# BANKING A NEW GENERATION

**DEVELOPING RESPONSIBLE RETAIL BANKING PRODUCTS FOR CHILDREN AND YOUTH**

MasterCard

Child & Youth Finance International

# ABOUT THE AUTHORS

## CHILD AND YOUTH FINANCE INTERNATIONAL

**Child and Youth Finance International (CYFI)** is a non-profit organization established in July 2011 and based in Amsterdam. CYFI is a global multi-stakeholder network leading the world's largest movement on child and youth finance. The organization focuses on increasing financial inclusion and education for children and youth, so that every child can graduate from primary school with Economic Citizenship Education and a savings account they own and operate. The target for CYFI's Global Campaign, launched in April 2012, is to reach 100 million children in 100 countries by 2015. CYFI works with governments in over 100 countries, and the Movement has already reached over 18.7 million children around the world. CYFI organizes Global Money Week, an awareness celebration that engages millions of children and youth and many hundreds of organizations in learning how money works. CYFI has built global knowledge and shares resources on best practice and industry research.

More information about the organization is available at www.childfinanceinternational.org

## MASTERCARD

**MasterCard** (NYSE: MA) is a technology company in the global payments industry. MasterCard operates the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments, and businesses in more than 210 countries and territories. MasterCard's products and solutions make everyday commerce activities – such as shopping, traveling, running a business and managing finances – easier, more secure and more efficient for everyone.

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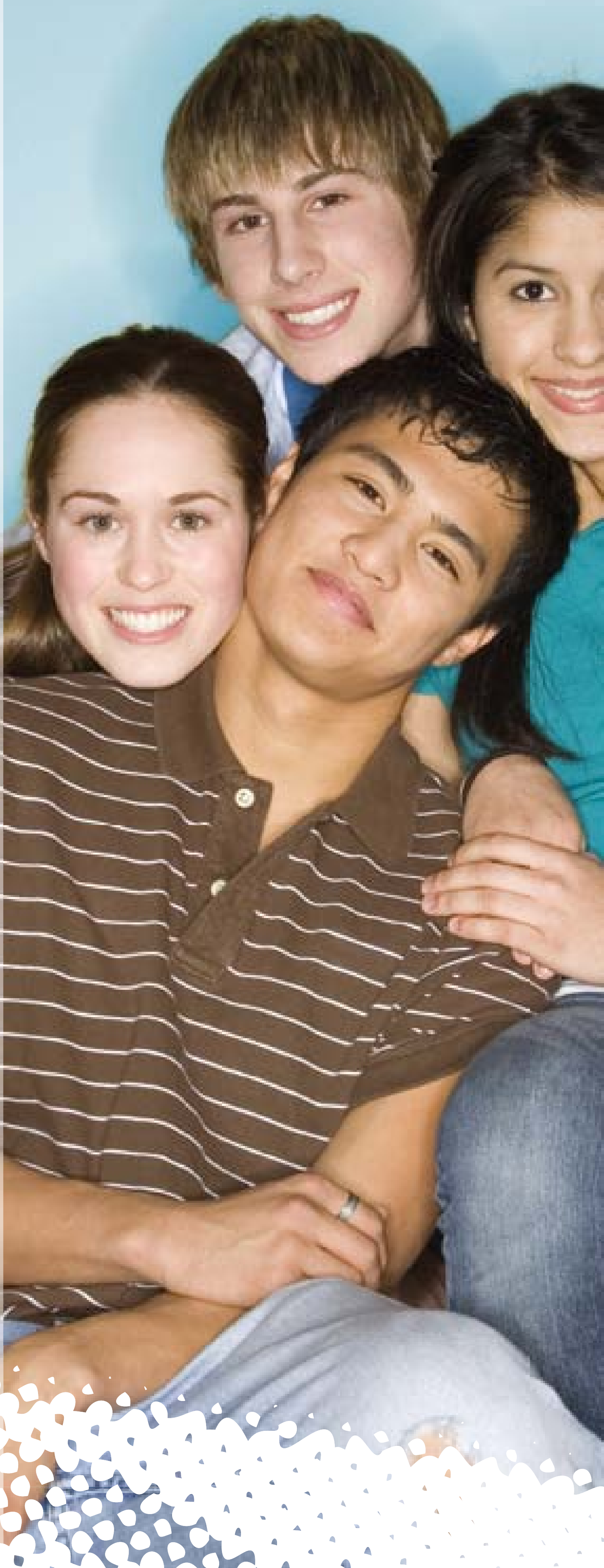
# INTRODUCTION TO THE CHILD & YOUTH FINANCE MOVEMENT



Child and Youth Finance International (CYFI) leads the world's largest Movement dedicated to enhancing the financial capabilities of children and youth. Launched in April 2012, the Movement has already reached over 100 countries and more than 18 million children.

The Movement leverages expertise and innovation from within its network of global organizations. Its partners and supporters include financial authorities and some of the world's leading financial institutions, corporations, international NGOs, multilateral and bilateral organizations, foundations, renowned academics, and children and youth.

The Movement has one central objective: increase the economic citizenship of children (0–18) and youth (15–24). This means giving all children and youth aged 8 - 24 the knowledge to make wise financial decisions, the opportunity to accumulate savings, and the skills to find employment, earn a livelihood and ultimately break the cycle of poverty.

## RATIONALE

Children and youth are the future economic actors whose financial decisions will dictate the future of world economies. Providing young people with the economic and social environment to prosper and the competences (financial, social and livelihoods) to thrive has a meaningful impact on the lives of individuals and the communities in which they live.

## THE MOVEMENT'S ROADMAP

- **Global Platforms:** Place children and youth's economic rights and economic citizenship on global agendas.
- **Regional Platforms:** Hold bi-annual regional meetings in order to increase collaboration among regional stakeholders.
- **Country Platforms:** 100 countries have an action plan for Child and Youth Finance activities in their countries, and celebrate Global Money Week.
- **Innovations:** Ensure the voices of children and youth are heard, and when possible, that their voices are spread through new and existing technologies.

The Mission of Child and Youth Finance International is to empower all children and youth around the world, particularly those who are vulnerable and marginalized, by increasing their financial capability, enhancing their awareness of social and economic rights and improving their access to appropriate financial services so as to build their assets and invest in their own future.

*'Access to financial and social assets is essential to helping youth make their own economic decisions and escape poverty.'*

**UN Secretary General Ban Ki-Moon**
in his letter to the First Annual Child and Youth Finance International Summit

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# FOREWORDS

Every child and youth has a right to safe, accessible financial services, and we need to empower them to grow into productive economic citizens.

MasterCard in partnership with CYFI is proud to present the following guidelines on developing child and youth friendly products. The Guide is intended to help financial institutions, NGOs and governments co-create and develop appropriate and innovative banking and payment products for children and youth, while respecting and supporting their rights.

Investing in sound financial education and products for youth is good business. Financial institutions have the ability to provide safe, secure and responsible financial products and services which can support young people. Whether to accumulate capital or take loans to pursue goals such as higher learning and entrepreneurial ventures, the right tools can improve livelihoods and the overall development of youth.

I hope you will join MasterCard in implementing this Guide into your business so that, together, we can ensure that young people have access to the proper education and products they need to succeed financially and economically.

**Ajay Banga**
President and Chief Executive Officer, MasterCard [1]

[1]

[2]

Youth unemployment is one of the key issues of our time. It is a major failure that young people's rights to economic opportunities are largely unfulfilled and also constitutes a vast opportunity lost for the economy at large. An entire generation runs the risk of being caught in perpetuating circles of indebtedness and poverty.

Financial institutions, in collaboration with the public and social sector, have a key role to play in laying the groundwork for youth to realize their economic opportunities. By offering child and youth friendly financial services in combination with economic citizenship education, banks and other financial institutions offer children and youth a safe place to save money. But what is more, they offer children and youth a chance to believe in themselves. To save for a better future. To build a savings record. To make payments and access other essential financial services. To manage their own resources and develop the necessary life skills, and skills needed for employment or entrepreneurship. Changing a young person's life can be that simple.

CYFI is pleased to work with MasterCard as a global partner and as colleagues on the World Economic Forum Steering Committee for Financial Inclusion, moving forward the global financial inclusion agenda for young people.

We hope that this Guide answers a need for guidance on how to develop child and youth friendly financial products.

We ask that every child graduating from primary school has a child friendly bank account, and invite banks, banking associations, and governments to work together to make this a reality. Children and youth will change the future of finance. Be part of that future!

**Jeroo Billimoria**
Founder and Managing Director, Child & Youth Finance International (CYFI) [2]

# EXECUTIVE SUMMARY

This Guide has been developed for leading national and international financial institutions with an ability to drive significant outreach (1 million+) to children and youth[1] (for smaller financial institutions wishing to focus on this market there are some excellent resources available[2]). It is relevant for those organizations who are evaluating an existing investment in financial products for children and youth, and for those debating whether to enter the segment for the first time. The Guide is intended to help decision makers, product owners and all stakeholders in the product development process understand the impact of working with children and youth, and to provide guidelines on how to develop appropriate innovative banking and payment products, while respecting and supporting children's rights. The Guide is a combined effort by global strategic partners Child and Youth Finance International (CYFI), MasterCard and the wider CYFI Movement.

There are 2.2 billion children (aged 0-18) and approximately 1.2 billion youth (aged 15-25) in the world[3] - 1 billion of these young people (0-25) are living in poverty.[4] Global youth unemployment continued to grow to 12.6% in 2013 according to the International Labor Organization (ILO), with few countries escaping this discouraging trend. By 2018 the global youth unemployment rate is projected to rise to 12.8%.[5] As leaders in finance and economies, financial institutions have an opportunity to create the fundaments for a generation of entrepreneurs, business leaders, and responsible economic citizens through financial inclusion in combination with Economic Citizenship Education (financial, life skills, and livelihoods education). Financial inclusion for these groups is key to unlocking intergenerational cycles of poverty, indebtedness, school dropout and unemployment. Financial institutions who decide to address these issues broaden their playing field while addressing their social responsibility.

Investing in this segment can also present further opportunity. MasterCard analysis[6] in Europe shows that although 'Young Professionals' of about 30 represent the highest Net Present Value (NPV), as the cost of acquisition (COA) is low for teens, a financial institution can generate higher shareholder value by focusing its acquisition resources on the teen segment. Additionally, there are a variety of ways in which financial institutions can significantly lower system costs to facilitate sustainability. For example, according to The Gates Foundation, 'Today, the cost breakdown among the five activities needed to open and maintain an account varies significantly between current accounts and mobile money accounts, with annual mobile money accounts costing roughly 25%-to-50% of traditional current accounts.'[7] Given that children and youth are prolific users of mobile products, providing financial inclusion to this segment can have a positive impact on the bottom line.

Offering financial products to young consumers, however, requires commitment and vigilance. Developing products that respect and support children's rights encourages financial institutions to go beyond business-as-usual and look at the various dimensions of their interactions with these stakeholders. A good child and youth friendly product proposition will focus on asset management, financial management, skills development and safety & security. Part 2 of this Guide explores the components that will help to deliver this. Basic child and youth friendly products revolve around a simple core, or base, account and payment card that provides safe and secure financial access through relevant channels—POS, online and mobile—with transparent terms & conditions and pricing. These basic products will be enhanced through child and youth friendly services, to address the 'needs' and 'wants' of these younger consumers, and supported with appropriate marketing and communication. Developing the product, however, is only the start of the journey, ongoing Economic Citizenship Education, and a market research and test based roadmap are essential in supporting these young consumers through their evolving life stages. This Guide advocates the use of two key frameworks—The Children's Rights and Business Principles (CRBP) and the CYFI Child and Youth Friendly Banking Principles, to help financial institutions determine whether their children and youth program(s) deliver financial inclusion.

The 'Banking a New Generation' Guide has been developed in 3 parts. Part 1 delivers advocacy, outlining the importance of investing in children and youth, insights into who they are and the key factors impacting their development. Information that is important to understand and bear in mind when interacting with this segment. Part 2 delivers guidance on children and youth focused product development. This section will help product development professionals understand young consumers' needs and wants, and provides information on the components of a child and youth friendly product. Part 3 presents several banking products and related programs that are offered by financial institutions across the globe. These products have been selected for illustrative purposes as they embody certain features/facets that are child and youth friendly.

# HOW TO USE THE GUIDE

This Guide has been developed for leading national and international financial institutions with an ability to drive significant outreach (1 million+) to children and youth (for smaller financial institutions wishing to focus on this market there are some excellent resources available[8]). It is relevant for those organizations who are evaluating an existing investment in financial products for children and youth, and for those debating whether to enter the segment for the first time.

The Guide is intended to help decision makers and product owners understand the impact of working with children and youth, and provide guidelines on how to develop appropriate, innovative banking and payment products, while respecting and supporting children's rights. The Guide is a combined effort by global strategic partners Child and Youth Finance International (CYFI), MasterCard and the wider CYFI Movement.

For more information on the CYFI Movement please see the section "Introduction to the Child and Youth Financial Movement", and www.childfinance.org.

## WHO ARE CHILDREN AND YOUTH?

The child and youth segment today encompasses 3 generations, Generation Y (definitions vary by a few years but generally around ~ 1987 - 1995), Z (definitions vary by a few years but generally around ~ 1995 – 2010) and Alpha (~ 2010 plus). Generation Z represents children (including teens) and Generation Y youth (including young adults).'

# PART 1:
## WHY SHOULD CHILDREN AND YOUTH BE BANKED?

As central actors in finance, and the economy at large, financial institutions have an opportunity to create the fundaments for a generation of entrepreneurs, business leaders, and responsible economic citizens through financial inclusion in combination with Economic Citizenship Education (financial, life skills, and livelihoods education). Part 1 of the Guide delivers advocacy, outlining the importance of investing in children and youth, insights into who they are and the key factors impacting their development.

### Chapter 1

**The Guiding Principles for Responsible Financial Products for Children and Youth**

This chapter looks at the two frameworks this Guide recommends to help financial institutions determine whether their child and youth programs truly benefit their audience.

### Chapter 2

**Why Invest in Children and Youth?**

This chapter outlines the social and economic impacts of investing in children and youth.

### Chapter 3

**Children and Youth of the 21st Century**

This chapter delivers key insights into young people, exploring who they are and the key factors impacting their development.

# PART 2:
## WHAT MAKES A GOOD CHILD AND YOUTH FRIENDLY BANKING PRODUCT?

A good child and youth friendly banking product proposition will focus on asset accumulation, financial management and skills development. Part 2 of the Guide explores the components (or building blocks) that will deliver both a compelling and sustainable proposition for young people, one that increases access to financial services and builds financial capability.

### Chapter 4

**What makes a Good Youth and Child Friendly Banking Product Proposition**

This chapter looks at the components of a child and youth friendly banking product, including Economic Citizenship Education.

### Chapter 5

**Integrating a Child and Youth Focus into the Product Development Process**

This chapter explores how to integrate a child and youth focus in to the product development process, incorporating some key recommendations

# PART 3:
## BANKING PRODUCTS IN CLOSE-UP

Part 3 presents several banking products and related programs that are offered by financial institutions across the globe. These products have been selected as they embody certain features/facets that are child and youth friendly and warrant mentioning.

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# WHY SHOULD CHILDREN AND YOUTH BE BANKED?

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# WHY SHOULD CHILDREN AND YOUTH BE BANKED?

The term 'children and youth' as used in this Guide includes all persons between the ages 0-24. 'Children' are defined as young people between 0-18, and 'youth' between 15-24.

There are 2.2 billion children (aged 0-18) and approximately 1.2 billion youth (aged 15-25) in the world[9] - 1 billion of these young people (0-25) are living in poverty.[10] Global youth unemployment has continued to grow to 12.6% in 2013 according the International Labor Organization (ILO), with few countries escaping this discouraging trend. By 2018 the global youth unemployment rate is projected to rise to 12.8%. The ILO discusses some key ""scarring" in terms of future earning power and labour market transition paths," resulting most significantly in the younger generation's "distrust in the socio-economic and political systems."[11] On average 37.9% of youngsters aged 15 - 25 have accounts at a formal financial institution.[12] Only OECD countries and East Asia and the Pacific fall above this average, whilst penetration in the Middle East is as low as 12.9%.[13] Furthermore, 15.37% of 15-25 year olds are saving at a formal institution.[14] In Eastern Europe and central Asia, these rates are as low as 3.98%.[15] Many of these accounts for children are still accessed via their parents.

Despite the great opportunity to engage children and youth through financial inclusion as economic citizens to counter these trends, very few institutions collect data on financial inclusion of children younger than 15 years old or have explored related opportunities. This is a result of a number of factors such as country specific legislation put in place to 'protect' young, vulnerable children, the risk factors sometimes mistakenly associated with working with this segment, and the non-economic role that children, until recently, have traditionally held within society.

Working toward financial inclusion and financial capability for children and youth will help them in their capacity to find employment or undertake entrepreneurship and to become productive and economically active members of society. The target for CYFI's global movement is to reach 100 million children in 100 countries by 2015, and financial institutions play a central role as partners to this Movement.

The ensuing Chapters discuss the rationale for banking children and youth. Chapter 1 highlights the dimension of children's rights and Principles of child and youth friendly banking products. Chapter 2 looks closer at the child and youth segment from the bank's perspective directly, and Chapter 3 seeks to build a deeper understanding of the younger generations.

**FACT**

3/4 of the world's poor do not have a bank account, not only because of poverty, but also due to costs, travel distance and paperwork involved.

Measuring Financial Inclusion: The Global Findex Database. World Bank Policy Research Working Paper 6025, 2012

*'The world's children and youth have an important role to play in speaking out on the financial issues that matter most to them. From employment and entrepreneurship to skills development and investment, new approaches are needed for young people to realize their full economic and civil potential.'*

*'Access to financial and social assets is essential to helping youth make their own economic decisions and escape poverty.'*

*'The United Nations is also playing its part. The UN Capital Development Fund and the United Nations Children's Fund are working with non-governmental organizations and other partners to promote child- and youth-friendly banking principles as well as school curricula that encourage financial competency and social responsibility.'*

**Ban Ki Moon**
Secretary-General. The United Nations

# CHAPTER 1: THE GUIDING PRINCIPLES FOR RESPONSIBLE FINANCIAL PRODUCTS FOR CHILDREN AND YOUTH

*'On behalf of the Secretary General, I encourage you all to join forces so that 100 million youth can have access to financial services that are designed to meet their needs but first and foremost that are protective of their rights'*

**Ahmad Al-Hendawi,**
The United Nations Secretary General's Envoy on Youth
CYFI Summit 2013

The needs and rights of children and youth should be at the forefront of any product development discussion. Two key frameworks can provide the lens through which financial institutions can determine whether their children and youth programs truly benefit their audience:

- ***The Children's Rights and Business Principles (CRBP)***[16]
- ***The Child and Youth Finance International (CYFI) Child and Youth Friendly Banking Principles***[17]

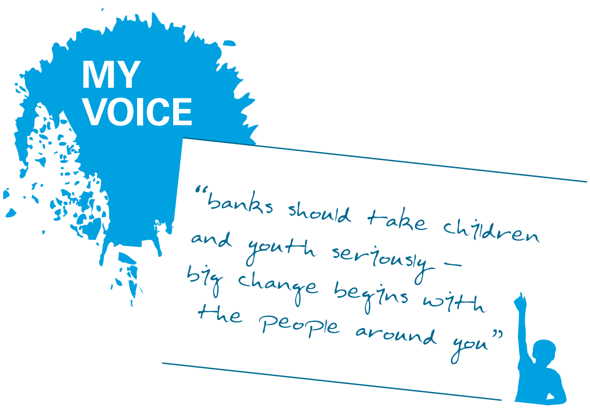
## 1.1 THE CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES FRAMEWORK

The Children's Rights and Business Principles (CRBP) set out ten business actions to ***respect and support*** children's rights. The CRBP were developed in a process led by UNICEF, UN Global Compact and Save the Children and were built on the UN Guiding Principles on Business and Human Rights, relevant International Labour Organization (ILO) Conventions and the Convention on the Rights of the Child. The CRBP call on ***businesses to engage in a due diligence process to determine and take action to respect and support children's rights throughout their business activities and relationships.***

The CRBP identify a comprehensive range of actions that provide financial institutions with the opportunity to (self) assess their standing relevant to their business and are given guidelines on how to improve, where necessary, in order to maximize positive business impacts on the lives of children and youth. To meet this responsibility, the CRBP call on business to respect and support children's rights and to put in place appropriate policies and processes, as set out in the Guiding Principles on Business and Human Rights, including a policy commitment and a due diligence process for addressing the potential and actual impact on human rights. These Children's Rights and Business Principles should not be adopted in a marketing or communications capacity only, to be effective they should be integral to a company's vision and be understood and acted upon by all areas of the business.

UNICEF has prepared a range of tools to support companies in the implementation of the CRBP. Recently UNICEF and CYFI – with the support of MasterCard volunteers via the Bankers without Borders program of the Grameen Foundation – published a first discussion paper ('Beyond the Promotional Piggybank'[17]) on the implementation of the CRBP by financial institutions within their product development process.

For further detail see www.unicef.org/csr




Elizan, youth participant from Malaysia
CYFI Summit 2013 Istanbul

Meet their responsibility to respect children's rights and commit to supporting the human rights of children .................. 1

Contribute to the elimination of **child labour** including in all business activities and business relationships .................. 2

Provide decent work for **young workers, parents and caregivers** .................. 3

Ensure the **protection and safety of children** in all business activities and facilities .................. 4

Ensure that **products and services are safe**, and seek to support children's rights through them .................. 5


Use **marketing and advertising** that respect and support children's rights .................. 6

Respect and support children's rights in relation to the **environment and to land** acquisition and use .................. 7

Respect and support children's rights in **security arrangements** .................. 8

Help protect children affected by **emergencies** .................. 9

Reinforce **community and government efforts** to protect and fulfil children's rights .................. 10

## 1.2 CHILD AND YOUTH FRIENDLY BANKING PRINCIPLES

The CYFI Secretariat worked closely with, and consulted a wide range of stakeholders from the public and private financial sectors, and social and academic sectors to develop the Child and Youth Friendly Banking Product Principles in order to **facilitate an international benchmark for safe and reliable banking products for children and youth as well as build an awareness amongst financial institutions of how to contribute to the empowerment and protection of children and youth**[19]. The Principles for Child and Youth Friendly Banking Products are based on the UN Convention on the Rights of the Child.

