in the Pacific



ANZ has been rolling out MoneyMinded, a flexible education program for adults seeking to build money management skills, knowledge and confidence in the Pacific since 2010. The program was adapted to the local contexts from the original initiative in Australia. ANZ has since expanded the program to include a dedicated DFS/mobile banking module in Solomon Islands, following an agreement between ANZ and the Australian government to expand mobile banking and financial education in that country. ANZ goMoney became the first mobile phone banking channel in the Solomon Islands. The program is informed by community consultation and delivered through partnerships with local community organizations and government. The program has since reached various vulnerable populations, such as rural women, micro entrepreneurs and seasonal workers before their departure to host countries.

3. Develop relevant regulatory and policy actions

Provision of DFL interventions should not be the sole responsibility of regulators and policymakers. It should also be actively promoted and delivered by DFS providers and other relevant stakeholders, while adhering to standards. Therefore, in order to guarantee the implementation of high-quality interventions, regulators and other policymakers can:

1. Reflect DFL objectives in existing consumer protection policies and regulations or create new ones to address relevant DFS or risk issues within jurisdiction.

This, for example, can include:

- > Adopting specific instructions on building capability of consumers on relevant emerging trends in fraud;
- > Adopting specific guidelines to build capability of consumers in the use of relevant DFS to drive financial inclusion.

More policy options integrating DFL within existing consumer protection measures can be found in AFI's Policy Model on Consumer Protection for Digital Financial Services.⁹

Targeted demand-side interventions (either by regulators, other public authorities, DFS providers, or other stakeholders) are needed to achieve national DFL objectives.

2. Develop the guidelines and/or codes of conduct for the implementation of DFL initiatives by the FSPs and DFS providers.

Emerging experiences from the AFI network confirms this. Some regulators, such as the Central Bank of Nigeria and Bank of Bangladesh, are already working on a Digital Financial Literacy Guide that would provide a framework for DFL interventions undertaken across the DFS industry. The guide will include standards that providers will have to adopt.

In addition to these, Regulators and policymakers could consider the following in DFL guidance for FSPs and other stakeholders:

- > Provide guidelines on how to incorporate DFL in product advertisements and marketing campaigns to contribute to industry wide DFL programs.
- > The guidelines should mandate neutrality of products used.
- > Encourage DFS providers and stakeholders to promote unbiased content in DFL interventions. Specifically, regulators can:
 - Develop standardized format of information or educational modules/materials on a particular service/product and mandate DFS providers to include it in their communications.
 - Mandate related (in consultations with the stakeholders) standards, such as impartiality, transparency, focus on consumer needs, gender-sensitivity.
 - Adopt specific instructions on complaint handling for DFS clients.
 - Adopt specific guidelines on communicating personal data protection of DFS users (including limiting the use of data to create consumer profiles).
- > Ensure that national objectives for DFL are known and incorporated into DFL interventions of FSPs, DFS providers, and other stakeholders. Periodic engagements and reporting could facilitate this.

4. Determine key target groups and their needs

The insights from diagnostic studies should be used to identify the main target groups. The main target groups can be identified by:

- > Their demographic/socio-economic characteristics - e.g., women, youth, low-income populations.
- > According to their financial behavior and attitude (e.g., current clients or unbanked segments), as well

9. AFI. 2020. Policy Model for Consumer Protection for Digital Financial Services. Available at: <https://www.afi-global.org/publications/3465/Policy-Model-on-Consumer-Protection-for-Digital-Financial-Services>

as related vulnerabilities (which sometimes, but not always, coincide with their socio-demographic characteristics), such as those using remittances services, people affected by climate change/natural or other disasters etc.

It can be noted that such segmentation can be conducted with the refined analysis of the demand-side surveys.¹⁰ The following are some of the key considerations when prioritizing the target groups:

- > It is important to associate the analysis of knowledge gaps to the behaviors and real-life context of the target population, in order to develop relevant messages and learning content and to ensure that the right target group is being reached with the right messaging.
- > In every jurisdiction there can be a large number of interventions for different target groups that can be undertaken; policymakers should ensure prioritization of the target groups to ensure efficient use of resources. Where possible, implementation can also be delegated to other stakeholders and regulators can provide overall coordination, guidance and oversight.
- > Identify and continuously engage relevant stakeholders that can facilitate access to each particular group.

