



**COLOMBIA  
PROMOTION OF SAVINGS CULTURE IN FAMILIES IN POVERTY**

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Promotion of  
savings culture in  
families in poverty.

Working Paper, 168

COLOMBIA.

PROMOTION OF SAVINGS CULTURE IN FAMILIES IN POVERTY. RESULTS OF THE FIRST YEAR OF THE PILOT PROGRAM

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This document was prepared by Beatriz Marulanda, Mariana Paredes and Lizbeth Fajury, the Colombian firm Marulanda Consultores. The pilot program "Promotion of Culture of Savings Families in Poverty" was an initiative of the Bank of Opportunities, the Department for Social Prosperity (formerly Social Action) and the National Department of Planning and had the Capital Project support. For the preparation of this document was received support and collaboration of officials of these entities, without which this effort would have been impossible.





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# Colombia.

PROGRAM FOR THE PROMOTION OF THE CULTURE OF SAVINGS IN FAMILIES IN POVERTY.  
RESULTS OF THE FIRST YEAR OF THE PILOT PROGRAM.

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## ÍNDICE

Acronyms	9
Executive Summary	11
Executive Summary	17
1 introduction	23
2 background	25
objective	27
Final design project	30
Instruments	30
Impact Assessment	34
3 Implementation: Progress and challenges	41
Financial education	42
Monetary incentive	50
Impact Assessment	53
4 preliminary results	57
Qualitative results	59
Quantitative results	64
Comparison of average balances by area	65

Results by type of intervention	67
Results by type of intervention and municipality	68
Analysis of the behavior of the accounts whose average balances They are in the top quartile after interventions	73
Results of transactions	76
5 Challenges to the Future	81
bibliography	85
Annex 1 Questions that seeks to respond Impact Assessment	87
Appendix 2 Tables Support Results	88



## Acronyms

ACE:	Action Social
ATM:	ATM Automatic (by its English acronym)
BA:	Bank Agrarian
BANCOLDEX:	Bank Foreign Trade and Business Development
BDO:	Banking of Opportunity
BFA:	Bankable Frontier Associates
IDB:	Interamerican Development Bank
BRI:	Bank Rakyat Indonesia
CGAP:	Consultative Group to Assist the Poor
CIREC:	Integral Rehabilitation Center of Colombia
CNB:	Correspondent nonbank
COP:	Colombian pesos

DEPP:	Address Evaluation of Public Policy DNP
DNP:	Department National Planning
EF:	Financial education
Etesa:	Business Territorial Health
FA:	Families in Action
Fundaseg:	Colombian insurers found.
GALC:	Local saving/credit groups
ICV:	Index Quality of Life
IEP:	Institute Peruvian Studies
IM:	Monetary incentive
MO:	Microfinance Opportunities
NBI:	Unsatisfied Basic Needs
PC:	Capital project
PEA:	Population economically Active
PET:	Working Age Population
PGEF:	Program Global Financial Education
PPCa:	Draft Culture Promotion Savings
ProM. before:	averages preoperatively
ProM. after:	Averages after the intervention
Sena:	National Learning Service
UT:	Temporary Union
VPN:	Net Present Value

**M**ain challenge facing Latin American governments in their fight against poverty is to identify the most effective and effective instruments that consider a multidimensional approach and start from the recognition of the various risks faced by poor families. From this challenge, financial inclusion has been recognized as an important element that facilitates and allows these families to protect themselves and thus avoid falling into the so-called "traps of poverty".

Thus, the existence of programs conditional subsidy offers an exceptional opportunity to promote financial inclusion by its focus on the target population, and the need to solve the operational challenge of paying subsidies which usually involved some financial institution. From this fact, in 2008 the Colombian government took the decision to pay subsidies program Families in Action (FA) through the subscriber not open a savings account name of each beneficiary. The government decided to go even further and promote the culture of formal savings leveraging the banking of beneficiaries. To this end the pilot program for promotion savings culture aimed at supporting this process was designed and used in the design two instruments: financial education and monetary incentives. Meanwhile, planning to expand the pilot program to a larger number of beneficiaries in the future, it was the need for consistent and conclusive information about the results of interventions designed, so the decision to accompany the implementation of took pilot with an impact assessment program.

The purpose of this paper is to present the results of the first year of operation of this pilot program, to document their implementation, identify constraints and bottlenecks in implementation and determine what has been so far, the most effective instrument to promote formal savings. Since it has only after the first year of the pilot program, the results of this paper are inconclusive, but allow identify the trend of the results of the comparison of different interventions on the behavior of household savings.

The Culture Promotion Project Savings (PPCA), has been supported by the FA program administered by Social Action, the National Planning Department, Banking of Opportunities, and Capital<sup>1</sup>. For project for implementation he supported in the Agricultural Bank as bank responsible for payment and account management and in Assenda<sup>2</sup> as company responsible for implementing the financial education component. In each of these institutions many people were involved in the design and implementation of the different components and were responsible for this project it has been a reality.

### Design and treatment of pilot program interventions

The selection of the target population of the pilot program was carried out per the design of the impact assessment, selecting the municipalities where the process of opening accounts in the Agricultural Bank had already taken place. It selected a group of municipalities that had an office Agricultural Bank online banking or non-correspondent, who had at most another bank, and they had no intervention from other government programs with similar objectives. After application of these main criteria and considering the evaluation design, twelve municipalities were selected randomly in three directions (north, south and central) regions, including three municipalities of control. Different types of intervention were implemented in nine municipalities (three in each region) while in the municipalities of control no additional incentive offered to savings accounts. The universe of beneficiaries was estimated at a total of 48,212 people. Depending on the municipality who inhabited the beneficiaries could receive: i) financial education accompanied by a monetary incentive (E + I), ii) only financial education (E), iii) only incentive (I), or iv) receive nothing for they belonged to the control group (C). The monetary incentive, aimed to encourage families to overcome their distrust of the financial system. This consisted of a quarterly draw in each of the municipalities where this intervention was applied, wherein each beneficiary participating in the draw with your account number. The winning recipient was accorded a prize of equivalent value to increase tenfold your average savings balance in the previous quarter, but could exceed the amount of US \$ 2,500.

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1. See: <[www.proyectocapital.org](http://www.proyectocapital.org)>.

2. Specialized in logistics and technology company is part of Carvajal group. Its name during the implementation of financial education changed Carvajal Technology, however in this document will be mentioned with the name of Assenda with whom he met during the development of the pilot program.

Financial education was conceived from the beginning as the means of transmitting knowledge and mothers seeded leave messages that will support the project goal and achieve a change in behavior in the long term. The pilot program PpcA based on the best international financial education programs adapted and developed two models of primers that were applied according to the type of intervention designed by the municipality. The complete primer included six workshops to be developed in six months, with an approximate duration of 2 hours 30 minutes per session and a total of 14 hours 45 minutes, trying various topics.

**Table 1**  
Intervention types by region and municipality

Intervention type	Department	Municipality	Number of Mothers	Region
<b>Education + incentive</b>	Antioquia	Necoclí	7,687	North
	Huila	Giant	2,516	South
	Meta	Puerto Lopez	2,780	Center
<b>Education</b>	Cordova	Ayapel	6,	North
	Huila	Timaná	2,	South
	North of Santander	Zulia	2,	Center
<b>Incentive</b>	Caldas	Samana	2,418	Center
	Cordova	San Andres de Sotavento	9,128	North
	Nariño	Yacuanquer	1,393	South
<b>Control</b>	Cordova	Cienaga de Oro	7,	North
	Nariño	Consaca	1,	South
	North of Santander	Tibu	3,	Center
<b>Total</b>			48,212	

Source: Bank of Opportunities

## MAIN Results

At the end of the first year is information about the evolution of the savings of the beneficiaries who participated in the pilot program, based on the analysis of the figures who shared the Agricultural Bank. In addition, throughout this year was possible recA- bar qualitative information, not statistically representative, through focus groups, approaches and talks with beneficiary operators Assenda or the same bank, about the opinion who were the beneficiaries on the different aspects of the PPCA.

- Beneficiaries expressed "very likely" the possibility of leaving part of the subsidy they receive from the FA program in the bank account. When asked about their motivations for saving in a formal institution, they asserted that there the money was safer and also allowed them to receive interest. On the purpose of saving, they said to be interested in saving for their children's future, especially for studies and to buy clothes. They also mentioned their usefulness for emergencies. With a longer-term purpose mentioned that it could start a business, buy some household appliance or fix or buy a home.

- These findings allow to be optimistic about the impact achieved with financial education, however the beneficiaries mentioned in some cases certain complaints and discomfort:

- The quality of service at the time of payment of the subsidy is not perfect, even the long lines, which are aggravated by the failure of ATMs remain:

"... I know not handle the cashier him if he knows (referring to her son), he tells me to let him withdraw and I only do it when I see that there is a need, I prefer to tell a friend to accompany me to take ... "

*(Focus group beneficiary of Puerto Lopez).<sup>3</sup>*

- Abuse of some of the commercial establishments authorized to carry out withdrawals, who when paying the subsidy were charged a fee for each withdrawal.

"... What happens is that if you are a customer know the guys come in and do one the favor, but not rural people, several people from San Andrés continue removing them COP 2,000.<sup>4</sup>Or has one you buy COP 5000 or COP 10,000 ... "

*(Focus group Leeward beneficiary)*

- The fear of the beneficiaries to leave the savings account to the possibility that the FA program the program remove the need to consider the subsidy is no longer justified.

"It is known [...] that one cannot enter more than one million in the month, more than two minimum wages. If I now sell four beds I paid COP 500,000, if I consign to the account [...] Last year I came up well, then told me not to do it because then they realize and they will say you win a lot, you're well and you do not need the Colombia Plan [...] eh, Families in Action .... "

*(Focus group Leeward beneficiary)*

Moreover, based on the movement of savings accounts of beneficiaries in the Agricultural Bank between June 2009 (before the PPCA) and June 2011 (PPCA already implemented),<sup>5</sup> corresponding to the average balances information worked for account in the 12 municipalities of the pilot program from which:

- The first result that throw the figures analyzed is positive, as the average balance of savings accounts for the entire sample was increased after the intervention although marginally. The results were different in the three regions intervened noting that there are economic and cultural variables that affect savings behavior differently between regions and motivators are not the same in all geographic areas.
- Because of the banking, the beneficiaries seem to be naturally begun to use their savings accounts and leave higher balances in these accounts, which is confirmed when the result of savings is analyzed in the municipalities of control, in which both

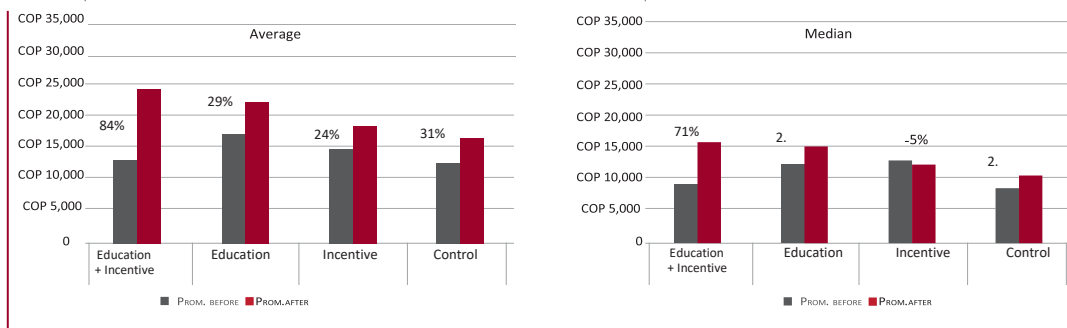
<sup>3</sup> Information from focus groups in the project contracted by CGoP (*Consultative Group for Assisting the Poor*) To the firm Bankable Frontier Associates-BFA within the project that was intended to deepen in three key areas of Conditional Cash Transfer Programs in four countries (Brazil, Colombia, Mexico and South Africa).

4. 1 US \$ = 1,900 Colombian pesos (COP).

5. Information concerning account balances averages in the 12 municipalities in the pilot program.

mean as medians show that balances increased even without intervention. While all instruments used in the procedure are effective to encourage increased savings, municipalities receiving treatment with more financial education a monetary incentive, are those that show the greatest response to the increase in savings after the intervention. This is seen through the average and confirmed with the median in the municipalities where they told financial education and monetary incentive increased savings was 84%, with a median of 71%.

**Graph 1**  
COMPARING average balances by type of intervention



Source: Statistical Report prepared based on figures from the Agricultural Bank.

By making a detailed analysis by municipality some questions arose. For example, two of the municipalities offered financial education reported the lowest attendance same ma, however were the municipalities where the largest percentage change in average balances after the intervention was observed. Behaviors like these demanded additional comparative analysis and suggest the need to continue exploring what kind of information and content that are most effective in promoting formal savings culture among the beneficiaries of Subsidy Conditional Programs.

Regarding the channels used and the number of transactions made by the beneficiaries in their savings accounts, limitations that affected the results found: it was evident that the beneficiary interact with your account mainly through ATMs, and little flock offices since the subsidy is paid through ATMs. Affiliate networks use the bank trades very little, because the debit card does not allow them to make purchases. These limitations, combined with the minimum withdrawal amount at the ATM, affected the outcome of interventions and had an impact on the change in saving behavior among others determining that the beneficiaries interact with the account almost exclusively in the month's payment subsidy.

## Future Challenges

The first year of pilot PPCA has been especially important for the lessons learned regarding the implementation process in each of the participating entities and allowed to point out the aspects that must be considered from the design of the pilot program to achieve development with less inconvenience. In practice, the implementation of each intervention instruments has required adjustments in schedules. They also have arisen on the path unplanned activities and difficulties that have delayed its development versus what was planned in the design. Therefore, still not be sufficient to have results which demonstrate the efficacy or not of the instruments used.

Implement a pilot program faces enormous difficulties, even if it had careful to choose a type of incentive that involved the least "intrusion" into their processes in design. During the next year, it will be necessary to assess whether the implementation of these incentives induce a change in savings habits of the beneficiaries.

About intervention tools, available figures indicate that provided financial education, even more if combined with an incentive that rewards do generate greater propensity to save in the formal financial system.

Another important lesson of this pilot was to show that it is not enough to offer a savings account to the beneficiaries to move from a culture of informal savings to formal savings, but the account features, costs, the means to make use of funds available channels and the information provided are vital to ensure effective savings.

Finally, given that the results achieved so far have been positive in terms of growth trends but not conclusive in terms of balances saved, it is considered of the utmost importance to deepen the analysis of future results before thinking about a next phase of expansion.

Processes of change in the financial behavior of people undoubtedly take time and despite having faced adverse circumstances in terms of the operational aspects of this pilot program, the results are positive and encouraging.



The greatest challenge for Latin American governments in combating poverty is to identify effective, multifaceted tools that recognize the various risks poor families face. Because of this challenge, inclusion in the financial system is now seen as an important factor in enabling these families to protect themselves or mitigate the impact of risks and avoid falling into “poverty traps.”

Conditional cash transfer programs are an excellent way to promote inclusion in the financial system, because they target this population and because financial institutions are usually used to solve the operational challenge of making the cash transfer. In Colombia, in 2008, the government decided to make the payments for the Familias en Acción (Families in Action, FA) Program through deposits in a savings account opened in the name of each beneficiary. Taking advantage of the beneficiaries’ inclusion in the financial system, the government decided to go even further and promote a formal savings culture. It designed the Proyecto Promoción de Cultura del Ahorro – Ppca (The Project to Promote Formal Savings), which included interventions involving two tools: financial education and cash incentives. It was clear, however, that if the pilot were to expand to include more beneficiaries in the future, robust, conclusive information about the results of the interventions would be needed. The decision was therefore made to accompany the implementation of the pilot with an impact evaluation.

This paper presents the results of the first year of the pilot project’s operation, documenting its implementation, identifying constraints and bottlenecks, and determining what has been the most effective tool so far for promoting formal savings. Because the pilot has been under way for

only one year, the results described in this paper are not yet conclusive, but they do point to trends in results of the comparison of the impact of various interventions on families' savings behavior.

The Project to Promote Formal Savings, has received support from the FA program managed by Acción Social (Accion Social), Departamento Nacional de Planeación (National Planning Department), Banca de Las Oportunidades, and Proyecto Capital.<sup>6</sup> The Banco Agrario was responsible for making payments and managing accounts, and Assenda<sup>7</sup> was the company responsible for implementing the financial education component. In each of these organizations, many people were involved in the design and implementation of the various components and made it possible to bring the project to fruition.

### Design and Implementation of the Pilot Intervention

The beneficiaries of the pilot project were chosen based on the design of the impact evaluation, selecting districts in which the process of opening accounts in the Banco Agrario had already taken place. The group of districts chosen had on-line Banco Agrario offices or a non-bank corresponding entity, a maximum of one other bank, and no other government programs with similar objectives. Based on these key criteria and taking the evaluation design into account, 12 districts in three regions (north, south and center) were selected at random, including three control districts. The various types of interventions were implemented in nine districts (three in each region), while no incentive besides the savings accounts was offered in the control districts. The universe of beneficiaries was estimated at 48,212 people. Depending on the district where they lived, the beneficiaries could receive: i) financial education accompanied by a cash incentive (E+I), or ii) only financial education (E), or iii) only a cash incentive (I), or iv) nothing, if they were in a control district (C).

The purpose of the cash incentive was to encourage families to overcome their distrust of the financial system. This consisted of a quarterly lottery in each district where the intervention was implemented, in which each beneficiary participated with her account number. The winning beneficiary received a prize equal in value to 10 times her average savings balance in the preceding quarter, to a maximum price of US\$ 2,500.

From the outset, financial education was conceived as the means for transmitting knowledge to the mothers and instilling messages that would support the project's goals and lead to long-term changes in behavior. Drawing on the best financial education programs in the world, the Ppca pilot adapted and developed two education models, which were implemented in accordance with the design for each type of district. The complete program consisted of six workshops to be held over six months, with an approximate duration of 14 hours and 45 minutes, divided into sessions of two and a half hours each, addressing various topics.

6. See: <[www.proyectocapital.org](http://www.proyectocapital.org)>.

7. This company, which specializes in logistics and technology, is part of the Carvajal group. While the financial education component was under way, it changed name to Carvajal Technology ITS. This paper will refer to it as Assenda, However, ITS Which was the name During pilot project.

**Table 1**  
Intervention types by region and municipality

Intervention type	Department	Municipality	Number of Mothers	Region
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<b>Education</b>	Cordova	Ayapel	6,	North
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	North of Santander	Zulia	2,	Center
<b>Incentive</b>	Caldas	Samana	2,418	Center
	Cordova	San Andres de Sotavento	9,128	North
	Nariño	Yacuanquer	1,393	South
<b>Control</b>	Cordova	Ciénaga de Oro	7,	North
	Nariño	Consaca	1,	South
	North of Santander	Tibu	3,	Center
<b>Total</b>			48,212	

Source: Bank of Opportunities

## MAIN OUTCOMES

When the first year ended, there was information about the savings history of the pilot project beneficiaries, based on analysis of figures provided by the Banco Agrario. Throughout the year, it was also possible to gather information that was qualitative, but not statistically representative (through focus groups and conversations with beneficiaries and staff of Assenda or the bank), about the beneficiaries' opinions of various aspects of the Ppca.

- The beneficiaries said it was "very likely" that they would leave part of the subsidy received from FA in the bank account. When asked about their motivation for saving in a formal institution, they said their money was safer there and they received interest. When asked about the purpose of saving, they said they were interested in saving for their children's future, especially for their education and to buy them clothes. They also mentioned that savings was useful for dealing with emergencies. In the longer term, they said savings could be used to start a business, buy appliances, or to remodel or purchase a home.
- These comments provide grounds for optimism about the impact of financial education, although the beneficiaries mentioned some complaints:

The quality of the subsidy payment service is not yet perfect; there are still long lines, a problem exacerbated by a lack of automatic tellers:

*"... I do not know how to use the automatic teller. He (her son) does know. I have told me to let him make the withdrawals, and I only do it when there's a necessity. I prefer to ask a friend to go with me to get the money ... "*

*(Puerto Lopez, beneficiarie Focus Group)<sup>8</sup>*

<sup>8</sup> Taken from information from focus groups contracted by Cgap (Consultative Group for Assisting the Poor) to Bankable Frontier Associates (BFA) as part of the project, to gain a deeper understanding of three key areas of the conditional cash transfer programs in four countries (Brazil, Colombia, Mexico and South Africa).