Financial products that integrally follow the Child and Youth Friendly Banking Product Principles have the following characteristics.

1. **Availability and accessibility for children and youth** — They are widely available and accessible to children and youth despite their economic, social, cultural, or religious situation, gender, age, or ability.

2. **Maximum control to children and youth** — They provide the maximum possible control to children and youth within the boundaries of local jurisdiction and ensure financial ownership.

3. **Positive financial incentive for children and youth** — To build confidence as children and youth enter the financial system, positive financial incentives (e.g. no overdraft and relatively higher interest rates) are important.

4. **Reaching unbanked children and youth** — The financial institution will proactively reach out to unbanked children and youth in vulnerable communities as part of a larger financial inclusion agenda, within the boundaries of local jurisdiction.

5. **Employing child and youth friendly communication strategies** — The communication and marketing materials around the product will be child and youth centered, connecting to their needs, interests and level of comprehension. This will be complemented by the ability of all staff within a financial institution to interact in a child and youth friendly manner

6. **A component of Economic Citizenship Education** — In combination with the product, children and youth are offered a component of Economic Citizenship Education, with elements of financial, life skills, and livelihoods education.

7. **Monitoring of child and youth satisfaction** — The financial institution monitors the extent to which the product and relating services satisfy the needs and interests of children and youth

8. **Internal control** — The financial institution has internal controls in place on all these Principles

## 1.3 TRANSLATING PRINCIPLES INTO EVERYDAY BANKING PRACTICES

These two sets of Principles are not passive charters; they challenge global business to put the rights and needs of children and youth prominently on their agenda. The most pragmatic way to view the application of these Principles in everyday practices is to address them on two separate levels.

- The **macro level** looks at their application to broader banking and financial sector practices. At this level financial institutions should consider an investment in this segment as a long term strategic one that takes into consideration the needs of this key stakeholder group and makes a 360° institutional commitment to support and respect them.
  - **Commit to, and report on, the CRBP** (www.unicef.org/csr)
  - **Become a Partner to the Child & Youth Finance Movement** (www.childfinanceinternational.org)
- The **micro level** looks at how these Principles apply to **product design and the implementation of banking products and services to this segment**. Here the development of any product should try to address the kinds of questions and concerns parents and children or youth buying the product would have.
  - **Partners of CYFI get a free product assessment according to the Principles of Child and Youth Friendly Banking Products, and full Certification is also possible.**

## THE CHECKLIST

- Commit to the Children's Rights & Business Principles
- Partner with the CYFI Movement
- Assess investments, business practices and individual products and services against CRBP and Child and Youth Friendly Banking Product Principles

CASE STUDY

**IN PRACTICE** *XacBank (Mongolia)*

*In 2012, XacBank (Mongolia) was awarded the CYFI Pioneer Award due to its innovation and implementation of globally unique financial education and services for children and youth. In 2009, XacBank introduced the "Aspire" program, a savings account owned and operated by youngsters (14-18 years) in combination with a social and financial education program (in partnership with Aflatoun) which aims to give Mongolian young people the fundamental financial knowledge and skills to make their dreams come true. Youth forms 31% of the Mongolian population, and XacBank has managed to build a strong national brand that focuses on children and youth while embracing the Principles for child and youth friendliness.*

# CHAPTER 2:
# WHY INVEST IN CHILDREN AND YOUTH?

> *"It is essential to invest in young people, giving them a sign of confidence and involvement.' 'It is more interesting to engage with these new generations at an early age with relevant but less profitable products and evolve with them as their needs change than to acquire them as new customers at a later age."*
>
> **Marco Siracusano**
> Head of Marketing, Intesa SanPaolo

In a 2013 CYFI study, 57% of 135 studied banks reported some kind of Economic Citizenship Education approach as part of their (CSR) strategy. Less than 5% reported a financial inclusion strategy for children and youth.[20] At first glance this may seem a logical consequence of the low immediate ROI that financial products for this segment offer. However, this perspective misses the multiple opportunities that financial institutions have by investing in the financial inclusion of children and youth.

According to the World Savings and Retail Banking Institute "to achieve true financial capability, people need not only the ability to act through financial education, knowledge, skills, confidence and motivation, but also the opportunity to act through access to adequate banking services and institutions. Without access to these banking products they will not build the skills necessary to learn how to use financial services in a productive and responsible manner."[21]

Financial institutions that proactively offer child and youth friendly banking accounts to previously unbanked children and youth not only offer a service to children of their existing clients, but they also offer economic and social opportunities to otherwise excluded groups. Financial inclusion for these groups is key to unlocking intergenerational cycles of poverty, indebtedness, school dropout, and unemployment. These financial institutions broaden their playing field while addressing a social necessity – a double dividend.

When assessing the rationale for working with the children and youth segment a financial institution should look beyond short-term profitability and return on investment (ROI). Depending on their geography, size and mission, investing in this segment poses a powerful CSR proposition as well as interesting opportunities to help boost profitability; improve long term customer relationships; and stay at the forefront of banking innovation or mitigate risk.

## WHICH PRINCIPLES ARE RELEVANT TO THIS CHAPTER?

### CRBP

1. "... respect children's rights & commit to supporting the human rights of children"
2. "... elimination of child labour, including in all business activities & business relationships"
3. "... decent work for young workers, parents and caregivers"
4. "... protection and safety of children in all business activities & facilities"
5. "... products/services are safe & seek to support children's rights through them"
6. "...marketing and advertising that respects & supports children's right"
7. Respect & support children's rights... the environment & land acquisition & use
8. Respect & support children's rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community & government efforts to protect & fulfil children's rights

### Child and Youth Friendly Banking Product Principles

1. Availability and accessibility for children and youth
2. Maximum control to children and youth
3. Positive financial incentive for children and youth
4. Reaching unbanked children and youth
5. Employing of child and youth friendly communication strategies
6. An Economic Citizenship Education Component
7. Monitoring of child and youth satisfaction
8. Internal control

## 2.1 A SOCIAL RESPONSIBILITY

Most financial institutions have a Corporate Social Responsibility, Corporate Citizenship, Sustainability or Business Principles charter – its success will depend largely on whether it is one that informs every decision the organization makes, or not. It should go beyond simple compliance and take the organization's resources and core expertise to create a positive social and/or ethical impact on the world.

**MY VOICE**

*"Children are tomorrow's decision makers. Decision makers now need help to become good ones!"*

Child delegate
CYFI Summit 2013 Istanbul

When formulating their Child and Youth CSR strategies, financial institutions should consider their core expertise. For many, this will entail offering strong financial products and services, engaging marketing, excellent customer service, customer-focused technology, innovative delivery models, and understanding of personal finance. While financial knowledge is a key skill of banking staff, educating youngsters often is not - therefore seeking partnership with educational professionals is recommended (more in section 4.11). Financial institutions can fulfil a social responsibility while at the same time staying close to their core premise by offering child and youth accounts that respect and support children's rights.

Child and youth financial inclusion is a compelling and essential pillar of a financial institution's CSR strategy. According to a study by Friedline and Elliott looking at "*Children as Potential Future Investors*"[22], having savings accounts in childhood is associated with being two times more likely to own savings accounts, two times more likely to own credit cards, and four times more likely to own stocks in young adulthood, compared to not having savings accounts in childhood. A wide variety of studies suggest a positive relationship between the ownership of a savings account and higher levels of economic and financial well-being such as savings, income, and assets, as well as academic achievement and educational attainment.[23]
Also, "The development of financial management skills will lead to an increased tendency among girls to pursue higher education, create businesses of their own, marry at a later age and become property owners."[24] The ramifications of failing to address the needs of children and youth for safe, secure and responsible financial products and services include financial exclusion (of payment, insurance, pension), social exclusion (of government subsidy programs requiring personal account), school drop-out (due to e.g. too high (in)direct school fees, ineligibility for educational loans), increased unemployment, failing micro-enterprises (due e.g. to ineligibility of loans because of lacking financial score, or lacking financial capability), and over-indebtedness and poverty.

Some financial institutions are driving child and youth financial inclusion as a social responsibility:

- In economically developed countries, some pioneering financial institutions have such products and they are fundamental to their corporate and social responsibility strategies. However, these products are currently scarce as many institutions have only superficially succeeded in basing their children and youth programs on their needs and interests.
- In economically developing countries, banks such as XAC Bank (Mongolia), Hatton Bank (Sri Lanka), and Equity Bank (Kenya) have successfully positioned their financial inclusion programs for children and youth as the fulfillment of a social responsibility as well as good business and strengthening of the brand, whilst XAC Bank and Hatton National Bank have both contributed significantly to turning a social responsibility issue into a national banking priority.

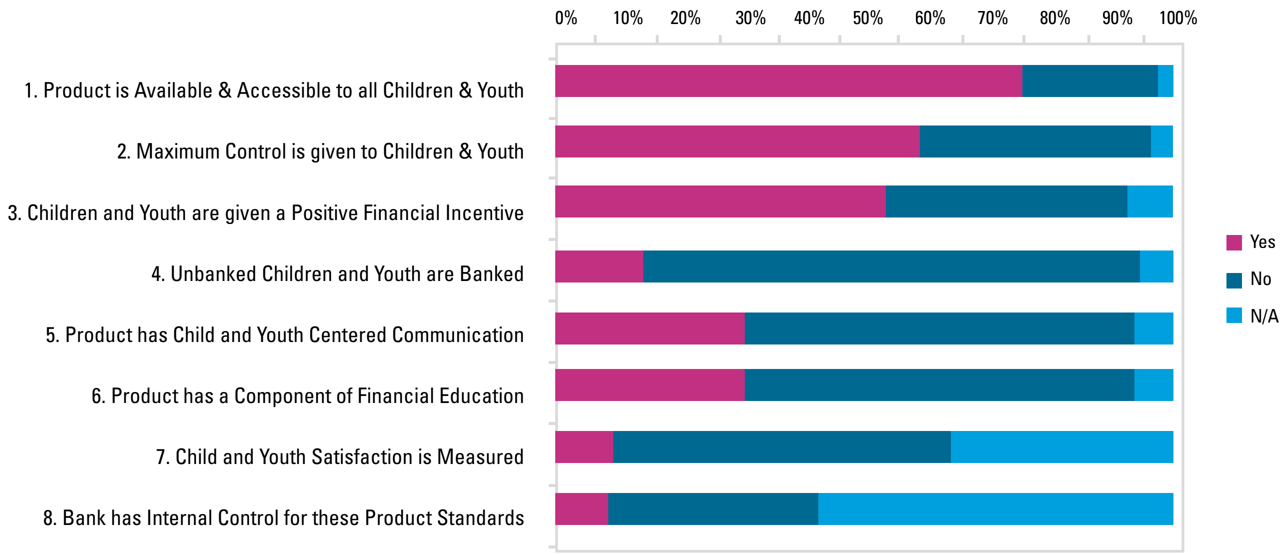
A recent global CYFI study of 135 banks (together representing over 1 billion retail customers and Total Assets over €39 trillion) and their offer of child and youth bank accounts found that child and youth financial inclusion is a CSR/Sustainability priority for less than 5% of banks.

**FACT**

*"The development of financial management skills will lead to an increased tendency among girls to pursue higher education, create businesses of their own, marry at a later age and become property owners."*

The European Microfinance Platform;
European countries

**Figure 1 - Child and Youth Friendliness of Teen Banking Products across regions.**
*In 2013, CYFI studied teen bank accounts of 135 banks across 5 regions and assessed which of the 8 Principles of Child and Youth Friendly Banking Products each of these accounts fulfilled.* [27]




*Source: CYFI. CYFI Banking Research. 2013*

The graph above shows the percentage of child and youth products assessed that fulfilled the respective eight Principles for Child and Youth Friendly Banking Products.[25] This research indicates that although over 70% of participating banks made their products available and accessible to all children and youth, less than 10% measure the customers' satisfaction ratings, only just over 40% has a linked financial education component, and less than 30% delivers child and youth centered communication. Only 5% fulfilled all Principles, and these were largely banks involved in institutionally funded youth savings programs. Whilst more banks offer financial education programs targeted to children and youth, these are often unrelated to the financial inclusion dimension.[26]

Hence, there is a great (competitive) opportunity for financial institutions to integrate child and youth financial inclusion, Economic Citizenship Education,[28] and a more integrated commitment towards supporting children and youth.

**An illustration of how financial institutions approach their commitment to supporting children and youth**

| Very Superficial | Superficial | Base Line Approach | Integrated | Fully Integrated |
|---|---|---|---|---|
| The financial institution's social investment program states that the financial institution invests in children and youth.<br><br>The financial institution promotes educational savings accounts for children that are entirely directed to their parents, and in fact have no substantive educational dimension.<br><br>The website/CSR report states that bank employees have personally donated enough money for a local school garden to be set up. | The financial institution has developed products for children and youth without actually discussing, understanding or addressing their needs.<br><br>The financial institution promotes and signs up new children and youth customers but does not change its engagement process. | The financial institution has signed up to the CRBP and Child and/or Youth Friendly Banking Product Principles and partners with the CYFI Children, Youth and Finance Movement.<br><br>The financial institution specifically references the needs of children within its product development process. | The financial institution has spent time learning about children and youth. It is delivering children and youth specific products and programs which encourage financial inclusion. The bank is actively working with children and youth, schools and parents on Economic Citizenship Education programs. | The child and youth segment is key to the financial institution's brand. It offers child and youth friendly bank accounts, and trains its personnel on how to engage with children and youth at all touch points. Schools are trained to run 'school banks' as part of a larger national school bank program.<br><br>As part of its larger child and youth focused strategy, the financial institution collaborates through expertise and funding with NGOs and government on roll-out of high quality Economic Citizenship Education programs. |

One of the fundamental roles of CSR/Sustainability experts is to become familiar with the rights and Principles as discussed in the previous section: the CRBP and the Principles for Child and Youth Friendly Banking Products.

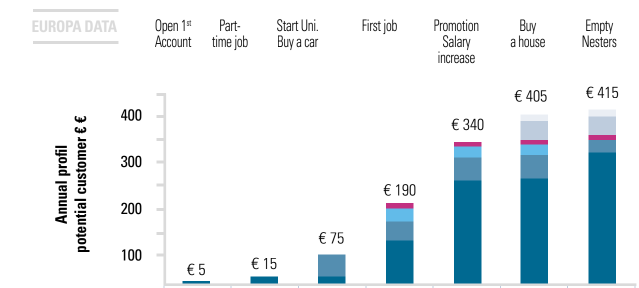
These Principles should be reviewed in line with organizational activity to ensure that where applicable the company meets these requirements. A fully integrated Child and Youth CSR strategy will consider how its business impacts upon children and youth in the wider context. For example, what are its investments? Do the organisation's principles and approaches for ethical investment ensure that the companies and projects in which they invest do not violate children's rights? The UN Guiding Principles state that the corporate responsibility to respect human rights extends to all business activities and relationships. Another example is the use to which its products are put, and what is the situation regarding the use of its products and services with regard to the abuse and exploitation of children? Financial institutions can do a lot to prevent the abuse and exploitation of children which involve financial transactions.

*The Financial Coalition against Child Pornography (FCAP) is a coalition of 34 leading financial institutions, credit card companies, electronic payment networks, third-party payment companies and internet services companies dedicated to putting an end to commercial child pornography*

## 2.2 DELIVER PROFITABILITY AND RETURN ON INVESTMENT

MasterCard analysis[29] in Europe has shown that the average annual profit per customer depends on the age of the customer *(figure 2)* and the number of services the financial institution can offer them. As age increases so does the number of services offered and linked to that profitability. This makes 'Empty Nesters' the most profitable segment when looked at in terms of customer earnings. However, total customer profitability is determined by the sum of all future annual profit contributions. For example, a 10 year old customer will earn a financial institution annual revenues over his/her entire lifetime, which should be significantly longer, and therefore, deliver a greater number of annual revenues (smaller profits from an earlier age plus higher profits from a later age) than a newly acquired 'Empty Nester'.[28]

**Figure 2: Average annual customer profit potential in Europe.[30]**

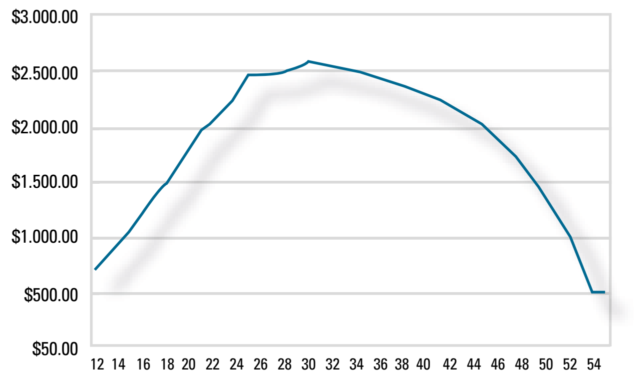



| | Age 12-15 | Age 16-18 | Age 18-20 | Age 20-24 | Age 25-29 | Age 30-50 | Age 50-55 |
|---|---|---|---|---|---|---|---|
| Home Insurance | - | - | - | - | - | € 20 | € 20 |
| Mortgage | - | - | - | - | - | € 45 | € 45 |
| Car Insurance | - | - | € 10 | € 10 | € 10 | € 10 | € 10 |
| Savings & Term Deposit | - | - | - | € 30 | € 30 | € 30 | € 30 |
| Loan | - | - | € 50 | € 50 | € 50 | € 50 | - |
| Core Banking products | € 5 | € 15 | € 15 | € 100 | € 250 | € 250 | € 310 |
| **Estimated Acquisition cost** | **€ 5** | **€ 5** | **€ 100** | **€ 150** | **€ 150** | **€ 150** | **€ 150** |

*Source: MasterCard Worldwide. MasterCard Advisors Analysis. Europe, 2010*

Then, a financial institution will look at the time value of money. When taking inflation and returns into account, earning €415 on a 50 year old customer today is worth more than earning the same €415 in 40 years' time for a customer that is 10 years old today. This Net Present Value (NPV) is a way to translate lifetime revenues into what they are worth today, enabling a financial institution to compare like for like when looking at the total value over the lifetime of the customer. The last element to look at when calculating the value over the entire lifetime is the possibility that the young customer might leave the bank. Thus, a financial institution cannot simply sum up all the NPVs for all the years of a customer's life, but should take the churn (attrition) rate into account.

**Figure 3: Average customer NPV in function of age of acquisition[31]**




When including the time value of money, the discounting of future revenue streams and an average churn rate, it becomes clear that 'Young Professionals' of about 30 years old represent the highest NPV *(figure 3)*.

The one element that has so far not been included in the assessment is the cost of acquiring new (young) customers. Just as profitability goes up as a function of age so does the average cost of acquisition (COA). The same European MasterCard analysis has shown that the COA is very low for teens but increases rapidly as age increases, stabilizing after age 29 *(fig. 1)*. A financial institution focused on growing its customer base will invest in acquisition campaigns and activities in order to attract new customers. The return of such an acquisition investment should be calculated as the total NPV of the acquired customer base divided by the acquisition investment. As the COA is low for teens, the same acquisition budget will provide the financial institution with more new customers than any other segment. The teen segment will provide the highest ROI, as the higher number of new teen customers outweighs the fact that each represents a lower NPV.

**FACT**

In addition to the growing inter-family wealth transfer, their cumulative earnings are projected to increase by 85% within the next 10 years.

Catalysts for Change: The Implications of Gen-Y Consumers for Banks. 2011

*Source: Deloitte Center for Banking Solutions'*

From a financial perspective, by starting with children and young adults, financial institutions have the opportunity to build customers for life. There are essentially two choices in recruiting new customers:

- Nurture - recruit at a young age, develop and maintain the relationship
- Attract Switchers - recruit older customers from the competition

It becomes clear that a retail bank can generate the highest shareholder value by focusing its acquisition resources on 'nurturing' the teen segment – the optimum point of market entry. However, these young adults will only be contributing significantly to profitability in the medium to long term.

The Principles for child and youth friendly banking products as outlined in Section 1.2 and Chapter 4 leave little space for (much) short term profit on children's accounts. However, there are a variety of ways in which financial institutions can significantly lower system costs to facilitate sustainability:

- A recent analysis by the Gates Foundation and McKinsey & Co. found that successful payment systems for the poor will fulfill three criteria: robust functionality, low cost and low price, and effective coordination. "Even in developed markets, providers have significant potential to reduce costs in existing structure by 20%-50%, using multiple methods from different payment systems." Findings are that cost savings can be as high as 75% for Accounts and 95% for Transactions in developing economies, for instance using efficiencies from scaling electronic and mobile payment.[32] Such efficiency improvements would be highly relevant to a bank or financial institution's offering to children and youth, who are early adopters of technology, and who will mostly have low-balance accounts with limited frequency transactions.

- Youth savings programs such as YouthStart[33] and YouthSave[34], and technical experts such as Women's World Banking (WWB), Making Cents International, Freedom from Hunger and Microfinance Opportunities (MfO) are working to offer appropriate financial inclusion and capability to low-income youth. YouthStart's Initial findings regarding the sustainability of low-income youth savings focus on optimizing expenses by embracing scalable technologies, and bringing down staff costs on marketing and non-financial services. Next, the savings volume can be increased by cross-subsidization with young adult accounts, whose savings are typically higher. Finally, anecdotal data supports the notion of increased business in involved communities due to "increasing loyalty and reputation in the community and cross-selling to youth and their families over time." [35]

A further discussion of the business case for child and youth savings based on further academic research is provided in CYFI's 2013 publication "Children, Youth & Finance – From Momentum to Action." [36]

## 2.3 INVEST IN LONG TERM CUSTOMER RELATIONSHIPS

Customers who have banked with a provider throughout their teenage years are far more likely to extend this relationship into their student days and beyond when profit contribution increases significantly. Research indicates that only 10% [37] would consider changing banks once their relationship is established, reinforcing the view that the teen segment is the optimum point of market entry. This existing relationship delivers a clear advantage when financial institutions are attempting to access friends and family of their existing account holder, with "92% of consumers saying they trust word of mouth and recommendations from friends and family above all other forms of advertising." [38] It also improves up-sell and cross sell opportunities, which in turn leads to improved client retention and lower dormancy rates.