5. Plan resources and budgets

Based on the mapping available and institutional resources in the pre-formulation phase, develop estimations on costs for implementation, monitoring and evaluation of the DFL strategy/intervention. Timely and realistic resource planning and budgeting can support the attainability of DFL objectives while ensuring transparency and stimulating new and existing partnerships. Similar to NFIS,¹¹ regulators are encouraged to distinguish the budget allocation for each stage of the DFL strategy lifecycle.

The lead institution should prepare an indicative budget that estimates the resources needed for implementation and monitoring, evaluation and spread costs across different stakeholders (including other government agencies, private sector stakeholders, and donors/development agencies) and target groups. It is crucial to engage relevant Development Finance Institutions, INGOs, bi- and multilateral organizations with program areas in financial inclusion to access possible funding prior to implementation. Also consider leveraging organizations whose operations are in line with some key deliverables or targets under the DFL strategy.

CASE STUDY

Advancing awareness of youth about cybersecurity in Russia



Bank of Russia, the central bank of the country, pays great attention to the issues of cybersecurity of DFS consumers, including countering social engineering. The Bank has launched several DFL initiatives to address this matter, including awareness campaigns, webinars and online lectures for high school students. In 2019, more than 200,000 high school students from different regions of the country took part in online lessons prepared by the Bank of Russia on the existing cyber threats on the Internet, online payment security and countering social engineering methods. In 2020, the Center for Monitoring and Responding to Computer Attacks in the Credit and Financial Sphere of the Bank of Russia launched a new initiative - an online test for schoolchildren aged 12-17 years old on safety when using DFS (including topics such as online payments, mobile/online banking, fraud prevention, etc.). Another version of the test was also launched for adult users.

CASE STUDY:

Access to remittances and DFL for refugees in Jordan



Digi#ances Project for improving access to remittances and other financial services through digital solutions in Jordan, which is jointly implemented by GIZ and the Central Bank of Jordan, as part of the (BMZ) special initiative “Tackling the Root Causes of Displacement, Reintegrating Refugees”. Main intervention area under this project is improving financial awareness and designing financial awareness campaigns to promote responsible usage of DFS. Under the Digi#ances Program, a mass reach campaign, ToT programs, and other training courses are provided to target groups of the project, low-income Jordanians and Syrian refugees. Refugees are the main focus under this group to financially enable them to achieve the financial impact needed through DFS.

10 OECD/INFE (2018) Digitalization and Financial Literacy. Available at: <http://www.oecd.org/finance/G20-OECD-INFE-Policy-Guidance-Digitalisation-Financial-Literacy-2018.pdf>

11 AFI (2020) Policy Model for National Financial Inclusion Strategy (NFIS).

6. Establish M&E framework and mechanisms

Establish indicators and identify data that needs to be collected for the purpose of monitoring and evaluation (M&E) of the DFL strategy and/or interventions. The indicators need to assess whether the targets, objectives and goals related to DFL have been achieved and whether the progress is in line with the DFL Implementation plan and key milestones. Cost effective and well-thought monitoring and evaluation framework also allows for the efficient use of resources.

Similar to other measurements, indicators captured in M&E framework relevant to DFL should be disaggregated by:

- > Gender: male/female.
- > Age: youth (e.g., aged between 15 and 24)/adults (25+)/ older population.
- > Socio-geography: urban/rural.
- > Level of education/income levels.

It is also important to assign roles and responsibilities for implementation of M&E frameworks. Engaging independent evaluators is a good practice to ensure the necessary checks and balances are in place.