Abusive practices by some commercial establishments Where can be authorized withdrawals made, which charge a commission for each withdrawal from the subsidy payment.

"... If you're a customer, the people there know you and do you a favor. But not if you're from a rural area. Many people from San Andrés get charged COP 2,000.<sup>9</sup> Or You have to make purchases totaling COP or COP 10,000 5,000 ...".

*(San Andres de Sotavento beneficiarie Focus Group)*

- Some beneficiaries are afraid to leave savings accounts in Their Could FA decides Because the subsidy is no longer justified and withdraw them from the program.

"Everybody knows [...] That you cannot deposit more than a million in a month, more than twice the minimum wage. If I sell the four beds now, they pay me 500,000 COP, If They deposit it in the ac- count. [...] That Happened to me last year, And They Told Me Not to Do That, because someone will notice and tell me That I earn too much, I'm doing well and I do not need Plan Colombia [...] I mean

Families in Action .... "

*(Cienaga de Oro beneficiarie Focus Group)*

Based on the transactions in the beneficiaries' savings accounts in the Banco Agrario between June 2009 (before the Ppca) and June 2011 (with the Ppca implemented),<sup>10</sup> the average balances in the accounts in the 12 pilot districts were calculated, with the following outcomes

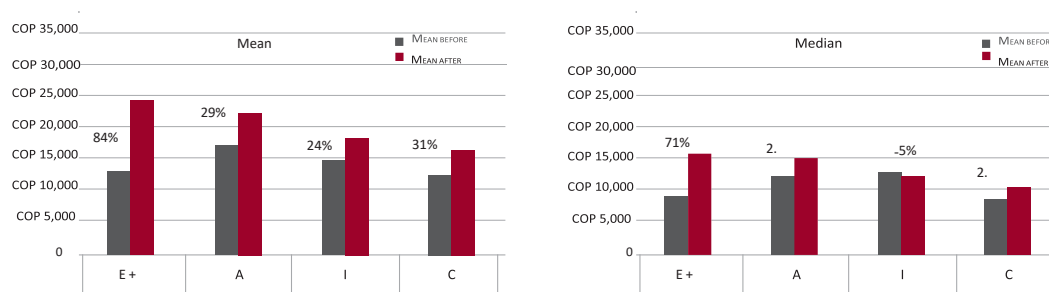
- The initial results of the analysis are positive. The average balance in the savings accounts in the Entire Increased sample after the intervention, only, Although marginally. The results Were different in the three intervention regions, Because of economic and the cultural variables That Affect savings behavior in different regions differently, and are not motivators Because the same in each geographic area.
- As a result of being included in the financial system, mothers Appear to be naturally beginning to use Their savings accounts and to leave a larger balance in the accounts. This is confirmed by an analysis of the savings outcomes in the districts control Where the averages and medians Both show That balances even without the intervention Increased. , Although all the tools used in the intervention Were effective for motivating Increased savings, the districts That re- received financial education plus a cash incentive Had the largest Increase in savings after the intervention. This is seen in the average and confirmed by the median; With Both districts in financial education and a cash incentive, savings Increased by 84 percent with a median of 71 percent.

9. 1 US \$ = 1.900 Colombian Pesos (COP).

10. Information About the average account balances in the 12 pilot districts.

**Graph 1**

**Comparison of average balance by Type of Intervention**



Source: Statistical report based on figures provided by the Banco Agrario.

A detailed analysis by district raises some questions. For example, two districts in which reported financial education was the lowest attendance, although they were the districts with the largest change in average balances after the intervention began. Such behaviors require additional comparative analysis and suggest the need to continue exploring the type of information and content that could be most effective for promoting a culture of formal savings among the beneficiaries of conditional subsidy programs.

Regarding the channels used and the number of savings account transactions per beneficiary, constraints affected the results: the beneficiaries mainly access their accounts through automatic tellers, and rarely go to the office, because the subsidy is paid through ATMs. They make little use of commercial networks affiliated with the bank, because the debit card does not allow them to make purchases. These constraints, along with the minimum ATM withdrawal amount, affected the outcome of the intervention and influenced the change in savings behaviors, among other things by encouraging mothers to access their accounts almost exclusively in the months when they receive a subsidy payment. The beneficiaries' use of channels that do not allow them to make other transactions affects the number of deposits: on average, only 0.6 percent of the accounts register fewer than one deposit, while 25 percent made two or more deposits.

### Challenges for the Future

The first year of the Ppca pilot has been especially important for deriving lessons about the implementation process in each participating organization and has highlighted aspects that must be considered beginning with the design phase of the pilot, to minimize problems. In practice, the implementation of each of the intervention tools has required adjustments to the time line, while unforeseen activities that arose after the project began have led to delays not anticipated in the design. As a result, there are still not enough results to draw conclusions about the effectiveness of the tools used. In implementing the Ppca, it has been possible to identify paradigms that must be broken and in which it is necessary to work with each of the participating entities. (CP)

Implementing a pilot program poses huge difficulties, even if special care is taken during the design to choose a type of incentive that would imply the least “intrusion”. During the next year, it will be necessary to evaluate whether these incentives really do encourage beneficiaries to change their savings habits.

About the intervention tools, the available figures indicate that the financial education provided, especially when combined with an incentive that rewards savings effort, creates a greater propensity for saving in the formal financial system.

Another important lesson from this pilot has been that offering beneficiaries a savings account is not enough to turn a culture of informal saving into a culture of formal saving; the characteristics of the account, its costs, the means for making use of the funds, available channels and information provided are also crucial for ensuring effective saving.

Finally, because the results so far show a growth trend but are not decisive in terms of savings balance, more detailed analysis of future results will be needed before considering an expansion phase.

Changes in people’s financial behavior clearly take time; despite some adverse circumstances in operational aspects of this pilot program, the results are positive and hopeful.

# 1 | Introduction

Identify the most effective and efficient tools to combat poverty in developing countries are a challenge that many governments face. From a multidimensional approach based on the recognition of the various risks that poor families face, financial inclusion has been recognized as an important element that facilitates and allows these families protect or mitigate their impact and avoid falling into a so-called "traps poverty". Bring these families to financial services provided by supervised entities to improve the quality and safety of financial instruments that handle<sup>11</sup> is, however, extremely complex. First, there is evidence of a huge self-exclusion of potential customers who input not even foresee the possibility of being treated at a formal financial institution. But, on the other hand, there are few formal financial institutions that have managed to find a sustainable way to offer financial services, especially when it comes to mobilizing low-cost savings.

Conditional subsidy programs offer an exceptional possibility. On the one hand, they have the target population focused, and on the other hand, they have an operational challenge to pay the subsidies, a stage in which a financial institution usually participates. Based on this reality, the Colombian government decided in 2008 to pay subsidies from the "Families in Action" Program (FA) through a credit to a savings account opened on behalf of each beneficiary. Then, the government decided to go even further and designed the pilot program of the Promotion Program

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11. See Collins, D., *et al.* 2009. *Portfolios of the Poor: How the World's Poor Live on \$ 2 a Day*, Princeton University Press.  
MIDAS USAID, 2007. *Survey informal credit market in Colombia*. Final report. Econometry S.A. Colombia.

savings of Culture aims to support this process by providing financial education and monetary incentives to promote savings culture among the beneficiaries of the FA program. To determine the effectiveness of these instruments to stimulate savings culture in an expansion phase it was designed from the outset an impact assessment.

The aim of this paper is to present the results of the first year of operation of this pilot program, to document its implementation and identify constraints and bottlenecks in implementation. Likewise, seeks to identify the most effective tools promote formal saving, so that can be used in the following program phases. As far as secondary information permitted and to the extent that has just passed the first year of the pilot program, this first analysis results also suggest which seek ca instrument pilot program was the most efficient way to achieve the purpose of increasing savings beneficiary families of subsidies conditional FA program. For that, the design of the pilot intervened<sup>12</sup> randomly selected municipalities which were applied to different types of instruments. They also control selected municipalities in which any supplement is not offered savings accounts.

The Culture Promotion Project Savings, hereinafter PPCA, it is financed with Banca de las Oportunidades and had the support of the Familias en Accion Program, administered by Social Action, the National Planning Department and the Capital Project. In the implementation phase of the Agrarian Bank participated as an entity responsible for paying subsidies FA fertilizer program through savings accounts and manage the TiVo monetary incentive, and AssEnda<sup>12</sup> company responsible for implementing the financial education component. Countless people from each of these institutions were involved in the design and implementation of the different components and were responsible for this project has been a reality. We hope that this document is a true reflection of all the effort spent by these people.

It is clearly, however, that the main "actors" of this project are women beneficiaries of FA program subsidies, with statements collected throughout the document, outlining your real needs, the challenges faced and the difficulties to which every day overlap. Their testimonies justify continuing to seek the best ways to achieve truly useful strategies financial inclusion.

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12. Specialized in logistics and technology company, part of the Carvajal group. Its name in the course implementation of financial education changed Carvajal Technology. However, in this document will be mentioned to by the name of Assenda, with whom he met during the development of the pilot program.



## 2 | Background

Promoting savings among low-income population has been a priority of the Colombian government since 2006 when the policy was launched access to financial services Banca de las Oportunidades (BDO), which had basically three instruments of intervention: promoting regulatory reforms to facilitate an adequate framework to boost access to financial services sectors so far not served by the formal financial system,<sup>13</sup> project management to facilitate the approach of suppliers of financial services to customers potentials; and finally, the supply of various types of direct incentives to improve coverage, quality and methodologies to meet the target population, all assigned to am- open unemployment and calls competitivas.<sup>14</sup> In parallel, also in 2006, the Colombian government defined<sup>15</sup> the main guidelines for the creation of the Network of Social Protection Against Extreme Poverty, Red Juntos (now Network attached) which became the main policy to combat poverty. As part of this strategy, and starting from a multidimensional approach, different achievements (classified in nine dimensions) should reach <sup>16</sup> families to overcome their poverty, within which the role of access is defined included comprehensive financial services.

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13. The formal financial system is composed of banks, finance companies, credit unions, and cooperatives regulated and supervised financial activity in Colombia. Also, part of non-governmental organizations (NGOs) microcredit accessing resources Bancoldex, The second-tier bank in the country.

14. see<[Http://www.bancadelasoportunidades.gov.co](http://www.bancadelasoportunidades.gov.co)>. document CONPES 102 2006.

15. document CONPES 102 2006. See<[Http://www.accionsocial.gov.co/Red\\_Unidos/Unidos.aspx](http://www.accionsocial.gov.co/Red_Unidos/Unidos.aspx)>.

16. see <[Http://www.accionsocial.gov.co/Red\\_Unidos/Unidos.aspx](http://www.accionsocial.gov.co/Red_Unidos/Unidos.aspx)>.



The subsidy program conditional Families in Action was created in 2000 by the government of Colombia to supplement the income of low-income families with children under 18, to prevent dropouts and nutritional deficiencies related with the lack of sufficient income at home. The grant is an incentive to form human capital with two primary foci. One, the promotion of food consumption, which involves the incorporation of better nutritional habits and actions of health care and nutritional, especially following to minors, which is monitored through regular checkups. Two, the promotion of school attendance and permanence in the levels of primary education, basic secondary and vocational media, verified through controls on school attendance.<sup>17</sup>

The nutritional component supports \$ 50.000<sup>18</sup> COP month per family with children under seven years; and the educational component supports COP 15,000 per month per student in primary and COP 30,000 per high school student.

Indeed, the importance afforded access to financial services for families in poverty by the Government of Colombia was what led to the FA program set as a condition the payment through credit to savings accounts, opening a new contract call for condicionados.<sup>19</sup> payment of subsidies in such call was requested to banking establishments delivery of bi-monthly payments conditional grant is made through the payment into savings accounts specifically created for this purpose.

Aware of the magnitude of the effort that this would require, financial authorities seized regulatory efforts that made possible the opening of savings accounts on a massive scale, appropriate to the target population of these subsidies characteristics. Initially Savings Accounts Low Monto, which were then called Electronic Savings Accounts were created, whose characteristics were: not requiring a minimum opening, offering two free transactions a month and a balance inquiry and not charge fixed commissions mentioned suales.<sup>20</sup> Complementing these accounts were exempt from forced investments weighing on savings accounts in Colombia,<sup>21</sup> while the Financial Supervisory facilitated and simplified the requirements for opening. The rules of these accounts were issued in 2007 and therefore in the tender that opened the FA program was specified that the accounts to be opened were of that type. Only the Agricultural Bank (BA) in association with Assenda as Logistics Company, manufacturing and processing cards, appeared and was assigned the call, so it should advance the process of opening savings accounts 2,300,000 for the next two years.

17. See <<http://www.accionsocial.gov.co/contenido/contenido.aspx?catID=204&conID=157&pagID=276>>.

18. Consider for the whole document that 1 US \$ equals 1,900 Colombian pesos (COP).

19. Between 2000 and 2005, the Families in Action Program assisted 620,000 beneficiaries, mainly in urban areas. In 2007 it had its first major expansion into rural areas, reaching 1.5 million beneficiaries. In 2009 Had a second expansion to reach a total of 2.2 million in 2010.

20. In previous studies carried out as a diagnosis based on which the Oportunidades Banking Program was structured, it was clear that one of the main complaints of the lower income population vis-à-vis the financial system was the charging of fixed commissions "without knowing why", as well as deductions from the tax on financial transactions that has existed in Colombia since 1998.

21. The exemption was contemplated from the Development Plan and was included in Decree 1119 of 2008 that regulated the accounts.

From that moment, BDO initiated the design of the pilot program to promote savings in low-income population, in order to identify the most appropriate tools for modifying saving practices of this population that usually does not use formal financial services, whether by barriers in supply or autoexclusión.<sup>22</sup> It was felt that the best strategy to implement the pilot program was to seize and open accounts for beneficiaries of the FA program, because not only is it already had the institution financial, proper targeting of intervention tools is also ensured.

In this process, co-administered by the Capital<sup>23</sup> Foundation and the Instituto de Estudios Peruanos,<sup>24</sup> part of the initiative promoted at regional level by the Ford Foundation aimed at promoting the implementation of public policies linking protection joined Capital Project social and financial inclusion, through the mobilization of popular savings. This initiative was presented at the end of 2007 to different countries in the region (Argentina, Chile, Colombia, Ecuador and Peru) to explore collaborative interest in this materia.<sup>25</sup>

To realize this support, in May 2008, an agreement between the Government of Colombia represented by BDO, the National Planning Department (DNP), Social Action, and the Capital Project to design and implement the pilot program was signed Promotion of Culture of savings in Families in poverty (Ppca), conceived as the first phase of the strategy to generate a cultural change in savings habits of the population in poverty in the country.

Once awarded the contract by the FA program to Banco Agrario, in 2009 BDO led the design of the various components of Ppca and funded instruments as part of their intervention strategies.

### Objective

The ppcA was formulated to achieve three basic objectives: (i) transform part of non-formal savings of beneficiary families in formal financial savings, (ii) increasing saving these families to accumulate assets in liquid form and (iii) facilitating financial transactions through secure and efficient means, given its importance for true economic inclusion of these families. All this had as its ultimate objective to improve the living conditions of the beneficiary families, providing them with a tool to facilitate them out of poverty traps they face every day.

22. See Marulanda Consultores, 2004. Banking in Colombia, Ministry of Finance and Public Credit.

Midas Usaid, 2007. Informal credit market survey in Colombia. Final report. Econometría S.A. Colombia.

23. For more information consult: <<http://www.fundacioncapital.org>>.

24. For more information consult: <<http://www.iep.org.pe>>.

25. For more information consult: <<http://www.proyectocapital>>.

Studies carried out so far suggested<sup>26</sup> that to achieve a change in practices savings it was not enough to make available "right" to the needs of the target population savings products considered. It was also necessary to make a more direct level of demand that would serve as a clear incentive to transform the informal savings to formal savings, fighting the factors that prevented the use of financial products by the intervention population.

To design a strategy for achieving access and use of savings accounts by the low-income population it was studied in detail the successful experiences in mobilizing savings from low-income segments. Starting from the review of national and international experiences such as BRI in Indonesia and Banrural in Guatemala. This analysis was complemented by field visits to programs promoting savings developed in Peru (Corredor Puno-Cusco Program and Sierra Sur<sup>27</sup> and discussions with experts from the Capital Project to assess the advantages and disadvantages of these experiences related customer, the bank and the fiscal cost to the state.

As a fundamental part of the program design, it was considered necessary to include a financial education strategy aimed at achieving a change in behavior of savings among families participating in the project. This was a key element in the experience of Peruvian program, and there were indications of other international experiences indicate that financial education was essential to change behavior in demand.

26. see Midas-Usaid, 2007. *Econometrics study informal credit market in Colombia*.

TRivelli, C. and J. YAncari, 2008. *The first savers Corridor Project: Evidence from the first cohort of savers a project*. 153. Available Institute of Peruvian Studies, Working Paper No. in <Http://www.proyectocapital.org>.

ZilvettY, V. Y I. Founts, 2010. "A look external of the draft from women saving in action. Lessons I learned-give this experience." Capital project, in short No. 19. Available<Http://www.proyectocapital.org>.

27. Development Program Puno-Cusco. For more information see: <http://www.foncodes.gob.pe/mpco-rredorPC.htm>.

Sierra Sur Development Program. For more information see: <Http://www.sierrasur.gob.pe>.



### What was the starting point?

"I always what I do is that I spend, say that children need so and so ready, but bought what they needed the child, and the rest I keep around to see if they already ask for a pencil, they need a notebook, which [...] good to go for several tidbits well and out of that."  
" Natagaima

"I say that suddenly reach to save, the issue is that in the home should always be someone to do it. For example, that's me in my house. I like to save a lot; however, my husband is wasteful, He takes any dollar and he spends it ". Natagaima

"For example, right now in these moments that give us everything, saving one hand because I have the expense of the first communion of my daughter and the other spending with them, seeing them as need one flip-flops, I buy them with is talk that comes there, they need little thing, but I always saving, I have my savings right now if god wills. " Sibundoy

"I save leaving part of the subsidy to the account, for example, would there because my husband works and can also help out at home, then when necessary take a part of the silver, would draw but if save something. " Natagaima

### ¿Saving reduces spending?

"No, no way will we stop spending on the children, but now one will be able to increase you that saving the children because the truth is that, if one takes her to the house spends. While one having it in a bank cannot draw, then it can one have the savings there, but still spend what they need. " Natagaima

It was also considered important to improve the attention of bank staff to the beneficiary population. It was clear that if he could awaken the desire to save in a financial institution, either due to an incentive or provided financial education, treatment inappropriate in the bank's branches would make the effort was fruitless.

The pilot program had an additional goal: to produce and accurate to let define what intervention instrument was the most effective reliable information, not only in terms of achieving the increase in savings of these families in formal products; also to define the program's impact in terms of improving the quality of life and the economic situation of families. To achieve this, the impact assessment was a fundamental piece. Therefore, from the beginning the technical team devoted significant efforts to define how to implement intervention instruments depending on the design of an impact assessment with all the necessary rigor. From the conclusions on the results, in terms of changes in saving behavior, could make decisions about the possibility and necessity to expand the program during a second phase, a number that at that time (2009) was estimated at around 300,000 beneficiaries. Based on measurements of achieved impact on the living conditions of families after two or three years, it was expected to extend the program to 2.3 million beneficiaries of the FA program.