Edelman.
The 8095 Exchange Study, June 2012

CASE STUDY

**IN PRACTICE** *PKO Bank Polski, Poland*

*PKO Junior is a banking offer aimed at children under 13. Children get personal internet accounts where they can access pocket money from parents, initiate bank transfers, top up their mobile phone accounts and save and respond to parental challenges. Parents have access to 'Parent Application' embedded in the iPKO internet banking service, which gives the parent full view of - and access to - the child's account. It enables the parent to authorize the operations initiated by the child. By introducing the offer PKO Bank Polski establishes long-term relationships with young customers and creates a full client life-cycle. PKO Junior was launched in July 2013 and within 3 weeks opened more than 10,000 children's accounts.*

*Case kindly provided by Efma*

## 2.4 IMPROVE THE BRAND

The global financial landscape is becoming increasingly sophisticated with accelerating adoption of innovative financial technology. Serving highly technologically literate children and youth can help financial institutions rethink and perhaps diversify the services and distribution channels they offer. This in turn can have a positive impact on brand perception – the financial institution can meet/exceed/lead market needs – therefore attracting more customers.

## 2.5 RISK MANAGEMENT

Public awareness of the financial services sector and the direct or indirect positive and negative consequences of its policies, investments, products and services to the child and youth segment is growing. Working in a collaborative, inclusive and positive relationship with the child and youth segment, parents and other interested bodies, enables financial companies to build their brand among important current and future stakeholders.

Some thoughts on potential risk management:

- Potential risk may take the form of public and/or shareholder outrage and negative publicity associated with unfair fees and penalties levied against account holders within this segment or evidence which links the business to poor child labor practices or activities.
- As very active social media users, children and youth also explore and discover the power of social media in supporting or pressuring corporations and causes. Superficial benefits may attract attention temporarily, but (very) negative customer experiences can easily become trending topics that may end up doing more damage. Therefore, if a financial institution decides to utilize this channel to engage with children and youth it should be done transparently and honestly (not superficially) as anything less may result in reputational risk/damage.

CASE STUDY

**IN PRACTICE**

*OCBC Bank (Singapore)*

*Frank from OCBC is aimed at children and youth. It was launched in 2011 and enables 16-29 year olds to save and transact through the same account.*

*Frank allows for independent opening, and operation of the account from the age of 16. It provides account holders with a transaction/savings account, a debit card, a credit card, online and mobile banking. The program supports children and youth with zero minimum balance requirement, higher interest rates and no monthly 'balance fall below' fees.*

*"We believe in customer lifetime value - by engaging customers when they are still young, we hope to bring them towards brand affinity and advocate for OCBC Bank (through FRANK). When these young people evolve through his/her different lifestages, they will continue to bank with us, as we will continue to deliver relevant and innovative financial solutions to support them."*

# CHAPTER 3: CHILDREN AND YOUTH OF THE 21ST CENTURY

*'Our children have enormous potential; we need to help them fulfill it.'*

**Vitor Manuel Ribeiro Constâncio,**
VP of the European Central Bank (ECB)
2013 CYFI regional meeting Europe & Central Asia, at ECB in Frankfurt

## WHICH PRINCIPLES ARE RELEVANT TO THIS CHAPTER?

CRBP

1. "... respect children's rights & commit to supporting the human rights of children"
2. "... elimination of child labour, including in all business activities & business relationships"
3. "... decent work for young workers, parents and caregivers"
4. "... protection and safety of children in all business activities & facilities"
5. "... products/services are safe & seek to support children's rights through them"
6. "...marketing and advertising that respects & supports children's right"
7. Respect & support children's rights... the environment & land acquisition & use
8. Respect & support children's rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community & government efforts to protect & fulfil children's rights

Child and Youth Friendly Banking Product Principles

1. Availability and accessibility for children and youth
2. Maximum control to children and youth
3. Positive financial incentive for children and youth
4. Reaching unbanked children and youth
5. Employing of child and youth friendly communication strategies
6. An Economic Citizenship Education Component
7. Monitoring of child and youth satisfaction
8. Internal control

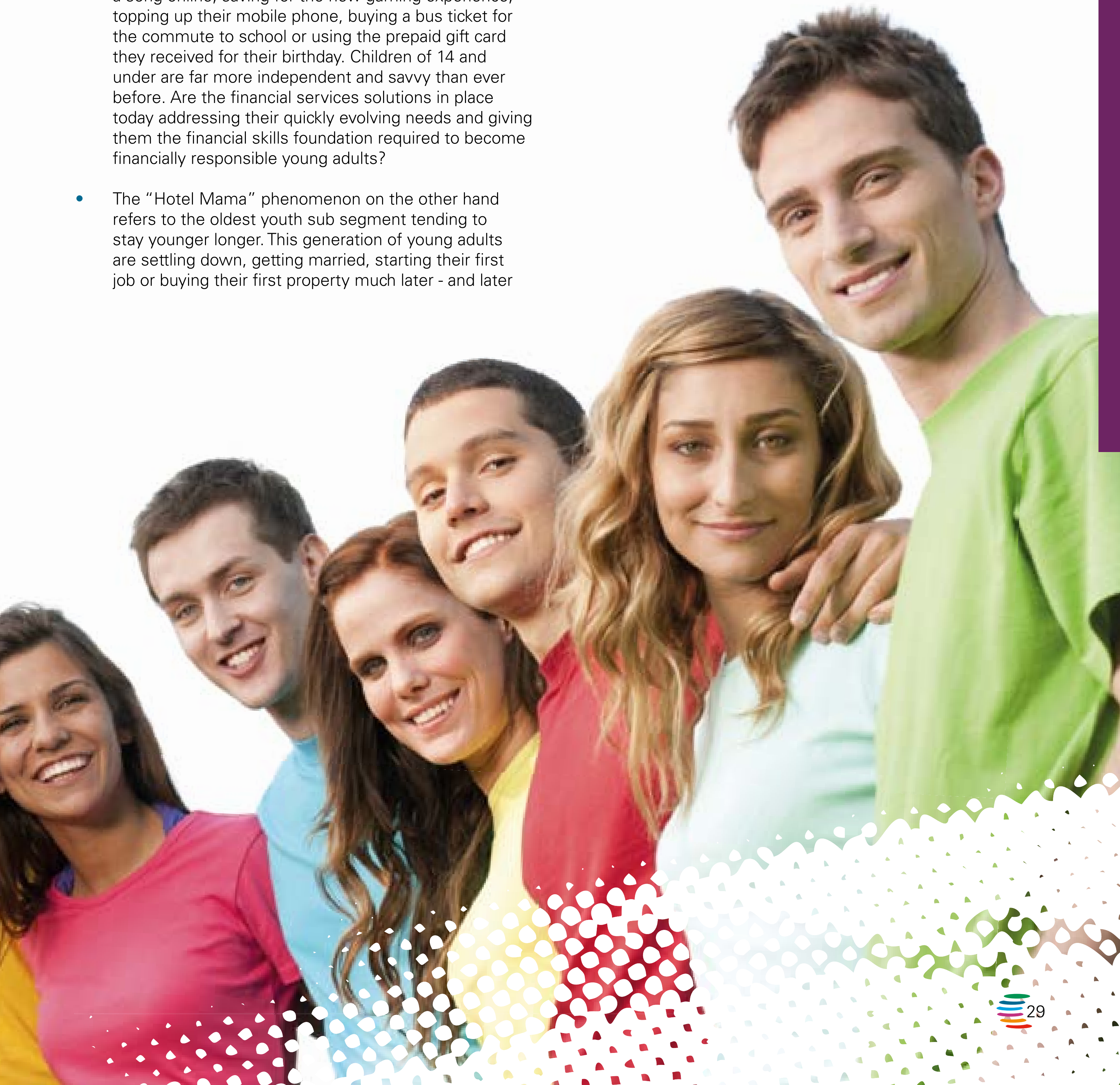
Although the child and youth segment today encompasses 3 generations, this section focuses on Generations Y (Millennials) and Z. Generation Alpha refers to children being born today and it is clearly too early to grasp their values and behavioral traits in a meaningful way. This Guide will highlight certain tendancies and nuances; however, there is no absolute way to define these generations. They vary by life stage, experience and culture among many other variables. The goal is not to understand individual 'Y & Z ers' but to gain a collective snapshot of them and some of the key external factors (unemployment, electronic payments, social networking) which are helping to shape them, as revolutionary generations unlike any that have gone before.

***They are generations that are likely to redefine aspects of the financial services experience due to their expectation of instantaneous, seamless access to their funds across multiple channels and geographies. They are also generations which expect some level of involvement in the creation of the products they ultimately adopt and recommend to their peers, whilst also demanding higher levels of customization and choice of financial services and delivery channels.***

There are certain high level trends that are worth mentioning before taking a closer look at the sub segments involved:

- The 'kids getting older younger' phenomenon means that children under 14 are maturing at an earlier age, with 8-12 year olds (tweens) acting like teens. They are exposed to so much information, technology, media, entertainment, gaming, and even travel at a much earlier age than ever before. They are encouraged to speak their mind and express opinions more freely at home, school and even online - sometimes at a surprisingly early age. Born into the digital world, they are connected, able to multi-task and process large amounts of information quickly and get results almost instantaneously. They are exposed to monetary situations at a much earlier age – be it wanting to buy a song online, saving for the new gaming experience, topping up their mobile phone, buying a bus ticket for the commute to school or using the prepaid gift card they received for their birthday. Children of 14 and under are far more independent and savvy than ever before. Are the financial services solutions in place today addressing their quickly evolving needs and giving them the financial skills foundation required to become financially responsible young adults?

- The "Hotel Mama" phenomenon on the other hand refers to the oldest youth sub segment tending to stay younger longer. This generation of young adults are settling down, getting married, starting their first job or buying their first property much later - and later in life versus previous generations. This is happening often well into their 30's, leading to certain Gen Y experts placing the cut off point between "youth" and "adult" at 34 years of age. The growing global youth unemployment crisis and lingering economic downturn has meant that increasing numbers of qualified students are returning back to their parents' homes after having completed their studies because they cannot find employment and therefore cannot afford to strike out on their own. Mini – gap years, volunteer programs and overseas language immersions are becoming increasingly popular post the typical student years as youth try to bolster their experience and skill set in an effort to make themselves more marketable.



## 3.1 KEY LIFE STAGES AND MILESTONES

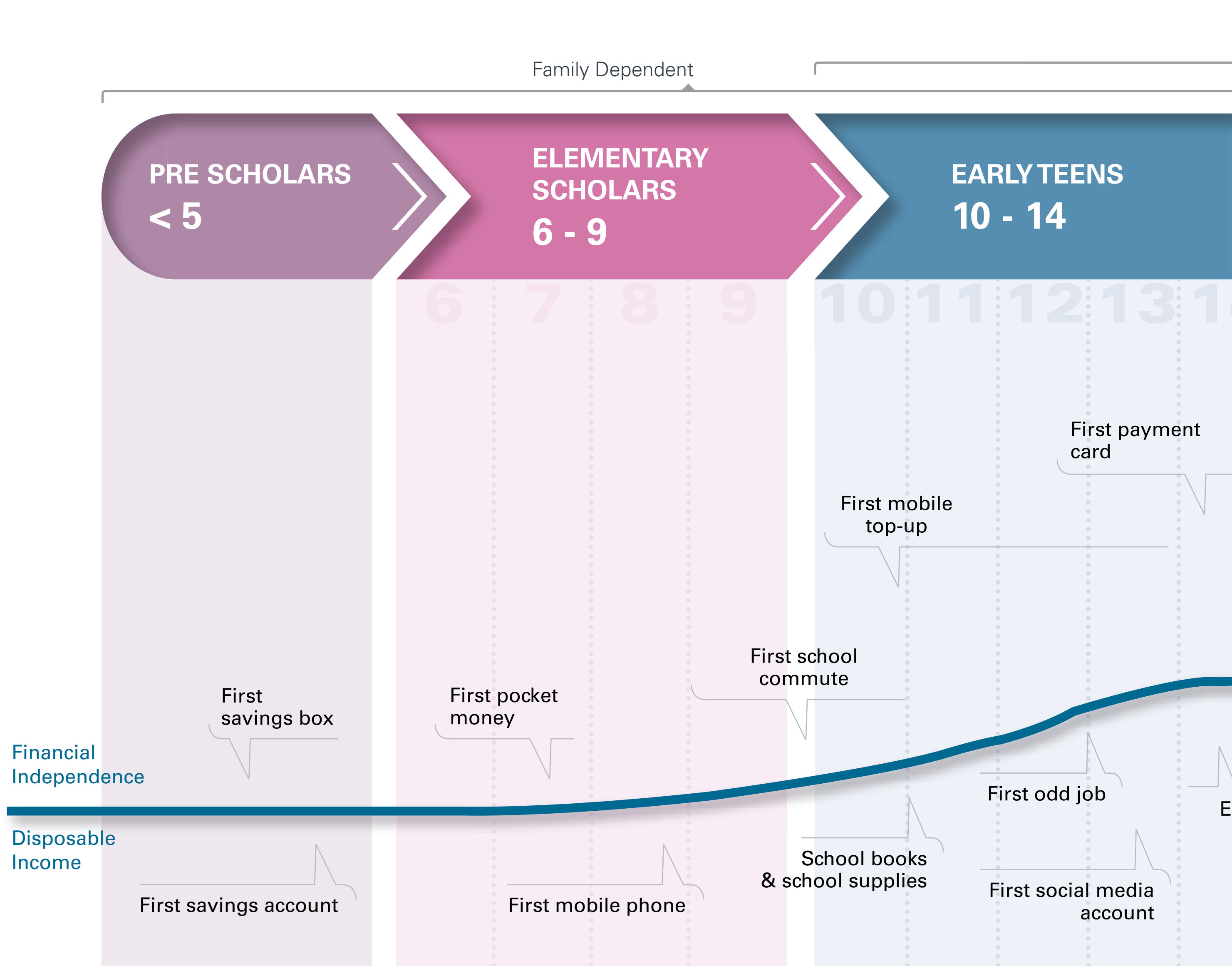
In order to adequately debate and discuss the needs and rights of today's children and youth when it comes to financial services, it is important to understand the key lifestages and milestone moments they go through as they grow from toddlers to young adults and what role money, savings, payments, and financial services play in their day to day lives throughout this transition.

The following diagram illustrates some of the key milestones that children and youth reach on their journey to financial independence. Supporting young consumers through these milestone transition points with product enhancements and value added benefits and services that answer their changing needs is important.

Although generational characteristics do vary by market, and social & economic conditions, attitudinally there are a number of marked characteristics[39] that should be considered within any child and youth program. These are general trends across both emerging and developed countries, and result from globalisation, internet, and mobile access:

- **Individualistic**, these children are encouraged by their parents, educators and the media to speak their mind and freely express their opinions. The relationship between parents and children/youth is more collaborative than ever before. When asked to identify their top 3 role models, they said:
  - "Friends"
  - "Mom"
  - "Dad"

**Figure 4 - Illustrative Child and Youth Milestones**



- **Maturing quickly**, children are older than their years with 8 to 12 year olds (tweens) acting like teens.
- **Brand aware** and highly influenced by their peers, these children want the coolest and latest items.
- **Early adopters**, technology is their platform for social and cultural integration.
- **Socially conscious**, today's children and youth are highly aware of diversity issues, women's rights and environmental issues. This generation knows how to harness the power of the collective and will rally others like themselves towards a cause.


Source: MasterCard

## 3.2 KEY IMPLICATIONS FOR FINANCIAL INSTITUTIONS

These characteristics have substantial implications in developing and marketing appropriate financial products and creating potential tensions. Financial institutions should consider:

| | | |
|---|---|---|
| Leveraging internet and mobile technology to develop appealing products and lower consumer costs | *…at the same time…* | Ensuring that more disadvantaged children and youth without easy access to technology are catered for |
| Developing products that meet 'faster maturing' needs | *…at the same time…* | Screening products and offers for age and maturity appropriateness |
| Using brands and partnerships that are relevant | *…at the same time…* | Looking beyond material marketing to balance appealing concepts such as partnerships with children's museums and social change and awareness award programs, with fair terms and pricing |
| Adopting new technology to streamline banking products and service delivery | *…at the same time…* | Ensuring accessibility to all |
| Linking products with organizations that address issues that concern youth | *…at the same time…* | Ensuring that these linkages are transparent and fair |
| Being sensitive and realistic about the needs and desires of this segment | *…at the same time…* | Balancing actual needs against wants and highlight diversity of purposes in terms of saving money (e.g. entertainment vs. education) |

*This information is also further referenced on Page 55.*

Getting this balance right is critical in managing financial products for children and youth and is the driver behind Principles like the CRBP and the Principles for Child and Youth Friendly Banking Products.

## THE JOURNEY TO FINANCIAL INDEPENDENCE


### UNDER 12 YEARS OLD

*Growing Financial Awareness and Understanding*

***Key requirements:***
Financial education

***Financial independence status:***
Financially dependent

Just under **1.5** billion globally*

They represent **20.93%** of the global population*

**Growing from toddler into childhood**

- Things they need and want are usually bought by parents
- Lack of card products and current accounts
- May have a savings account operated by parents
- Most likely no (or minimal) financial education

**Resulting change in financial circumstances**

- No real independent financial needs
- Parental donations account for most of worth
- Make minimal, if any, small purchases

*Sources: * U.S. Department of Commerce. United States Census Bureau.*


### EARLY TEENS 12-14

*Beginning the Journey to Financial Independence*

***Key requirements:***
Control and financial education

***Financial independence status:***
Shared responsibility

Over **357** million globally*

They represent **5.03%** of the global population*

**Transition from childhood to adolescence**

- Desire to leave childhood behind and aspire to be more grown up
- Reality is they are still dependent upon their parents
- Friends & peers becoming important
- The things they need are bought by parents
- The things they want are bought by themselves from their own money/ allowance

**Resulting change in financial circumstances**

- Financial needs are entirely recreational in nature
- Parental donations can require a savings account
- Teens want more control over spending of own money
- Parents keen to maintain control over teen spending – so joint accounts or means of monitoring are common
- Need for education about financial responsibility given their tendency to purchase impulsively

*Sources: * U.S. Department of Commerce. United States Census Bureau.*

LATE TEENS
15-18

## LATE TEENS 15-18

*Increasing Financial Responsibility and Accountable Decision Making*

***Key requirements:***
Payment options, control and financial education

***Financial independence status:***
Shared responsibility

Over **476** million globally*

They represent **6.72%** of the global population*

### Approaching important crossroads in their lives

- Growing independence within the safety/confines of their parents control
- Making choices about their lives and the path they wish to follow
- Many experiencing work for the first time and earning their own money
- Being weaned away from parental financial support
- Spending own money on clothes & socializing with friends – who are key

### Resulting change in financial circumstances

- Growing interest in money
- Still focus on recreational purchases but growing interest in more expensive purchases e.g. scooter/car
- More communication with parents about money. Parents may still fund some 'needs' e.g. mobile phone
- Increasing need for current account given many earning a salary
- Saving accounts still often maintained by parents

*Sources: * U.S. Department of Commerce. United States Census Bureau.*

YOUNG ADULTS
19-25

## YOUNG ADULTS IN FURTHER EDUCATION 19-25

*Independent Financial Management and Budgeting*

***Key requirements:***
Financial education, payment options to meet fundamental and aspirational needs

***Financial independence status:***
Financial unpredictability

Nearly **850** million globally*

They represent **11.81%** of the global population*

**74%** are classified as "students"**

### Sudden change in circumstances and lifestyle

- Moving away from home
- Increased freedom & control over own life and finances
- Greater responsibilities through sudden independence
- New demands on their money:
  - Accommodation
  - Tuition fees
  - Food
  - Books
  - Socialising
  - Transport

### Resulting change in financial circumstances

- Greater need for budgeting & financial planning
- Increased need for funding – from family, financial institutions or government schemes
- Need for broader portfolio of financial products/services:
  - Current & savings accounts
  - Student loans
  - Insurances
  - Credit facilities
  - Financial education
  - Long-term planning

*Sources: * U.S. Department of Commerce. United States Census Bureau.*
*** Roper Unesco UIS*

## 3.3 THE DIGITAL AGE

For children and youth of the digital age using technology is business as usual. Many have been brought up with mobile communications and instant connection. In fact, 90% of generation Y's said, 'It's an important part of the morning routine getting ready for work or school. Check smartphone · dress · eat · brush teeth.'[40] While access to technology will vary based on family wealth and location, generally these children and youth are heavily networked and extremely comfortable with the internet and mobile devices. Technology is giving children and youth global reach, enabling them to connect and be connected with on an unprecedented scale.

Technology can also have a positive impact on the bottom line and help financial institutions' financial inclusion targets by reducing costs. According to research undertaken by The Gates Foundation, "Today, the cost breakdown among the five activities needed to open and maintain an account varies significantly between current accounts and mobile money accounts, with annual mobile money accounts costing roughly 25%-to-50% of traditional current accounts." "Given that children and youth are active users of mobile phones, this could be the best way to provide them with banking products."[41]

## 3.4 PARENTAL RESPONSIBILITY

A parent's role is to support and help his/her children grow. For many generations it has been sufficient to follow the examples of parents and grandparents. However the world has changed dramatically in recent years and today's economic and financial realities mean that the practices of previous generations are not necessarily the best examples for children and youth today.

Respecting children's and youth's rights in the development of child and youth friendly bank accounts is of paramount importance. It is key that they are protected against (commercial) exploitation, identity theft and a violation of their right to privacy. The traditional solution for the design of many banking products for children and youth has been to put the right to protection first by granting full authorization exclusively to parents or caregivers, thus limiting the opportunities for children and youth to transact (and learn) independently. This is, however, starting to change. Increasingly, financial regulatory authorities are enabling children and youth to transact and own/operate banking accounts, provided sufficient safeguards are in place, which often involves a form of parental control. Of course, it is key that any solution stays within national regulatory frameworks and the rights involved. Some financial institutions are working directly with not-for-profit and children's rights organizations to look more closely at balancing the parental role with children's rights.