TABLE 4. SUGGESTIONS FOR M&E FRAMEWORK AND INDICATORS

DIGITAL FINANCIAL LITERACY SCORE		Self-assessment of financial knowledge
		Awareness of different types of DFS
		Attitudes and Behavior (Attitude towards and use and choice of different types of DFS)
DIGITAL FINANCIAL INCLUSION	Access	Access to digital devices (mobile phone, computer, tablet, etc.)
		Access to internet
	Usage	Made or received digital payments
		Used a mobile phone or the internet to acquire a financial product
Quality	Dispute resolution index	

PHASE 3: IMPLEMENTATION



1. Oversee and guide implementation by stakeholders.
2. Design relevant and well-defined interventions.
3. Use appropriate, innovative and effective delivery channels for DFL outreach.
4. Conduct monitoring & evaluation

1. Oversee and guide implementation by stakeholders

In the implementation phase of the DFL strategy, the lead organization, commonly the regulator or national authority in charge of financial inclusion/financial education agenda, needs to monitor, provide oversight and coordination of DFL initiatives that are being undertaken by other stakeholders. By doing so, the lead organization develops mechanisms for timely and periodic reporting within the governance structure. This is crucial in order to address any challenges as quickly and effectively as possible. For these purposes:

- > Encourage stakeholders to conduct result-based interventions linked to nationally agreed targets on DFL.
- > Consider encouraging programs by DFS providers that offer financial product and services with a multitude of touch points for financial consumers. Initially, DFS should include in-person or one-on-one strategies to enhance DFL and encourage usage. Strategies that include using traditional relationships have the potential to speed the adoption and reduce associated risks.
- > Encourage and coordinate reporting on data and initiatives implemented by private sector partners/ DFS providers.
 - Promote and oversee the implementation of DFL-related guidelines, codes of conduct and consumer protection measures and regulation related to DFS. Implementation of the code of conduct should ensure that DFL messages included in advertisements, product and marketing materials are accurate, appropriate, and in line with issued guidelines.
 - Facilitate implementation of new guidelines by DFS providers by disseminating information and organizing information meetings/seminars/webinars, where private sector stakeholders could also share their experiences.

2. Design relevant and well-defined DFL initiatives/ programs

In addition to coordinating and supporting DFL interventions by other stakeholders, regulators and policymakers can design and implement their own DFL initiatives/ programs. This approach is most prevalent among members of the AFI network, particularly the design and implementation of public awareness campaigns aimed at promoting different aspects of DFL (knowledge and awareness of products, understanding of risks, knowledge of complaint and redress mechanisms etc.). Other examples of initiatives undertaken by regulators and policymakers include trainings, workshops, design and dissemination of educational materials.

It is advisable to leverage any existing financial education initiatives for the inclusion of DFL content, if identified during the Pre-Formulation Phase. In this case, the relevant DFL content can be created to be incorporated in the current outreach activities.

FIGURE 2. KEY CONSIDERATIONS TO TAKE INTO ACCOUNT WHEN DESIGNING A DFL INITIATIVE/ PROGRAM

PROGRAM DESIGN

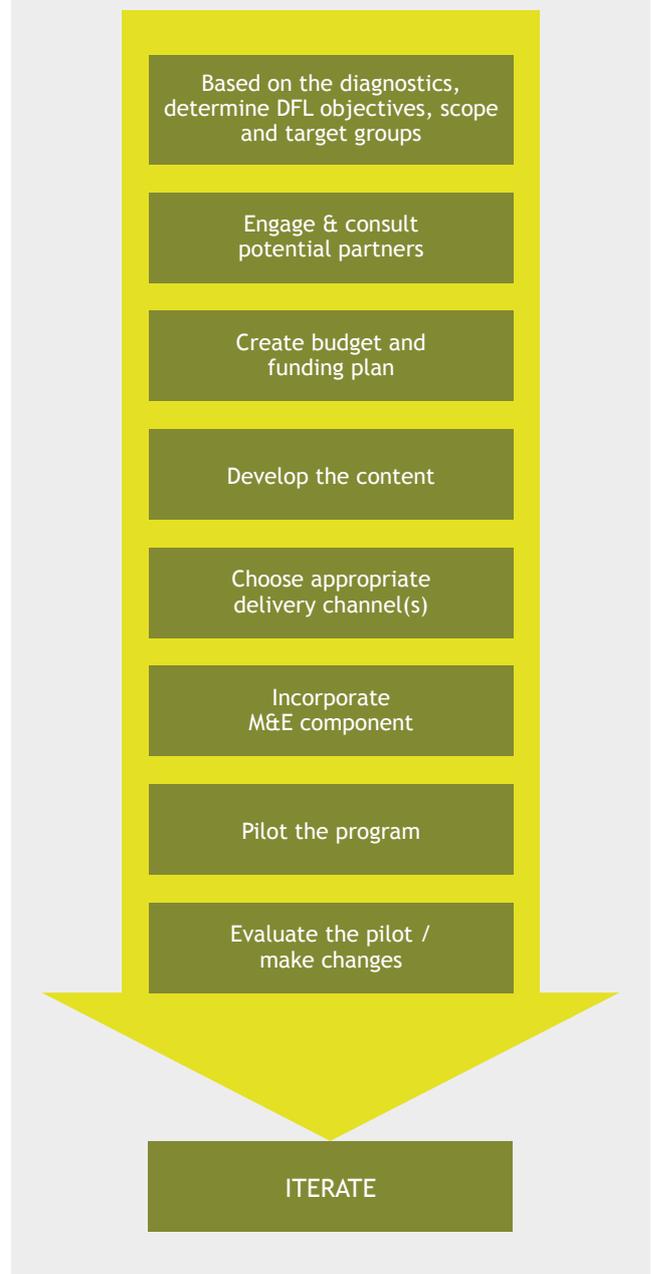
- Take into account existing programs to build synergies and avoid duplication of efforts.
- Learn from best practices (including international experience).
- Design interventions with a particular target group in mind to ensure it is demand driven.
- Ensure the content is relevant and reflects the level of maturity of DFS market, existing key consumer risks, and is appropriate for the target group in mind.
- Ensure the scope of the program can be catered for by the available resource.
- Where relevant, ensure the content of the program is available in main languages that are used in the jurisdiction / or suitable for the target group in mind.
- Use behavioral insights in program design, e.g. teachable moments and nudges (see box 4 for suggestions).