## Final design of the Project

### Instruments

To achieve the objectives of the project, two instruments were chosen to be tested as motivators of the change in beneficiary savings behavior: a monetary incentive that would encourage savings in the accounts and a financial education program that would lead to a long behavior change Term in the beneficiary mothers.

As the program, would use the accounts that were already open in the Agricultural Bank, it was considered that the first difficulty, entry into the formal financial system through the opening of accounts, was determined. Moreover, it was expected to achieve the main base of savings from revenue for the bi-monthly deposit of subsidy granted by the FA program, looking for at least a percentage of the subsidy received would remain in the account as savings. The advantage of "alliance" with the conditional subsidy program had been re- bounded by several authors, and was considered the main strength of proyecto.<sup>28</sup>

#### *Monetary incentive*

In the case of monetary incentive, the objective is to stimulate families to overcome their distrust of the financial system, since most had never had a savings account, did not know how to operate the financial system and, therefore, doubted about the Security of their deposits. Among those who already had a savings account, and that the moment had them inactive, distrust stemmed rather bad experiences with the financial system, such as having to pay onerous commissions on which, in many cases, they had been previously reported.

28. See for example: Consultative Group to Assist the Poor (CGAP), 2005. "Linking the Micro-Finance and Social Protection Programs for Inclusion of the Poor: The Case of IChGd in Bangladesh " *Focus Note*, twenty-one.

TRivelli, Carolina, 2007. *Improving Women's Access to Financial Services through Subsidized Savings Accounts*. Peruvian Studies Institute.

BAnkABLE Frontier AssociAtes, 2008. Promoting Financial Inclusion through Social Transfer Schemes. Department for International Development (DFID).

Zimmerman, Jamie M., and Yves MOury 2009. Conditional Cash Transfers Savings- Linked: A New Approach to Policy *Global Poverty Reduction*. New America Foundation.



### Interest rate

"Of course, that that's what is already in the bank right now. One has a silver and, as you have, give it an interest. " Sibunday

"I would make a little effort to leave a little more because they know that this is going to win a little more, because it cannot anymore. " Sibunday

"I continue to save the same. The truth is that the percentage you submit to us, they give us 32 thousand 400-odd thousand, is short. Is that not much is gained [...] is that because banks do not give stitch without thimble. Rather, the bank has silver of us there, but he is working. Every bank receives a savings account and puts to work silver that are there, that they put to work and that money is earning interest, then it is good that the interest for us to be a little more ... ". Natagaima

### Draw

"Of course, having, imagine, would save more than double". Sibunday

"Yes, because imagine with such an incentive, draws our attention. Of course that is win-draws in banks always, always has its restrictions, conditions, yes, you always have to read the fine print before getting one because the draws come out as very crooked. " Natagaima

"This last option because it gives more money because it touches continue saving. With the first, so one has saved two million, one million is only win because the prize is fixed. In contrast with this if you have two million saved, and the prize is twice what they have, then four million would be gained. This would save more ". Cimitarra

As mentioned, the incentive to define several successful international experiences on mobilizing savings segments were revised lower ingresos.<sup>29</sup> He paid special attention to cases which had achieved a sustainable model for financial intermediary, since it was clear fiscal constraints to maintain a program with incentives from public resources indefinitely, even if it was successful.

Monetary incentives identified were classified into two: random type, i.e. participating entire target population, but they only get some; and non-randomized, in which the entire population participates target and all they get. Within randomized incentives, raffles or lotteries and off prize (amount) Fixed several ballots were considered as

29. Projects Puno-Cusco Corridor and Sierra Sur used three types of monetary incentives granted at the time opening the account, deposit and withdrawal if it is used for a productive purpose. The program resulted in the opening of 22,000 accounts. It included a financial education component. In the Bank BRI-SIMPEDES in Indonesia, the incentive designed consisted of lotteries with prizes at the municipal level household appliance combined with regional lotteries with cash prizes. Between 1985 and 2009 the bank managed the opening of 32.6 million savings accounts. The Individual Development Accounts (IDA) project in the United States, inspired in the work of Dr. Sherraden was also studied. See among others Robinson, M., 2005. *Why the Bank Rakyat Indonesia has the world's largest Micro Banking sustainable microfinance system and what Means for commercial development.*

Scherraden, M., 2006. *Schemes to Boost Small Savings: Lessons and Directions*, World Bank.

the amount saved, meaning that more saving is more likely to win; or variable prize depending on the amount saved with a ceiling. In this case, the beneficiary participates with your account number. Non-random incentives included the proportional contribution of State resources in function of the increase in the balance, the recognition of additional points of the interest rate and the delivery of a micro insurance of life to those that increased the resources saved.

In order to identify the degree of demand response to each of these incentives in terms of motivation to increase their savings and move from informal savings to formal, in October 2009, six focus groups with beneficiaries of the FA program is conducted in three Similar municipalities thought that selected for the pilot program. These focus groups sought to identify the motivations to save; the reaction to the change in the mode of receiving FA subsidy program; perceptions of banks and savings accounts; and the willingness of participants to save and how to do it (leave silver deposit subsidy or income from other sources); preferences against each of the proposed incentives; interest savings account in response to the various incentives; and reactions and related behaviors monetary incentive calculation: minimum balance versus average balance.

The results of these focus groups provided important clues for the further development of the pilot program:

1. The right product can make the difference. Participants in the focus groups expressed that the mere fact of having the account to receive and administer the grant program FA was a motivation to save. Although most said they had bad previous experiences with the financial system, it was observed that if the characteristics of the account were clear beneficiaries would use the accounts to save even higher amounts there keeping those who currently have at home. At that time, moreover, the importance of receiving clear and sufficient information about the conditions of the accounts in order to maintain confidence in the process was highlighted.
2. You can save part of the subsidy. It was found that the participants were already saving some of the subsidy in their homes, without this meaning to stop spending on their children. At that time, they had no problems keeping up the savings and even increase it.
3. A higher interest rate is the preferred incentive, but not necessarily the most stimulating savings. This preference was evident in all the workshops because it depends on chance. Even if the amount was lower, because they would prefer the certainty that they will receive. Participants also stated that this was "fair", as the bank benefited from its savings. Participants considered that because they are something that everyone receives, they do not have problems of transparency and, in that sense, it is also the most equitable option. Also, it seemed very "comfortable" because it requires increasing the amount of savings regularly. Despite being preferred by demand from the point of view of the objective of

pilot program, is not the most appropriate because it does not necessarily promote a movement of demand towards greater savings.

4. The prize draw based on the amount saved intensely motivated the effort to continually save and increase the amount saved. In the focus groups it became clear that the draw was not the incentive that the participants choose rationally, to the extent that attitudes of reluctance and skepticism were identified against such incentives, the result of the transparency problems that have characterized the draws and raffles in the past. However, it was the incentive that aroused more enthusiasm and interest in participating, as clearly reflect recordings of focus groups. Some participants noted even want to save double or more than double what they currently save, something that did not happen in relation to any other incentive.
5. Calculation basis: average balance versus minimum balance. Since the participants expressed the intention to save part of the subsidy in the account, the minimum balance could be the one indicated as calculation base. However, they were also interested in consigning money from other sources and in making transactions, so the average balance would allow to promote the increase of the balance, encouraging transaction in the account.

In addition to the results of these focus groups they were taken into account other variables to finally choose the type of monetary incentive that would be used in the pilot program. Given the technological difficulties that crossed the Agricultural Bank (BA) at that time, it was very important that the incentive was easily adaptable to the technological platform of the bank. Moreover, one should look for one that will minimize the fiscal effort (in this case BDO) thinking, especially in the expansion phases of the program. At the same time, it was necessary incentive to be sustainable over time, that is, that also could be offered by the financial institution with its own resources if savings mobilization was successful. Moreover, given the characteristics of the program's target population, the monetary incentive should be easy to understand and clearly calculated to reinforce the increased savings. In turn should allow the possibility to withdraw the money when he needed the beneficiary, on the assumption that women would leave a greater balance to the extent that they were sure they could withdraw money at any calamity or unexpected expense.

Finally a monetary incentive structured around a lottery was chosen. This is determined Bia perform each quarter, each of the municipalities where this intervention instrument applied to respond to the need for transparency and confidence that had expressed women in the focus groups, and that was one of the success factors most important made by the Bank Rakyat Indonesia (BRI) with its SIMPEDES account. The incentive should be perceived by women as close and accessible, which was expected to be achieved by ensuring that the population knew someone who had won the prize in his municipality, to arouse interest among all people, thus increasing confidence people in the transparency of incentive allocation process.

Each beneficiary would participate with your account number, and the results of the draw announcement would announce publicly (with permission of the winner) so that all could see that the promise was being fulfilled itself.

The prize was to give the winner a value equivalent to multiplying by 10 the average savings balance in the previous quarter, but could overcome a prize of COP 5,000,000 million (US \$ 2,500). The maximum prize value was calculated as the equivalent to maintain an average balance of COP 500,000 in one quarter figure, while it was a high value was not unattainable. The definition of monetary incentive sought to avoid introducing perverse incentives and opportunistic behavior guided by the desire to obtain an exaggerated prize, instead of promoting a real culture of savings.

### *Financial education*

Financial education was conceived from the beginning as the means of transmitting knowledge to the beneficiaries and leave messages planted to support the project goal and achieve a change in behavior long term. It should be a tool to teach and clarify basic financial concepts, but also the instrument to bring them closer to formal financial entities, showing them the benefits they could achieve in terms of security of their resources, ease of carrying out their transactions, and as a means of Accumulate assets. There were some similar experiences with positive results in number of trained people, but none of the programs surveyed had pdido support the real impact of this type of intervention, especially on the causal link between the skills offered and modification of a financial habit in particular. In this regard, the impact assessment would give the pilot program in Colombia solid information to justify its expansion.

"One is not aware of what is the advantage of saving in banks. But if you say: you come, you will save so and so, and explain them to you there is that, but it turns out that explain this and this, and that the advantage is that their money is safe here and not him they say that make you discount. Never tell one here is discounted so and so, no, they tell him. "Here their money will be safe, here you can leave your silver. And presto, you open your account and you ... "Scimitar.

BDO already had a journey, because since 2007 had researched the best financial education programs at the international level aimed at low-income adults and found that the methodology of Microfinance Opportunities (MO), developed under the Global Program Financial Education (PGEF),<sup>30</sup> was one of the best experiences to reach this population differently than the traditional<sup>31</sup>.

30. see <[Http://www.globalfinancialed.org/](http://www.globalfinancialed.org/)>.

31. Opportunities Bank hired Microfinance Opportunities (MO), an NGO founded in 2002 and had been supported by Citigroup Foundation and Freedom from Hunger to develop an entire financial education module, and financed in 2007 a workshop for trainers to publicize the teaching methodology, attended by 30 people representing the National Apprenticeship Service (SENA), Trade associations, industry representatives

**Workshop 1 Program presentation and Budget (2h 30m)**

What is this program about? What is a budget and how it helps us save? Develop a budget.

**Workshop 2: Saving - First Part (3h 5m)**

Review of previous workshop, saving concept, difficult to save, how to save and develop a savings plan, compare different types of savings and savings in the bank.

**Workshop 3: Saving - Second Part (2h 35m)**

Review of previous workshop, characteristics of the savings account in the Agricultural Bank, compare the account "Families in Action" with a traditional savings account, account management, debit card, services, costs and risks.

**Workshop 4: Debt and customer protection (2h 20m)**

Review of previous workshop, reasons to borrow, responsibilities, differences between own money and borrowed money, good loans and bad loans, analysis of the ability to pay. Rights of clients of financial institutions, practices protect financial consumers and as file a complaint.

**Workshop 5: Insurance (2h 10m)**

Savings, credit and insurance for emergencies, hazard identification and how Tarlós faced. Concepts and operation of insurance, life insurance and funeral insurance.

**Workshop 6: Review (2h 5m)**

Review of the main themes of the previous five sessions.

**Total duration of the financial education program | 14h 45m |**

Based on the texts of PGEF adapted to Colombian context, the duration was 50 hours, the team reviewed the issues and adapted its content, activities and dynamics in each of the sessions to align with program objectives. Passbook two models, one long and one short, which would be applied per the type of intervention designed by municipio.<sup>32</sup> The complete primer included six workshops to be developed in six months, lasting approximately two hours were developed and a half sesión.<sup>33</sup> the full workshop included the following topics:

Financial and NGOs. Then he adapted, under the guidance of MO, all the material to the Colombian context, and published booklets that are available on  
<<http://www.bancadelasoportunidades.com.co/contenido/contenido.aspx?conID=693&catID=301&pagID=381>>

32. As described later, the pilot was designed to intervene in some municipalities with monetary incentive, in others with financial education, and in others with monetary incentive and financial education.

33. In the preparation of the content and logistics, duration and frequency of sessions, he became actively involved officials of Social Action. The Agricultural Bank supported the development of Workshop 3 as special module including all information related to the characteristics of the savings account, costs, access channels, management and risks of using the debit card, and the Financial Supervisory Authority in the review complete and the inclusion of issues related to consumer protection.

In the case of the municipalities where it was to provide the monetary incentive, the workshop included the explanation of the draw and details of how to participate. For municipalities where only inter- came with the monetary incentive, a short workshop lasts two hours, during which the program would operate and the way explained the monetary incentive was designed. It also reported on the characteristics of the savings account of BA and benefits of formal savings.

The initial design tested with trainers to get their feedback <sup>34</sup> and in the field with the support of the FA program. The content of the workshop was tested with 25 beneficiaries of the FA program in the municipality of Ventaquemada, which allowed adjusting content, duration and teaching techniques. A second set was again tested version with 55 beneficiaries, in this case at a workshop in the town of Saboyá which had a high participation thanks to the successful convocation of the FA program, ensuring that the adjustments had been successful.

With the structure and content of the primer defined, the next step was to get an operator BDO with special features that dictate the training. This process will be described in detail later, it turned out to be complex given the need to find an experienced operator in education or training and logistical capacity to train more than 20,000 people over six months and in six municipalities scattered throughout the country.

## Impact assessment

Because it was a pilot program and the need for conclusive and conclusive information about the veracity of the hypotheses raised in the design, the decision was made from the outset to accompany the pilot's implementation with an evaluation of Impact that had to be initiated at the same time as the pilot. That was how, in a set of BDO work, DNP and PC an impact assessment was designed to identify the results obtained on the saving behavior of beneficiaries by type of intervention instrument as well as the impact on their living conditions.

The aim of the impact assessment was to determine whether interventions produce the results sought, if the impacts depended on the instruments in the pilot program and if it depended on the region where applied. an experimental design to assess the situation before the implementation of the pilot program, the situation after implementation and the situation would have if it had not implemented was selected. The design random selection of municipalities intervened and control was included, the variables studied were defined; and developed a preliminary form to the lifting of the quantitative information, which then served as a starting point to take the baseline.

The selection of the target population of the pilot was conducted based on the design of the impact assessment and selected municipalities where the process of opening accounts and BA

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34. Evidence of some sessions and dynamic trainers were performed with Sena and Fundaseg.

He had taken place. Moreover, because the payment agreement signed between Social Action (AS) and BA lasted only two years, and it was expected that once completed a new call that may be assigned to another financial institution with opening consequent change bank accounts of the beneficiaries of the FA program, it was decided to mitigate that risk by defining the scope of intervention to municipalities with less presence of the Agrarian Bank or another bank. It is also required that municipalities will have an office or correspondent BA on line.<sup>35</sup> On the other hand, to avoid distortion in the results of the pilot municipalities where AS had developed the Women's Program Ahorradoras<sup>36</sup> and where BDO were excluded methodology promoting savings and credit groups local.<sup>37</sup>

Applying these criteria to the municipal database of beneficiaries unbanked FA resulted in a group of 63 eligible to be operated by the pilot municipalities. In addition, three geographic regions (north, center and south) in terms of the possible cultural differences that could affect saving practices defined population. Because of the need to identify differential impacts by region, 63 municipalities were grouped into three groups (clusters) corresponding to the three regions and their characteristics are established based on population size, proportion of urban / rural population, needs index unsatisfied basic (NBI) and the number of women beneficiaries of the FA program. Based on the three groups defined with these criteria,

After an initial selection of municipalities, it had to be adjusted due to security problems and access difficulties.<sup>38</sup> To this end, we tried to choose similar and close municipalities in order not to affect the schedules of the financial education program that had already been contracted to be applied in the municipalities initially selected. Because of these changes, the municipalities that participated in the pilot program, by region and type of intervention were:

35. At the date of the pilot program designs with a total of 740 branches only 498 branches of the Bank Agricultural operated online.
36. This program is based on a matching grant or subsidy equivalent to 50% by weight saved, awarded to the selected beneficiary mothers who engage in contractual savings plan, which also provides training for entrepreneurship and limiting retirement funds until the end of the agreed period, all of which is very different from the structure of the pilot program P<sub>pcA</sub>.
37. Bdo promoted in Colombia the implementation from the methodology from groups self-managed from saving Y credit Local hiring a technical assistant to support the creation of 300 groups with about 6,000 beneficiaries through three programs: Red J<sub>daubs</sub>, Presidential Program of Networks and Integral rehabilitation center in Colombia (CIREC).
38. There was need to replace some of the municipalities initially selected within the group of more monetary incentive financial education. Villagarzon (Putumayo) had to be replaced by Gigante (Huila) was included because the women saving program, which could affect the impact assessment of the pilot program. In the group of municipalities control Maria La Baja (Bolívar) was replaced by Cienaga de Oro (Cordoba) and Linares (Nariño), by Consacá (Nariño) as the mayor decided not to support the pilot program.

**TABLE 1**  
Intervention types by region and municipality

Intervention	Department	Municipality	Number of Mothers	Region
Education + Incentive	Antioquia	Necoclí	7,687	North
	Huila	Giant	2,516	South
	Meta	Puerto Lopez	2,780	Center
Education	Cordova	Ayapel	6,141	North
	Huila	Timaná	2,285	South
	Norte de Santander	Zulia	2,378	Center
Incentive	Caldas	Samana	2,418	Center
	Cordova	San Andres de Sotavento	9,128	North
	Nariño	Yacuanquer	1,393	South
Control	Cordova	Cienaga de Oro	7,282	North
	Nariño	Consaca	1,096	South
	Norte de Santander	Tibu	3,108	Center
<b>Total</b>			48,212	

Source: Bank of Opportunities

The evaluation consists of four stages that will be implemented over the three years of the pilot program:

**Stage 1: Baseline.** The sample size was defined, developed by the working group was set preliminary form and information in order to confirm the validity of the control group by comparing the different variables characterization between different groups rose. It was decided to apply a panel type survey with the aim of raising the same information to the same units in all follow-ups.

**Stage 2: Analysis of results.** This step should take place one year after making the baseline, to analyze the results from secondary information about behaviors of families, in terms of financial savings. Among the variables considered for this stage are mostly those from information about the movement of savings accounts of Banco Agrario.

**Step 3: Monitoring, analysis and impact measurement.** It was proposed to carry out a second uprising of information two years after taking the baseline for the first track to the same units of analysis in information gathering baseline. Quantitative information will be supplemented with qualitative information. This phase should determine the first impacts of the pilot, once the intervention (two years after baseline) completed.

**Step 4: Monitoring, analysis and impact measurement.** The third gathering information will be made after three years of taking the baseline to determine the final impacts of the pilot program.



The questions that seeks to answer this evaluation scheme are included in Annex 1.

As will be seen below, he was hired initially only the first stage of the evaluation, while the second, the evaluation of results, was designed to be implemented by the entities involved in the project. Thus, this document is a first input to this stage. At the time of publication of this document was discussed what the procedure would be followed to complete the steps 3 and 4.