**FACT**

- 76% millennials say "I own a smartphone"
- Globally, millennials spend an average of 6 hours online a day
- When asked where they went for credible cover of news, 45% said the internet, 36% TV and 15% newspapers/magazines

The European Microfinance Platform; European countries focus European dialogue

**FACT**

In addition to the growing inter-family wealth transfer, their cumulative earnings are projected to increase by 85% within the next 10 years

Catalysts for Change: The Implications of Gen-Y Consumers for Banks. 2011

CASE STUDY

**IN PRACTICE** *Visa Buxx Card (USA)*

*The Visa Buxx Card is a reloadable prepaid card designed just for teens. The card is positioned as a vehicle for parents to teach money management skills and give financial independence. Teens are encouraged to load the card with cash earned through chores, allowances, and gifts. The teen can opt to receive SMS or email alerts on balances and purchases. Parents can also monitor the card activity by receiving alerts on purchases, loads, and balances.*

Some creative solutions have been:

- Whilst some accounts are opened and owned by parents, children can have their own bank pass and have the ability to transact up to a certain amount, whilst parents get an overview of transactions.
- Creation of joint accounts or parent-owned accounts that still require the signature of the child and/or youth, to create empowerment.
- The ability for parents, in agreement with their children, to set the maximum transaction/withdrawal amounts.

## 3.5 EXTERNAL FACTORS AFFECTING CHILDREN AND YOUTH TODAY

In addition to the unique attitudes of this generation, there are several external factors to consider that impact the development and marketing of financial products to children and youth:

### 3.5.1 THE GLOBAL YOUTH UNEMPLOYMENT CRISIS

Developed and emerging markets around the world continue to experience high levels of youth unemployment. The ILO reports that young people (aged 15 to 24) are three times more likely to be unemployed than adults, that globally 75 million (12.6% in 2013) youth are looking for work and that by 2018 the global youth unemployment rate is projected to rise to 12.8%.[42] The ILO warn of 'a 'scarred' generation of young workers facing a dangerous mix of high unemployment, increased inactivity and precarious work in developed countries, as well as persistently high working poverty in the developing world.'[43]

With youth unemployment comes the likelihood of lower income and unemployment in adulthood[44], whilst 'evidence shows that those unemployed tend to be unhappier, more likely to experience a range of health issues and face difficulties in integrating back into the labor market after a period of not working.'[45] For young people, the effects of unemployment may be particularly damaging, as the evidence suggests that a spell of youth unemployment increases the likelihood of poorer wages and unemployment in later life.[46]

This crisis has implications for a number of financial products such as savings accounts, credit cards and student loans as well as lending criteria, delinquency aging and collections practices. For young people, basic financial services include a safe place to keep money and accumulate savings[47] as well as access to credit, fixed deposits, insurance, remittances, and transfers.[48] Truly inclusive financial services promote a sense of dignity for all clients without regard to age, social standing, or economic status and provide a secure place to keep money and accumulate assets. Moreover, financial inclusion involves the protection of individuals' rights to participate.[49] Participation, in this sense, may be interpreted in different ways:

- Basic participation in the economy, for example, may involve the possibility of building a pension, starting a business or receiving a salary.
- Initial evidence on the impact of financial inclusion suggests positive economic, social, and health outcomes for youth. First, studies suggest a positive relationship between the ownership of a savings account and higher levels of economic and financial well-being such as savings, income, and assets.[50] Second, a positive relationship was established between youth savings, financial knowledge and skills.[51] In addition, a relationship was established between access to savings and psychological health[52] as well

**FACT**

- 39% of millennials say they expect to have to continue working indefinitely and will not have enough money to retire.
- 63% say it is difficult for their generation to progress from school to the workplace environment

Telefonica Global Millennial Survey

as reproductive and sexual health.[53] A vast group of studies confirm the positive relationship between savings and academic achievement[54] such as math scores and reading scores as well as educational attainment and, most importantly, expectations.[55] Furthermore, in a recent study by Innovations for Poverty Action there appears to be a link found between children and youth who participate in savings clubs and lower school dropout rates.[56] Considering these last two outcomes, financial inclusion may play a large role in young people's ability and motivation to seek employment,

It is also important to try to provide children and youth with quality Economic Citizenship Education to help them develop the skills that will allow them to build the necessary capabilities to find employment, create their own economic opportunities and manage their assets effectively. However, as both youth literacy rates AND financial literacy rates are low, young people often find themselves in a position where they struggle to secure a livelihood and manage their financial future reinforcing the importance of providing children and youth with quality Economic Citizenship Education.

### 3.5.2 THE SECULAR SHIFT FROM CASH TO ELECTRONIC PAYMENTS

Globally, there is a steady secular shift from cash and cheques to electronic payments. The rising importance of eCommerce is built on a foundation of electronic payments. Countries burdened with large black economies search for ways to drive payments from cash to (traceable) electronic payments. For example, Italy has placed limits on the size of transactions for which cash can be used. Other markets, like Sweden, see cutting cash as a way to reduce crime. In most Swedish cities, public buses no longer accept cash. Welfare benefit disbursements in the USA and UK are moving from cash to prepaid cards. Banks in Kenya have begun rolling out payment card solutions (i.e. prepaid cards) specifically for students that offer them discounts and other offers. The shift from cash means that, increasingly, owning a form of electronic payment is key to social inclusion for today's youth.

The traditional approach to addressing financial inclusion – offering a current account – leaves youth unable to:

- Benefit from cheaper goods and services by buying from eCommerce merchants
- Purchase from "socially important" sites
- Participate in emerging technologies like mobile payments

21st century financial solutions for youth should provide for a form of electronic payment.

### 3.5.3 THE RISE OF SOCIAL NETWORKING

Social networking is incredibly important to this segment. By connecting online, youth share a huge amount of personal information in very public forums. This is one area where the "digital divide" does not seem to apply. A recent US study conducted by the University of Alabama compared social networking usage patterns among a sample of 19 year olds—some homeless and some attending 4 year colleges. The study found that 75% of the homeless youth used social networks and their usage patterns were remarkably similar to the college students surveyed.[57] This wealth of available personal data on children poses challenges in protecting their privacy and their identity. Traditional banking "security" questions like mother's maiden name, home town and pet's name can be readily accessible online. Young people can also be more vulnerable to phishing attempts, responding to email inquiries asking for private details. Financial institutions need to be mindful in their security practices and consider whether measures are sufficiently robust for this segment.

//2

# A PROGRAM FOR CHILDREN AND YOUTH

*"Financial inclusion is no longer a fringe subject. It is now recognized as an important part of the mainstream thinking on economic development based on country leadership."*

**Alfred Hannig**
Executive Director, Alliance for Financial Inclusion

Financial institutions are central actors in providing financial inclusion to children and youth. Financial inclusion is more than simply offering a product though. Understanding the needs and interests of children and youth requires a broader perspective and programmatic focus of the bank or financial institution.

In Chapter 4 key elements of a compelling child and youth friendly proposition are outlined, discussing the various facets of offering financial services to children and youth, from the core account and card to seamless access and extra benefits, and a related program of Economic Citizenship Education.

Chapter 5 puts the elements of the compelling proposition alongside a simple product development process, highlighting some key points that financial institutions might want to consider.

# CHAPTER 4:
# WHAT MAKES A GOOD CHILD AND YOUTH FRIENDLY PRODUCT PROPOSITION?

This chapter explores the components (or building blocks) that will deliver a compelling, sustainable value proposition for young people. It is recommended that each component is present in any Child and Youth Program; however, the content should be adjusted to address the specific needs of each target age group, according to the results of market research and the business case. No one program will be the same as another and all programs will benefit from ongoing review and development to meet the evolving needs of the children and youth it is serving.

A good child and youth friendly product proposition will focus on asset accumulation, financial management and skills development while respecting and supporting children's rights. This chapter explores the components (or building blocks) that will deliver both a compelling and sustainable proposition for young people, one that increases access to financial services and builds financial capability. One of the key factors for financial inclusion and getting people to use accounts actively is strong product design, something recently emphasized by the World Bank [58]. A strong, market research-based product design is essential for uptake, '*recent studies show that product design features can affect both the extent and the impact of use by individuals of financial services*.' [59] The required investment will pay dividends by creating an active, educated and empowered new generation of banking customers.

> *"Access to financial and social assets is essential to helping youth make their own economic decisions and escape poverty. Only through initiatives that support both of these objectives will we be able to achieve the future we want for all."*
>
> **Mark Bichler**
> UNCDF, 2nd Annual CYFI Summit, Turkey

## WHICH PRINCIPLES ARE RELEVANT TO THIS CHAPTER?

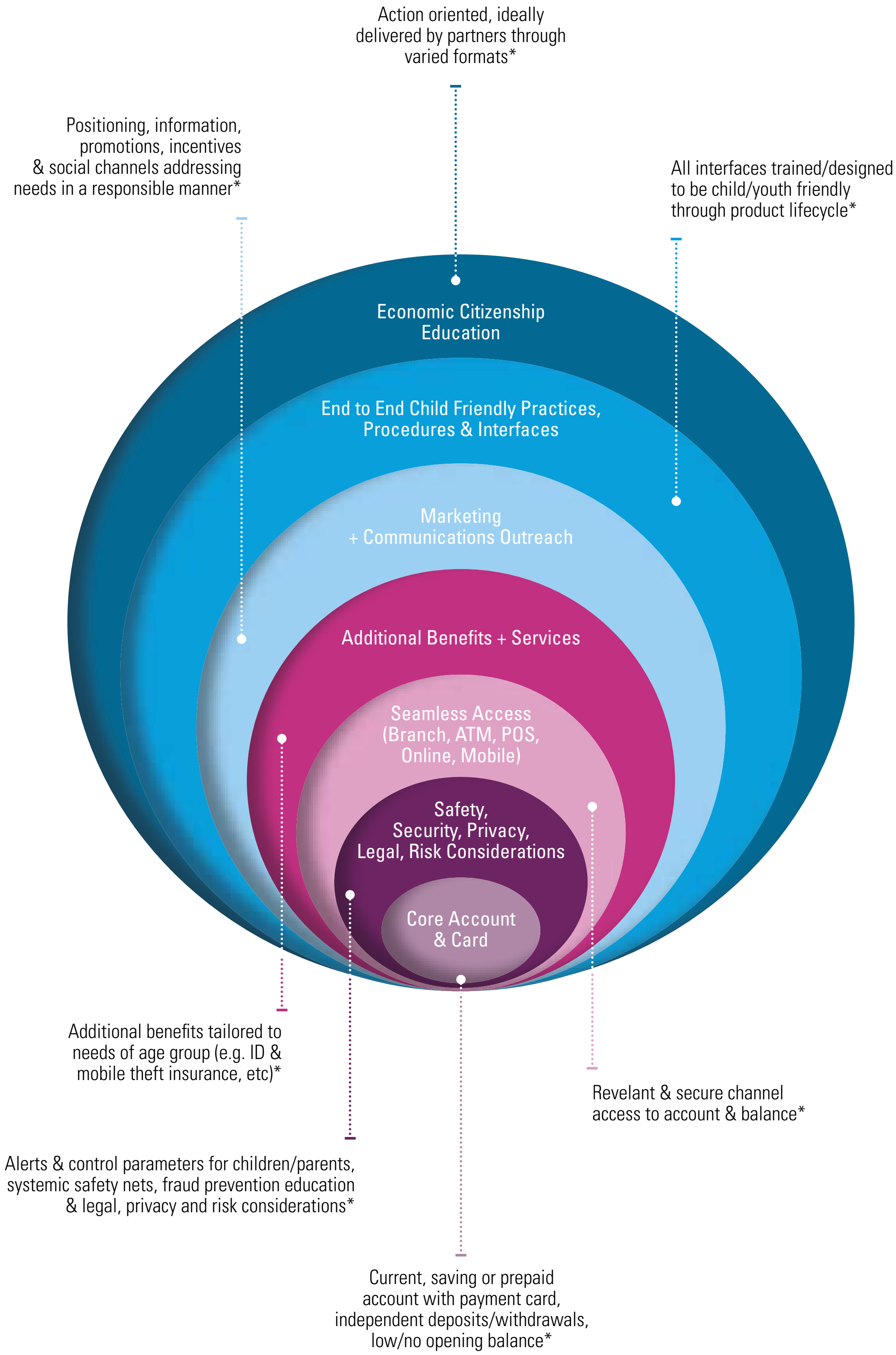
CRBP

1. "... respect children's rights & commit to supporting the human rights of children"
2. "... elimination of child labour, including in all business activities & business relationships"
3. "... decent work for young workers, parents and caregivers"
4. "... protection and safety of children in all business activities & facilities"
5. "... products/services are safe & seek to support children's rights through them"
6. "...marketing and advertising that respects & supports children's right"
7. Respect & support children's rights... the environment & land acquisition & use
8. Respect & support children's rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community & government efforts to protect & fulfil children's rights

Child and Youth Friendly Banking Product Principles

1. Availability and accessibility for children and youth
2. Maximum control to children and youth
3. Positive financial incentive for children and youth
4. Reaching unbanked children and youth
5. Employing of child and youth friendly communication strategies
6. An Economic Citizenship Education Component
7. Monitoring of child and youth satisfaction
8. Internal control

## COMPONENTS OF A CHILD/YOUTH FRIENDLY PRODUCT PROPOSITION




** Legal, privacy, fraud & risk implications must be considered for each of the above components & the components appropriate to the target age group*

## 4.1 WHAT DO CHILDREN AND YOUTH WANT?

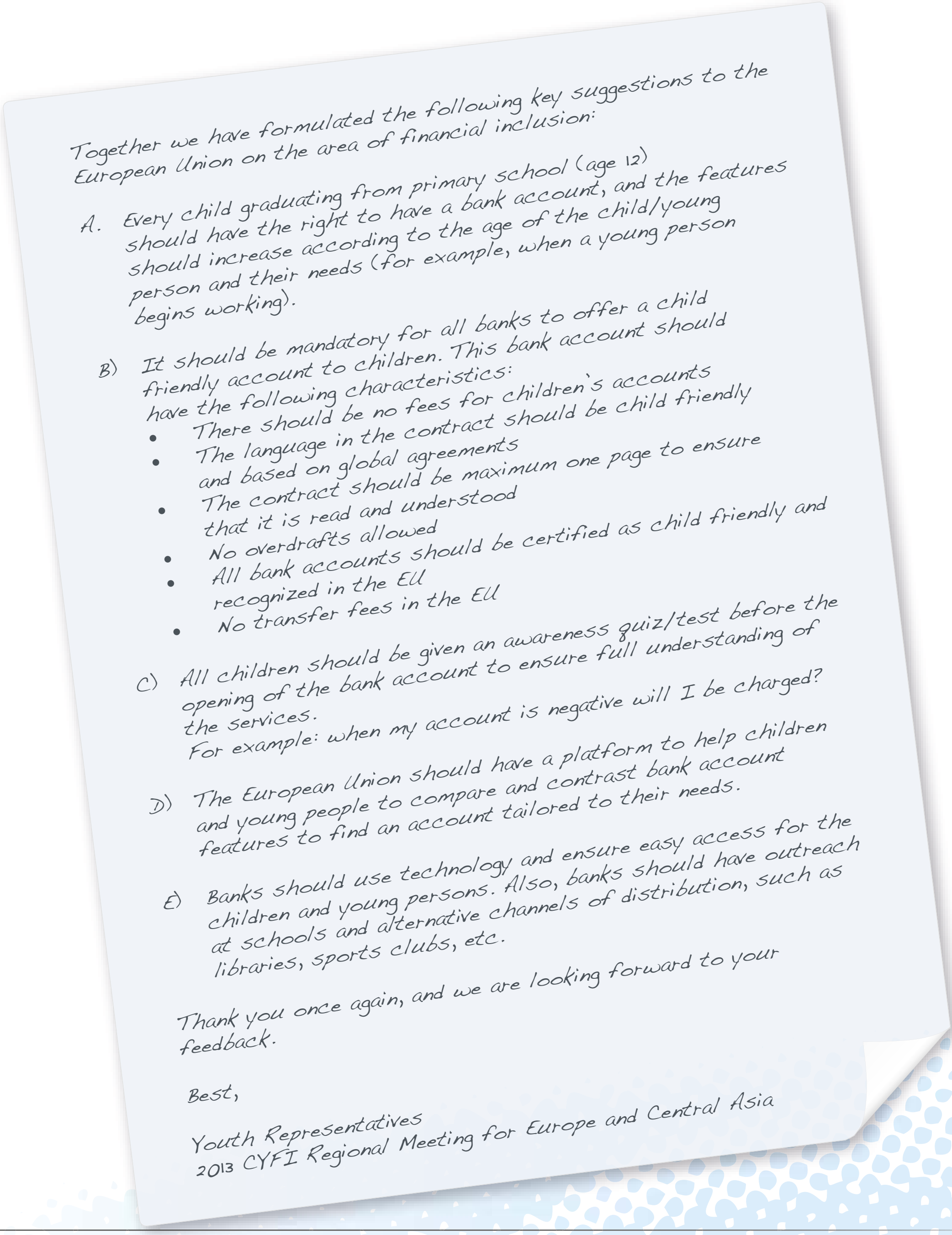
Any successful product is one that has the consumer at its core. Understanding consumer needs and pain points is the very first step in the product development process. Answering the question "What job is this product designed to do for the consumer?" is a good way to focus initial concepts and ideas.

At the 2013 CYFI Regional Meeting for Europe and Central Asia co-organized with, and at the premises of, the European Central Bank (ECB) CYFI tasked a team of youth advocates with gathering peer opinion on financial inclusion. After 2 days spent online the team gathered global input from 11,000 children and youth. This is their summary of their priority requirements, which was presented to ECB President Mario Draghi.

**MY VOICE**

"We believe in ourselves, we want you to believe in us too. We want to be financially empowered, so please listen to our suggestions."

Youth Representative
ECB Meeting



Together we have formulated the following key suggestions to the European Union on the area of financial inclusion:

A. Every child graduating from primary school (age 12) should have the right to have a bank account, and the features should increase according to the age of the child/young person and their needs (for example, when a young person begins working).

B) It should be mandatory for all banks to offer a child friendly account to children. This bank account should have the following characteristics:
- There should be no fees for children's accounts
- The language in the contract should be child friendly and based on global agreements
- The contract should be maximum one page to ensure that it is read and understood
- No overdrafts allowed
- All bank accounts should be certified as child friendly and recognized in the EU
- No transfer fees in the EU

C) All children should be given an awareness quiz/test before the opening of the bank account to ensure full understanding of the services.
For example: when my account is negative will I be charged?

D) The European Union should have a platform to help children and young people to compare and contrast bank account features to find an account tailored to their needs.

E) Banks should use technology and ensure easy access for the children and young persons. Also, banks should have outreach at schools and alternative channels of distribution, such as libraries, sports clubs, etc.

Thank you once again, and we are looking forward to your feedback.

Best,

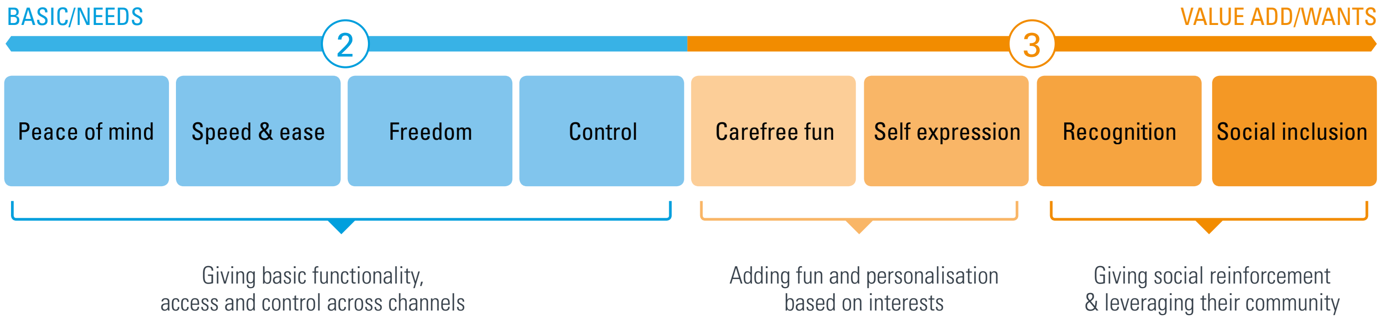
Youth Representatives
2013 CYFI Regional Meeting for Europe and Central Asia

BASIC REQUIREMENTS

1

| ACCESS | CONTROL | POSITIVE FINANCIAL INCENTIVE | SECURITY | ECONOMIC CITIZENSHIP EDUCATION |
|---|---|---|---|---|
| Open an account* & access it via appropriate channels Simple T & Cs | Deposits, withdrawals & balance enquiries Transact autonomously** | No overdrafts, no opening/transaction/ maintenance fee, competitive interest, no hidden fees | My money is safe Fraud protection Privacy | Combining financial with life skills/livelihoods education; age adapted; incl. product features |

** Know your customer regulations (KYC) impacting youth access - ** depending on age with/without parental consent*




## 1

Children and youth have **a requirement for access, control, a positive financial incentive, security and Economic Citizenship Education** as part of a basic bank account product which underlie the Principles for Child and Youth Friendly Banking Products:

- **Access** should be assessed in terms of access to open an (savings/current or prepaid) account and access to operating an account (via delivery channels suited to age and T&Cs in legible print employing child and youth centered communication techniques) once it is opened. Regulations such as the legal age of majority and Know Your Customer (KYC) can impede access to banking services for young people. However, financial services providers are finding ways of working within the confines of local and international restrictions with, for example, proxy representation via work contracts for those aged 15-18. Access can also be affected by socio-demographic and/or environmental factors. For example, cultural or religious barriers may require a different approach to communication strategies, whilst reaching rural populations may require a mobile platform and school banks.

- Financial institutions should strive to give maximum **control** to the account holder whilst adhering to local laws and social/cultural norms, balancing the need of children and youth for autonomy in managing their money with parental support and guidance. Child and youth centered communication (simple, straightforward and transparent) regarding all information and materials is important to ensure that the account holder has effective control.

- Financial institutions should provide education, support and recourse for children and youth in terms of physical and **virtual security, fraud and identity theft** in relation to their bank account(s) and personal data. Attention should also be paid to the more vulnerable where security may be required from, for example, family members.