PROGRAM PLANNING

- Take into account cost-effectiveness and make sustainability plan for the program.
- Pilot the program first and evaluate its effectiveness (including evaluation of its cost efficiency).
- Roll out only interventions that have proven to have impact, otherwise check if prioritization and program setup are correct.
- In design of the DFL intervention, create links to other policy goals (e.g. Financial inclusion, Promotion of DFS etc.)

This also includes incorporating DFL competencies in financial education in schools. Considering wider curriculum reforms and efforts to introduce financial literacy in the school curriculum are ongoing in many countries; this presents an untapped opportunity to support the DFL of young people through the formal school curriculum.¹² This necessitates cooperation with educational stakeholders, such as Ministry of Education and teacher training institutions.

FIGURE 3. DESIGN OF A DFL PROGRAM



12 For more information about Integrating Financial Education in school curriculum, we advise to consult OECD/INFE (2015) Financial Education in Schools.

CASE STUDY

DFL interventions by Bank of Uganda



- Interventions of Bank of Uganda (BoU) on DFL include:
- Integrating Digital Financial aspects into the module of Financial Service Providers in all trainings, ToTs and other public education related activities of BoU.
 - Conducting radio talk shows that feature public awareness on DFS providers, about the DFS features, benefits, risks and redress mechanisms, including mobile money providers.
 - Integrating aspect of DFL into the financial literacy website.
 - Incorporating DFL aspects into the Financial Capability Survey.

3. Use appropriate, innovative and effective tools and delivery channels

When designing the DFL intervention, it is important to carefully select tools, channels and delivery methods that are relevant and accessible to the chosen target group and its respective DFL needs. DFL programs are more likely to be effective when they are designed for specific target audiences, tailored to their DFL needs, and when they apply the most appropriate delivery methods available.¹³ Policymakers and regulators have a variety of traditional, as well as digital, tools and delivery channels available to promote DFL (see Table 5 for more examples of tools and channels for DFL promotion).

Digital tools (games, apps, websites, etc.) can complement and leverage traditional financial education interventions, such as face-to-face interactions (including training activities). The AFI DFL survey has shown that SMS/text messaging campaigns, social media campaigns, Mobile applications, and trainings at workplaces and schools are among the most common delivery channels used by AFI members. It is important to choose cost effective and accessible channels that ensure maximum outreach to the desired target group.

BOX 2. USING BEHAVIORAL INSIGHTS IN THE DESIGN OF DFL PROGRAMS

The application of behavioral science in financial literacy interventions is relatively new but a rapidly developing field. Taking into account the actual behavior, the decision-making process of consumers and their biases and motivations can enrich DFL interventions and have a crucial effect on their effectiveness.