## 3 | Implementation: Progress and challenges

### IMPLEMENTATION: Progress and challenges

BDO and other participants in the project design entities were aware that a pilot program of the proposed size, covering 48,212 people, was a challenge for any program or participating public or private entity. Moreover, in practice its implementation would depend not only on the commitment, time and resources that each intended, but how quickly they respond to different activities for each phase of the project. The pilot program had since its design with the typical restrictions regarding the time required for the processes and authorizations of public entities. Therefore, fully achieve its implementation within the proposed time frame was an additional challenge.

Once the design stage of the project that took more than a year, and included defining objectives, preparing the assessment and intervention options to choose confirm the perceptions of demand through focus groups, choose to municipalities design the impact evaluation and convene meetings to present the project and motivate linking Social Action with the Agricultural Bank. Then, from March 2010 it was begun the implementation phase of the pilot, ie when BDO obtained the approval of the final design of the entire pilot program by its program management bodies.

To formally start the pilot program was needed, first, with the signing of an agreement to improve the compromises between BDO, AS and BA, culminating in June 2010.

## Financial education

In order to implement the financial education component, BDO opened a public call to hire the operator to train the beneficiary mothers in the financial education workshops in the nine municipalities of the pilot program that would be intervened.<sup>39</sup> The requirements required in the terms of reference required the operator to have at least one person trained in Microfinance Opportunities methodology.<sup>40</sup> They also requested that the firm have experience in setting up training and education projects for the poor and vulnerable in at least five departments in Colombia. In addition, it had to demonstrate good logistical capacity. Per the way in which municipalities were randomly chosen by type of intervention, recruitment was aimed at training 36,893 beneficiaries of the FA program, of which 23,954 were to be trained in six workshops (one per month, each with a duration Approximately two and a half hours) and 12,939 additional women were to receive training in a single two-and-a-half-hour workshop to explain the monetary incentive.

The call was awarded to the Assenda firm, which met several attributes: not only extensive experience in logistics, but already had experience training the population of the FA program as associated with the Banco Agrario operator to carry out the process of opening savings accounts and training of mothers in the use of the debit card. In record, Assenda time, he formed the training team, whose leader was an experienced trainer in the methodology of Microfinance Opportunities. He also recruited 23 trainers and some replacement for training in the nine municipalities, linking persons of the same village or nearby municipalities, professional profile and leadership skills, and teamwork and group management. Following the suggestion of BDO, He hired on their own Microfinance Opportunities to dictate the course of training of trainers. Throughout the process, Assenda made phone interviews with some mothers and lead mothers<sup>41</sup> and titular mothers trained <sup>42</sup>, to verify satisfaction and acceptance of contracted trainers, some of whom resigned at the beginning of the program and were replaced. It learned that trainers require support not only in relation to the methodology, but in personal aspects to mitigate conflicts and prevent ownership of the problems of the beneficiaries. to verify satisfaction and acceptance of contracted trainers, some of whom resigned at the beginning of the program and were replaced. It learned that trainers require support not only in relation to the methodology, but in personal aspects to mitigate conflicts and prevent ownership of the problems of the beneficiaries. to verify satisfaction and acceptance of contracted trainers, some of whom resigned at the beginning of the program and were replaced. It learned that trainers require support not only in relation to the methodology, but in personal aspects to mitigate conflicts and prevent ownership of the problems of the beneficiaries.

39. It did not include the three municipalities control.

40. Given that BdO had trained more than 30 entities and guilds in the Microfinance Opportunities methodology a couple of years ago, and that some entities at the national level were giving financial education courses using this methodology, it was considered that the requirement of Counting within the team with a professional trained in the MO methodology was final and difficult but possible.

41. The "mother leader" is a figure created by the FA program over the years as an essential element of its operational structure. These women are elected by the same beneficiaries, have specific responsibilities and are recognized as leaders among the beneficiaries.

42. They are the other beneficiaries of the FA program subsidies.

In terms of logistics implement the training was not easy. The first challenge was to get rooms with adequate capacity and furniture to carry out the activities. Then he had to equip classrooms with the necessary elements: flipcharts, material for each of the activities, brochures, photocopies, etc., and a computer with Internet access to monitor each of the sessions in the different municipalities from Assenda headquarters in Bogotá to follow up and feedback centrally. The workshops were held in the municipal head and the beneficiaries were cited three times: from 8h to 10h: 30m; 11h to 13h: 30m; and 14h: 30m to 17h.

The organization of the calls oversaw the FA program and required multiple meetings that would allow assistance to ensure beneficiaries. To do this, Assenda received from the FA program listing by municipality of women leaders with their group of holder's mothers, indicating the name, identity card number, address or location data, and phone number. It was defined that was very important to mention at the same time the leader mother mothers with their holders, which normally involved a group of 50 people. For the call it was also defined that all communications should be in accordance with the procedure cascade communication program developed by the FA through the "municipal bonds"

In addition, officials of BDO with an official of the FA program or the main office of BA and municipal link to each municipality moved for introductory meetings with local authorities to know and support the program, as well as with officials BA's office in each municipality. Special importance was given to organize a specific conversation with leading mothers to explain the learning methodology and some activities of the workshops would be held, inviting them to motivate mothers holders to attend. Assenda gave mothers leading the list of mother's workshop with the corresponding date and time to each,

This process had limitations that delayed the start of the workshops. In the municipalities of Puerto Lopez and Necoclí and delivered to Assenda listings they were incomplete without typing, while in San Andres de Sotavento listings a month and half were given after the introductory meeting.

This process was applied successively, so that not all municipalities initiated their financial education sessions on the same date. However, as shown in Table 2 for September 2010 all municipalities had begun training.

**TABLE 2**  
Dates for the start and end of workshops

Municipality	Kickoff	Start workshop	End workshops
Timaná	June 22, 2010	June 28, 2010	December 1, 2010
Zulia	July 7, 2010	July 14, 2010	December 21, 2010
Puerto LOPEZ	July 9, 2010	September 21, 2010	February 8, 2011
NECOCLÍ	July 13, 2010	July 21, 2010	January 13, 2011
GIGANTE	July 16, 2010	September 01, 2010	February 21, 2011
Yacuanquer	September 13, 2010	September 17, 2010	February 10, 2011
SAMANA	August 5, 2010	August 11, 2010	September 3, 2010
San Andrés de Sotavento	August 10, 2010	August 17, 2010	September 7, 2010
	August 12, 2010	October 19, 2010	December 29, 2010

Source: Final report Assenda

In a period of seven months, Assenda managed to train a total of 28,298 mothers. The average percentage of attendance at training workshops of six months in municipalities (municipalities with financial education and financial literacy and monetary incentive intervention) was upper to 70% by Timaná (77.5%), Gigante (71, 7%) and Zulia (71.3%). Ayapel reached 65% attendance while municipalities with lower attendance rates were Necoclí (44%) and Puerto Lopez (36%). In the municipalities of intervention with monetary incentive, in which mothers only had to attend a workshop, it was predictable that the percentage of attendance would be much higher. In these three municipalities, effectively, attendance exceeded 80% the municipality of Yacuanquer was the highlight, where the assistance percentage reached 92% of the convened women.<sup>43</sup>

**Table 3**  
Statistics of convening and assistance by Municipality

Type of intervention	Department	Municipality	Sessions Made by Module	Women convened	Total of women trained	Assistance on average	Women Attendees not convened
Education + Incentive	Antioquia	Necoclí	208	5,691	4,363	44.36%	213
	Huila	Gigante	83	2,244	2,368	71.79%	102
	Goal	Puerto Lopez	65	1,868	1,664	36.82%	101
Education	Cordoba	Ayapel	193	5,300	5,191	65.62%	99
	Huila	Timaná	75	2,041	1,898	77.54%	15
	North of Santander	Zulia	85	2,196	2,852	71.31%	122
Incentive	Caldas	Samana	82	2,263	1,813	80.11%	41
	Cordoba	San Andrés	311	8,317	6,856	82.43%	0
	Nariño	Sotavento	51	1,407	1,293	91.90%	2
Total			1,153	31,327	28,298	68.35%	695

Note: within the total of trained women are included only women who attended one of the workshops in municipalities with financial education intervention or financial education and encouragement in which the entire course included six workshops.

Source: Final Report Assenda

43. The workshops were attended by 695 women who had not been summoned and were identified by Assenda to make crossings of given ids delivered by Social Action with workshop attendees. This was an additional cost that the operator had to assume.

Each of the municipalities had a behavior in relation to the assistance of women to the different training modules. The first modules always had higher attendance rate, which decreased during the workshops, recovering usually on end modules. However, two municipalities, Necoclí and Puerto Lopez, always presented atypical behavior that required a detailed analysis.

**TABLE 4**  
 Statistics of convening and assistance by module

Type of intervention	Department	Municipality	Module1 Budget	Module2 Saving 1	Module3 Saving 2	Module4 debt	Module5 Insurance	Module6 Review
Education + Incentive	Antioquia	Necoclí	39.4%	39.5%	29.2%	47.2%	51.8%	59.0%
	Huila	Giant	81.8%	72.2%	68.4%	68.6%	64.4%	75.5%
Education	Goal	Puerto Lopez	66.5%	50.4%	38.9%	20.8%	25.5%	34.6%
	Cardova	Ayapel	66.1%	53.9%	61.9%	70.7%	68.7%	72.5%
Pondered Average	Huila	Timaná	84.9%	80.2%	71.4%	74.0%	73.6%	81.1%
	North of Santander	El Zulia	75.1%	69.0%	63.8%	70.5%	69.1%	80.3%
			61.6%	55.9%	52.0%	59.0%	59.6%	67.0%

Source: Final Report Assenda

Below is a summary of the aspects that negatively affected the assistance and the development of training:

- Distance from the housing of the beneficiary to the site of the workshops.
- Low frequency of transport. In some cases, they only had 1 transportation to go and return on the same day. In addition, the schedule did not fit with the workshops. In the Puerto Porfía and Patagonia villages<sup>44</sup> from the municipality of Puerto Lopez, transportation only went up to the entrance of the village, so the women had to walk several kilometers to reach the workshop. As in this town there was no offer of traditional transportation, it was chosen to use a service with a higher cost.
- Transportation costs. Unpayable costs in some cases were reported, as in some of the villages in "Encerraderos" in El Zulia, where costs of up to COP 50,000 (US \$ 25) were reported. In Mulattos and Mello in Necoclí it was between COP 44,000 (US \$ 22) and COP 25,000 (US \$ 12). In other cases, due to the low frequency of transport, the women had to incur on an additional cost for food, which discouraged attendance.
- Training times intersected with work.
- Fairs and local festivals and the December holidays significantly reduced the assistance to the workshops.

44. In Colombia "village" is one of the centers of territorial division of a municipality or township. (Source: or Wikipedia day).

- Flooding, road closures by landslides on the road and bridges because of the strong cold wave that affected most of the municipalities in the country in the last quarter of 2010, reduced attendance at workshops especially in the municipalities of Necocli , Ayapel and Zulia.
- Municipal linkage was a key element in the process of calling and the subsequent motivation for women to attend the workshops. However, in some municipalities as Puerto Lopez and Necoclí the support of the linkage was very weak and messages failed to encourage women to participate in the workshops.
- Trainer profile was discouraging in some municipalities. However, trainers were rated by mothers and it was only necessary to replace one of the trainers in the municipality of Necoclí.
- Cultural factor also influenced attendance. The municipal linkage and many authorities from Puerto López manifested the difficulty to motivate people to assist any kind of cultural event.

Given the low attendance in the municipality of Necocli, it was decided to test the trainer approach to the villages in order to see if it increased attendance. A georeference of each village was performed and the concentration by number of women was analyzed. The villages of Changas, Zapata, Mellito and Mulatos were chosen, registering a substantial increase in attendance. However, in the first three, the percentage of assistance didn't reach 70%, while in Mulatos it went from 55% to 78%. In Ayapel a different strategy was implemented. A group made up of the municipal linkage, the leading mother and two trainers chose two neighborhoods in the city to visit the homes and personally motivate women. In the Brisas neighborhood attendance increased from 60% to 65%.

In the municipalities with more assistance like Timaná, Giant and Zulia predominated some common elements:

- The support of the municipal linkage in the calls and in motivating the beneficiaries, as well as the motivation of the mother leaders to their respective mothers was key.
- The behavior in the Timaná municipality was surprising, where the percentage of attendance was the highest of the participating municipalities, even in areas that were far away from the training place. The average cost of transport in remote areas ranged from COP 1,500 and COP 8,000 (US \$ 0.8 and US \$ 4), and although it was mentioned in several meetings as a constraint, the attendance rate was the highest in the participating municipalities.
- The incentive that involves receiving a diploma at the end of the training was a permanent motivator for the beneficiaries to attend more workshops.
- The response of Mothers in some villages of El Zulia was very encouraging, because despite having to travel for about six hours walking, they attended the workshops.



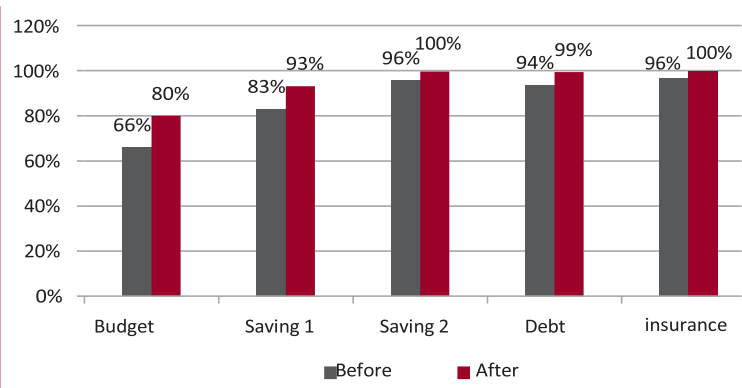
Per the training methodology of Microfinance Opportunities, assessments must be applied for each workshop to check the results in terms of acquired knowledge. Given this recommendation, each workshop had a questionnaire with five or six questions asked to the beneficiaries upon entering and at end of each workshop, in order to measure the change of knowledge about each topic. Initially, the questionnaire was filled by all mothers attending the workshop, but in practice, because the amount of time it demanded was so high, the decision of doing it with only a random group of beneficiaries was made in each session.

When analyzing the results of the assessments it was found in all cases that knowledge was greater than at the beginning of the workshop. Some of the questions were basic definitions of the questionnaire by topic, for example: What is a budget? What is saving? Define savings account, debt and insurance.

On average, the percentage of knowledge increased. However, not all subjects achieved the same result in knowledge. Thus, while for some even after the workshop the budget concept was not as clear, others managed 100% of learning in the assessment of knowledge after the workshops, such as the workshops of savings 2 (characteristics of the Banco Agrario account), debt and insurance.

**Graph 1**

Percentage of knowledge about basic definitions By Topic

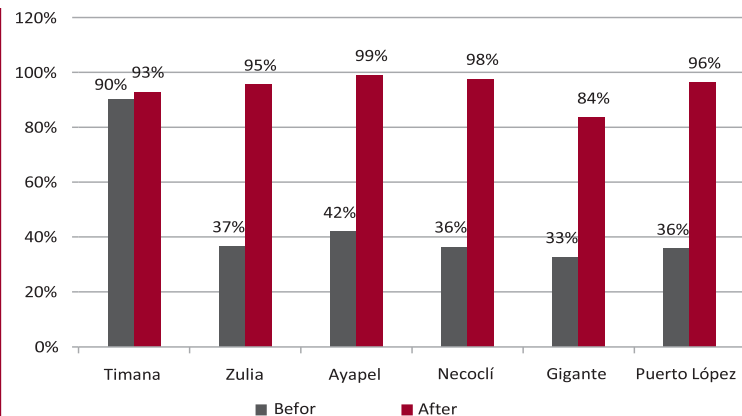


Source: Final report Assenda

In the insurance section, it was where the beneficiaries showed the highest percentage of learning. To the question: "The beneficiary of a life insurance is the person that: a. receives the payment from the insurance company, b. Dies, c. Buys insurance. " The pre- and post-evaluation results were as follows:

**Graph 2**

Percentage of knowledge Medicare beneficiaries



Source: Final report Assenda

Some evaluations mentioned that there was a general knowledge on the subject, but could not identify if a beneficiary could develop content on a particular topic. In other cases, despite having obtained more knowledge, with some women the concepts were not fully clear. For example, when asked if the money from the FA program can be saved in the bank, most she answered yes, except El Zulia where only 24% knew they could save the subsidy in the account and after training the percentage went up to 86%. The responses obtained after the workshop illustrate that not all knew that they could do so: in Timaná, 90% and 84% Gigante. Ayapel, Puerto Lopez and Necoclí obtained the highest percentages of learning in this topic: 96% and 97%,

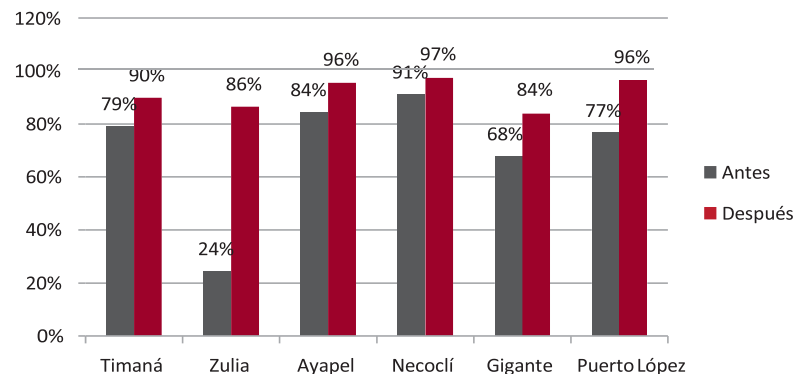
“With so many facilities the card gives us, we take the chance to save”.

“Saving every time, it is necessary to have a better future in life for our kids’ opportunities”.

“I’m learning how to save to get a house”.

**Graph 3**

Knowledge acquired about deposit in the Banco Agrario



Fuente: Informe final Assenda

The results of all assessments are shown in Annex 2. In the process of implementing these assessments there were important learnings for the program, around the type of questions and the way of doing them. Also on the logistics of implementation of the surveys, it was clear that the time of the assessments should be shortened and not necessarily applied in all workshops to all participants.

Along with the knowledge assessments, the women filled out a questionnaire with questions about their reactions to the different topics covered, for example, what concrete actions are you planning to take in the future because of what you learned about saving? Questions with multiple choice answers, combined with qualitative responses such as: How likely is it that you, after this training, decide to leave a portion of the FA grant in your Banco Agrario account? How likely is it that you, after this training, decide to save? Why?

Assenda mentioned that in its interaction with the beneficiaries regardless of the region and the municipality it was common to gather impressions about the importance that their well-being and the future of their children around the opportunity to study and improve their quality of life. They expressed the desire to have a business and better manage their money. About the workshops, they said it made them reflect on how to best use their money.

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What is the use of financial education?

"Making a loan and know how to invest it according to my paying ability".

"You have to manage the money they lend you to not have consequences."

"Because if it's a bank, it can help me pay in the long term and with low fees."

"I learned you should always be tested on loans and conditions for them not to have failures. "

"After this training, it is very clear to me how to save."

"Because here we learned a lot so it is very important to save for our future and unforeseen needs".

"Because the training has taught us that you can be saving for the future."

"Because if we are trained financially we can have a lending capacity and a responsibility to fulfill."

"We learn to save and be sure to secure a future for our family."

"I learned to have venture to form my own business, I learned that saving is the most appropriate way to achieve my goals and life projects and improve my quality of life. "

## Monetary Incentive

As mentioned earlier, the monetary incentive was designed to be operated by the BA as a subsidy payer and administrator of savings accounts of FA program beneficiaries. Despite not being a priority for the bank given its permanent liquidity, it paid special attention to the project team, as well as to the technological development necessary to implement the incentive inside the bank. Because it was the bank that paid the subsidies, it already knew the target population and understood that compliance with the advertised periodicity of the sweepstakes and their adequate dissemination were key to ensuring the beneficiaries' confidence in the process. To achieve this, at the bank level, a team of two officials were appointed to serve as a counterpart to the project team. It was firstly agreed that the draws should be made the first week after the end of the respective quarter and that the winners should be awarded at a special event organized by BdO, attended by representatives of BA and FA, in addition to the leading mothers, in order to achieve the necessary dissemination among the beneficiaries through "word of mouth". All this was expected to serve as a motivation for beneficiaries to increase the average balance in their accounts.