- Whilst it is important that children and youth learn to appreciate the fact that offering a bank account costs money, **ensuring a Positive Financial Incentive** matters as this is children/youth's introduction to the formal financial system. By providing them with self-confidence, children and youth will be empowered to engage in sustained longer term economic activity.

- **Economic Citizenship Education, a combination of financial education with life skills and livelihoods education**, is the translation of the child's right for education and autonomy, and an essential accessory for children and youth accessing financial products and is necessary for financial inclusion. Further information can be found in section 4.11 Economic Citizenship Education

## 2

Progressing from the consideration of these basic requirements, financial institutions should then **consider what 'needs' the product is trying to address** (based on market research, business objectives, and the business case). These needs tend to be functional:

- **Peace of mind** – the feeling of confidence that their money is safe and protected and is accessible to them when they need it.
- **Speed and ease** – the convenience of quick, easy access to their money, via whatever channel is most relevant to them.
- **Freedom** – the freedom to access their money, transfers from their parents/others as well as different spending solutions and various channels when they want.
- **Control** – the necessary information and tools to get into smart budgeting, saving and spending habits.

Financial institutions should consider delivering basic functionality, access and control across multiple age appropriate channels and deliver benefits and services such as balance enquiries, emergency card replacement, money management tools, but rather than delivering junior versions of traditional adult products, explore what children and youth actually need and want.

3

Financial institutions may then **consider the more emotional 'wants'** of their target audience. Even though "their money" is a serious topic, there is no reason why the product cannot be made appealing and interesting to use. They want fun and the ability for **self-expression**. Exciting and personalized benefits and services based on their interests and passion points can help address this 'want'. **Recognition and social inclusion** are also important to this segment, and financial institutions should consider added-value financial benefits that enhance their everyday. Equally important is that financial institutions be **authentic** and deliver outside-the-box thinking to appeal to this audience, which is particularly sensitive to authenticity.[60]

## 4.2 THE BASIC PRODUCT CONSTRUCT

There are two basic financial product constructs that should be considered when addressing the needs of children and youth:

- A savings or current account with a payment card
- A prepaid card or prepaid account ("lite current account")

The choice depends on local laws, bank objectives, customer needs, market research, and social norms.

In certain markets credit cards are considered a social norm for youth above 18 or 25 years of age that qualify and subject to local credit card regulations. Providing credit cards to young people is a controversial subject, indebting them is in no stakeholder's interest. However, at some point, economic reality necessitates young adults to learn the concept of affordability to prepare them for taking on asset-backed debt (like mortgages and car loans), unsecured credit lines, and small business loans as adults. Managing debt is an important life skill in today's society. A credit card with a small credit line, ideally with installment repayments rather than revolve capability, can provide a relatively safe training vehicle for helping a young adult learn how to manage affordability, risk, and the temptations of access to a credit line. In markets with credit bureaus, this type of product can also be a convenient mechanism for a young adult to establish a credit bureau record, allowing them to benefit in the future from lower rates on mortgages and loans. It is critical that where credit cards are issued from 18 years onwards, these should automatically be accompanied by Economic Citizenship Education on how credit lines work, how to use them responsibly and the concepts of affordability and risk. In many geographies however, even after the age of majority is reached there is a strong cultural preference for debit cards and a fear that credit cards could lead to indebtedness. Even in these markets it is important that Economic Citizenship Education incorporates the concept of credit as many will at some point need to take out a loan or micro loan.

## WHAT DO CHILDREN AND YOUTH WANT?

- Child and youth friendly bank account for children and youth age 12+
- Bank account features:
  - No fees for child and youth accounts
  - Contract language should be child and youth friendly
  - Contract should be maximum 1 page
  - No overdrafts allowed
  - All bank accounts certified child and youth friendly
  - No transfer fees in the EU
- Children and teenagers given awareness quiz/test before opening account
- Easy access for children and young people
- Use technology
- Outreach at schools and alternative channels of distribution such as libraries and sports clubs

### 4.2.1 SAVINGS, CURRENT/PAYMENT ACCOUNTS AND CARDS

A child or youth's first financial inclusion experience may be with either a savings account or with a current account linked to a payment card. A current account should come with a debit card, enabling the child or youth to make small purchases. Some accounts and/or cards, where legally required, need parental consent or have usage restrictions and/or parental controls built-in, for example limiting the size of transactions or even the merchants where the card can be used.

The Child and Youth Friendly Banking Principles provide a framework for assessing whether a savings and/or current account is 'child and youth friendly.' To highlight some key considerations:

- Accessibility and availability are critical factors. Children and youth should be able to open and use these accounts, regardless of any socioeconomic-demographic and/or environmental factors or disabilities. This makes features such as no opening fee and the ability to choose a bank where the parents do not have an account very important. When thinking about accessibility, financial institutions should consider the demographics of the areas their branches serve, including religious groups, migrant populations, and ethnic communities which might require different products and/or marketing materials in different languages.
- The child or youth should also be able to easily understand the mechanics of the account. Complicated rules around interest rates, deposit thresholds, and time requirements make it challenging to grasp the basics: "I put money in, the money is safe, the money grows a little bit every month, and I can take the money out when I want." Small erratic deposits are to be expected; therefore no minimum deposit amount (or very low) is recommended. Interest rates should be sufficiently high to demonstrate tangible progress to the child. Transaction fees and account maintenance fees are barriers to usage that are not appropriate for children's accounts. Short and transparent terms and conditions in legible print and using child and youth friendly communication techniques will support engagement and understanding.
- Opening a first savings or current account is an important life event for a child or teenager. This is an opportunity to give the child a sense of ownership and reinforce the gravity of developing good financial habits. Accordingly, the account would be in the name of the child and the child openly acknowledged as the customer.

*In the Nordics, the push towards a cashless society means that children and youth must be able to make electronic payments at quite a young age (i.e. using a payment card to purchase school lunches or ride public transport).*

## THE CHECKLIST

**IS IT SIMPLE?**

The account and its rules are simple enough for a child to understand.

- Complicated rules around interest rates, deposit thresholds and time requirements make the rules too challenging.
- The contract length is 1 page maximum.

**IS IT ACCESSIBLE?**

Children and youth can open and use these accounts, regardless of any socio-demographic and/or environmental factors or physical disabilities.*

- Consider the demographics of the areas served inc. religious groups, disadvantaged or migrant populations and ethnic communities who may require different products and/or communication materials.

**DOES IT DELIVER A SENSE OF SELF?**

Opening a first savings or current account is an opportunity to give the child or youth a sense of ownership and the education/support to develop sound financial habits.

- The account is in the name of the child and the child is acknowledged as the customer.
- Is a support system in place to help and educate.

** Mental disabilities should be taken into consideration if the disability precludes comprehension.*

## AN ILLUSTRATION OF CHILD AND YOUTH FRIENDLY BANKING PRODUCTS

| | Child savings account (6-12/14) | Youth savings account (12/14 – 18) | Youth current account (12/14 – 18) | CYFI: The Principles for Child and Youth Friendly Banking Products |
|---|---|---|---|---|
| **Opening requirements** | • No opening fee<br>• No requirement for parent/guardian to have an account in the same bank<br>• No hidden costs/fees | • No (or minimum) opening fee<br>• No requirement for parent/guardian to have an account in the same bank<br>• No hidden costs/fees | • No (or minimum) opening fee<br>• No requirement for parent/guardian to have an account in the same bank<br>• No hidden costs/fees | • 1. Availability and accessibility of banking products for children and youth<br>• 3. Positive financial incentive for the child<br>• 4. Reach unbanked children and youth |
| **Account ownership** | • The account is in the name of the child, or, if not possible, jointly owned with adult | • The account is in the name of the youth, or, if not possible, jointly owned with adult | • The account is in the name of the youth, or, if not possible, jointly owned with adult | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth |
| **Operations** | • Independent operation, or, if not possible, joint operation with parent/guardian | • Full control to youth | • Full control to youth | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth |
| **Parental control** | • Transactions are guided/supervised by parents<br>• Withdrawal requests are agreed by parents<br>• Monthly account summary is sent to parents | • No control, or, if legally required, supervision of transactions by parents and/or monthly account summary sent to parents | • No control, or, if legally required, supervision of transactions by parents and/or monthly account summary sent to parents | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth<br>• 6. Economic Citizenship Education Component |
| **Minimum deposit** | • Zero or low minimum deposit | • Zero or low minimum deposit | • Zero or low minimum deposit | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth<br>• 3. Positive financial incentive for children and youth<br>• 4. Reach unbanked children and youth |
| **Transaction fees** | • No, or low transaction fee | • No, or low transaction fee | • No, or low transaction fee | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth<br>• 3. Positive financial incentive for children and youth<br>• 4. Reach unbanked children and youth |
| **Account maintenance** | • Free | • Free | • Free | • 1. Availability and accessibility of banking products for children and youth<br>• 2. Maximum control to children and youth<br>• 3. Positive financial incentive for children and youth<br>• 4. Reach unbanked children and youth |
| **Frequency of deposit** | • No requirement | • No requirement | • No requirement | • 1. Availability and accessibility of banking products for children and youth<br>• 4. Reach unbanked children and youth |
| **Frequency of withdrawal** | • No requirement | • No requirement | • No requirement | • 3. Positive financial incentive |
| **Interest rates** | • Competitive or higher to encourage savings behavior | • Competitive rates | • Competitive rates | • 1. Availability and accessibility of banking products for children and youth<br>• 3. Positive financial incentive for children and youth<br>• 6. Economic Citizenship Education Component |
| **Contract and T&C** | • Maximum 1 page in legible print & child centered communication techniques | • Maximum 1 page in legible print & youth centered communication techniques | • Maximum 1 page in legible print & youth centered communication techniques | • 1. Availability and accessibility of banking products for children and youth<br>• 5. Employment of children and youth friendly communication strategies<br>• 6. Economic Citizenship Education Component |

Children and youth, when opening the account, can be given an "awareness quiz/test" to monitor their awareness of these conditions. This is at the same time a measure of young customers' understanding of the product's conditions and the effectiveness of the bank's communication around the account.

The quiz results could direct the bank in targeted follow-up information to the customer, clarifying the account's conditions. As further outlined in Section 4.11 (A Component of Economic Citizenship Education), it is also recommended to provide a combination of life skills, financial, and livelihoods education (Economic Citizenship Education) in combination with the account.

CASE STUDY

**IN PRACTICE** *Rabobank (Netherlands)*

Rabobank

*The Rabo JongerenRekening reaches out to children and youth between the ages of 12 and 18, providing them with an outlet through which they can become financially responsible. The current account is an instrument to help children and youth manage their money, store their balance and make payments, it allows them their first taste of financial independence. The account can also be connected to an Internet Savings account or mobile app, which they can use to transfer money that they do not currently need or check their savings. Children from 12 are given access to online and mobile banking, with parental consent. The Rabo JongerenRekening makes sure that as children grow older they acquire more control and more financial services.*

*Rabobank offers, and makes available, programs and websites alongside their Rabo JongerenRekening in order to financially support children and youth. For instance, they have developed a financial instructor, Yvette, in the form of a digital money coach who they can ask questions regarding their financial concerns.*

CASE STUDY

**IN PRACTICE** *Dubai Islamic Bank (UAE)*

بنك دبي الإسلامي
Dubai Islamic Bank

*The Shaatir account is a Sharia-compliant children's savings account. The account has no minimum balance requirements and no maintenance fees. Children are able to access their account online so they can easily watch their money grow. On the exclusive Shaatir website, children can learn about banking and saving, play games and watch informative films.*

### 4.2.2 PREPAID CARDS AND PREPAID ACCOUNTS

A prepaid card is a payment card, preloaded with funds by the holder or another party (e.g. parent/guardian), to make purchases. There is no possibility of going into debt as the only funds available are those that have been loaded onto the card. If the card is lost or stolen, the funds are not at risk as issuers can include PIN, daily spending limit, SMS alerts, and blocking service, and the holder will receive a replacement card. Prepaid cards for children and youth can come with usage restrictions or notifications set by the youth or parent. For example, the parent could receive an SMS every time the child or youth uses the prepaid card.

Prepaid payment accounts, or "lite accounts", are a variant of prepaid cards. These accounts have evolved in markets where traditional current accounts incur heavy fees or where segments, such as the student segment, may have difficulty opening a current account when studying in a new country. One of the key issues facing students studying abroad is establishing financial services in a new country. Setting up a current account can be complex, expensive and often not even possible. Local Anti-Money Laundering (AML) rules may require documentation that the student may not have; this may also apply to children of migrant workers. A Prepaid Payment Account can address the student mobility challenge, as prepaid cards in many countries benefit from simpler AML rules and have lower fees.

A Prepaid Payment Account has features which mirror those of a current account:

- **Control and Security**. The account balance can be accessed through multiple channels such as ATM, SMS, online, and mobile. A credit history check is not required before issuance and there is no risk of the child or youth getting into debt as it applies to only existing funds
- **Early deposit**. The prepaid card and prepaid account allows for the receipt of payments and deposits such as salaries, scholarships or foreign deposits by parents. They also often provide a wide range of additional options for funding the account such as payment card-based funding and in-store reload networks.
- **Easy access**. They can leverage global acceptance brands, giving universal acceptance for ATM withdrawals and enabling in-store and online purchases. They also allow for recurring payments and often basic banking functionality like wire transfers. The best versions have the IBAN embossed on the front of the card.

#### 4.2.2.1 INCLUSION OF THE FINANCIALLY EXCLUDED

The prepaid card plays an important role for the financially excluded and by extension, less affluent youth. In many markets a prepaid card is an "on ramp" to financial inclusion because of the easier access (simpler documentation and they are often available to purchase from retail outlets) and the lower fees. Without a form of electronic payment, the financially excluded can also become the socially excluded. In the UK there are prepaid cards which allow holders to establish a positive credit bureau record by "loaning" the annual card fee up front and allowing the consumer to pay off the "loan" over a year – an important milestone for people trying to establish themselves formally.

CASE STUDY

**IN PRACTICE**

*Intesa Sanpaolo, (Italy)*

*The Superflash co-branded lite prepaid payment account launched in 2009/2010 designed for youth, students and young professionals. It provides basic bank account and payment functionality. Customers receive funds and make payments, pay bills, and transfer funds just like a traditional bank account. Free to customers aged 26 and below. Dedicated Superflash branches cater to youth with extended opening hours, support and education on financial products, WIFI and online access and younger staff. Access to financial advice, career counselling and basic financial management education via website. Education initiatives, often in partnership with youth-relevant partners such as Sony and Vespa. Access to bonus deals on the Superflash website.*

CASE STUDY

**IN PRACTICE** *Axis Bank (India)*

*A combination of prepaid payment card and a student identity card designed for Indian students studying abroad. The card offers easy access, funding, and money management with four different currency options and discounts to relevant overseas travel insurances. ISIC (the International Student Identity Card Association) provides UNESCO endorsed proof of student status and access to discounts at over 40,000 merchants in 120 countries.*

### 4.2.3 PRODUCT CUSTOMIZATION ACCORDING TO AGE

From a product perspective, there is limited benefit, only additional cost, in developing and supporting separate product constructs for each of the age sub-segments. While the core product construct (the basic underlying account options are few and simple – savings, current or prepaid) could remain the same for the various age segments, it is recommended that the customization or "wrapping" for age takes place in the following components of the product proposition as defined by market research, institutional objectives and legal, privacy & risk management criteria:

- In the **channels** they can access. For example younger children may not be allowed to use their card online, at certain types of merchants, or in certain cases, they could be limited to ATM cards with no POS access.

- The **safety & security** parameters could be varied by age group with ATM withdrawal limits & frequency, POS spend limits, international geographies disabled, etc.

- **Additional benefits** could be layered by function of age so youth could have mobile phone insurance included and music assets while younger children could, for example, get a junior money magazine and money quiz.

- Consider how age-appropriate the **positioning**, **tone of voice**, **marketing and communication**, and channels used to market it are.

- The **interface channels** with the bank – in-branch, call center, online or social channels – should appeal and be accessible to the relevant age(s) of the children and youth served.

- Consider how to compose and deliver the **Economic Citizenship Education** support, integrated as part of the product package, to match the needs of the audience (i.e. starting with games and magazines for younger customers and progressing to social media for older customers).

## 4.3 SAFETY AND SECURITY

A child or youth product requires a differentiated approach to safety and security. There are four main pillars:

- Transparency and consumer/parent/guardian control
- Clearly defined and enforced usage protection
- Fraud protection
- Consumer awareness and safety & security education

### 4.3.1 TRANSPARENCY AND CHILD/PARENT CONTROL:

Independent control of the account is advised, particularly for youth (15 years and older). However, if adult supervision/co-operation is required by local law, a product for children and youth could benefit greatly from a spending control program which involves both the child and/or the parent/guardian. Allowing children and youth to get actively involved in setting parameters around the usage of the account as well as defining the criteria for the alerts will cultivate a responsible, transparent approach to managing the account as well as a sense of ownership, control and autonomy. Examples of parameters include:

- Preset usage parameters for different channels, merchant categories and geographies
- Usage SMS/text/online alerts on transactions just completed
- Alerts if transactions or ATM withdrawals exceed a set limit
- Budget alerts if spend exceeds preset desired limit
- Controls temporarily blocking card usage
- Online messaging about security and awareness

Another very important way to give children and youth control is by providing them with simple access to their account balance online, via mobile banking/apps, ATM or in-branch terminals.

### 4.3.2 CLEARLY DEFINED AND ENFORCED USAGE PROTECTION

There should be network-level protection for the accounts in a children and youth portfolio. At minimum this should be a rules-driven criteria, which will act as a safety-net in the event that an account(s) is compromised. It will also safeguard against abuse and enable enforcement of any market-specific regulatory requirements. For example:

- Blocking specific merchant category codes including gambling, adult content, etc.
- Contacting the cardholder when long periods of inactivity are identified (e.g. to ensure whereabouts of card is still known)
- Default value and volume limits to "avoid runaway" spend
- Multichannel tips and awareness messaging (online, ATM screens, SMS, social channels, etc.) regarding safety and security of their account, card and information

### 4.3.3 FRAUD PROTECTION

While fraud protection measures are standard for most financial institutions, customers in this type of portfolio will not be average consumers. Financial institutions should consider concentrating their attention around fraud risk management strategies. These would include a combination of flexible rules and artificial intelligence-driven scoring. Financial institutions should screen for suspicious transaction criteria for this segment, including high risk MCC's, countries, transaction types and behavior patterns.

### 4.3.4 CONSUMER AWARENESS AND EDUCATION ABOUT FRAUD

When the account is opened, it is critical to make children and youth aware how important it is to follow certain simple but effective "golden rules" to protect THEIR money:

- *" Keep your card in a safe place at all times – just like you would cash – you would not leave cash lying around unprotected – do not leave your card lying around"*
- *"Keep your PIN number secure – you would not disclose your Facebook or Twitter password – do not disclose your PIN"*
- *"Check your online statement regularly. You would count your cash – so count your spend"*
- *"Spend sensibly; this is real money you are spending! YOUR money"*
- *"Don't ever try to access your account through an emailed link - no matter how much that email looks like it came from your bank & don't give out any personal information if someone who claims to be from your bank contacts you, by email or by phone"*
- *"Online and offline be aware and careful with your information"*
- *"Store the "Lost and Stolen Card "phone number in your mobile phone (this can usually be found on the back of the card), so you can report the card missing as soon as you realize"*
- *"Shield your transactions when you use your card so no one can see what you are keying in"*

These "golden rules" can be made part of an "awareness quiz/test" to monitor young customer's awareness of the account's conditions and advised usage behavior.

## 4.4 LEGAL IMPLICATIONS OF ACCOUNTS AND PAYMENT CARDS FOR MINORS

Balancing the right of children and youth for control and independence with legal age requirements for opening an account can be challenging and has certain associated risks. As a result, offering a financial instrument directly to a minor without parental consent, may cause the issuer/provider to be unable to enforce the benefits of its terms and conditions in connection with such minor customers while retaining all, and perhaps more, obligations to the customer (e.g. data and privacy obligations, marketing and customer service requirements, and reputation risk) should a problem arise. This means that while the child or youth may obtain a current account and the associated payment instrument, there are still product terms that benefit the financial institution – such as allocation of loss on fraud/breach of confidentiality – financial institutions may wish to enforce but cannot if the cardholder is a minor.

The legal implications of developing children and youth focused financial products need to be assessed on a country by country basis.

## THE CHECKLIST

- Have you considered that contracts and transactions made by youth under age of majority may not be enforceable and may be voided?
- Did you check local laws and regulations on the requirements on marketing financial products to youth? Local laws may not allow you to directly offer financial products to youth of certain age.
- Certain countries may restrict how you can advertise directly (direct mail, email, text, alerts etc.) to youth of certain age and may recommend safety-controls – check local laws.
- Also, you may want to consider designing chat and other interactive community features with safety protections and controls.
- It is recommended that online content and advertising should be age appropriate and easily understood by children.
- Consider masking and making secure the identities of children and their likeness to prevent fraud and other issues. Usernames should not be their complete name!
- Consider putting in place procedures for handling youth safety issues and complaints.

## 4.5 PRIVACY IMPLICATIONS

Children and youth have a right to privacy, which is protected under applicable privacy and data protection law. Due to their youthfulness and vulnerability they require more protection with respect to those rights than adults do. Hence, financial institutions must ensure that children's privacy is respected in the best possible way, and that they adhere to local laws in this matter, especially relating to consent, and the use and collection of data for children and youth.

To ensure the appropriate level of privacy is provided to children and youth, financial institutions should collect data only for the specified purposes, use the data in a reasonable manner, collect only that data minimally necessary for the purpose, not further use data in a way that is incompatible with that original purpose; and keep the data accurate and up to date. Some of these privacy principles relate to children and youth even more strictly than to adults. For example, the duty to use personal data in a reasonable manner must be interpreted strictly when it concerns a child. "As a child is not yet completely mature, controllers must be aware of this, and act with the utmost good faith when processing their data." [61]

Similarly, the principle that personal data should be accurate and kept up-to-date has special meaning in light of the constant development these young people undergo. "Because children are developing, the data relating to them change, and can quickly become outdated and irrelevant to the original purpose of collection. Data should not be kept after this happens."[62] There are specific data protection laws regulating the use and collection of data of children and youth under certain ages.