While the application of behavioral science to financial education can be a complex and costly undertaking, it is important to take the opportunity and learn from the experience of other countries, as well as use existing behavioral models and frameworks, already developed by academics or policymakers. For example, Superintendency for Banks, Insurance and Private Pension Funds (SBS) of Peru applied the behavioral framework EAST (EAST: Four Simple Ways to Apply Behavioral Insights)¹⁴ to the design of two financial education programmes: Finanzas en el Cole (Finances in school) and Finanzas para Ti (Finances for you).

Center for Financial Inclusion at Accion (CFI)¹⁵ suggests seven behaviorally informed ideas that should be incorporated into financial literacy and capability efforts:

1. Teachable Moments: Reach consumers when they are making financial decisions.
2. Learning by Doing: Let consumers practice using products.
3. Nudges, Reminders, and Default Options: Timely reminders and default options support good habits.
4. Rules of Thumb (Heuristics): Mental short cuts help turn learning into habit.
5. Make It Fun: Games and humor aid learning and retention.
6. Customize It: Tailor advice to an individual's specific financial situation.
7. Make It Social: Leverage the influence of peers and culture.

All of the above-mentioned principles can be applied to financial education programmes related to the effective and responsible use of DFS. It is also important to note that each of the principles or ideas from behavioral science need an appropriate application to a particular target group. For instance, looking at the example of Teachable moments:

- Youth - taking first education loan, opening first digital transactional/savings account or e-wallet etc.
- Women - receiving government payments (G2P), receiving remittances from family members, antenatal sessions, etc.
- Migrants - pre-departure orientation, moment of sending/or collecting remittances at the FSP/MTO, etc.

13 OECD. 2018. G20/OECD INFE Policy Guidance on Digitalization and Financial Literacy. Available at: <http://www.oecd.org/finance/G20-OECD-INFE-Policy-Guidance-Digitalisation-Financial-Literacy-2018.pdf>

14 The Behavioral Insights Team, 2014. <https://www.bi.team/publications/east-four-simple-ways-to-apply-behavioural-insights/>

15 Center for Financial Inclusion. 2016. A Change in Behavior: Innovations in Financial Capability <https://www.centerforfinancialinclusion.org/a-change-in-behavior-innovations-in-financial-capability>

FIGURE 4. EXAMPLES OF TOOLS AND CHANNELS FOR DFL OUTREACH

TRADITIONAL CHANNELS AND TOOLS

FACE-TO-FACE INTERACTIONS

Face-to-face interactions include traditional lectures, seminars, training, workshops, conferences, public exhibitions, school curricula, as well as focus groups; group activities and learning within booths.



PUBLICATIONS AND MATERIALS

These include various publications such as brochures, booklets, leaflets printouts, books, notebooks, etc. These publications can be distributed to participants during DFL programs and campaigns or published electronically.



MEDIA

Media is another channel for DFL dissemination, which may include television programs, talk shows, and awareness messages and videos, as well as radio talk shows and broadcasts that raise awareness. In this respect, it is crucial to identify the best timing for such programs, shows, and broadcasts to effectively reach the largest share of the population, or target group.



DIGITAL CHANNELS AND TOOLS

WEBSITES, SOCIAL NETWORKS AND MOBILE

Websites, social media pages (Facebook, Twitter, etc., depending on the popularity of these networks in each community), cell phone and WhatsApp messages, can become effective channels for delivering DFL. As such tools rapidly increase in popularity, utilizing them as a supportive technology for DFL make these efforts more effective, widespread, and efficient, in terms of cost and time.



DISTANCE AND ELECTRONIC LEARNING

In addition, Open Distance and Electronic Learning (ODEL) approaches, particularly amongst vulnerable, isolated and potentially excluded populations, offer the possibility of tailoring delivery to be more accessible to those with limited language or numeric skills, disabilities or time constraints. Digital Platforms can be created to advance DFL. Offering online courses related to DFL topics, provides self-learning opportunities for the population, and if quizzes are included, the learner can also evaluate his/her progress.



VISUAL COMMUNICATION

The use of visual communication such as infographics, animations, short texts and Graphical Interchange Format (GIF), to deliver messages on certain practices to avoid or those to encourage when using DFS, can also enhance DFL initiatives, as many people may not comprehend text-heavy communications and instead, prefer visual illustrations.