To operate the incentive was required to adjust the bank's technologic platform. This demanded time from the BA technology team and is estimated to cost approximately \$ 50,000, assumed by the bank itself. The schedule originally proposed if the first draw was to be carried out in March 2010, but had to be modified to suit the real possibilities of the bank, so it was postponed until June 2010. However, testing they had additional delays and technological development was only completed in late October 2010. In addition, the legal<sup>45</sup> permissions to launch such sweepstakes caused another delay, which meant that the first draw, for the three months from June to September, was recently held at end of October 2010. It was expected that from there on delays wouldn't come up again, which hasn't been accomplished for different reasons, to the point that from the four draws that were programed for July 2011, none have been done on the arranged dates.

The results of the four drawings are shown below. As explained above, each prize corresponds to 10 times the average balance that the winner in the previous quarter registered.

45. Etesca is the entity to which must be processed in Colombia legal permission to make the draw and requires advance a percentage of the value of the prize to be delivered, which ultimately is settled with the respective actual prize is deposited. It requires that one of its officials to be present at the time of each draw, which was very difficult to coordinate especially at the beginning.

**Table 5:**  
**Amount of draws by municipality in Colombian Pesos (Cop)**

Type of intervention	Department	Draw 1	Draw 2	Draw 3	Draw 4
Education + Incentive	Antioquia	523,297	1236186	119,666	302222
	Antioquia	43,010	116,921	94,482	76,523
Incentive	Huila	43,011	184,982	262,701	100,000
	Meta	301,480	160,323	59,766	187,097
	Caldas	202,190	347,184	200,007	635,127
	Córdoba	70,968	170,323	15,476	66,667
	Córdoba	38,710	120,430	28,571	84,353
	Nariño	348,387	286,093	10,714	175,591
Total Awards		1571053	2622442	791,383	1627581

Source: Bank of Opportunities

It is still difficult to determine how these awards have influenced the savings behavior of the beneficiaries, but in Chapter 4 Initial analysis of the behavior of the balances in order to collect the first results are presented.

It is worth mentioning that besides the problems with drawing dates, there have presented some additional drawbacks. First, there has been delay in the awards because it has not been possible to have the events within the time originally scheduled, or near the date of the draw. In practice this creates distrust between participants and prevents to generate a clear demonstration effect to other participating beneficiaries.

Moreover, in some municipalities, municipal linkage that should serve as a communication channel to the FA program sent messages against the bank or have not had the best disposition to encourage beneficiaries to meet the objective of the pilot program. In a specific manner, for example, the linkage creates indisposition around the pilot program, which was reflected in low attendance at awards sessions.

During its own activities it is understandable that within the bank, managing the pilot program has not been easy. However, even if the pilot program be an additional workload, to the extent that it does not represent any compensation in terms of meeting its goals or commercial activities, the bank has been an indisputable ally in the development of the program and it has always had a positive attitude to help solve the problems that have arisen around its management. It has collaborated, undoubtedly, to carry out the project.

To evaluate the results of the incentive and the different interventions, besides the draw, it was critical to have regular information on performance of savings accounts that allow, at the same time, having inputs to choose the best alternative of intervention on

a massive scale. All information provided by the pilot program is useful not only to assess its impact, but that the bank knows the behavior of its account balances, transactional habits and how media and channels are used. The PPCA could be turned for the bank into an invaluable asset to be replicated to other accounts of the FA program input. For this purpose, it was designed with the bank formats providing information that would be processed quarterly. Output tables of information, which will be presented in Chapter 4, were another challenge because it required an extra effort from the technology team at the bank. Eventually the bank was unable to deliver the output of processed pictures, which is why the Capital Project had to hire a statistician that produced the information under a confidentiality agreement with BdO to use their database.

Finally, to bring the beneficiaries closer to the bank and motivate better attention in the offices, it was considered very important to have the support of the commercial strength of the offices linked to the pilot program, including those of the control municipalities, so that the only difference between municipalities was the intervention with one of the two instruments: financial education and monetary incentive. Changing the perception of the beneficiaries about the bank's service was an aspect that could motivate the growth of savings. With funding from the Capital Project, a specialized consultancy was hired to support the bank in the design of incentives for the commercial strength of the 12 offices. We defined the variables that would be measured with a monthly periodicity to obtain incentives from the offices and defined a scheme of incentive remuneration for both offices and officials who had contact with the leading mothers. This scheme of remuneration took into account variables such as growth in the average collection balance, increase in the proportion of beneficiaries that leave in their accounts non-zero balances, as well as the increase in the number of beneficiaries who make deposits in their account.

A validation of the quality of service with mothers was also defined by random telephone calls through the Call Center of the bank to measure on a quarterly basis the attention they received from the bank, giving a bonus in its quarterly to the winning office.

It was pointed out that the incentive to bank officials would be by groups and for a period of one year. In addition, monthly, quarterly and annual prizes for the winners were established. The ultimate prize would be a trip to Peru for three of the winning offices funded by the Capital Project. The other members of the winning office that could not travel a prize of significant value would be given to them. This incentive scheme should have been implemented at the start of the pilot program in June 2010 but was delayed due to delays in obtaining approval from the Commercial Vice President of the bank, who saw with concern this kind of incentive, because it was the first time it was designed within the bank and required to allocate budget resources of the respective Vice President for travel, to explain what the incentive to the offices was about, staff time and resources for prizes. To the date this work was completed, the jackpot had not been offered because it had not been considered

by the Board of the bank. The incentive plan was officially announced in July 2011 to the various participating offices including the offices of municipalities control. However, until September 2011, the bank had not given any prizes to the winning offices.

The development of all these processes within the bank required the support of the project team and for the construction of a "business case". To this end the bank was supported in the review of other successful international experiences, and recommendations on the variables that should be included to calculate the profitability of the project were made. Promote an increase in the balances that beneficiaries left in these accounts is constituted in a commercial challenge for the bank and always thought the best way to leverage resources was using them in the funding of short-term portfolio. However, and given that the bank's funding structure is largely financed with funds from the bank of second floor of the agricultural sector, the bank considered the profitability of the funds raised through these accounts should be equivalent to the marginal lending rate of treasury investments, which equates the interbank rate in the country. Given the costs of operation of accounts and low levels of profitability of placements where resources are reversed, the final result of the business model had a negative Net Present Value (NPV). However, the board of the bank decided to support the continuation of the project anyway and approved the resources to hire an official to take charge of the bank and for travel to be executed in 2011 to improve the bank's response in relation to the project.

## Impact evaluation

Because the DNP had a loan from the Inter-American Development Bank (IDB) designed to partially finance the cost of social program impact assessments, it was proposed that funding be made for baseline intake. As part of the process, the DNP made a closed invitation to six Colombian firms with extensive experience in impact assessments. The UT Econometry - SEI was chosen in a qualification process by a technical committee made up of DNP officials, and Bancoldex - Banca de las Oportunidades. This committee also served as a counterpart in the development of the consultancy. As of July 2010, the work of the technical committee<sup>46</sup> with the Temporary Union (TU) was initiated to review the form prepared earlier and to select the sample for the field work. Once agreement was reached on the form and the difficulties of the pilot tests were overcome to evaluate it, it was decided not to use the method originally proposed by the UT to conduct the surveys in a "self-investigated" way. In addition, given the impossibility of having a sample that allows statistical conclusions to be drawn

<sup>46</sup>. This committee was formed as a result of administrative agreement signed between BANCOLDEX-Banca de las Oportunidades and DNP, aimed to have the support of the Directorate of Public Policy Evaluation (D<sub>EEP</sub>) DNP in the design, monitoring, and selection of consultants to conduct assessments Investment Program Bank of Opportunities.

representing about regional differences in impacts, UT suggested using the qualitative technique of focus groups that would deepen on regional differences.

After this stage, fieldwork during October 2010 and the results of the baseline were delivered in December 2010. The analysis of these results allowed to establish significant differences between households of municipalities control and treatment and between municipalities with different types of treatment. Per the opinion of the rating firm, this might be explained by the structural differences between municipalities. However, it could also be affected by the fact that when the fieldwork was performed the procedure had already begun and there were municipalities that had already received some financial education workshops. In any case, when taking additional tests, these differences should have been considered to isolate the effects of the intervention and extract conclusions about the effectiveness of the different interventions.

In terms of the results of the base line<sup>47</sup> it is useful to know some of the characteristics of households targeted by the intervention, which are summarized below:

- Households are made up on average by 5.23 people and heads of households have an average age of 44.3 years.
- The social level to which these housings correspond is mainly social level 1 and about 62% own their homes.
- The proportion of working age population (PET) <sup>48</sup> is 67%, and the economically active population (EAP), 30.41%. 11.53% have a different economic activity to the principal.
- In the case of the predictable expenses, including school supplies, tuition and uniforms, half of households use normal household income; 23.1% savings; and 9%, informal credit. Celebration related expenses are covered with normal income and 16.3% in savings.
- In case of emergencies, the go to informal credits, that are reportedly covered with normal household income, the savings or the sale or pawning of assets.
- 38.4% of households made some investment in the last 12 months by an average value of COP 410,000.

Regarding outcome variables, it was found that 72% of the beneficiaries save, and of these 61.78% have transactional savings. That is, the keep spending money for habitual expenses, with an average savings of COP 40,000; while 39.2% say that they save on medium and long terms. However, only 3.27% of the beneficiaries save in financial institutions.

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47. Banking of Opportunities-DNP, Econometría, 2010. Raising the baseline of the pilot program of the Project to Promote the Culture of Savings in Families in Poverty - Final Report.

48. 12 years or more.



Finally, in terms of the variables used to measure the impact of interventions, the following was found: <sup>49</sup>

- The average value of household assets is COP 12.9 million, per capita incomes of COP 120,600 and per-capita spending of COP 147,000. They have a Quality of Life Index (ICV), <sup>50</sup> of 64.5 points on average. In addition, half of the households have no food security.
- By measuring the difference between the average monthly income and average monthly expenses, it can be concluded that only 39.7% of households have savings capacity (income surplus after covering the expenses). If this figure is compared with 72% of the households state they save, one could infer that saving is rather a result of restrictions on consumer income "surplus". It also illustrates how people in poverty, use the savings to smooth consumption against very unstable revenue over a period of time, for example, one month.
- The proportion of beneficiaries covering unexpected expenses or emergencies with an expensive credit is relatively low: 2.4% and 1.7%, respectively.
- 54% of the beneficiaries plan to make at least one investment over the next 12 months and most have a positive perception of their living conditions in relation to their environment.
- 24.7% participate in social organizations.

In the municipalities under the intervention it was also found the effect of other state interventions on the same population:

- 53% of households know Together (Now United) And of these, 59.6% are owned by Together (Now United).
- Most guardian mothers attended financial education courses convened by the leaders mothers in the municipalities of treatment with education.
- In the municipalities of joint treatment, 14% have attended financial education courses different from those organized by the leaders mothers.
- In the municipality of Gigante, of joint treatment, is also running the program Saving Mothers<sup>51</sup> and have attended an average of eight courses.
- The proportion of households that participate in at least one public program is 76.66%.

49. BANCA DE LAS OPORTUNIDADES-DNP, And Econometry, 2010. *Rising baseline pilot project program Promotion of Culture of Savings Families in Poverty - Final Report.*

50. It is a measure of achievement of welfare in the population. It is an indicator that corresponds to the measurement of living standards and allows comparison of people, regions and municipalities on a scale where 0 is the poorest and the richest 100.

51. Si bien uno de los criterios de selección de los municipios era precisamente que no tuvieran este programa, una vez hecha la selección de los municipios e iniciado el programa piloto Acción Social llevó el programa Mujeres Ahorradoras a Gigante.

As for the mothers' use of the savings account at the time of raising the baseline, it was found that the majority used it to withdraw the subsidy almost from the first time. That is the behavior that would be expected to change when offering a savings account, as a beneficiary would not have to take out all the subsidy, but only what it will spend.

**Table 6**

Do you retire your subsidy on its entirety when you take money out ?

	Treatment with incentive	Treatment with education	Joint treatment	Control	total
Always	93,1%	88,2%	89,6%	92,7%	91,0%
Almost Always	4,8%	4,2%	6,2%	6,2%	5,3%
Sometimes	1,7%	7,0%	1,9%	0,8%	2,8%
Almost never	0,4%	0,6%	2,3%	0,3%	0,9%

Source: Banca de las Oportunidades - DNP, Baseline P<sub>17a</sub>, 2010.

Although the information gathered in the baseline was not intended to show effects of the intervention, some findings were obtained through the focus groups that illustrate the progress of the pilot program. The baseline report highlighted results around awareness of the need to save by noting that the female subsidy holders who manage their household money are fully aware of the importance of avoiding unnecessary expenditure (it could be the Need to save) so that their income reaches to meet the needs of the home. Emphasis was also placed on the benefits of saving at the bank. As a conclusion of the focus groups, the report points out that the remoteness of populated centers, lack of infrastructure, lack of knowledge, low incomes, and the use of informal saving mechanisms instead of formal savings are factors that impede access Of the target population to the formal financial system.

As well the fact that part of the reason why the use of savings accounts is transactional is that income is barely enough to cover basic expenses, leaving little capacity to save. Another interesting aspect that was identified at the time is that the system of subsidy payment through credit account looks more like a facility for the withdrawal of money, compared to the previous situation when they had to withdraw the subsidy in one moment.

According to the statement by the participants of the focus groups, "it is now much easier to withdraw money from the bank and use it to cover your needs and means to generate additional income (as lend or buy things that represent future income) and it is much harder to keep it there ".<sup>52</sup>

52. Baseline Report.

"In the bank, they will pay interest and money is safe. Furthermore, you don't spend it little by little and can you have when you want." Gigante

"Now withdrawing money is easier and faster, you don't have to fill out paperwork or formats." Consacá

"It's good because if you do not need all the money now you can save it, if you take all the money it can be spent." Consacá

Moreover, in the baseline some of the effects related to financial education were found, the most advanced component when the fieldwork was conducted. According to the information collected in the baseline report, people which had already received financial education considered it valuable because it taught them the advantages of knowing and utilizing financial products, while they enjoyed the methodology. In fact in the two municipalities with incentives, people said they preferred financial knowledge rather than the possibility of winning a draw, to the extent they considered it very unlikely to win.

"If you know how to better handle money you can save more because the money that is spent can be put into production." Ciénaga de Oro.<sup>53</sup>

Progress in financial education, allowed finding on the baseline a better perception of knowledge and a greater idea against the application. The topics of highest scores were those of perception of knowledge in relation to credit, insurance and budget. In knowledge the highest scores were on credit. In application, the highest scores were on budget and insurance. According to the baseline report, focus groups indicated a better management of product revenue expenditure planning and budgets organized by the beneficiary. It also made us realize a discussion about the formal savings as an option.

53. Baseline Report.



## 4 | Preliminary Results

### Preliminary Results

As it was planned from the beginning to the end of the first year of experience, it was expected to count on information about the evolution of the savings of beneficiaries who had participated in the pilot program, based on the analysis of figures from the Banco Agrario. These will be presented in the second section of this chapter.

Throughout this year it was also possible to obtain qualitative information about the opinion of the beneficiaries on different aspects of the PPCA in three types of circumstances. This information was considered useful to complement the analysis of the evolution of savings and it is presented below.

### Qualitative results

As mentioned above, following the methodology adapted from Microfinance Opportunities, the operator of financial education was asked to evaluate the sessions at the end of each module. When processing these assessments and in its final report, Assenda included some important views that should be highlighted, even though they haven't been processed in order to obtain statistical representativeness.



First, the mothers expressed as "very likely" the possibility of leaving part of the subsidy they receive from the FA program in the bank account. When asked about their motivations to save in a formal institution, they asserted that there the money is safer and also allowed them to receive interest. On the purpose of saving, they said they were interested in saving for their children's future, especially for their studies and to buy clothes. Also they mentioned their usefulness for emergencies. With a longer-term purpose mentioned they could start a business, buy some appliances or fix or buy housing.

When asked how they would do it, they pointed to the possibility of postponing some expenses when they could (for example, travel and birthday parties) but also said that they could do so if they did not trust the market shop to buy daily food. They know that in the market store the price of food is higher, so they tried to accumulate a little more resources to go to larger stores where they know that prices are lower. They also said they were willing to reduce the purchase of unnecessary items like "make-ups and luxuries" and catalog purchases.

Obviously, these assessments would allow us to be optimistic about the impact achieved with financial education, trusting that good intentions can be brought to reality (from perception to knowledge and use), a topic in which a second study could surely deepen.

On the other hand, BDO officials had the opportunity to talk with the leading mothers and the winning mothers in all the municipalities where the drawings took place (six of the twelve municipalities). In these interviews, they obtained information, mainly, on the subjects on which the mothers were not yet satisfied. Several complaints about the quality of the service were reported at the time of payment of the subsidy. They pointed out repeatedly that there were still extensive rows, which was exacerbated by the failures of the ATM.

Likewise, they complained of inconsistencies in the balance by finding lower values than they should have, with no apparent justification. One possible interpretation for this phenomenon is that, given the various consultations they ask to find out if the subsidy has already been paid - given that the dates or the month are not always the same - they exhaust their free consultation, and when they pay the subsidy, the bank debits the cost of balance inquiries additional to the free ones.

Concern was expressed over the complaints made by several beneficiaries about the abuses of some of the commercial establishments authorized to make withdrawals, which at the time of paying the subsidy were charged a commission for the withdrawal. In the municipality where this happened, the bank manager did not know the situation until the awards meeting, although this was already happening for several months, illustrating the difficulty or inability of the mothers to manifest and channel their complaints.

The most recurrent observation, however, was the mothers' concern to leave the savings in the account, given the possibility that the FA program could withdraw them from the program, considering that the need for the subsidy was no longer justified. This concern was also heard

by BdO officials in other spaces, specifically in other programs that it develops to promote the methodology of local savings and credit groups (GACL), in municipalities other than the Ppca, especially in communities far from any Formal financial institution. In several of these groups, beneficiaries of the FA program have been asked why they go to the GACLs if they already have the account in the BA. While many beneficiaries expressed the same concern mentioned above, there were also those who said they did not leave the money in the BA for fear that if they did not withdraw it, the program would require them to return the money to the bank "because the mother is not there," Or because "we were told by the municipal linkage," "we heard what happened to one of the mothers," or "the mothers of such a community told us." The "word of mouth" as will be seen later, has had a huge impact on the attitudes of these beneficiaries.

The third source of information was the focus groups conducted within the framework of a project from CGAP that hired the firm Bankable Frontier Associates-BFA as part of its initiative whose purpose was to deepen in three key areas of conditional transfer programs in four countries (Brazil, Colombia, Mexico and South Africa) that have been raised in order to improve access to financial services by the target population:

- From the side of the offering bank: is it possible for a financial institution to provide cost-effective services with financial inclusion?
- From the client side: the low-income population receiving transfers actually uses financial services if they are offered?
- From the government side: the promotion and development of inclusive financial services is too expensive?

To this end, in May 2011, eight focus groups were held, in three municipalities representative of each of the interventions and one in control: Puerto López (Financial Education + Monetary Incentive), El Zulia (Financial Education), San Andrés de Sotavento (Monetary Incentive) and Ciénaga de Oro (Control). The focus of these focus groups was basically to examine four aspects: the financial instruments that beneficiaries and their families had before and after having the account where the subsidies are deposited; The attitude of the beneficiaries to the new payment system through the savings account; And the use they give to that account. We have gathered the main conclusions drawn from this exercise, which we summarize below and illustrate with quotations from the beneficiaries. The results obtained in these groups, after almost 10 months of initiating the pilot program<sup>54</sup>, are quite important from the point of view of lessons learned and identification of the issues that could affect the results of the program.