In addition, financial institutions should ensure that children and youth, their parents and/or legal representatives can easily exercise their rights-- in particular, the right to be informed about the scope and purpose of data processing; right to access, rectify and delete data; and the right to object to the processing of their data.

Security of the data, including financial institutions' service providers, should always be a priority. Loss or unauthorized access to personal data concerning children and youth may lead to harm to that person. It also exposes financial institutions to serious reputation risk and loss of trust.

Since children and youth may require legal representation to consent to process personal data, financial institutions may need to involve the parents and/or legal guardians. An independent European advisory body on data protection and privacy—the Article 29 Working Party—acknowledged that the child's level of maturity determines if the child's representative should provide that consent, if the consent should be jointly the child's and the representative's, or if the child can solely consent to the processing of his/her own personal data if he/she has already reached the legal age of majority.

Financial institutions should give attention to the fact that children grow and gradually become capable of contributing to decisions made about them at the time of their data collection. Thus, children and youth should be regularly educated, informed and consulted about their privacy and data protection rights, including uses of their personal data by financial institutions.

Besides legal or regulatory restrictions, financial institutions should consider actual child and youth behaviour. Studies demonstrate that youth and young adults are more likely than older adults to share their passwords, personal identification numbers and payment cards with their friends, and thus might be more likely to become the victims of fraud or identity theft. To this end, financial institutions should educate their young customers about the risks of not securing such confidential personal data, and provide them with tools and resources to keep their data safe. ("Golden Rule" section 4.3.4). In addition, financial institutions should secure the data that they collect to prevent theft and other security issues.

## THE CHECKLIST

- Identify purposes for which personal data is needed. Is it provision of financial services, direct marketing or something else?
- Identify categories of personal data that are necessary to achieve these purposes.
- Put in place a privacy policy. Ensure it can be easily understood by children and youth.
- Consider risks associated with the protection of personal data and your liabilities in case of engaging third party data processor.
- Organize periodic awareness campaigns addressing minors' privacy rights and choices in financial sector.

## 4.6 RISK MANAGEMENT CONSIDERATIONS

Product Development professionals should consider the different risk implications related to this segment across all the components of the product, from the suitability of features and benefits and access channels for the respective age groups right through to how these will be priced and contracted and then how they will be communicated. The transparency and simple communication of both pricing and Terms and Conditions is especially critical for this age group.

Apart from risks associated with the product construct itself, possible risks should be considered in the process of servicing the product from the opening of the account right across all the touch points in the product life cycle and especially in the social media space where brand commentaries are easy to make but not as easy to control.

## 4.7 MARKETING AND COMMUNICATIONS OUTREACH

Children and youth today are global citizens who:

- have infinite access to information;
- have the power to essentially be their own media company;
- have tremendous influencing power;
- are the most technologically literate segment;
- and are positioned to have more spending power than any other so far.

When reaching out to them, financial institutions should consider moving away from traditional product marketing to relationship marketing. The most important form of communication/recommendation is through their friends and family and their social networks. Many prefer to do their own research online vs. read/believe a brochure from a company – and this is why the different forms of social media are so important to business.

### THE CHECKLIST

- Is it age and/or gender appropriate?
- Are all elements of the program authentic, transparent and simple to understand?
- Is the content/imagery appropriate for literal interpretation?
- Are you exerting undue influence – directly or indirectly?
- Is the language simple and straightforward?
- Is the format relevant and appropriate for the target audience?
- Is it short and/or succinct?
- Is it aspirational?
- Is it attractive to the age group?

The following traits will help financial institutions understand this segment better in order to evolve their marketing strategy:

- **Individualistic**, these children and youth are encouraged by their parents, educators and the media to speak their mind and freely express their opinions. The relationship between parents and children/youth is more collaborative than ever before. When asked to identify their top 4 role models, they said:
  - "Friends"
  - "Mom"
  - "Dad"
  - A public figure "hero"
- **Maturing quickly**, children are older than their years with (tweens) 8 to 12 year olds acting like teens.
- **Brand aware** and highly **influence**d by their peers, these children want the coolest and latest items.
- **Early adopters**, technology is their platform for social and cultural integration.
- **Socially conscious**, today's children and youth are highly aware of diversity issues, women's rights and environmental issues. This generation knows how to harness the power of the collective, and will rally others like themselves towards a cause.

These characteristics have substantial implications in developing and marketing appropriate financial products and creating potential tensions. Financial institutions can:

Getting this balance right is critical.  Some markets and target audience will respond well to high profile, integrated, multi-media marketing whilst others will be better with co-creation, interactive pull activity.

In all cases, it is key to ensure that children's rights are respected and supported in marketing and advertisement to children and youth. UNICEF provides various useful resources to assess your institution's strategy and practice.[63]

| | | |
|---|---|---|
| Consider interactive program development and open communication channels | *…at the same time…* | Help enable children without easy access to technology |
| Develop marketing programs that meet children's "faster maturing" needs | *…at the same time…* | Screen communications, promotions and incentives for age and maturity appropriateness |
| Use brands and partnerships that are relevant to youth | *…at the same time…* | Look beyond material marketing and balance appealing concepts such as educational and cultural materials or partnerships with children's museums and social change and awareness award programs, with fair terms and pricing |
| Adopt new technology to deliver programs | *…at the same time…* | Consider accessibility to all |
| Consider linking products with organizations that address issues that concern youth | *…at the same time…* | Ensure that these linkages are transparent and fair |
| Be sensitive and realistic about the needs and desires of this segment | *…at the same time…* | Balance actual needs against wants and highlight diversity of purposes in terms of saving money (e.g. entertainment vs. education) |

*This information is also further referenced on Page 32.*

**Following are some marketing/outreach activities that can be considered for these age groups:**

| | | Age 6-9 | Age 10-14 | Age 15+ |
|---|---|---|---|---|
| Promotion | Brand, logo, tagline, printed materials, online promotional materials | ✓ | ✓ | ✓ |
| Passbook | | ✓ | ✓ | ✓ |
| Outreach | Traditional mass media TV commercials, advertisements, local radio. Online media social networking, blogs, banners | | | ✓ |
| Co-creation group | Product development | | | ✓ |
| | Financial management | | ✓ | ✓ |
| Education | Parent led online financial management tutorials | ✓ | ✓ | ✓ |
| | Self-led online financial management tutorials | | | ✓ |
| | School based education | ✓ | ✓ | ✓ |
| | Event based education | ✓ | ✓ | ✓ |
| Partnerships | Relevant, exciting partnerships that talk to passion areas, including not for profit organizations | | ✓ | ✓ |
| Incentives | Piggybanks, stickers, savings calendars | ✓ | ✓ | ✓ |
| | Cash back or vouchers for saving milestones | | ✓ | ✓ |
| | Charity donations based on account activity | | ✓ | ✓ |
| Outreach | Friends and family referral program | | | ✓ |
| | Youth oriented branch experiences | ✓ | ✓ | ✓ |
| | Community events, school based events | ✓ | ✓ | ✓ |

CASE STUDY

**IN PRACTICE** *The SpendSmart Payments Company (USA)*

*BillMyParents ("The responsible teen spending company") offers the SpendSmart MasterCard, a prepaid card designed especially for teens. The card fees are among the lowest in the market and communicated transparently.*

*The product provides the basis for constructive, educational discussions between parents and teens on how to manage money. It offers multiple types of controls designed to protect teens and give parents' peace of mind. The card can be blocked from usage at specific merchants, parents can receive text alerts when teens use the card, and the card can be frozen by parents if they are concerned about the teen's spending. Statements are available online and can be accessed by both parent and teen.*

*https://www.billmyparents.com*

## 4.8 SEAMLESS ACCESS

Children and youth are growing up in an 'instant' world, with information immediately available and accessible. The ongoing convergence of technologies and delivery channels makes it possible to reach customers when, where and in the way they want with better, faster and more affordable solutions. Children and youth expect to be able to access and manage their money through multiple channels – ATM, POS, online and mobile, with the latter access predominantly preferred. In emerging markets young consumers are leapfrogging traditional delivery channels and driving mobile as their preferred channel. Whatever the mix of channels that makes the most sense in the context of the local infrastructure and socio-demographics, secure access to these channels is essential for this segment. This is not only the safety and security of the funds and the personal data they access, but it is also the physical security of young customers when accessing their funds. Choosing chip and PIN at the ATM and POS help secure a customer's information in the physical world, but there's more that can be done in the digital space. For online and mobile channels, requiring a 3- D Secure password verification process with each transaction, adding tokenization to transactions and real time alerts are all proven methods of adding a layer of authentication over and above the traditional PIN. There are also consumer-facing programs such as ID Theft Protection and Zero Liability that give the consumer a level of comfort to transact in an initially uncertain environment.

Delivering seamless access makes it easy for children and youth to move between channels whilst providing a consistent customer experience across all channels.

## WHAT DO CHILDREN AND YOUTH WANT?

- Child and youth friendly bank account for children and youth age 12+
- Bank account features:
  - No fees for child and youth accounts
  - Contract language should be child and youth friendly
  - Contract should be maximum 1 page
  - No overdrafts allowed
  - All bank accounts certified child and youth friendly
  - No transfer fees in the EU
- Children and teenagers given awareness quiz/test before opening account
- Easy access for children and young people
- Use technology
- Outreach at schools and alternative channels of distribution such as libraries and sports clubs

## THE CHECKLIST

Decide upon the most appropriate delivery channels

- Mobile, branch, ATM, online, voice response, call center, POS, children's clubs, events, social networking, schools, drop in experiences at library or child friendly venues etc.

## 4.9 ADDITIONAL BENEFITS AND SERVICES

Additional benefits and services are part of the customizable "wrapping "layer that can be added to the base or core account reinforcing the overall product positioning – e.g. "peace of mind" or "maximum control" positioning of the product. It is recommended that various bundles of additional benefits be tested via research with the target audience to assess which combinations best address their needs. Consideration should be given to simplicity and a laundry list of additional benefits will only make the positioning of the product more difficult and the end user more frustrated as they inevitably will see benefits they don't want or need and feel they are being forced to pay for them. With this generation transparency is key, especially when it comes to pricing. The more additional services that are bundled the greater the impact on the price, so testing upfront for relevancy and uptake is strongly recommended. The table hereafter gives a few examples of the kind of features, benefits and functionality that could be combined to address different needs.

**Features, benefits and functionality to answer both basic and value add financial product needs**

| | Aspirational Need | Requirement | Feature, benefit, functionality |
|---|---|---|---|
| BASIC NEEDS | Peace of mind | Confidence and peace of mind around their finances | • Security (PIN) and limited liability<br>• Security when shopping online<br>• ID/card theft protection<br>• Help with credit ratings/scores<br>• Zero Liability |
| | Speed & ease | Using technology to make life easier and faster for them; provisioning them with the immediate and smart solutions they expect | • Contactless payments<br>• Mobile and online banking<br>• Integration of multiple payment systems (e.g. transit, campus, open loop etc.)<br>• Receipts of government funds, grants, scholarships etc.<br>• Easy balance access (e.g. display card) |
| | Freedom | Access to their/their parents' finances as well as different spending solutions and various channels | • Global and ubiquitous acceptance<br>• Card to card transfers<br>• ATM, POS and online usage<br>• Card top ups from parents/online<br>• Ease of fund transfer to account/card |
| | Control & education | Necessary information and tools to get into smart spending and budgeting habits | • Detailed control through transaction statement and history<br>• Online banking, mobile balance enquiry<br>• Alerts and controls<br>• SMS alerts for security<br>• Budget education<br>• Relevant budgeting & money management tools<br>• Tools to encourage savings against goals (savings pots)<br>• Money management online coach<br>• Money management clubs – teach your friends |
| VALUE ADD/WANTS | Carefree & fun | Leveraging of passion points to engage them with additional benefits that really mean something to them | • Access to experiential assets: music, sports, travel, community |
| | Self-expression | Provision of tailored solutions that reflect who they are and allow them to co-create their payment/financial options | • Card personalization<br>• Customized card design<br>• Segment specific community and sometimes brand<br>• Product co-creation opportunities<br>• Piloting new technology/solutions |
| | Recognition | Accelerated and privileged access to their aspirations, in order to raise their perceived status | • Offers and benefits<br>• Bank loyalty reward scheme<br>• Gamification to encourage saving and responsible money management |
| | Social inclusion | Recognition of their need to be included and respected by their peers as well as acknowledgement of the social pressure to do the right thing | • Reduction of carbon footprint by reducing cash<br>• Link to youth relevant causes<br>• Round up & donate<br>• Volunteering for community projects |

CASE STUDY

**IN PRACTICE** *BROU - Uruguay*

*Children from age 14 onwards can own and operate their "X mi cuenta" savings account independently. The account is offered with access to online banking services and a RedBrou debit card which can be used at ATMs and POS. The account does not allow overdraft, no initial or monthly maintenance fee is required, and no minimum deposit. Holders of the X mi cuenta account are eligible to borrow textbooks at the library that they need in order to promote and support the academics of young individuals.*

## 4.10 INSTITUTIONAL ALIGNMENT

For a product to be child and youth friendly all of the processes and interfaces between the financial institution and their young client base will be "friendly" too. It is important to work towards an end-to-end child and youth friendly culture to support children and youth from when they open their new account, receive their card, PIN and T&Cs, get their first statement/check their balance online, to when they call a call center or query/comment via online channels. Reviewing existing processes in the product and service lifecycle with a child and youth friendly lens will help identify what can be simplified and improved. Involving staff in such a review and even conducting a mini internal survey with children of staff could be a good way to get staff thinking about the processes from a different perspective. Staff training and immersion into what child and youth friendly stands for is important to ensure an integrated experience. For this segment that values authenticity, if a financial institution claims to be child and youth friendly then all aspects of the product and banking experience need to be authentic. However, child and youth friendly is not just confined to the immediate financial experience. With the information available to children and youth they are able to assess the credibility of an organization regarding their relationships and investments. Children and youth are more tuned into the idea of community and cause. They are aware of the broader global community and what is happening within it, and they increasingly want to see global concerns mirrored by the companies with which they do business. A key requirement for engagement is authenticity; this segment knows authenticity when it sees it and knows if it's just 'marketing talk'. This means that any organization engaging with this segment should be clear on policy regarding community and cause and ensure it is authentic and that the vision is shared throughout the company with staff training, policies and procedures and infrastructure, branch layout and delivery channels.

## THE CHECKLIST

- Prepare written and verbal communications to inform staff about the program for children and youth, including the rationale (why, impact on the business)
- Program (product, financial education, marketing and outreach, branch changes, expectations), account features and benefits
- Staff expectations, responsibilities and training programs

CASE STUDY

**IN PRACTICE**

*ING (The Netherlands)*

ING

*ING has various financial products aimed at children and youth – the GroeiGroterrekening, a savings account for parents that save for their children; the Kinderrekening for children aged 5-12 years and the Jongerenrekening for children and youth aged 12-18 years.*

*The Jongerenrekening is operated independently by the child or youth (parents must give permission to use online and mobile banking), although it can be monitored by their parents. The child or youth gets a current account for expenses, a separate savings account "Oranje spaarrekening" to manage their savings and are offered a customized debit card. They also get a set of headphones as a present upon opening the account.*

*ING deliver a financial education component for both account holders and their parents/guardians. For the account holder ING have created the Fame Game, an interactive tablet game which helps them learn the value of money. They have also developed the Savings Account so that the account holder can fill in goals and targets online and categorize their savings, encouraging discipline and good saving habits. For parents who want to help teach their children about money management, ING have developed online seminars, organized in co-operation with The National Budgeting Institution in the Netherlands (NIBUD).*

## 4.11 ECONOMIC CITIZENSHIP EDUCATION

> *"While education in general is critical for the health and wealth of society, so is financial education. In the modern world, wherever you live, it is essential to have the skills and knowledge to manage your money and to know at least something about how the economy works. If you have that knowledge, you are more likely to have your own bank account and can then make savings or even borrow money and set up a small business. You are connected to the world around you."*
>
> **Mario Draghi,**
> President of the European Central Bank (ECB)

The next step in the product development process is to define a financial education component or an Economic Citizenship Education component if it is integrated with social/life skills and livelihoods education. This component is critical to achieving financial inclusion and empowerment, helping children and youth understand how to avoid debt (and all the possibilities that debt entails) and possible financial exclusion. Building self-confidence, developing essential life skills, and preparing to build their livelihood are interrelated elements that are essential in any financial education program.

There are at least three interrelated factors to consider when developing an integrated Economic Citizenship Education program.

> *"Developing adolescents' capacities and values through education can enable an entire generation to become economically independent, positive contributors to society. Investing in education and training for adolescents and young people is perhaps the single most promising action to end extreme poverty during this decade."*
>
> **Youth representative**
> Africa Regional Meeting, Zambia

**MY VOICE**

"If we do not learn about money and what choices to make, then how can we learn to manage our future?"

Youth Representative
ECB Meeting

### 4.11.1 DELIVERY MODEL AND PARTNERSHIP

As highlighted by the OECD in its document "International Network on Financial Education, 2012,[64]" there are several benefits and risks related to financial institutions involvement in financial education programs:

- Benefits are:
  - "Bringing financial support and expertise both on financial issues and on communication;
  - Reaching a potentially wide audience and exploiting 'teachable moments' when financial topics are more salient to consumers (e.g. saving for children's college or one's own retirement, borrowing to buy a house or for business set-up and growth, etc.);
  - Allowing consumers to learn though experience with financial products."

- Risks are:
  - "Conflicts between educational and commercial activities. The quality and effectiveness of some financial education activities may be biased by the commercial activities of for-profit financial institutions. This may vary depending on degree of involvement, the mode of delivery and the nature of the institutions involved;
  - Focus on short-term initiatives. Financial education is typically expected to deliver its effects on a rather long term, while for-profit institutions usually have a short-term horizon. Financial institutions may choose financial education initiatives that have the potential to deliver benefits and allow the recovery of costs in the short term (e.g. 'remedial' initiatives for high-delinquency customers, or initiatives aiming at increasing product uptake quickly). On the contrary, the public sector may be more willing to invest in 'preventive' initiatives that will not necessarily deploy their effects over the short run (e.g. financial education in schools);
  - Focus on more profitable customers; Potential reduction in the length and quality of training as a result of competition."

Given these benefits and risks, in order to offer effective and sustainable Economic Citizenship Education programs to children and youth, it is key to consider the optimal application of skills and priorities. A multi-stakeholder partnership often forms an excellent opportunity to combine the strengths of the organizations involved, and control for the risks or weaknesses that are inevitably related to this subject. Some points to consider:

- While financial institution staff may have great financial and technical skill, this does not mean that they are aware or familiar with effective didactical approaches. The method of delivery is as important as the content that is offered. Working with NGOs for training or accreditation, or with (local) educational authorities may strengthen effectiveness and sustainability.

- Curriculum or content development often requires a broader perspective to ensure that the materials are relevant, effective, independent, sustainable, and fun for children and youth. Involving curriculum development experts and children's education organizations is a prudent way to ensure effectiveness.

- While a financial institution's involvement with economic citizenship education will ultimately be beneficial to the bank's bottom line, special care should be taken for the intervention not to become a marketing exercise. The likeliness of public perception of an independent and high quality intervention is often directly related to independent third party involvement (i.e. Public or social sector organizations).

There are three implementation models[65] to consider:

- Unified: where the same staff within the bank deliver the financial services and financial education
- Parallel: where the bank delivers the financial services and financial education is delivered via its own NGO
- Linked: where the financial services are provided by the bank and the financial education is delivered by a partner organization such as an NGO or professional training organization

**Where possible, CYFI is a strong supporter of the Linked or Parallel models to ensure that the quality and independence of financial education is safeguarded**. The unified model can be a good option when the parallel option is too expensive, or no other partner organizations are available for the linked model.

**FACT**

76% of people surveyed said financial education should be offered by schools

ING International Survey, 2013

### 4.11.2 CONTENT DEVELOPMENT

Economic Citizenship Education[66] allows young people to develop their financial capability and sense of socio-economic empowerment by exposing them to a holistic educational framework that combines elements of three core modules:

1. Financial Education: personal budgeting, saving and spending, understanding the financial landscape
2. Social/Life skills Education: personal & interpersonal skills, human rights and civic engagement
3. Livelihoods Education: career counseling, entrepreneurship, employability skills

*The integration of all three core modules is essential to the effectiveness of financial education. Children and youth's money skills are likely to be largely ineffective when taught without sound attention to their related personal values, attitudes towards value, saving and spending, and employability and entrepreneurship.*[67]

The CYFI Education Learning Framework as presented below provides a description of the essential attitudes, skills, and behaviours at various levels of complexity in the development of children and youth, and can be found in CYFI's "Guide to ECE".[68]

**FINANCIAL LITERACY SEGMENTS:**

- 5 years and under
- 6-9 years
- 10-14 years
- 15 years plus

CYFI recommends using these segments for developing financial education materials[16].

