Financial Conversations: Creating capability in microfinance workers to build applicant financial literacy

Final report
Report preparation

Contact

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Introduction

A grant from Financial Literacy Australia provided Good Shepherd Microfinance the opportunity to create a meaningful, user-informed learning resource for our network of microfinance workers, using research findings of two key studies as listed below.


  An evaluation that identified key factors of the financial conversation which increased the financial literacy of StepUp clients, even if they did not receive a loan

• **Pathways to Resilience: The impact of the financial conversation on the financial capability of No Interest Loan Scheme applicants (2017)**

  A research report that aimed to understand the impact of the financial conversation on the financial capability and confidence of NILS clients.

By utilising the findings of these two studies we designed and built a targeted learning resource (online training module) for all microfinance workers to increase the impact of the financial conversation that they have with clients as part of the loan application process. These conversations provide a combination of support, information and positive reinforcement to people who are reaching out for assistance. Topics that are discussed typically include budgeting, avoiding bank fees, managing bills and the high cost of fringe lending (such as payday loans and rent-to-buy contracts). They are also an opportunity to raise awareness of complementary programs such as micro-savings and financial counselling. A more effective financial conversation contributes to increasing the financial literacy of loan applicants.

In designing the learning resource, we reviewed the findings and recommendations of the two Good Shepherd Microfinance research studies. We identified specific aspects of the financial conversation that were most useful for the client in improving financial literacy and driving behaviour change. We then reviewed the content to identify the learning design approach, to ensure clear learning outcomes were articulated. An instructional designer, supported by the researcher as subject matter expert, then used best-practice instructional design to create an interactive, practical and research-based learning experience.

The learning resource is available to all microfinance workers across the Good Shepherd Microfinance network and their organisations. Housed on Good Shepherd Microfinance’s online learning platform Good Learning, the learning resource can be accessed anywhere and at anytime. Our reporting mechanisms track how many people have undertaken the module and from which locations and the extent to which skills and confidence have been developed against stated learning outcomes.

**Project goal**

The project goal is to increase the capability of microfinance workers to maximise the impact of their financial conversation, undertaken as part of the loan application, on the financial literacy of applicants.

Our aim is to build knowledge, skills and confidence that allow the microfinance worker to utilise key literacy-building interventions and to seize appropriate moments to build financial literacy in clients during the microfinance financial conversation.
**Project design**

The project was designed to integrate into the specialised microfinance worker Continuing Professional Development Framework developed by Good Shepherd Microfinance, to support microfinance workers in development of capability in four key skill areas, across three levels. The project sits in the Key Skill Area 1: Supporting Clients and at Level 1. All Good Shepherd Microfinance professional learning activities are subject to continuous improvement cycles.

The specific goal of the project to maximise the impact of the financial conversation was met by:

- building on the findings of two studies that identified key factors of the conversation that impacted on financial literacy
- utilising research outcomes to develop a targeted online training module for microfinance workers
- trialling and implementing the training module online nationally
- measuring the impact of the training module on microfinance worker skills, knowledge and behaviour around the financial conversation.

**Implementation**

**Analysis and design**

During the analysis phase, the instructional designer, along with researcher as subject matter expert, reviewed the findings of the research report and identified core content and areas where it would be possible to support behaviour change in microfinance workers. The research identified that financial capability peaked at the financial conversation. Given this, we identified that there was an opportunity to provide some additional educational resources and tools to support microfinance workers in sustaining financial capability in clients beyond the financial conversation. This saw the design of micro 'nudge videos' and 'let's reconnect cards' that were not part of the original project scope, but are critical in terms of supporting sustained skills and behaviour change.

During the design phase, the instructional designer worked with the learning and development team to design and articulate learning outcome statements, scaffold content, design an assessment approach and instruments, and identify media to be developed and included in the learning resource.