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54. Financial education had been completed in its entirety, but only three draws of the incentive monetary.



- Most people know that they have a savings account, but the main benefit attributed to them is the convenience in paying the subsidy, given the lower transaction costs in time, greater security and the possibility of withdrawing at any time. The fact that it is a savings account was not very often mentioned as an attribute to be highlighted. In the words of the beneficiaries:

"... it was up to you to wait for the day that you had to go and to make those huge lines, not now ... There were people who slept taking care of their place because, you had to stay up very late. Not now, with the card where it is, if I am in Sincelejo there I go and I charge". (Beneficiary of San Andres de Sotavento)

"... there are moms who wait up to a week later to collect because not all accounts are activated at the same time." (Beneficiary of El Zulia)

- The beneficiaries also expressed the need for more information and more training, especially regarding the management of the ATM. In some cases, the difficulty of using ATMs was so great that some beneficiaries preferred to wait for the day of payment and to file in the "extended box" by means of which the Banco Agrario delivered the transfer to the beneficiaries, another reason they are not banked. In the words of the beneficiaries:

"... I do not know how to handle the cashier he [her son] knows, he tells me to let him withdraw and I only do it when I see that there is a need, so I prefer to tell a friend to accompany me to withdraw ..." Beneficiary of Puerto López)

"... it was hard at first because there are many families in ignorance, in illiteracy, but with the passing of the months that stage has been overcome, at least I did not know how to handle that card but I know how to handle it now, But for me it was easier than for people who are illiterate, because when you are illiterate to understand all the keys you have that is more difficult." (Beneficiary of Ciénaga de Oro)

- Complaints about undue charges by merchants with whom a payment agreement was made or where the ATM was located were also confirmed. They also said that there were people who demanded a payment for lining them up or for helping them to manage the ATM, as we will see below:

"... What happens is that if you are a customer the guys know you come and they do you the favor, but the people of the field do not, several people from San Andrés are still being taken COP 2,000. Or you have to buy them COP 5,000 or COP 10,000 ... "(Beneficiary of San Andrés de Sotavento)

"... at the cashier, there are usually ticket sellers and police officers. Now the police are collaborating more, at first there were only ticket sellers who did not work that day because they were there. They charged a thousand, two thousand pesos ... "(Beneficiary of Ciénaga de Oro)

- On saving with the accounts, the beneficiaries say they know that possibility, however, they have two disadvantages. First, the social control of the children, which reflects the effort that for years has made the FA program to achieve the correct use of subsidies. Second, there is the fear that by showing high balances in the accounts, they'll "get us out of FA." In this sense, the important impact of FA program messages on the destination of the subsidy were observed, which could partly explain the lack of use of



savings accounts. The banked beneficiaries of the FA program withdraw all the subsidy when it's available because of the message of the program in the sense that these resources are for expenses of children. In fact, children are aware and waiting for the arrival of resources to claim them as theirs.

"... One's children are waiting for when the subsidy comes in and how much, they ask you to buy them something for them. Of course, they expect everything to be for toys. "  
(Beneficiary of El Zulia)

"... What happens is that when the money comes and they ask on what it's spent [...] mine asks me" Mommy where you are going? ", " To the bank ", " my money got here? come on!".  
(Beneficiary of Puerto Lopez)

"... You know [...] that one cannot deposit more than one million in the month, more than two minimum wages. If I now sell four beds I get paid COP 500,000, if they send it to my account [...] Last year it happened to me, then they told me not to do it because then they realize and they will say you win a lot, you're well and you do not need the Plan Colombia [...] um, Families in Action .... " (Beneficiary of Cienaga de Oro)

There beneficiaries who do not use the account, however continue to use informal instruments to save. Faced with this apparent paradox one may wonder: why not use the savings account at the Banco Agrario? Why the product is not suitable for them? Why fear of being taken out of the FA program? Because of high transaction costs? Even if the answer is still not clear as it follows from the answers below, it is interesting that in one of the municipalities where focus groups and beneficiaries were made turned out to be all micro- entrepreneurs, several had opened a savings account in another bank with presence in the municipality.

"... I keep it under the mattress." (Recipient of San Andres de Sotavento)

"Then I will give it to her because if I have it here and there is an expense I'll grab it and say I'll put it back, how? ". (Beneficiary of Cienaga de Oro)

"... In the house, I prefer at home because something will always come up". (Beneficiary of Puerto Lopez)

"... I keep them in animals when possible". (Beneficiary of Puerto Lopez)

- These groups perceive the annoyance for transaction costs, even though being an Electronic Savings Account (CAE) is a product whose costs are lower than the alternatives offered at that time by the market.

"I also withdraw everything because the bank charges COP 1,500 for a transaction, it already happened to me...". (Beneficiary of El Zulia)

"... how much can one save in a year, but there they'll take away from you... a long time ago I went and I withdraw everything, because one keeping for them to take away, no, I better keep it in the house. Better save COP 10,000 or COP 20,000 in the pocket of a trouser or a shirt. "  
(Beneficiary of El Zulia)

"... And as one cannot be getting the card all the time [...] the bank starts charging from the second-time balance inquiry, then one will be removed and is the money is no longer complete and what you want is that it was complete. What can you expect? ... ". (Beneficiary of El Zulia)

- Finally, in intervened municipalities, the beneficiaries know the incentive offered and financial education offered. Also, commented on the changes in behavior that the latter has achieved. When asked about the effectiveness of interventions, some demonstration effect of monetary incentive even though only three drawings had been made was found. The people said that since they had seen that it was possible to win the draw, it was good idea to keep more resources in their accounts. With regard to financial education it was found they have greater awareness of the importance of formal savings. However, this is not reflected in greater use of savings accounts.

"... here there's people that have saved and had gotten a benefit, that's why it's a good idea to leave it there". (Beneficiary from San Andrés de Sotavento)

"...no, I didn't save anything, I kept rushing, now it's a different situation, so if was good for me". (Beneficiary from Puerto López)

"...You saw you needed to save during the savings workshop, but sometimes you can't. You learn things, you understand more when they explain things at the bank". (Beneficiary from El Zulia)

The above results serve as a framework for monitoring how the amounts saved in these accounts have evolved. They also offer several keys to interpret them.

## Quantitative results

To analyze the balances saved, the BA allowed the access to a database that registered the movement of the savings accounts between June 2009 and June 2011. This allowed completing the information on the behavior of the savings for a period of almost a year, from the opening of the accounts when there was no intervention, until a year after the interventions of the Ppca. These results are a first approximation to analyze the change in the behavior of the savings of the beneficiaries with the different interventions according to their municipality and region. Therefore, they are not sufficient to make recommendations on which intervention has been the best and most effective in achieving the proposed objectives. The information corresponding to the average balances on account of the 12 municipalities of the pilot program was used, including those of the three control municipalities. In total 44,177 accounts were analyzed.

In the analysis, the methodology of comparing averages was used before (PROM. Before) and after (PROM. after) of the respective interventions<sup>55</sup> and then statistics tests were performed to establish if there were differences between the intervened accounts and the

55. Average Before: Corresponds to the monthly historical average balances before application of the intervention the period between August 2009 and May 2010. During this period four payments of subsidies were made in September and December 2009, March and May 2010. Average after: Corresponds to the monthly historical average after application of the intervention for the period between June 2010 and June 2011. During this period balances subsidies were delivered in June, August, November and December 2010 and in February, April and June 2011.

Control ones, as well as between the interventions themselves.

This was complemented by a review of aggregate tables provided by the bank about the number and type of transactions by the recipient, as well as the channels used by the recipient during the first half of 2011. The results obtained are presented.

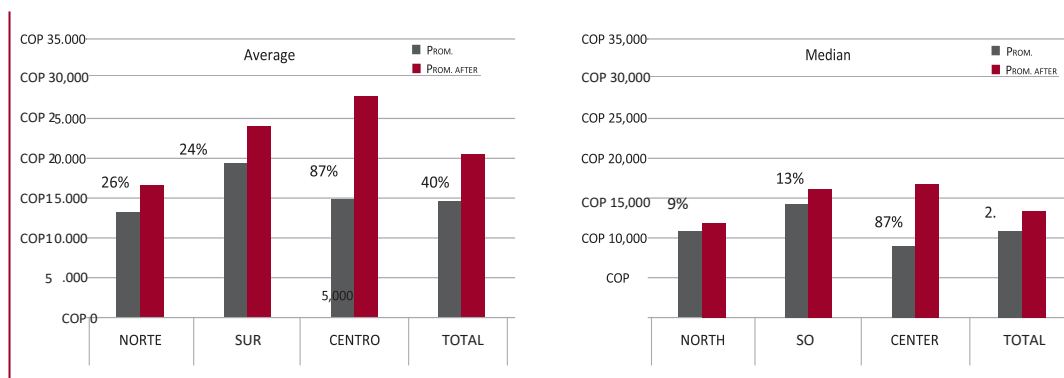
### Comparison of average balances by area

The first result of the figures analyzed is positive, since after the intervention the average balance of the sample increased from COP 14,601 to COP 20,511. This is confirmed if the median is taken, which increased from COP 10,961 to COP 13,438. Although the balances increased, this is a very small increase compared to what was expected by the project team, which had estimated the incentive calculation of an average expected balance of COP 50,000 at the end of the first year.

The results were different in the three intervened regions, as we must note that there are economic and cultural variables that affect the behavior of savings differently from region to region. In addition the motivators are not the same in each geographical area. The central zone and the south zone showed a greater increase in the savings. The highest variation in both average balances and median balances was recorded in the central area and was 87%. The average savings in this area went from COP 14,850 to COP 27,765 and the median, from COP 8,984 to COP 16,826. The south and north showed lower variations, averaging 24% and 26% in average savings and 13% and 9.4% in medians.

**Graphic 4**

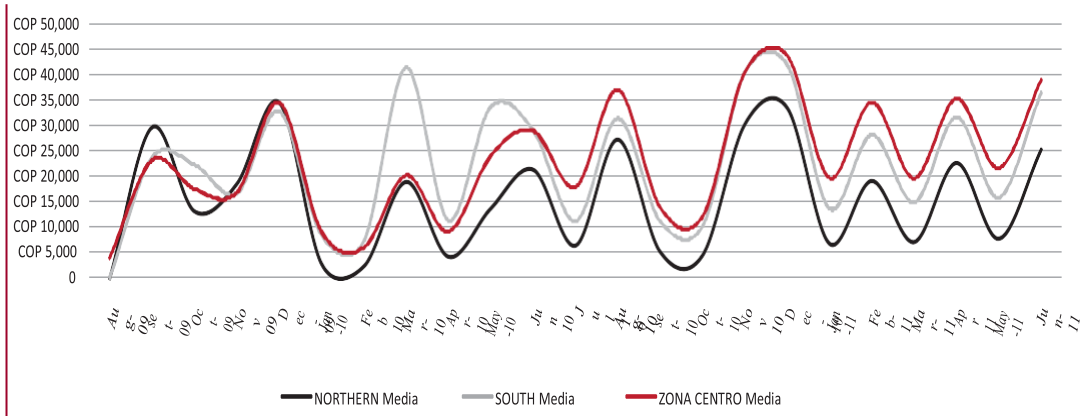
Comparison of median of the average balance per area in Colombian pesos (cop)



Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

Now, graphically the impact of the payment of the subsidy on balances is evident: the months in which the allowance is paid are clearly represented by the upper peaks of the curves, but in all cases a slight upward trend can be seen from the intervention in June 2010. This increase in balances is more pronounced in the second half analyzed, ie between January and June 2011.

**Graphic 5**  
Behavior of the means of the average monthly balances by area in Colombian pesos (COP)

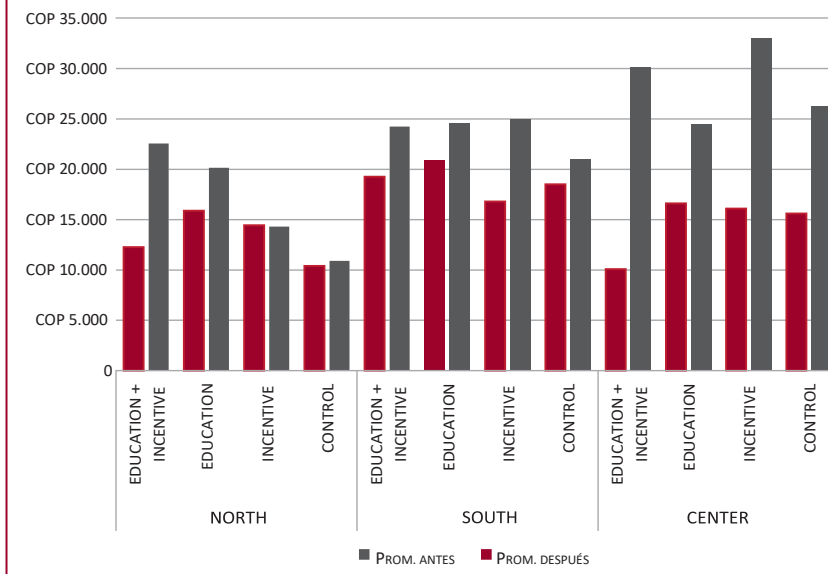


Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

By disaggregating these results by type of intervention, the trends of the mean and the median by region are confirmed. In the central zone, the greatest variations are presented for all types of intervention, as can be seen in Chart 5, which illustrates the variations in means where even in the control municipality the behavior is different from the other areas. In the northern area, the change in the savings balance in the municipality with more incentive education was greater, whereas in the south the intervention with the incentive alone seems to have had a greater influence on the change in saving behavior.

**Graphic 6**

Comparison of the means of average balance, by type of intervention and area in Colombian pesos (COP)



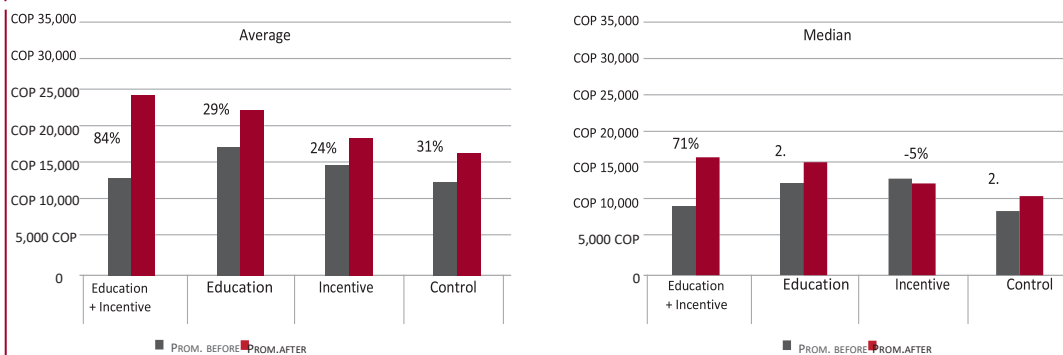
Source: Statistical report prepared on the basis of figures provided by Banco Agrario.

### Results by type of intervention

As a result of the banking system, the beneficiaries begin to use their savings accounts naturally and leave higher balances on these accounts. This is confirmed when the savings result is analyzed in the control municipalities, for which both the medians and the means show that the balances increased even without intervention. The results suggest that Ppca interventions have had a positive effect. Although all the instruments used have been effective to motivate the increase of the savings of the beneficiaries, municipalities with financial education plus monetary incentive (EF + IM) reveal higher levels of savings after the intervention; Followed by those where financial education (EF) was provided. Third, the municipalities intervened only with the monetary incentive (I).

**Graphic 7**

**Comparison on average balances by type of intervention in Colombian pesos (COP)**



Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

If this effect is analyzed by disaggregating the distribution of savings balances, you can observe again how the intervention of financial education plus monetary incentive (EF + IM) has had the greatest effect on growth. This is less obvious but noticeable in the case of intervened municipalities only with financial education (PE), and even in the control (C), and in the case of intervened municipalities only as monetary incentive (I) no change is perceived.

However, in all cases, the accumulated balances remain low. This leads, therefore, to the need to inquire further about the possible causes of this behavior, because if beneficiaries continue to use informal mechanisms for savings, it means that they have some additional resources that could have been handled in the accounts the bank, but they have decided not to. Thus, then, in an effort to understand what may be motivating the differences and the low use of accounts, a more detailed analysis is offered.

*Results by type of intervention and municipality*

There is a sort of variables that may have affected the results of savings in the different municipalities. The most important relate to the prejudices expressed the beneficiaries around to show the account balances to the FA program, for fear of losing the subsidy or being excluded from the program and the lack of trust in the bank and complaints about care offices. An initial hypothesis is that most effectively achieved through the intervention of financial education (with and without monetary incentive) is because in such training mothers were clarified these doubts and concerns in a better way compared to what was achieved in the other cases.

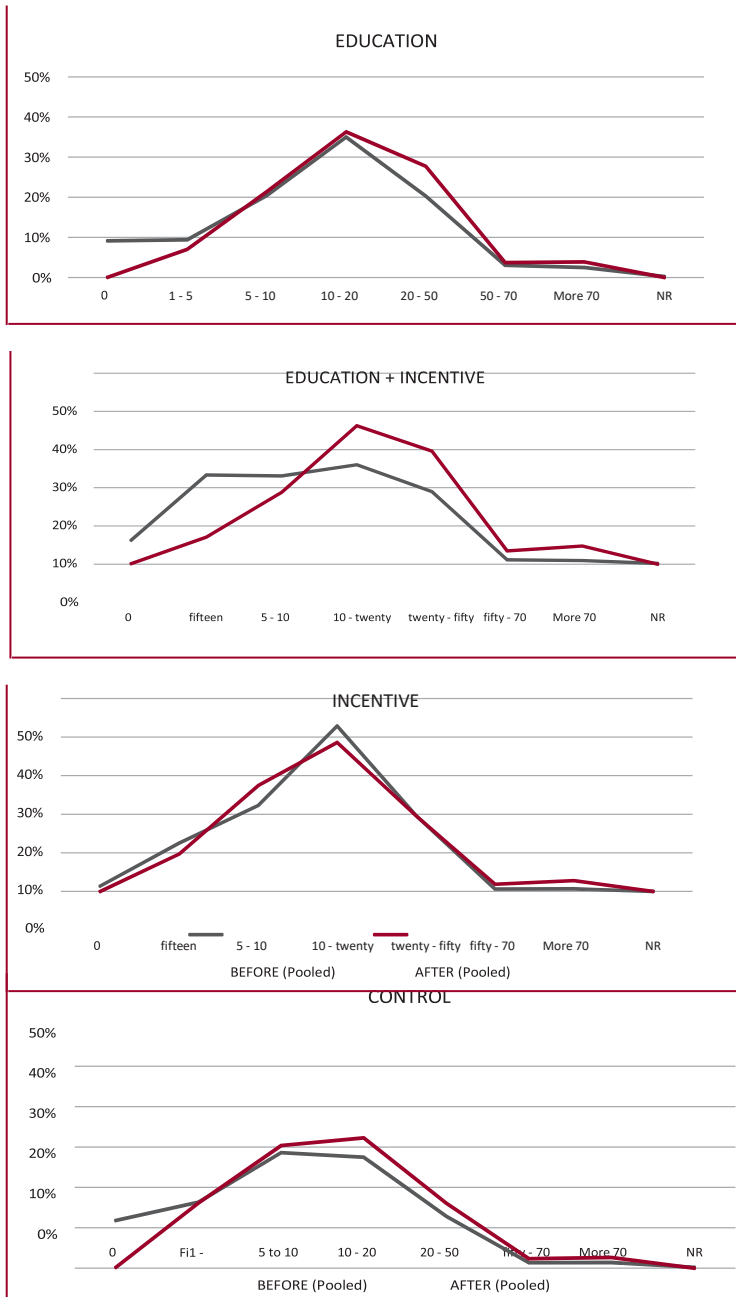
By making a detailed analysis by municipalities some questions arise. It is recalled that the six municipalities of financial education, in two of them, Puerto Lopez and in addition Necoclí where the monetary incentive was offered, the lowest percentage of attendance at meetings



for financial education was recorded. Puerto Lopez reached only 36.8% and Necolí 44.3% of attendance to workshops. However it is precisely the two municipalities where the largest percentage of variation in the average balances after the intervention is observed, as shown in Figure 8.