## 1. Financial Education (CYFI/OECD)

| | Resources and Use | Planning and Budgeting | Risk and Reward | Financial Landscape |
|---|---|---|---|---|
| Level 1: **0-5 years** | Value of money, saving and sharing | Prices and purchases of things they want | Consequences of carelessness, saving special items | Money in the community, understand belongings |
| Level 2: **6 to 9 years** | Recognize monetary symbols | Needs and wants, savings plan | The necessity of saving, rewards of sharing | Choices on banks and financial services |
| Level 3: **10-14 years** | Different denominations, be an informed consumer | Budget for expenses, short vs. long term planning | Risks and rewards of various financial products | Where to seek financial information, effects of advertising |
| Level 4: **15+ years** | Financial negotiations, purchasing power | Calculate spending capacity, financial goals | Risk of default impact of interest rates, illicit activity | Aware of financial crimes, evaluate FSPs, mobile banking |

*Source: CYFI, OECD Financial Literacy Framework 2012*

## 2. Social/Lifeskills Education (CYFI, UNICEF, UNESCO)

| | Cognitive Skills | Personal Skills | Interpersonal Skills |
|---|---|---|---|
| Level 1: **0-5 years** | Identify emotions, understands consequences | Care for precious items, basic health and safety | Express feelings, understands compassion |
| Level 2: **6 to 9 years** | Basic children's rights, respect diversity | Can follow a daily plan, accepts responsibilities | Respect for rules/ guidelines, listening skills |
| Level 3: **10-14 years** | Seeks information for independent thought | Appreciation for lifelong learning, anger management | Express opinions, planning and teamwork |
| Level 4: **15+ years** | Articulate rights, social justice, community outlook | Initiative in the pursuit of goals, time management | Relationship building, leadership, negotiation |

*Source: CYFI, UNICEF Lifeskills Definitions 2011*

## 3. Livelihoods Education (CYFI)

| | Career Counseling | Entrepreneurship | Securing Employment | Retaining Employment |
|---|---|---|---|---|
| Level 1 & 2 **12 years & under** | Express career interests, understand professions | Identify entrepreneurs in community, achieve goals | Initiative in performing tasks, problem solving | Teamwork, following advice, avoid hazards |
| Level 3: **12-15 years** | Assess skills and interests in related vocations | Identify opportunities, develop action plans | Self-discipline, personal hygiene, paths to employment | Perseverance, attention to detail, communication |
| **15+ years** | Career goals, wages and salaries, networking | Entrepreneur or employee, capital needs, marketing | Requisite skills, preparing CVs, cope with change | Customer service, management skills |

*Source: CYFI*

The main aim of the learning framework is that it will be used as a basis for the development of curriculum content at the national level by either Education Authorities or other youth serving organizations offering educational programming through formal or non-formal channels. In order to provide a mapping of the current coverage of ECE around the world, CYFI has created the Curriculum Assessment Tool. This Tool helps assess the extent to which the learning materials of CYFI partners cover the CYFI Education Learning Framework Modules and what content can be suggested in order to enhance the existing material.

## 4.12 FORMAT & METHODOLOGY

Finally, the format needs to be defined; this element is critical to the success of the program. Economic Citizenship Education should be delivered in the format most relevant and suited to the age of the target audience and should therefore be online/mobile/technology-led. Innovative and creative ways need to be found in order to drive engagement. Formats and channels which are fun, interactive and action-oriented are essential. Novel techniques like 'gamification' and user generated content should be explored alongside more traditional techniques. And most of all, you need to enable formats and channels that can be shared amongst friends, peers and relatives.

## WHAT DO CHILDREN AND YOUTH WANT?

- Child and youth friendly bank account for children and youth age 12+
- Bank account features:
  - No fees for child and youth accounts
  - Contract language should be child and youth friendly
  - Contract should be maximum 1 page
  - No overdrafts allowed
  - All bank accounts certified child and youth friendly
  - No transfer fees in the EU
- Children and teenagers given awareness quiz/test before opening account
- Easy access for children and young people
- Use technology
- Outreach at schools and alternative channels of distribution such as libraries and sports clubs

**This is what some children and young adults have to say about Economic Citizenship Education…**

*"In Germany we have a good system, where children can open their bank account and the government supports financial education."*

*"In Thailand and in our school we carry out a school bank project."*

*"In the Philippines, in our organization, we target youth, minor enterprises and spread the access among people. We created a kind of bank where people put their money and at the end of the month it turns into capital for them. We have a youth board director too."*

*"In Romania we don't have many services for children and youth and financial education is not so popular. But with my school we gave a contribution to that, organizing the global money week. This is not the first year, since it is an event that takes place on a year basis."*

*"Banca del Estudiante, Perù offers financial education to children and youth. They learn to save for their own projects. In our student bank, students pay their loans on a weekly basis. We are organized as a co-operative."*

CASE STUDY

**IN PRACTICE** *Government Savings Bank (GSB)*

*In Thailand, the school-based banking scheme, whose capital was granted by the Government Savings Bank (GSB), has undertaken, since 1998, to promote savings habits among children. The school-based bank is a model bank operated by students with their teachers and GSB staff playing an advisory role. Selected students act as the manager, finance officer, counter service officer and teller. Deposit and withdrawal services are provided before the morning class or during the lunch hour.*

*The number of school-based banks and the number of deposit accounts and their volume have been increasing. As of 2009, there were 349 school banks across the country and 820,000 deposit accounts amounting to more than Baht 328 million (approximately USD 10 million).*

CASE STUDY

**IN PRACTICE** *BBVA and P.A.U. Education*

*Thanks to the active support of BBVA, the Spanish social enterprise P.A.U. Education was able to launch the "Valores de Futuro" project in 2009, in order to help kids and youth make informed financial decisions. The program is based on participatory educational schemes, community-building processes and innovative content thanks to the collaboration between PAU, BBVA, and PAU's international partner: Aflatoun, Child Social and Financial Education. Teachers and children are encouraged to reflect critically about individual and social values related to money and its use, such as effort, responsibility, empathy and solidarity. The program provides teachers with more than 60 workshops, based on practical and creative methodologies including brainstorming, role play, theatre, year-long collaborative Savings Projects and Social Entrepreneurship initiatives. All these are designed to make young students think about the role of money in their lives. Financial education is not only about acquiring information about financial services or learning about compound interest, it is about understanding our rights and responsibilities to participate actively in communities and economies.*

CASE STUDY

**IN PRACTICE** *PFEG (UK) – HSBC: What Money Means*

*What Money Means was 'designed to develop financial capability in primary aged children from Reception to Year 6 (age 4 to 11), by providing high-quality training and resources for teachers.' This 5-year partnership between the Personal Finance Education Group (PFEG) and HSBC has worked with teachers and local authorities across England to integrate financial education into the national curriculum.*

*This has been achieved with specific financial education components and by helping teachers integrate a financial education aspect into other curricula based subjects. The school based teaching has been enhanced by a program to extend the learning process into life outside school through HSBC volunteers and partnerships with teachers.*

*What Money Means has supported 695 trainee teachers in leading teacher training institutions, helped develop around 50 'lead teachers' to train other teachers across different schools and different local authorities, and benefitted an estimated 23,000 children.*

CASE STUDY

**IN PRACTICE** *Commonwealth Bank. (Australia)*

*The Commonwealth Bank has a proud tradition of helping generations of young Australians learn about the importance of saving and money management. For more than 80 years the Commonwealth Bank's School Banking program has encouraged children to develop a habit of saving regularly.*

*The Commonwealth Bank offers a Youthsaver account to cater for the needs of children and youth up to the age of 18. Parental consent is required for children under the age of 16 to open and operate the account. Customers over the age of 16 are eligible to independently open their account and operate it. The services that a Youthsaver account provides are child and youth friendly: (1) There is no minimum deposit fee; (2) There are no monthly maintenance fees; (3) The child or youth does not have to pay for withdrawals, as long as they use the Commonwealth Banks' ATMs or a branch; and (4) A bonus interest rate is paid when a deposit and no withdrawal is made in a given calendar month.*

*The Commonwealth Bank Foundation continues to build the financial literacy of young people through education. The Foundation delivers a number of educational initiatives and programs. This ranges from the award-winning StartSmart workshops and investment in financial literacy research through to providing resources to support teachers along with recognising and rewarding inspirational teachers across Australia who are making an outstanding contribution to developing the essential money management skills of young Australians.*

# CHAPTER 5:
# INTEGRATION INTO THE PRODUCT DEVELOPMENT PROCESS

> *"It is rare for us to hear the opinion of youth, and I think we should listen carefully.' 'Our children have enormous potential; we need to help them fulfill it."*
>
> **Vitor Manuel Ribeiro Constâncio**
> Vice-President of the European Central Bank

A strong child and youth friendly financial product proposition is key to financial inclusion. A research and needs-based product development process that lets children and youth participate further serves their participation and empowerment.

In this chapter it is not our intention to prescribe a product development process, as this will already be well defined and successful within each financial institution. Instead we have chosen a simple product management framework to illustrate ways in which financial institutions could integrate a child and youth focus into the product development process.

## WHICH PRINCIPLES ARE RELEVANT TO THIS CHAPTER?

CRBP

1. "... respect children's rights & commit to supporting the human rights of children"
2. "... elimination of child labour, including in all business activities & business relationships"
3. "... decent work for young workers, parents and caregivers"
4. "... protection and safety of children in all business activities & facilities"
5. "... products/services are safe & seek to support children's rights through them"
6. "...marketing and advertising that respects & supports children's right"
7. Respect & support children's rights... the environment & land acquisition & use
8. Respect & support children's rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community & government efforts to protect & fulfil children's rights

Child and Youth Friendly Banking Product Principles

1. Availability and accessibility for children and youth
2. Maximum control to children and youth
3. Positive financial incentive for children and youth
4. Reaching unbanked children and youth
5. Employing of child and youth friendly communication strategies
6. An Economic Citizenship Education Component
7. Monitoring of child and youth satisfaction
8. Internal control

| CREATE | BUILD | | | RUN |
|---|---|---|---|---|
| PRODUCT IDEA | DESIGN | PRE-DEVELOP | DEVELOP | LAUNCH |
| • **Research Children and Youth needs and wants**<br>• Value proposition<br>• High-level market opportunity<br>• Competitive assessment<br>• **Co-creation sessions with Children and Youth**<br>• Revenue, profit contribution and required investments | • **Consumer experience**<br>• Competitive analysis<br>• Business requirements<br>• Product roadmap<br>• **Go-to-market approach** | • Functional requirements<br>• **Risk assessment**<br>• Market readiness assessment<br>• **Development and user test approach and plan**<br>• Pricing, assessment & approval | • Build product to specifications<br>• Detailed go-to-market plan<br>• **Youth usability testing**<br>• KPI'S/measures of success<br>• Soft launch | • **Incorporate lessons learned and customer feedback into rollout**<br>• Product plan<br>• Expansion opportunities<br>• Official launch<br>• Monitor and manage the product to objectives<br>• **Customer feedback** |

## 5.1 THE PRODUCT IDEA

The first stage to look at is creating the product idea. Understanding consumer needs and pain points is the first step in the product development process. Answering the question "What job is this product designed to do for the consumer?" is a good way to focus initial concepts and ideas.

- Engage the preliminary stakeholder group, incorporating children and youth alongside internal representatives from departments such as Corporate Social Responsibility, Legal, Risk, Finance, Business development and any child and youth focused department. Developing cross functional teams is a good way to get internal stakeholders to be involved and engaged with the child and youth program.
- Conduct initial secondary research into children and youth in the relevant market. This should give an understanding of, for example, the legal context, the market size and potential demand, the demographics, active children and youth organisations, and the competitive landscape. Research should also reach out to social media to evaluate online trends and insights, for example peer to peer blogs will give an understanding of target audience's perceptions and views.
- Thoroughly research the needs and wants of children and youth (see section 5.6), understand their perception of finance, financial institutions, money, spending habits, technology, social media etc. and extract key insights that will assist with the ideation of any product concepts.
- Conducting market research with children and youth requires specific expertise, so consider whether this is available in-house or should be outsourced. Check relevant country specific market research guidelines and The ESOMAR World Research Codes and Guidelines (www.esomar.org)
- Analyse research and insights and hold co-creation sessions with children and youth to enable them to take a more active approach in making and customizing their own products.
- Start preparing the high level business case, review the potential investment required to develop and manage the product(s) and estimate future revenues and profits required to make it economically feasible. Key to this assessment is understanding the implications of serving this segment. Think about, for example:
  - Retention: Many of the returns will be in the medium to long term so retention must be a key component of the program.
  - Economic Citizenship Education: How will this be provided (outsource or in-house) and what are the costs associated with it?
  - Institutional capability: Are different/new skill sets required and therefore additional resources necessary for the program?

## 5.2 PRODUCT DESIGN

Once a preliminary product idea has been approved, through researching the needs of the target audience, it is possible to start designing a positive, relevant experience for children and youth. "Experience" encompasses everything including the behaviors, attitudes, and emotions that the child and/or youth has from using a product. Then, discuss the business requirements needed—such as fiscal capital, human capital, and legal implications and restrictions— and create a roadmap.

- Consider the various components of a child and youth friendly product proposition within the design process (see Chapter 4).
- Engage relevant stakeholder and partnership groups in the design process, both internal and external. For example active children and youth organisations, relevant government departments and NGO's experienced in child and youth finance and education.
- Review the CRBP to help inform the design process
- Assess institutional capability. What level of resource is available, what skills are transferrable to support children and youth and what relevant child and youth experience can be utilized.
- Create a roadmap for the product(s), paying attention to how it will develop and meet the needs of children and youth, bearing in mind, and discussing with them, the key milestones they will reach and grow through.

## 5.3 PRODUCT PRE-DEVELOPMENT

Once the product is designed perform a risk assessment on it against, for example, the competition, the legal framework, industry and government regulations, according to the CRBP and the Child and Youth Friendly Banking Principles and against the stated needs and wants of the target audience

- Assess potential risks from children and youth specific rules and regulations, such as contracts made under the age of majority, data protection, minor's privacy rights, local laws about marketing financial products to children.
- Decide on a child and youth development and test plan and brainstorm how to approach this.
- Determine pricing. It should be set at a level that will encourage financial inclusion and access amongst children and youth.

## 5.4 PRODUCT DEVELOPMENT

Develop the product incorporating secondary and primary research findings, with a focus on information gained from the co-creation sessions with children and youth. During this phase, constant interaction with stakeholder and partnership groups is important. Agree on the KPIs and metrics that will determine the success of this product. This is also the time to use a soft launch in smaller, specified markets to test the product and gain learnings before rolling it out on a larger scale.

- Incorporate research findings and build to the agreed upon specifications.
- Launch branch staff training programme to ensure a consistent experience for children and youth.
- Use a soft launch to test product, delivery channels, promotion and offers.
- Test branch experience by observing children and youth test consumers.
- Use focus groups of children and youth to assess the Economic Citizenship Education provision.

## 5.5 PRODUCT LAUNCH

This is the final phase of product development. It incorporates all the findings and learnings gained and realized from the soft launch to expand upon the product and its future opportunities. This process may provide feedback about additional features that should be added or even those that the product can do without.

- Consider event based launches in schools, museums or in-branch where there are heavy child and youth populations.
- Consider social media based promotions and launches to encourage engagement.
- Employ technology based marketing and promotional activity to engage children and youth.
- Continuous evaluation will help assess both the business and also the social impact of the program.
- Facilitate children and youth using the product to speak openly about the product and their experience with it, keeping in mind protection of children's rights on marketing.
- Marketing and promotional activity must be age relevant and appropriate in terms of language, message, channel and imagery, and parents/guardians should be involved where appropriate.

## 5.6 MARKET RESEARCH

Both initial market research and ongoing assessment are critical to the success of any child and youth program. It will help to focus on the needs and interests of children and youth whilst respecting and protecting their rights, ensure their participation within the program, and identify and quantify the opportunity at the same time as minimizing the risk of failure.

The United Nations Convention on the Rights of the Child holds that 'States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child' (United Nations, 1989 - Article 12).

### 5.6.1 BALANCING PROTECTION WITH PARTICIPATION

Before commencing market research with children and youth it is essential to balance their right to protection (respecting their rights during the process) with participation.

### 5.6.2 TYPES OF RESEARCH

Market research will consist of the following:

- Secondary quantitative and qualitative research: the collation and analysis of existing data held both internally and externally. (See the following table for suggested research topics)
- Primary quantitative research: the collection of original, pertinent data via online/paper surveys and telephone/ field market research.
- Primary qualitative research: asking children and youth about their feelings, opinions and experiences. This can be done either in face to face (focus groups, feedback panels, contributory groups) interviews with children or by questionnaire. Data can also be gathered by asking parents about their children's experiences.

### 5.6.3 SUGGESTED SECONDARY AND PRIMARY MARKET RESEARCH

A non-exhaustive list of suggested secondary and primary market research questions and subjects are provided on the following page to help guide structured and effective market research directed at the child and youth segment.

**Children and youth's right to protection**

| | |
|---|---|
| **Ethics** | The dignity, rights, safety, and wellbeing of participants must be the primary consideration in any research study[69]. |
| **Recruitment** | When recruiting children and youth, refer to local legislation for the ages where parental consent must be obtained for participation. |
| **Informed Consent** | Appropriate arrangements must be made for obtaining consent, make sure that guidance on the aims, methodology, goals and consents are provided in an appropriate format (age, ability to comprehend, and cultural considerations). 'Consent is possibly the largest and most complicated issue for researchers hoping to involve children in a study.' 'It is best practice to ensure that all research participants fully understand the research so that they give their permission to be part of it (this is known as informed consent[70]).' The researcher must ensure that the child is of proper age to be able to give legal consent in the relevant country. If the child is not of age, the researcher should obtain consent from a parent or guardian and wherever possible inform and obtain consent from the children involved in the research to ensure they are willing participants. |
| **Disclosure of Abuse** | The NSPCC states that 'It is essential to have clear procedures to follow if a child says anything that indicates they (or another child) may be at risk of harm. This will need to include a confidentiality policy which clearly sets out under what circumstances a researcher may and should break confidentiality. The procedures should also include places where a researcher or child can access further support[71]. |
| **Research Objectives** | The objectives, both of the research and the product assessment process, must be simple and clearly understood by all participants. |
| **Non-disclosure** | The NSPCC states that 'A participant's personal information and their identity should remain confidential unless a child is at risk of harm[72].' |
| **Open channels of communication** | Provide parents with an email address and contact numbers so that they can ask questions about the project and stay informed and in touch throughout the project. |
| **Complaints procedure** | A simple, easy complaints procedure should be in place, and participants should be advised of its contents, it should enable a child to make a complaint and be represented if/when they do[73]. |

## SUGGESTED MARKET RESEARCH

| Type | Theme | Research Areas |
|---|---|---|
| | Clients | • What are the needs of children and youth?<br>• Where do I have to adapt my service delivery model, because I have to interact with them differently? |
| | Compliance | • Where might the implementation of the CRBP and the Child and Youth Friendly Banking Principles conflict with local jurisdiction?<br>- Banking laws<br>- Child and youth legislation. Within the regulatory framework, are there any specific requirements that financial institutions have to fulfill to ensure the respect for and protection of child rights within their sector?<br>- Is there a specific policy or law promoting or prohibiting the access to or advertising of financial products for children and youth?<br>- Is there a specific policy or law regulating the protection of children's rights within the financial system?<br>- Are there specific requirements in the jurisdiction regarding parental consent or the age of majority to enter into contracts?<br>• How do I comply with local jurisdiction and at the same time maximize contribution to the CRBP and CYFI Child and Youth Banking Principles?<br>• What are specific KYC requirements for this segment, and how could these be used to report on social responsibility and smarter product design? |
| | Competition | • Which financial institutions are there in the market?<br>- Which are serving children and youth?<br>- Did they design specific products for children and youth?<br>- What is the scope (product/financial/contractual) of these products?<br>- Which have tried but are not longer serving children and youth, and the reason why?<br>- Where are the gaps?<br>• What is their market positioning?<br>- What is the perception of these financial institutions in the market?<br>- How do consumers view the provision of their children and youth financial services?<br>- Have there been any positive results in the market?<br>- Have there been any negative results in the market? |
| | Market | • Size of population<br>- GDP per capita<br>- Unemployment<br>• Age segment breakdown<br>- Urban vs. rural<br>- Religion<br>- Ethnicity<br>- Economic status<br>• Average age for working children<br>• Minimum legal age to work<br>• Financial Status<br>• Youth savings and educational trends<br>• Youth oriented organisations and industry experts<br>- Types of organisations and areas of work<br>- Government youth departments<br>- Potential partnerships or resources<br>• Cultural implications on introducing children/youth products to market<br>- Cash vs. card<br>- Online vs. offline<br>- Culture of going out/staying at home<br>• Education<br>- What are the school enrolment levels?<br>- What are the literacy levels?<br>- What is the curriculum situation re. financial education?<br>• Market Positioning<br>• What is the perception of the bank? |
| | Technology | • What are the key trends in technology or current technological innovations?<br>• What is the take up of new technology?<br>• What is the situation regarding broadband availability/speeds etc.?<br>• What is the stated government position on technology?<br>• What technologies/payment devices do children and youth use?<br>• What is the effect of the use of mobile or internet based delivery channels on; Access to Finance; Access and Delivery of Economic Citizenship Education; Lowering the startup, fixed and variable operating costs for youth; Lowering cost delivery of accounts or education |
| | Shaping Participation | • Is there any current involvement with children, youth and/or their parents in the design, development, and assessment of products?<br>- How could they be involved (in a structured manner)?<br>• What relevant ideas do children, youth and parents have?<br>• Are there (I) NGOs/youth serving organizations that could support participation? |
| | Methodology | • How are interviews conducted, focus group discussions constructed and other research interactions composed with children and youth?<br>• Could things be done differently to more effectively protect and support their rights in the process? |
| | Infrastructure | • What does my internal infrastructure look like?<br>• What data protection and privacy measures are in place to protect children's privacy? |
| | Financial position | • What is my business model for child and youth friendly banking products?<br>• How do I ensure a positive financial return in the long term? |
| | Products and services | • Which products and services are in place to use for the development of the banking product?<br>• How do I make them as simple as possible? |
| | Staff capacity | • Is there appropriate capacity within the institution to deal with children, youth, and their parents in an appropriate way?<br>• Are staff members aware of child and youth products and services, and have they been trained in communication with this segment?<br>• Are staff members aware of the strategic partnership possibilities of collaboration with (I) NGOs and youth serving organizations? |
| | Physical infrastructure | • For example, is the bank inviting or intimidating to children and youth?<br>• Do ATMs adjust language when they are servicing a young customer?<br>• Are there specific child/youth corners in branches? |

//3

# BANKING PRODUCTS IN CLOSE-UP

MasterCard

Child & Youth Finance International

This Part presents several banking products and related programs that are offered by financial institutions across the globe. These products have been selected as they embody certain features/facets that we believe are child and youth friendly and warrant mentioning. These product features/facets have been highlighted elsewhere in Parts 1 and/or 2.

Importantly, none of these products have been formally assessed or certified by CYFI according to its Principles for Child and Youth Friendly Banking Products. As such, the presentation of these products and programs in this Guide does not entail an endorsement by CYFI of either the individual products or programs.