ONLINE CALCULATORS

Calculators empower individuals to make informed financial decisions and take more responsibility for these decisions. They encourage financial consumers to focus on long-term priorities, whilst planning their futures. Examples of these calculators are loan calculators, deposit calculators and pension calculators.



TABLE 5. EXAMPLES OF TOOLS AND DELIVERY CHANNELS TO EXPLORE PER TARGET GROUP

Target Group

Youth

RATIONALE

Youth are digital natives and the fastest adopters of digital technologies, new platforms and services. Moreover, youth-owned enterprises seem to be increasingly adopting several digital finance and business solutions.

DELIVERY CHANNELS

- Use digital tools, including edutainment and gamification, as much as possible.
- For younger youth, DFL can also be considered within the context of broader integration of financial education into the school curriculum.
- Youth community organizations, student unions and other youth stakeholders can be suitable partners to deliver DFL programs to youth.

Women

RATIONALE

DFL can be used to expand their access to and usage of DFS, and thus facilitating financial inclusion. Investing in gendered social norm change and gender transformative programming, pays dividends.

DELIVERY CHANNELS

- Use both digital and traditional channels, depending on the context and the DFL needs.
- For in-person interactions, consider employing female facilitators/trainers.

Elderly populations

RATIONALE

Usually have poor confidence and experience in the use of DFS.

DELIVERY CHANNELS

- Use both digital and traditional channels, focusing on channels that the target group feels confident/proficient with.

Migrants, Refugees and IDPs

RATIONALE

The prevalence and wide availability of digital remittance products presents an opportunity to enhance DFL and DFI within these groups.

DELIVERY CHANNELS

- Use both digital and traditional channels. Leverage programs with stakeholders that already interact/have access to the desired target group, such as migrant orientation centers, community groups, and private sector players, such as money transfer operators with remittances products.

CASE STUDY

Digital channels to promote DFL in Latin America

Fundación Capital is a social enterprise that developed several financial and entrepreneurial education apps targeted at various groups including women, children, youth, migrants and refugees across Latin America, Asia and Africa. Digital solutions were developed in partnerships with government agencies for social protection, banks, microfinance institutions and other international organizations and NGOs. For example, LISTA, a program that reached over 400,000 beneficiaries in Latin America, is a digital tool that uses reinforcement methods, including WhatsApp, SMS and posters. The tool is administered by community leaders and facilitators. Other applications concern such topics as savings, budgeting, borrowing, investment, financial health checks, and many more.

4. Implement monitoring and evaluation activities

Continuous monitoring of DFL activities allows for timely interventions during implementation. Ongoing coordination in data collection from other stakeholders also plays a key role. The regulator, or another lead organization, should provide M&E guidance to the stakeholders, encourage data collection and collect M&E evidence from all DFL programs/stakeholders involved - in order to assess the effect of the overall DFL strategy, as well as individual programs.

Mid-term review

In cases of multi-year strategies, a mid-term review is needed to assess the achieved progress and decide whether adjustments to the targets, scope or implementation plan are required. The regulators can publish the mid-term reports and disseminate them to stakeholders, (funding) partners and/or donors, and general public. In contexts where DFL is incorporated in NFIS or NFES, it is advisable to publish one wholistic mid-term review report of the strategy and prepare short snippets on the outcomes of specific policy areas, including DFL. These snippets could then be disseminated to relevant partners and stakeholders. Based on the outcomes of the mid-term review, revise the scope, targets or implementation plan of the DFL strategy.

Final review (post-implementation period)

It is necessary to conduct a comprehensive review of the DFL strategy after the end of its timeline. Similar to the mid-term review, there is no need to publish a full, separate report on DFL if it was part of

the broader national strategy. Post-implementation evaluation is to measure progress/impact achieved, identify gaps and lessons learned. Some recommendations for the final evaluation include:

- Use comparable baseline data and indicators to track progress over time and compare it with the end line;
- Review against both baseline and mid-term review data (if available);
- The data from periodic demand- and supply-side studies can be used to inform the final evaluation;
- Demand-side surveys can be used to track changes in knowledge and awareness, attitudes towards and usage of DFS, and focus on the priority target groups of the strategy;
- Supply-side surveys can show the changes in the scope and volume of DFS on the market or changes in infrastructure, and access to it.