**Graphic 8**

**distribution range balances by type of intervention in Colombian pesos (Cop)**



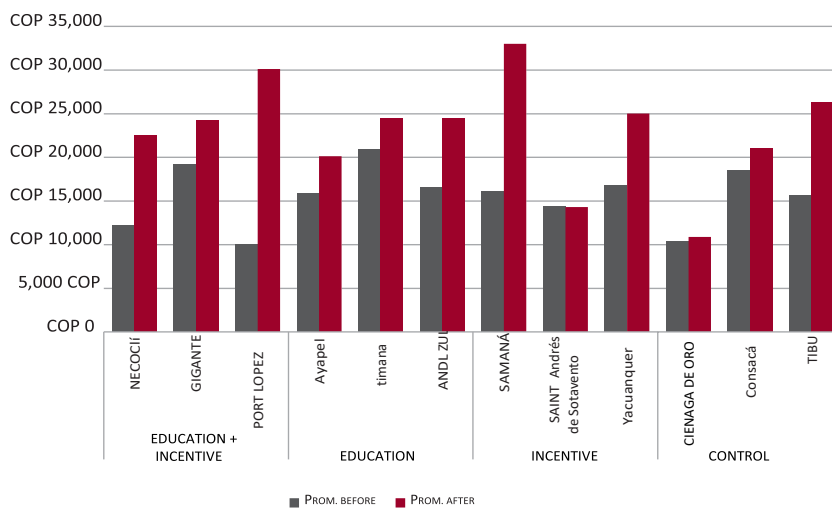
Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

It could be interpreted then that in the case of these two municipalities, motivation for increasing their savings balances depended on a higher proportion of monetary incentive assistance to financial education workshops. However you can also infer that sessions in which assistance was achieved or even that the seed sown in those beneficiaries who dutifully attended the different sessions, managed to be disseminated through the very efficient system of "word of mouth" which as mentioned also proved very effective to disseminate messages in favor of savings in these accounts.

A breakdown by municipalities, also highlights the case of Samana municipality in which it was offered only monetary incentive, with as large as that of Puerto Lopez variation, with the highest average balances of all municipalities level, after the intervention.

**Graphic 9**

Comparison of average balances by type of intervention and municipality in Colombian pesos (COP)

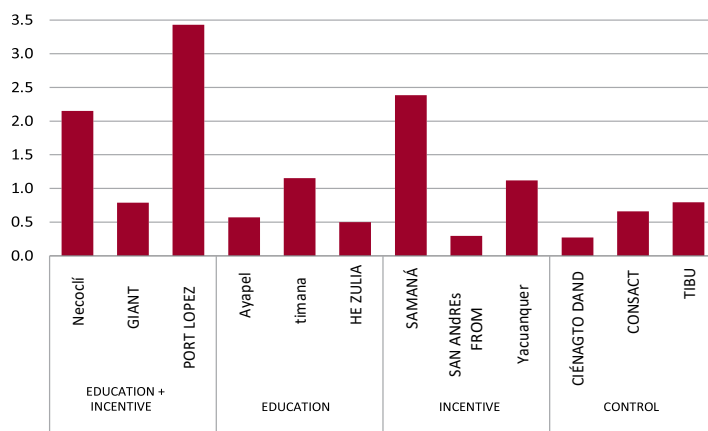


Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

In search of more answers to these concerns, changes in the balances of individual accounts of each municipality and by type of intervention were averaged, which was confirmed the trends observed so far. Puerto Lopez (EF + IM) is the municipality where the greatest variation was recorded, followed by Samana (IM). Timaná, it was the city with the highest rate of attendance to workshops (77.5%), the largest variation in savings within their group. However, in aggregate Timaná ranks fourth in relation to increased average of balances saved, as shown in Figure 10.

**Graphic 10**

Average changes of account balances before and after the interventions, by type of intervention and municipality



Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

In the detailed analysis of the impact of financial education a crossing of variables was performed to demonstrate the behavior of the accounts of the beneficiaries who attended the financial education workshops related to municipalities with financial education intervention and financial education plus monetary incentive. The source of information used was the assistance card number provided by Assenda, who crossed the database average balances provided by the Banco Agrario. The total of the sample corresponds to 13,705 accounts, equivalent to 61% of a total of 22,218 accounts report figures in municipalities with these two types of intervention.

Again, the result is complex to analyze. If you look by type of intervention, beneficiary municipalities with more financial education intervention plus monetary incentive attended six financial education workshops, are not the most increased their average savings balances. More than that, they do in greater extent those who attended only two of the workshops. By contrast, in municipalities with intervention only education, lower than the previous increases are recorded, and greater impact corresponds to beneficiaries who attended all sessions of financial education.

**Table 7**

Variation of average balances versus assistance to financial education workshops

Treatment	Assistance						
	0	1	2	3	4	5	6
Education + incentive	0.60	2,18	2,28	2.07	2,08	1,28	1.29
Education	NA	0,78	0,47	0,52	0,60	0,83	0,93

Source: Information provided by the Agricultural Bank and

If the behavior is analyzed by area, the beneficiaries of the center region attended that four workshops were the ones that most increased their savings balances. Surprising that the variations are significant in this region, including for those who only attended one, two or three training sessions. In the case of the south, the largest increase corresponds to those who attended all sessions, while in the north the biggest effect was achieved among those beneficiaries who attended three training events, confirming that the regional context entails different results.

**TABLE 8**Variation average balances *versus* assistance to financial education workshops, by area

Zone	Assistance						
	0	1	2	3	4	5	6
North	NA	101	0,87	1,62	101	0,81	0,73
Sur	0,60	0,69	0,45	0,89	0,75	1,25	1,42
Center	NA	1,84	1,91	1,59	2,21	0,93	0,70

Source: Information provided by Banco Agrícola and Asenda

Finally, at the level of municipalities, the results are different. The beneficiaries ranging in greater proportion the balance of their savings are those that attended four or more workshops, as in Necoclí (EF + IM), Gigante (EF + IM), Timaná (EF) and Puerto López (EF + IM). In the last one, the greatest variations are recorded in the balances saved from the entire sample. In addition, the highest impact in this case corresponds to the beneficiary who attended five workshops.

**TABLE 9**Variation average balances *versus* assistance to financial education workshops, by town

municipality	1	2	Assistance 3	4	5	6
Necoclí	2,14	1,68	2,07	1,63	1,71,	2,57
Yapel	0,92	0,39	0,35	0,53	0,49	0,48
Gigante	0,73	0,09	0,63	0,50	0,52	0,85
Timaná	0,55	1,22	1,42	1,14	2,00	1,92
Puerto López	2,67	3,34	3,11	4,24,	5,06	3,37
La Zulia	0,52	0,45	0,63	0,54	0,33	0,47

Source: Information provided by the Agricultural alreadyssenda

Finally, since it was possible to compare the behaviors in terms of saving reached by the beneficiaries of the municipalities with the various interventions against those beneficiaries of the municipalities of control, techniques we were used to compare the differences of variations achieved in the municipalities of intervention, with respect to changes achieved in the municipalities of control. It was found again that financial education intervention plus monetary

incentive was the most effective in motivating behavior change in savings, with a variation greater than 3.8 times that of control; followed by the intervention with incentives, which achieved 0.63 times higher variations. Third, although without much difference variation is achieved in municipalities where only financial education was provided. The test results were as follows:

Education + incentive	3,823
Education	0,619
Incentive	0.627

Although recent results suggest that all interventions were effective for variance versus the control municipalities,<sup>56</sup> the level of balances saved results very low in all cases, making it necessary to perform further analysis before starting a phase expansion of the initiative that will surely require correction of deficiencies found in implementation of the interventions of the pilot program.

#### *Analysis of the behavior of accounts with average balances placed in the top quartile after interventions*

Given the low level of average balances found, it was considered important to analyze in more detail the behavior of the accounts located in 25% of the highest average balance, to the extent that it was thought that in them savings were generated. This group comprised of 11,044 accounts whose distribution by type of intervention with the respective average balances for the entire period after the interventions was as follows:

**TABLE 10**  
CUDITORS in the highest quartile of average balances

Type of intervention	Number of accounts	Average balance (in US \$)
education + incentive	2,705	24,417
education	2,824	22,445
incentive	2,829	18,547
	2,686	16,611
<b>total</b>	<b>11,044</b>	

Source: Prepared with format information tracking pilot program provided by the Agricultural Bank

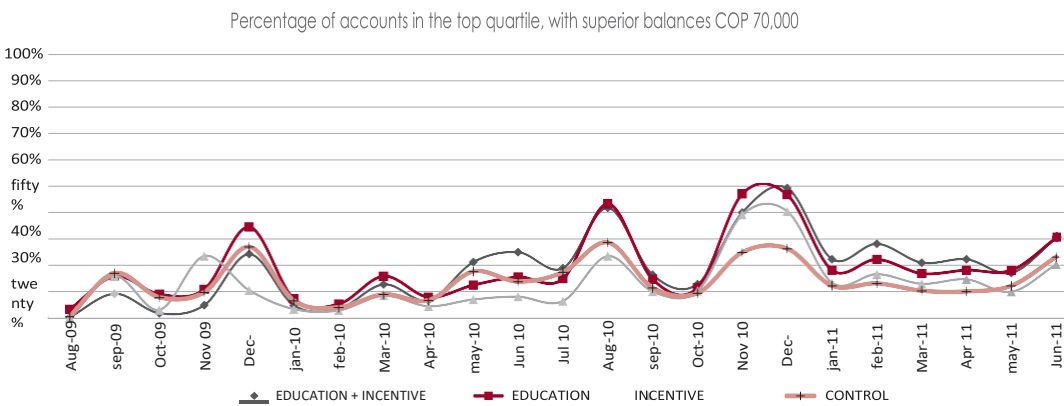
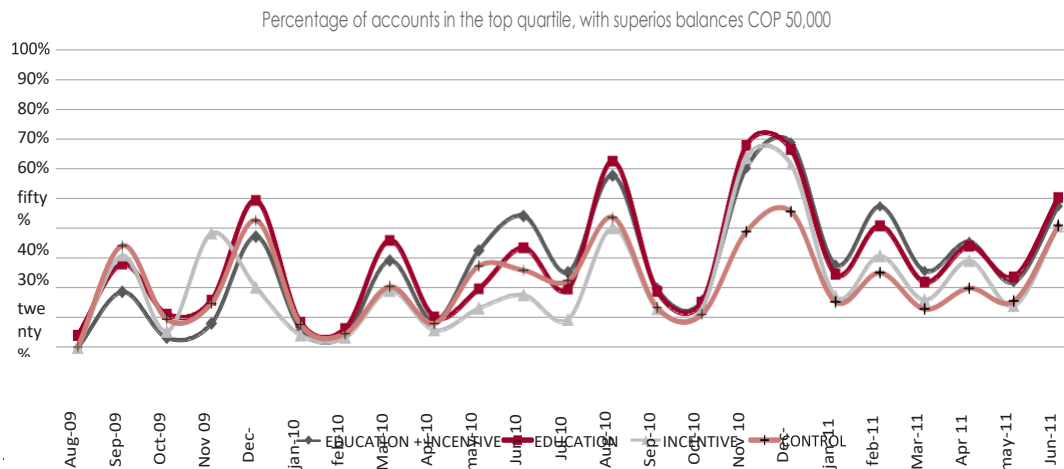
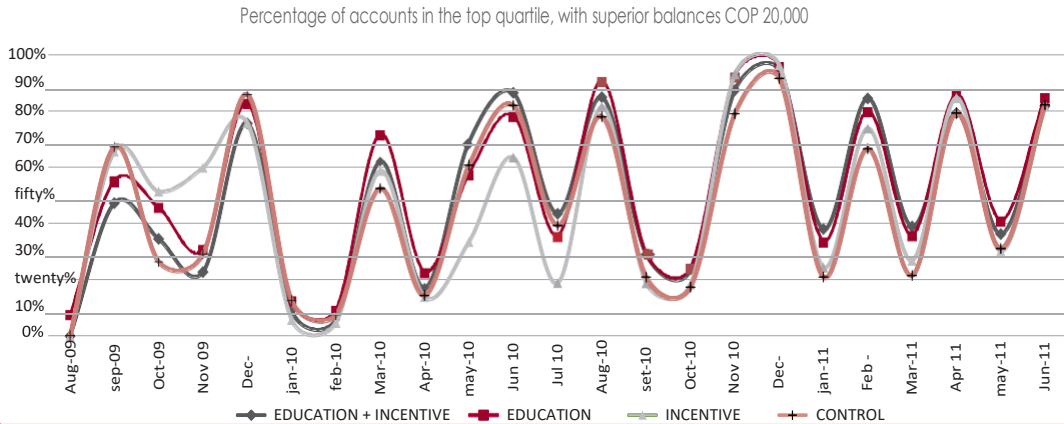
To analyze the evolution of average balances by type of intervention throughout 2010, the distribution was disaggregated so it was possible to determine what percentage was above certain balance ranges.

56 To obtain this result, we calculate the relative variation versus the control of the variable variation, for each one of the interventions and of the control municipalities.

The first level corresponds to COP 20,000, value which initially was the least beneficiaries of ATMs could withdraw, and may reflect only that on some occasions the money could "get caught" in the accounts without meaning a real desire of the beneficiaries to leave saved money. The next level is COP 50,000 and the highest, of COP 70,000.

**Graphic 11**

**CUDITORS the top quartile with higher average balances 20,000 cop, cop 50,000 y 70,000 cop**



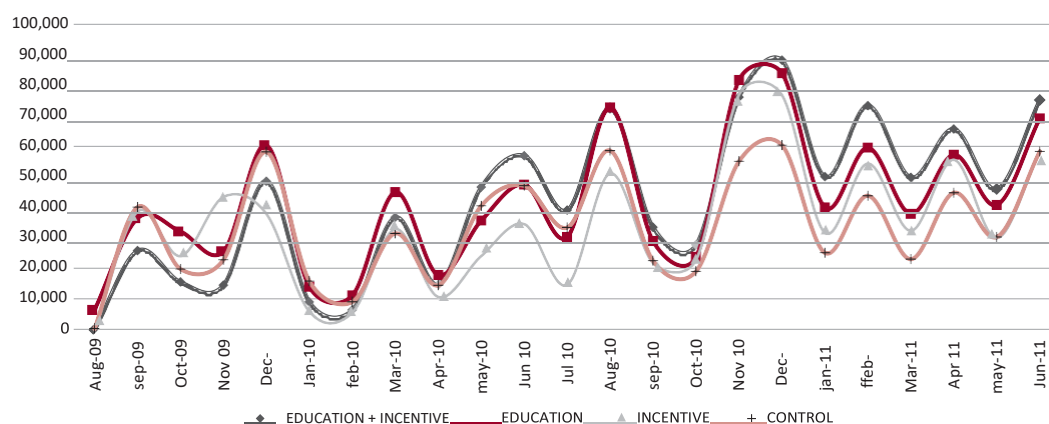
Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

On the first level is interesting to note that as we passed the year, and particularly since the start of the PPCA, an increasing percentage of these accounts were accumulating balances, so that by the end of the period more than 20 % had balances above this level even in the months where the subsidy was not delivered. At the next level, higher than COP 50,000 balances, just over 10% of these accounts is at this level even at their lowest level in months of nonpayment, and tend to increase through the period under analysis the number of accounts that record these balances. A similar behavior is observed in the case of accounts with balances higher than COP 70,000 where they are located around 10% of the accounts. However, they show minor fluctuations between the months of payment and non-payment,

This is confirmed by analyzing the evolution of average account balances. First, there is a clear trend towards an increase in stocks, even in the months where there were no payment of subsidies, suggesting that in these cases, there is an effort on the part of the beneficiary to save.

**Graphic 12**

the average balance of accounts in the top quartile by type of intervention in Colombian pesos (Cop)



Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

It was also confirmed that in municipalities where incentives and financial education or just financial education was offered, higher levels of savings was achieved. In addition, they separate from the behavior recorded on all accounts in the control municipalities after the intervention began, with a positive trend in average balances saved in all cases during the months of 2010. The behavior of these accounts warrants further study since in these cases it can be concluded that the beneficiaries are creating a culture of savings and that interventions have contributed in one way or another to consolidate this behavior.

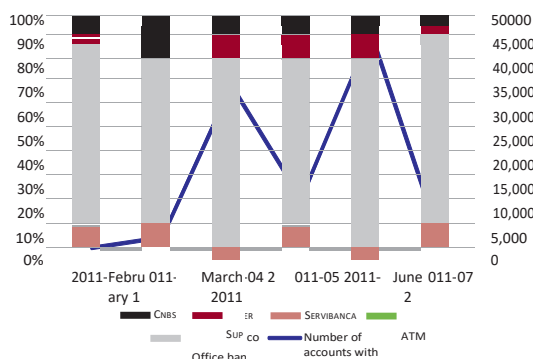
### Results of transactions

Based on information formats of tracking of the pilot program delivered by the Banco Agrario to Banca de las Oportunidades was possible to build for the period January to July 2011 information about the behavior of withdrawals and deposits as well as the channels used for performing transactions. February had to be excluded from some analyzes for its atypical behavior.

As you may recall, all municipalities of the pilot program have an office of Banco Agrario online. Only in the municipality of Tibu there is also a non-bank correspondent (CNB). The Banco Agrario has installed ATMs for withdrawals or in partnership with Sevibanca. It also has agreements with businesses in each municipality, but the recipient can only make withdrawals, since purchases are not authorized by the bank. The most common channels for withdrawals are Servibanca ATMs, as shown in Figure 13. It is likely that withdrawals made to appear as CNB, apply to withdrawals made in neighboring municipalities,

**Graphic 13**

Number and distribution of transaction accounts, depending on the channel used each month  
 January - July 2011, in Colombian pesos (COP)



Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

It shows how the beneficiaries interact with their account, mainly through ATMs, and use very little network of stores because the debit card does not allow them to make purchases. This limitation had an adverse impact on the desire of the beneficiaries of leave balances in the accounts. It meant a very important product design on which the PPCA had relied to propose one of its objectives variation: teach beneficiaries to deal with modern media.



The approach of the beneficiaries to channels that do not allow transactions is reflected in the number of deposits. In practice the beneficiaries have not come to the office or the CNB to make deposits. Thus, on average, only 0.6% have made at least one transaction of deposit, and of these, 25% made two or more deposits.

**TABLE 11**

Number Total accounts with deposits per month. January - July 2011

Fcheck	total account	total accounts deposits	Average amount
2011-01	49,409	238	211,978
2011-02	nd	365	168,954
2011-03	46,768	439	182,697
2011-04	46,931	257	192,341
2011-05	44,792	271	186,795
2011-06	44,244	402	145,680
2011-07	44,215	176	278,504

Source: Information tracking pilot program provided by the Agricultural Bank

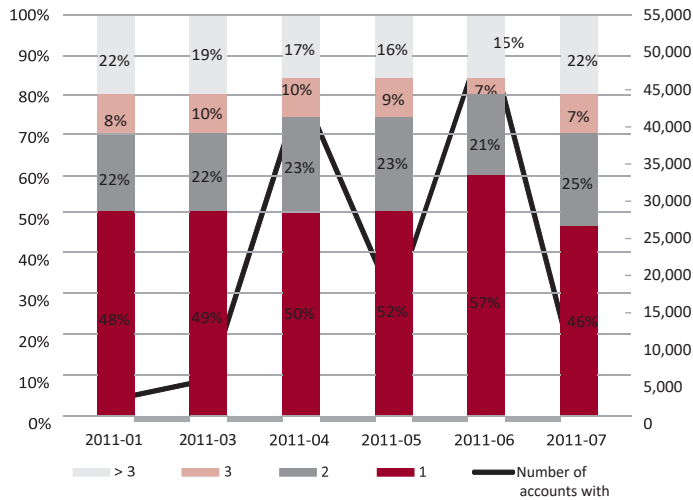
Grouping together the database by type of intervention, it shows that in municipalities with monetary incentive plus financial education and those only with monetary incentive more deposits have been made.