**Development**

During the development phase, the instructional designer applied best-practice instructional design principles to storyboard and create rich multimedia content to meet learning outcomes and best support learners to be able to apply financial conversation techniques as identified in the research. This included undertaking two full days of filming sample financial conversations to be embedded into the learning resource. A user review group of microfinance workers provided feedback on content and usability at key stages of production.

**Distribution**

The learning resource was launched at the Good Shepherd Microfinance Victorian State Microfinance Forum in November 2016, with a facilitated lab session for module completion and capturing user feedback. The learning resource was promoted via multiple channels including State Forums and newsletters, to the network of over 1500 microfinance workers who have 34,000 financial conversations annually.
Outcomes

Project outputs

• 50 minute eLearning module that includes:
  – practical tools to tailor support including what can be done by microfinance workers at various stages of the client journey
  – checklists for microfinance workers to be able to identify what type of tailored support their client might need based on behaviour of client
  – videos of sample conversations between a client and microfinance worker with tips on how to target the financial conversation specific client groups

  – four ‘nudge videos’ for microfinance workers to send to clients via text message or email at key stages of the loan repayment process to encourage continued financial literacy and capability

• ‘Let’s reconnect cards’ for microfinance workers to send to clients to reconnect with them along the loan repayment journey.
Project reach

As at 30 June 2017 (8 months after release), the learning resource had been accessed by:

- 64 workers
- across 37 sites
- with approximate potential reach of 3,400 conversations with clients*.

*Based on average loan numbers at sites in equivalent period of previous calendar year

Evaluation

Evaluation centres on measuring the skills, knowledge and behaviour of learning resource participants against defined learning outcomes. Evaluation is conducted over two phases. The first phase measured, and continues to measure, self-reported microfinance worker skills, knowledge and behaviour around the financial conversation immediately prior-to and after completing the module. This reveals the impact the learning resource has on microfinance worker confidence in key outcome areas. The second phase measures the self-reported impact on microfinance worker skills, knowledge and behaviour three months after completion of the learning resource, as a result of completing the learning resource.

| Ability to define financial capability and understand the financial capability framework used in research | 55% report improvement immediately after completing the module | 71% report high or very high ability |
| Ability to describe how and at what stages to build financial capability during the loan application process | 88% report improvement immediately after completing the module | 71% report high or very high ability |
| Ability to discuss the four types of impact the financial conversation can have | 88% report improvement immediately after completing the module | 57% report high or very high ability |
| Ability to tailor the components of the financial conversation according to clients’ financial capability | 88% report improvement immediately after completing the module | 86% report high or very high ability |
| Ability to discuss the differences between payday loans and rent-to-buy contacts | 77% report improvement immediately after completing the module | 71% report high or very high ability |

Overall impact

92% report that they somewhat or strongly agreed that this module enhanced their overall knowledge and skills in a way that will better equip them to perform their roles.

74% of respondents rated their ability to describe how and at what stages to build financial capability during the loan application process are and ability to discuss the differences between payday loans and rent-to-buy contracts as high or very high after completing the module.

100% report that the module added to their confidence in having targeted, capability-building conversations with their clients.
Qualitative feedback

This feedback comes from survey comments and feedback from lab and forum sessions.

• “Best learning resource on Good Learning”
• “The most important message I got from the module was how quickly confidence drops away after the loan is issued and how important ongoing contact and support for clients is”
• “Really helpful and well written.”
• “I need to do more work on my skills.”
• “Very important, and always useful to revise.”
• “Beneficial.”

Conclusion

The results from evaluation so far are a positive indication that the Financial Literacy Australia Grant has allowed the combination of Good Shepherd Microfinance learning design and delivery expertise along with research expertise to produce a targeted, practical, impactful learning resource. We continue to monitor outcomes and adapt as necessary to ensure that knowledge, skills and confidence are being effectively built in microfinance workers to maximise their impact of the financial conversation. We hope to see continued uptake in accessing the resource from our microfinance network as it grows and changes and, ultimately, a flow-on effect from the learning resource to client financial literacy and capability.