The results of the implementation of the DFL strategy should be communicated to stakeholders, higher level management of the lead and implementing institutions, (funding) partners and general public. This communication can be used to enforce and strengthen the partnerships built over the implementation period and promote the cause/importance of DFL that can be used for interventions in the future. It is important that all contributions and contributors to the strategy are recognized and acknowledged.

IMPLEMENTATION CHALLENGES

1. Challenge: Lack of resources and inadequate capacity

Key Recommendations:

- Identify internal resources for the implementation of initiatives.
- Make sure that a comprehensive understanding of the resources available in the market exists, including financial resources, data, frameworks, etc.
- Pull market resources for the preparation and application of a diagnostic base, as a preliminary step for the design and implementation of a DFL intervention.
- Favor the participation of those actors who demonstrate a high level of commitment and capacity to implement DFL.
- Establish knowledge management mechanisms that secure the flow of information among the relevant stakeholders.

2. Challenge: Poor inter-agency collaboration

Key Recommendations:

- Clearly communicate DFL objectives to stakeholders, in order to ensure that all initiatives that are carried out address priority areas and are consistent with the overall effort.
- Link DFL interventions to existing knowledge-sharing initiatives at the national level, to promote DFL objectives, messages and content, and increase awareness among the general population.
- Identify a suitable national coordinator or a technical lead (e.g., collegiate, influential) that protects the implementation of DFL interventions, as far as possible.
- Identify explicit mandates of all stakeholders involved, as this helps to facilitate inter-agency cooperation with a broader range of stakeholders and authorities.

3. Challenge: Lack of evidence-based approaches

Key Recommendations:

- Assess the levels and needs with regards to DFL using international data collection methodologies - whenever available.
- Use the results of data collection in the industry to highlight priority action areas and priority groups and objectives.
- Establish objectives based on the evidence collected and link the objectives of DFL interventions with the gaps and challenges identified - with special attention to the population segments most vulnerable.

- Define measurable objectives for the industry. From the surveys and baseline studies, establish indicators or measures of the established objectives, which allow monitoring and serve as the basis for the monitoring and evaluation stages.
- Complement evidence-based diagnosis that identifies priority target populations through consultations with public authorities and stakeholders, who have knowledge insight into target groups and responsibility for interventions delivery.
- Consult target groups, through interviews, focus groups or qualitative research, to ensure that the content and format of financial education training programs, and the financial products and services directed at them, are appropriate to their needs and capabilities.
- Adapt the provision of DFL initiatives to the needs of the target groups, based on quantitative evidence, as well as qualitative research (interviews, focus groups, stakeholder consultations).

CONCLUSION

Advancing DFL of a population is crucial to enhance access to and usage of quality formal financial services and preserve financial inclusion gains. The COVID-19 pandemic led to an unprecedented growth in the use of DFS globally, highlighting the imminent necessity to adequately build the capacity of consumers in the use of DFS.

This Toolkit will complement the AFI's Guideline Note on DFL in providing practical guidance for regulators and policymakers to deepen DFL within their jurisdictions.

Together with AFI's Guideline Note on DFL, it represents the first attempt in the field to formally define DFL and guide its implementation. Within the AFI network, it will serve to continue the capacity building of the network and beyond.

ACRONYMS

AFI	Alliance for Financial Inclusion
API	Open Application Programming Interfaces
ATM	Automated teller machine
BoU	Bank of Uganda
BSP	Bangko Sentral ng Pilipinas
CBN	Central Bank of Nigeria
CFI	Center for Financial Inclusion
DFL	Digital Financial Literacy
DFS	Digital Financial Services
FIGI	Financial Inclusion Global Initiative
G2P	Government-to-persons
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IDP	Internally Displaced Persons
M&E	Monitoring and evaluation
MSME	Micro, Small and Medium-sized Enterprises
NFES	National Financial Education Strategy
NFIS	National Financial Inclusion Strategy
OECD/INFE	Organisation for Economic Co-operation and Development / International Network for Financial Education
PPP	Public-Private Partnership
SME	Small and Medium-sized Enterprises

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