The frequency with which the beneficiaries made withdrawals was not regular and focused on the months of subsidy payments. Thus, in April and June 2011, 95% of registered accounts registered withdrawals; whereas, for example, in January, March and July of the same year the percentage of accounts that records such movement was less than 13%.

This behavior highlights two possible scenarios: that most of the beneficiaries only use the account as a means to remove the subsidy, or that its use or nonuse responds to an issue of cost. As you may recall, one of the characteristics of the savings account of the beneficiaries is that they have two transactions and balance free consultation. With this in mind, in 51% of accounts that record withdrawals have been made in a single transaction, while 23% have made two transactions, and only 26%, three or more withdrawals per month.

**Graphic 14**

**Number of accounts with withdrawals and participation by number of withdrawals per month. January - July 2011, in Colombian pesos (COP)**

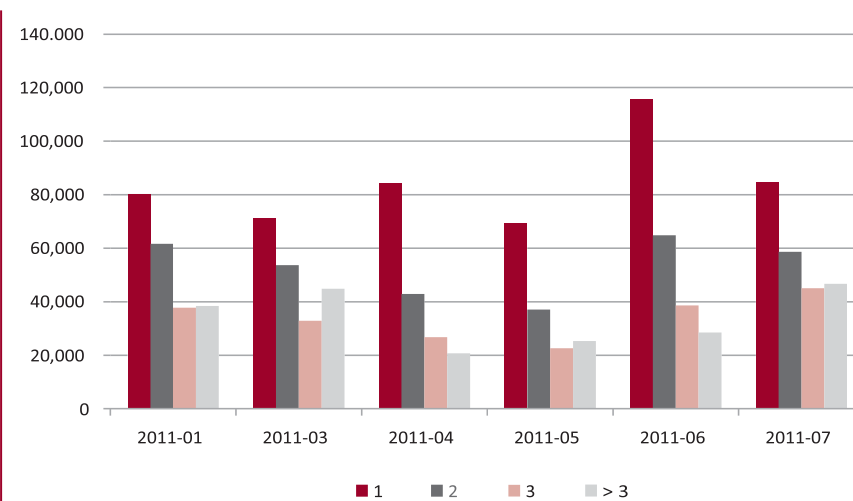


Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

Regarding withdrawals, it's interesting, too, retired compare with the amount of subsidy, which approximates on average COP 100,000 bi-monthly amount. The graph shows that in the accounts that record one withdrawal per month, equivalent to an average of COP 79,000, while the average amount for retirement accounts that make two retreats is COP 50,000. In the case of those that perform three withdrawals or more value ranges from 32,000 COP and COP 33,000.

**Graphic 15**

**average amount of withdrawal. January - July 2011, in Colombian pesos (COP)**



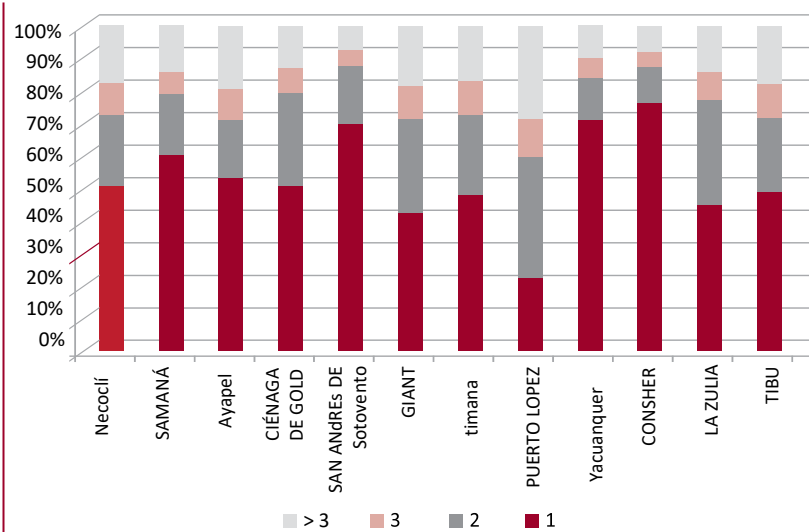
Source: Prepared with formatting information tracking pilot program, provided by the Banco Agrario.

In terms of transactions, the municipalities show different behaviors. Puerto Lopez (EF + IM) is the municipality that has the highest savings balances variations before and after the intervention, and where the recipients prefer to leave more balance in their accounts. At the same time, it is where they made, on average, more withdrawals, as 40% of the accounts for three or more withdrawals per month. For Timaná (EF) and Gigante (EF + IM) is similar in terms of the number of withdrawals. However, these two municipalities do not have the same variations and savings balances.

In contrast, in municipalities such as Consacá (control) Yacuanquer (IM) and San Andres de Sotavento- (IM), more than 70% of the beneficiaries does one withdrawal, coinciding with minor variations in the balances before and after the interventions.

**Graphic 16**

**distribution of accounts based on the average number of withdrawals per month**

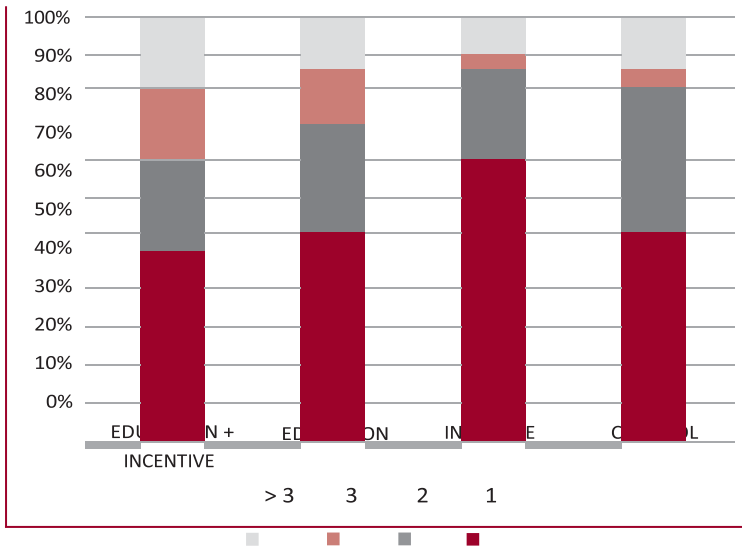


Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

This behavior is confirmed by analyzing the information by type of intervention. It is observed that 55% of the beneficiaries of the municipalities with the intervention of financial education plus monetary incentive make more than 1 withdrawal, more than what happens in the case of municipalities where only financial education (47%) was provided or the control (48%). By contrast, only 32% of the accounts of the municipalities that receive one monetary incentive had more than one withdrawal.

**Graphic 17**

**Number of account withdrawals by type of incentive. January - July 2011**



Source: Prepared with information tracking pilot format provided by the Agricultural Bank program.

The dynamics observed in the field of transactions is very basic and strongly influenced by the characteristics that the Banco Agrario ascribed to the debit card, according to which the most rational attitude for the beneficiaries of the subsidies was to withdraw the resources from their account by means of the two transactions free of cost.

## 5 | Future challenges

The first year of the Ppca pilot program has been especially important because of the lessons learned in relation to the implementation process and the participating entities. It has made it possible to point out the aspects that need to be taken care of, from the very design of the pilot program, in order to achieve a development with fewer drawbacks. In practice, the implementation of each of the instruments of intervention has required adjustments in the schedules. Unforeseen activities and difficulties that have delayed its development have also arisen on the road. This is why insufficient results have yet been obtained to conclude on the effectiveness of the instruments used.

In the implementation process of PPOD paradigms have been identified that would need braking and it would have to work with each of the participating entities. On the one hand, and in relation to the Families in Action program, it is necessary to review how it's best achieved by aligning the interests to promote savings culture, specifically on two fronts. First, we must recognize and internalize at all levels, that although the subsidies are intended to support the consumption of families in terms of their basic needs (committee gives, housing, clothing, education), promoting a culture of formal savings does not detract from its objectives, but seeks to formalize the savings that the beneficiaries perform informally to protect and secure it. It also allows that by saving small amounts, beneficiaries accumulate funds that allow them to improve the quality and value of consumption. Therefore, and with the same efficiency and effectiveness that the program has managed to transmit their messages to the recipient, it is necessary to emphasize that the FA program should send the beneficiaries

clear messages on two subjects: the ability to save, without having the risk of being excluded from the program and the possibility to not withdraw the subsidy in its entirety within 15 days, without running the risk that posts the collected balance is not returned to Social Action. Messages must also be consistent within the bank that manages payments, especially if it is the same that historically has handled payments to prevent officials, even of good will continue transmitting erroneous messages.

Second, and from the point of view of the paying bank, in this case the Banco Agrario, should be aware that implementing a pilot program involves enormous difficulties, even if the design took special care to choose a type of monetary incentive that does not affect their processes too much. In addition to difficulties in meeting the draw schedule, the main shortcoming was not to deliver incentives to branch staff where the pilot program was being developed. Next year will be necessary to evaluate if these incentives induce a change in the savings habits of the beneficiaries, and if these changes manage to promote an average savings that effectively manage to sustain the "business case" for a bank of this type.

There is also a need to look more closely into customer protection mechanisms that should be envisaged in the future. The increasing use of "alternative channels" can effectively reduce operating costs for the bank and transaction costs for beneficiaries. However, it requires them to have contact with non-bank officials who may abuse their privileged position. An example of this is the abusive practices of some shopkeepers, who were only reported to the bank when BDO officials visited and met directly with the beneficiaries. Mechanisms should therefore be considered to ensure that information flows in two ways, ie from the bank to clients, but also from clients to the bank, and to constitute effective systems of care and protection for these consumers who are not Accustomed to having where to complain.

In relation to the instruments of intervention, the available figures indicate that financial education, moreover if combined with an incentive that rewards the effort to save, does generate a greater propensity to save in the formal financial system. It is worthwhile to delve into these indications above all, in order to understand whether the new knowledge acquired about the financial system as such, or whether it was financial education, that provided was clear messages about the characteristics and opportunities of the savings account, which generated the differential behavior. This will be crucial in the following phases, where, due to budgetary restrictions and logistical capacity, the financial education methodology will have to change towards mass dissemination schemes (telenovelas, soap operas, text messages, etc.). Important messages to promote the culture of formal savings.

In relation to the monetary incentive, the requirements identified as important to ensure the confidence and closeness of drawings among the population, have not been met by different circumstances. It will be necessary to make the appropriate adjustments so that next year the dates

of the draws and awards take place periodically and on the dates set, in order to draw clearer conclusions. For the time being, the average level of balances presented in these accounts does not allow to conclude about the possibility of achieving a sustainable model of monetary incentives to beneficiary recipients of subsidies. Similarly, the results still fail to demonstrate the profitability of the "business case" for financial intermediaries who take charge of these payments from the resources to be mobilized, or whether they will have to continue depending on the payment of a commission by Part of the transfer programs.

Another important lesson of this pilot program has been to show that it is not a sufficient condition to offer a savings account to beneficiaries to move from informal to formal savings. The characteristics of the account, its costs, the means to use the funds, the available channels and the information provided, are of vital importance to ensure effective savings. Thus, when offering a savings account with a debit card that allows withdrawals at ATMs, but without the possibility of making purchases in stores (the option is not yet enabled), the logical behavior of the beneficiaries was to withdraw the subsidy In cash within the two transactions offered to them free of charge. Add to that the confusing messages they received, not surprising the low level of savings achieved so far. In the future, the interoperability features offered by potential subsidy payers should be carefully considered by transfer programs and should be analyzed in the light of the broader objective of financial inclusion and Of the beneficiary families. Whether it is aimed at generating a savings culture or only generating an efficient disbursement mechanism, both for cost efficiencies and for the benefit that this may represent for the beneficiaries, the interoperability of the payment system should be a characteristic Of any chosen system.

Finally, given that the results achieved so far are positive in terms of growth trends but not strong in terms of saved balances, it is key to deepen the analysis of future results before thinking about a next phase of expansion. Especially given the positive results observed in the case of the accounts that located in the upper quartile, where there was also a determined effort of the beneficiary mothers to save. For this purpose, it would be important to have more solid quantitative information to enrich the information obtained so far with qualitative methodologies.

Undoubtedly, the processes of change in people's financial behavior take time and despite having faced adverse circumstances in terms of the operational aspects of this pilot program, the results are positive and hopeful. Bringing these clients closer to the financial sector, insofar as they represent a different segment of the population, including that of microentrepreneurs who have very small incomes through savings accounts, will demand more study to understand their needs and expectations, in order to ultimately Continue to improve interventions and achieve their effectiveness.

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## Annex 1

### Questions that the impact assessment seeks to answer

- Was it possible to foster a culture of formal savings in the target families?
- Did informal and formal savings change? Once the intervention is done, is informal saving still practiced? Why? What is their proportion to the income of families?
- Did the household savings rate change? Is it possible to accumulate new resources?
- Do the incentives and financial education serve to save the resources provided by the subsidy?
- Which of the components of the program is the most efficient for families to increase family savings? Are there synergies between components? Are there different effects by region?
- Does access to formal savings allow families to learn about other financial products? Does access to formal savings make it easier for families to apply for other financial products? Is it possible to access other financial services such as credit, insurance or transfers with the formal savings generated?
- What is the fate of family savings?
- Are savings used when there is an emergency? Are the deaccumulation of actives, or other practices that might worsen the situation of the families to confront emergencies reduced?
- Does formal savings replace other sources of informal finance? Are the costs of attending informal financing less?
- Is saving a mean that works to better the contidionts of the families in terms of improvements to their homes, acquisition of actives, housing changes, etc.? What effects are there about consumption?
- Can the savings initiate any economic activity that contributes to some additional income to the family?

## Annex 2

### Table of support of results

**TABLE 1**  
Comparison average balances per area

Area	Prom. before		Prom. after		accounts
	average	Median	average	Median	
	US \$		US \$		
North	13,225	16,670	11,865	26,560	26,560
Sur	19,424	24,101	16,240	7,037	7,037
Ci enter	14,850	27,766	16,826	10,580	10,580
total	14,601	20,511	13,438	44,177	44,177

Source: Statistical report prepared on the basis of the figures provided by the Agricultural Bank.

**TABLE 2**  
COMPARING mean and median of the average balances by type of intervention and area

Zone	Intervention	Prom. before		Prom. after		Accounts
		Mean	Median	Mean	Median	
		COP		COP		
North	Education + incentive	12,282	8,430	22,556	15,774	6,471
	education Incentive	15,892	13,252	20,149	14,400	5,377
	Control	14,436	13,168	14,310	11,236	8,248
Sur	Education + incentive	10,409	7,959	10,893	8,238	6,464
	education Incentive	19,267	17,982	24,235	16,045	2,177
	Control	20,925	11,935	24,542	16,844	2,831
Ci enter	Education + incentive	16,785	13,321	25,019	14,919	1,185
	education	18,519	15,286	20,985	16,461	844
	Incentive	10,078	5,871	30,145	16,444	2,171
	Control	16,607	10,353	24,519	15,397	3,091
		16,077	12,269	33,029	20,716	1,883
		15,598	9,194	26,298	16,625	3,435

Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

**TABLE 3**  
COMPARING mean and median of the average balances by type of intervention

intervention	Prom. before		Prom. after		Accounts
	Mean	Median	Mean	Median	
	COP		COP		
education + incentive	13,250	9,303	24,417	15,943	10,819
education	17,347	12,409	22,445	15,279	11,299
incentive	14,955	13,072	18,547	12,411	11,316
Control	12,702	8,675	16,611	10,697	10,743

Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

**TABLE 4**

**COMPARING mean and median of the average balances by type of intervention and municipality**

Intervention	Municipality	Prom before		Prom. after		Accounts
		Mean	Median	Mean	Median	
		COP		COP		
education + incentive	Necocli	12,282	8,430	22,556	15,774	6,471
	Giant	19,267	17,982	24,235	16,045	2,177
	Puerto Lopez	10,078	5,871	30,145	16,444	2,171
education	Ayapel	15,892	13,252	20,149	14,400	5,377
	Timaná	20,925	11,935	24,542	16,844	2,831
	Zulia	16,607	10,353	24,519	15,397	3,091
incentive	Samana	16,077	12,269	33,029	20,716	1,883
	San Andres de Sotavento	14,436	13,168	14,310	11,236	8,248
	Yacuanquer	16,785	13,321	25,019	14,919	1,185
Control	Ciénaga de Oro	10,409	7,959	10,893	8,238	6,464
	Consacá	18,519	15,286	20,985	16,461	844
	Tibu	15,598	9,194	26,298	16,625	3,435

Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.

Average Variation (before versus after)		Education + incentive					education					
		disminuyen	Maintain	Cprayed to fifty	Cprayed to 100%	CRce over 100%	disminuyen	maintain	Cprayed to fifty	Cprayed to 100%	CRce over 100%	
TOSSISTANCE	0	frequency	64	12	6	8	3.4	0	0	0	0	0
		% line	3.96%	2.12%	1.23%	1.02%	1.28%	0.00%	0.00%	0.00%	0.00%	0.00%
		% column	51.61%	9.68%	4.84%	6.45%	27.42%	0.00%	0.00%	0.00%	0.00%	0.00%
	1	frequency	85	27	35	53	265	244	92	58	69	136
		% line	5.26%	4.77%	7.20%	6.73%	9.99%	8.58%	7.49%	6.85%	7.25%	7.95%
		% column	18.28%	5.81%	7.53%	11.40%	56.99%	40.73%	15.36%	9.68%	11.52%	22.70%
	2	frequency	118	42	39	89	298	258	96	68	58	145
		% line	7.30%	7.42%	8.02%	11.31%	11.24%	9.07%	7.82%	8.03%	6.09%	8.48%
		% column	20.14%	7.17%	6.66%	15.19%	50.85%	41.28%	15.36%	10.88%	9.28%	23.20%
	3	frequency	400	193	162	284	912	401	144	111	115	148
		% line	24.74%	34.10%	33.33%	36.09%	34.39%	14.10%	11.73%	13.11%	12.08%	8.65%
		% column	20.50%	9.89%	8.30%	14.56%	46.75%	43.63%	15.67%	12.08%	12.51%	16.10%
	4	frequency	282	115	108	165	563	569	229	165	148	264
		% line	17.44%	20.32%	22.22%	20.97%	21.23%	20.01%	18.65%	19.48%	15.55%	15.44%
		% column	22.87%	9.33%	8.76%	13.38%	45.66%	41.38%	16.65%	12.00%	10.76%	19.20%
	5	frequency	344	92	76	117	351	709	332	210	272	466
		% line	21.27%	16.25%	15.64%	14.87%	13.24%	24.94%	27.04%	24.79%	28.57%	27.25%
		% column	35.10%	9.39%	7.76%	11.94%	35.82%	35.65%	16.69%	10.56%	13.68%	23.43%
6	frequency	324	85	60	71	229	662	335	235	290	551	
	% line	20.04%	15.02%	12.35%	9.02%	8.63%	23.29%	27.28%	27.74%	30.46%	32.22%	
	% column	42.13%	11.05%	7.80%	9.23%	29.78%	31.93%	16.16%	11.34%	13.99%	26.58%	

Source: Statistical Report prepared on the basis of the figures provided by the Agricultural Bank.



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