> *'I just realized that owning an account is not just for adults but for everyone who wants to have a secure future. I am going to open one so I can save all my coins for investment after school.'*
>
> José, Peru
> Child Participant, Global Money Week 2013

# COMMONWEALTH BANK

## ORGANIZATION DETAILS

| | |
|---|---|
| Country of head office: | Australia |
| Number of customers under the age of 18 with a savings/current account at the bank: | 1.361 million |
| Number of customers aged 18 – 24 with a savings/current account at the bank: | 1.354 million |
| Percentage of savings volume that is youth-related: | 20% of savings portfolio |
| Website URL: | www.commbank.com.au |

### PRODUCTS/SERVICES/PROGRAMS OFFERED TO CHILDREN AND YOUTH SEGMENTS

- Name of Product/Service/Program: Youthsaver account and the Commonwealth Bank's School Banking program
- Type of Product/Service/Program:
  ☑ Child Savings Account ☑ Youth Savings Account ☐ Youth Current Account ☐ Prepaid Account
  ☑ Other (non-credit product)
- Year of Product/Service/Program establishment: The Commonwealth Bank's School Banking program began in 1931.
- Age group served: under 18
- Number of clients/participants: 1.361 million customers
- Partner organization/s (if applicable ) and summary of relationship:
  The Commonwealth Bank's School Banking program is offered to primary schools and encourages students (under 13 years) to save. Kids bank at participating schools for a fun, hands-on experience that encourages good savings habits. They receive a Dollarmites token every time they make a deposit to their Youthsaver account at school, regardless of the amount. The students save these tokens and redeem for a range of rewards valued at 10 tokens each. Participating schools benefit by receiving a commission on every deposit made at the school and $5 for every Activated Account via the program.
- Percentage of youth volume that is related to this particular product: 27% of Youthsaver accounts participate in the School Banking program
- Please provide a few key metrics displaying the success of this program (i.e. % of new-to-bank consumers, % activation of cards, etc.):
  The School Banking program measures the number of students depositing into their Youthsaver account via our School Banking Web-Based System. An active student is required to make a minimum of one deposit in 12 months. Currently there are more than 225,000 active students nationally.

### AVAILABILITY AND ACCESSIBILITY OF BANKING PRODUCTS FOR CHIDREN AND YOUTH

- Minimum age to open the account: 0
- Minimum age to operate the account: when they begin school
- Included Features:
  ☐ Passbook ☑ Debit Card ☐ Credit Card ☑ Online Banking ☐ Mobile Banking
  ☑ Other (please specify) : These features are available only with parental consent before the age of 16; under-16s may obtain a Keycard (debit card) or an enquiry-only online access to their savings balance with parental permission.
- General Account Features:
  - Minimum Balance Required: None
  - Interest rate: a standard of 0.01%
  - Other (please specify): Bonus interest rate of 3.55% applicable on top of the standard interest rate in the form of a bonus, provided that the child makes a deposit and no withdrawals in a given calendar month (3.55% is current as of 17/1/14).
- Specific Account Features: Customers with a Youthsaver account have access to a higher rate of interest offered in the form of a bonus. Additionally, depending on the customer's age, they also have access to age-appropriate clubs and programs with fun and useful activities.

- Distribution Channels:
  ☑ Branches ☑ Call Center ☑ ATMs ☐ Points of Sale ☑ Online Banking ☐ Mobile banking
  ☑ Other (please specify): online banking is available to customers older than 16 years. Under 16s may view their balance in an enquiry-only link provided by and linked to their parents' accounts. Paper applications are also available via participating School Banking schools.

## MAXIMUM CONTROL OF THE CHILD AND YOUTH

- Minimum legal for:
  ☑ Independent opening of the account: 16 years ☑ Independent operation of the account: 16 years
- Check all that apply:
  ☐ The Banking Product allows children and youth to open an account independently
  ☐ The Banking Product allows children or youth to operate an account independently
  ☐ The Banking Product only allows children or youth to pen a joint account with a parent/guardian
  ☐ The Banking Product only allows children or youth to operate (e.g. withdrawals, deposits) with consent of a parent/guardian

## POSITIVE FINANCIAL INCENTIVES FOR THE CHILD/YOUTH

☑ No possibility of overdrafts
☐ Financial incentive in the form of high interest rates compared to average market rates
☐ The financial institution charges only minimal penalties for early withdrawal for term deposits
☑ The Banking Product does not oblige a first minimum deposit or requires only a low minimum deposit
☑ Financial institution does not charge initial or monthly maintenance fees
☑ Other (please specify): the bonus interest rate motivates children to save and not withdraw their money. If they do, however, choose to withdraw their savings, they will not be charged, provided that they use a Commonwealth Bank ATM or withdraw from a branch.

## USE OF CHILD AND YOUTH FRIENDLY COMMUNICATION STRATEGIES

- Delivery Channels :
  ☐ Simplified Terms and Conditions ☑ Website ☑ Social Media ☐ Advertising
  ☑ Brochures/Pamphlets
  ☑ Other (please specify): the Commonwealth Bank uses games, activities and rewards through the School Banking program and clubs (The Dollarmites Club) to inform children of the value of money and the advantages of saving.

## A COMPONENT OF ECONOMIC CITIZENSHIP EDUCATION

- Does the Banking Product/Service/Program contain a financial education component through which children and youth are taught how to use the Banking Product efficiently and responsibly?
  ☑ Yes ☐ No ☐ No, but we are interested in offering this service
- If Yes, please describe this component and any partners used to help deliver it:
  1. Commonwealth Bank Foundation: The Commonwealth Bank Foundation was established in 2003 with the aim of improving the financial literacy of young people through education. The Foundation delivers a wide range of free educational programs that do not promote Commonwealth Bank products or services. The Commonwealth Bank Foundation's StartSmart program teaches money management skills in a way that students can understand and enjoy. StartSmart was developed with a panel of leading specialists in education, cognitive development, instructional design and financial literacy. This award winning program reaches more than 275,000 Australian students each year, is mapped to school curriculum and is delivered by a national team of world-class facilitators.
  2. The Beanstalk (www.commbank.com.au/youthsaver): The Beanstalk is a one-stop resource that helps bring money to life for children. It is regularly updated with articles, tips and activities that address four money territories - save, spend, earn and share. The content featured is a mix that is relevant for parents with children aged between 0-16 years.

## MONITORING OF CHILD AND YOUTH SATISFACTION

☐ Surveys ☑ Data Collection ☐ Other (please specify)

**BLOGS/POSTS/STORIES TO SHOWCASE THE BANKING PRODUCT:**

The Commonwealth Bank has a proud tradition of helping generations of young Australians learn about the importance of saving and money management. For more than 80 years the Commonwealth Bank's School Banking program has encouraged children to develop a habit of saving regularly.

The Commonwealth Bank offers a Youthsaver account to cater for the needs of children and youth up to the age of 18. Parental consent is required for children under the age of 16 to open and operate the account. Customers over the age of 16 are eligible to independently open their account and operate it. The services that a Youthsaver account provides are child and youth friendly: (1) There is no minimum deposit fee; (2) There are no monthly maintenance fees; (3) The child or youth does not have to pay for withdrawals, as long as they use the Commonwealth Banks' ATMs or a branch; and (4) A bonus interest rate is paid when a deposit and no withdrawal is made in a given calendar month.

**REACHING UNBANKED CHILDREN AND YOUTH:**

- Rationale for serving youth:
  The Commonwealth Bank believes all young Australians should learn about saving and the importance of smart money management.
- Does the financial institution have a strategy to actively reach out to unbanked children and youth?
  The Commonwealth Bank has made a commitment to improve the financial literacy of One Million Kids by 2015. This target focuses on the number of students registered for the Commonwealth Bank Foundation's StartSmart workshops. Other key initiatives such as our School Banking program and the Beanstalk reinforce many of the principles and lessons we teach youth about money.

# FRANK BY OCBC BANK

## ORGANIZATION DETAILS

| | |
|---|---|
| Country of head office: | Singapore |
| Number of customers under the age of 18 with a savings/current account at the bank: | 30% (qualifying age is 16 years old) |
| Number of customers aged 18 – 24 with a savings/current account at the bank: | > 60% |
| Percentage of savings volume that is youth-related: | 70% |
| Website URL: | www.FRANKbyOCBC.com |

### PRODUCTS/SERVICES/PROGRAMS OFFERED TO CHILDREN AND YOUTH SEGMENTS

- Name of Product/Service/Program: FRANK by OCBC
- Type of Product/Service/Program: Total Financial Solution for Students and New to Workforce

☐ Child Savings Account ☑ Youth Savings Account ☐ Youth Current Account ☐ Prepaid Account
☑ Other (non-credit product)

- Year of Product/Service/Program establishment: 2011
- Age group served: 16 to 29
- Number of clients/participants: -

### AVAILABILITY AND ACCESSIBILITY OF BANKING PRODUCTS FOR CHIDREN AND YOUTH

- Minimum age to open the account: 16
- Included Features:
  ☐ Passbook ☑ Debit Card ☑ Credit Card ☑ Online Banking ☑ Mobile Banking
  ☑ Other (please specify) : Transaction cum savings account, Insurance, Investments, Loans
- General Account Features:
  - Minimum Balance Required: None
  - Interest rate: starts 4x higher than regular deposit accounts from the first dollar
  - Other: no monthly balance fall below fee for students
- Specific Account Features: 1) save and transact with the same account, 2) spend analyzers that auto categorises spending, 3) setting of spending budgets and alerts, 4) view how “others” like you are using their account
- Distribution Channels:
  ☑ Branches ☐ ATMs ☑ Points of Sale ☑ Online Banking ☐ Mobile banking
  ☑ Other: online, roadshows

### MAXIMUM CONTROL OF THE CHILD AND YOUTH

- Minimum legal for:
  ☑ Independent opening of the account: 16 years ☑ Independent operation of the account: 16 years
- Check all that apply:
  ☑ The Banking Product allows children and youth to open an account independently
  ☑ The Banking Product allows children or youth to operate an account independently
  ☑ The Banking Product only allows children or youth to pen a joint account with a parent/guardian
  ☐ The Banking Product only allows children or youth to operate (e.g. withdrawals, deposits) with consent of a parent/guardian

### POSITIVE FINANCIAL INCENTIVES FOR THE CHILD/YOUTH

☑ No possibility of overdrafts
☑ Financial incentive in the form of high interest rates compared to average market rates
☐ The financial institution charges only minimal penalties for early withdrawal for term deposits

☑ The Banking Product does not oblige a first minimum deposit or requires only a low minimum deposit
☑ Financial institution does not charge initial or monthly maintenance fees
☑ Other (please specify): separating spend money from savings money under one account to instill discipline of savings, knowing where money has gone with spend analyzer tool, setting spending budgets down to spend categories with notifcation alerts

## USE OF CHILD AND YOUTH FRIENDLY COMMUNICATION STRATEGIES

- Delivery Channels :

☑ Simplified Terms and Conditions ☑ Website ☑ Social Media ☑ Advertising
☑ Brochures/Pamphlets
☑ Other (please specify): in campuses/locations where students are - delivered at branches in campuses and jointly held student events

## A COMPONENT OF ECONOMIC CITIZENSHIP EDUCATION

- Does the Banking Product/Service/Program contain a financial education component through which children and youth are taught how to use the Banking Product efficiently and responsibly?

  ☑ Yes ☐ No ☐ No, but we are interested in offering this service
- If Yes, please describe this component and any partners used to help deliver it:

  financial literacy initiatives to educate young people to become financially responsible and smart.

## MONITORING OF CHILD AND YOUTH SATISFACTION

☑ Surveys ☑ Data Collection ☑ Other: ethnographic research, social media, interviews.

## REACHING UNBANKED CHILDREN AND YOUTH

- Rationale for serving youth:

  We believe in customer lifetime value - by engaging customers when they are still young, we hope to bring them towards brand affinity and advocate for OCBC Bank (through FRANK). When these young people graduate into subsequent lifestages, they will continue to bank with us, as we continue to serve them relevant and innovating financial solutions along their lifetime.
- Does the financial institution have a strategy to actively reach out to unbanked children and youth?

  Via the brand extenstion of OCBC Bank - FRANK by OCBC's intiatives..
- Lessons learned and recommendations:

  Always adopt an outside approach to delivering services to customers and keep innovating on that basis.

# ING BANK

## ORGANIZATION DETAILS

Country of head office: Netherlands

Number of customers under the age of 18 with a savings/current account at the bank: 1.1 million

Number of customers aged 18 – 24 with a savings/current account at the bank: 390,000 (Students)

Percentage of savings volume that is youth-related: -

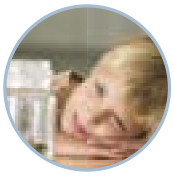
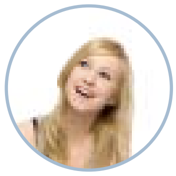
Website URL: www.ing.nl

### PRODUCTS/SERVICES/PROGRAMS OFFERED TO CHILDREN AND YOUTH SEGMENTS

- Name of Product/Service/Program: Jongerenrekening (12-18 years) including a Oranjespaarrekening [Furthermore ING offers a Kinderrekening (5-12 years) and the GroeiGroterrekening, a savingsaccount for parents that save for their childrens (0-18 years)]
- Type of Product/Service/Program:
  ☐ Child Savings Account ☑ Youth Savings Account ☑ Youth Current Account ☐ Prepaid Account
  ☐ Other (non-credit product)
- Year of Product/Service/Program establishment: More than 10 years ago
- Age group served: Between the age of 12 and 18
- Number of clients/participants: 380,000
- Partner organization/s (if applicable ) and summary of relationship: -
- Percentage of youth volume that is related to this particular product: -
- Please provide a few key metrics displaying the success of this program (i.e. % of new-to-bank consumers, % activation of cards, etc.):
  ING has a marketshare in the youth market of 40%
  90% of ING youth customer have a debit card
  52% of ING youth customer use online banking
  17% of ING youth customer use mobile banking (ING launced its Mobile Banking App only 2 years ago, this percentage is growing)
  At the age of 18 these percentages are obviously much higher compared to the age of 12.

### AVAILABILITY AND ACCESSIBILITY OF BANKING PRODUCTS FOR CHIDREN AND YOUTH

- Minimum age to open the account: 12
- Minimum age to operate the account: 12
- Included Features:
  ☐ Passbook ☑ Debit Card ☐ Credit Card ☑ Online Banking ☑ Mobile Banking
  ☐ Other (please specify) : -
- General Account Features:
  - Minimum Balance Required: None
  - Interest rate: 1.25% and 1.60%, dependent on the amount of savings
  - Other (please specify): -
- Specific Account Features: The regular children's current account comes with a separate saving account, a customizable debit card, and a pair of headphones as a present. Furthermore, the saving component of the product allows children and youth to categorize and personalize their savings as specific goals and targets. Parents can also keep tabs on their children's spending and banking activities from their own accounts
- Distribution Channels:
  ☑ Branches ☐ Call Center ☑ ATMs ☐ Points of Sale ☑ Online Banking ☑ Mobile banking
  ☐ Other (please specify) : -

### MAXIMUM CONTROL OF THE CHILD AND YOUTH

- Minimum legal for:
  - ☑ Independent opening of the account: 18 years
  - ☑ Independent operation of the account:
    12 if parents give permission for online and mobile banking
- Check all that apply:
  - ☐ The Banking Product allows children and youth to open an account independently
  - ☑ The Banking Product allows children or youth to operate an account independently
    if parents give permission for online and mobile banking
  - ☐ The Banking Product only allows children or youth to pen a joint account with a parent/guardian
  - ☐ The Banking Product only allows children or youth to operate (e.g. withdrawals, deposits) with consent of a parent/guardian

### POSITIVE FINANCIAL INCENTIVES FOR THE CHILD/YOUTH

- ☑ No possibility of overdrafts
- ☐ Financial incentive in the form of high interest rates compared to average market rates
- ☑ The financial institution charges only minimal penalties for early withdrawal for term deposits
- ☑ The Banking Product does not oblige a first minimum deposit or requires only a low minimum deposit
- ☑ Financial institution does not charge initial or monthly maintenance fees

### USE OF CHILD AND YOUTH FRIENDLY COMMUNICATION STRATEGIES

- Delivery Channels :
  - ☐ Simplified Terms and Conditions
  - ☑ Website
  - ☑ Social Media (a Twitter account for Youngsters and a Facebook account voor Youngsters and Students)
  - ☑ Advertising
  - ☑ Brochures/Pamphlets
  - ☑ Other: The child gets the option of having an attractive customized/personalized debit card. In addition to this, ING encourages parents to expose their children to the banks' developed games and activities to teach them the value of money on their website.

### A COMPONENT OF ECONOMIC CITIZENSHIP EDUCATION

- Does the Banking Product/Service/Program contain a financial education component through which children and youth are taught how to use the Banking Product efficiently and responsibly?
  ☑ Yes ☐ No ☐ No, but we are interested in offering this service
- If Yes, please describe this component and any partners used to help deliver it:
  When opening a Jongerenrekening, children also get a "**Oranje Spaarrekening**". This savings account allows the children to fill in goals and targets online and categorize their savings in terms of their wants, such as a scooter, an Ipad or your first holiday with friends. This disciplines and motivates them to save so that they may achieve their goals.
  The ING also encourages parents to familiarize their children dealing with money by playing the "**Fame Game**", an interactive tablet game in which they can work on learning the value of money.
  Finally, the offers support for parents in learning their children dealing with money with **Online Seminars** that are organized in cooperation with NIBUD (the National Budgetting Institution in the Netherlands) and by offering parents the "**Jeugd en Geld Wijzer**" which offers parents a benchmark on how much pocket money is paid on average to youngsters in the Netherlands at different ages. Furthermore this "Jeugd en Geld Wijzer" offers parents tips on how to raise their children in a financially aware and sensitive manner.

### MONITORING OF CHILD AND YOUTH SATISFACTION

- ☑ Surveys — ING measures a NPS score twice a year among youth customers. In the openingsproces of a youth account we measure the satisfaction of the parents.
- ☑ Data Collection — we collect youth customer feedback on Twitter and Facebook and respond to it
- ☐ Other (please specify)

**BLOGS/POSTS/STORIES TO SHOWCASE THE BANKING PRODUCT:**

The ING believes that children start to stand up on their own two feet and experience their first taste of independence around the age of 12 when children leave primary school and attend secondary school. The bank has developed, in addition to their other products, a bank account tailored specifically to meet the needs of children or the youth between the ages of 12 to 18. The Jongerenrekening gives children and youth more freedom than their Kinderrekening (intended for children between 5 and 12 years of age). The account is operated independently by the child or youth in possession of it (when parents give permission to use online and mobile banking), although it is accessible for monitoring by their parents, provided that they are members, just in case. The Jongerenrekening is possessed by the child or youth as a package; the child or youth gets a current account for expenses, a separate savings account "Oranje spaarrekening" to manage their savings and are offered a customized debit card. They also get a set of headphones as a present upon opening the account.

When opening a Jongerenrekening, children also get a Oranje Spaarrekening. This savings account allows the children to fill in goals and targets online and categorize their savings in terms of their wants, such as a scooter, an Ipad or your first holiday with friends. This disciplines and motivates them to save so that they may achieve their goals.

The ING also encourages parents to familiarize their children dealing with money by playing the Fame Game, an interactive tablet game in which they can work on learning the value of money.

Finally, the offers support for parents in learning their children dealing with money with Online Seminars that are organized in cooperation with NIBUD (the National Budgetting Institution in the Netherlands) and by offering parents the "Jeugd en Geld Wijzer" which offers parents a benchmark on how much pocket money is paid on average to youngsters in the Netherlands at different ages. Furthermore this "Jeugd en Geld Wijzer" offers parents tips on how to raise their children in a financially aware and sensitive manner.

## REACHING UNBANKED CHILDREN AND YOUTH

- Rationale for serving youth:
  Children should learn to deal with money at a young age, that will help them dealing with money in a good way when they grow up. That's why ING offers a Kinderrekening (5-12 years) and a Jongerenrekening (12-18 year). With a Jongerenrekening (as opposed to the Kinderrekening) children can also get used to online and mobile banking. Which is import, as children are online savy (79% of them owns a smartphone), the digital generation. This generation will start with online and mobile banking, that's a process that takes its start roughly around the age of 12 as children then go to secondary school.
- Does the financial institution have a strategy to actively reach out to unbanked children and youth?
  A Jongerenrekening can be both opened by parents banking at ING or parents that are not banking at ING. If parents don't bank with ING they can go to a branche office and open a Jongerenrekening for their child in 20 minutes. They will walk out the door with a debitcard and an account that are activated.

# INTESA SANPAOLO BANK

INTESA SANPAOLO

## ORGANIZATION DETAILS

| | |
|---|---|
| Country of head office: | Italy |
| Number of customers under the age of 18 with a savings/current account at the bank: | 350,000 |
| Number of customers aged 18 – 24 with a savings/current account at the bank: | 1 million (600,000 aged 24-35) |
| Percentage of savings volume that is youth-related: | 20% of savings portfolio |
| Website URL: | www.intesasanpaolo.com |

### PRODUCTS/SERVICES/PROGRAMS OFFERED TO CHILDREN AND YOUTH SEGMENTS

- Name of Product/Service/Program: Superflash
- Type of Product/Service/Program:
  ☐ Child Savings Account ☑ Youth Savings Account ☑ Youth Current Account ☑ Prepaid Account
  ☑ Other (non-credit product)
- Year of Product/Service/Program establishment: 2009
- Age group served: 18-35
- Number of clients/participants: 1,600,000
- Percentage of youth volume that is related to this particular product: 27% of Youthsaver accounts participate in the School Banking program

### AVAILABILITY AND ACCESSIBILITY OF BANKING PRODUCTS FOR CHIDREN AND YOUTH

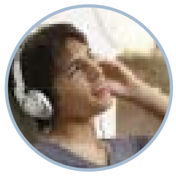
- Minimum age to open the account: 18
- Included Features:
  ☐ Passbook ☐ Debit Card ☐ Credit Card ☑ Online Banking ☐ Mobile Banking
- General Account Features:
  - Minimum Balance Required: -
  - Interest rate: -
  - Other (please specify): 18-26: no-fee account; no-fee prepaid card
- Distribution Channels:
  ☑ Branches ☐ ATMs ☐ Points of Sale ☐ Online Banking ☐ Mobile banking

### MAXIMUM CONTROL OF THE CHILD AND YOUTH

- Minimum legal for:
  ☑ Independent opening of the account: 18 years ☑ Independent operation of the account: 18 years
- Check all that apply:
  ☐ The Banking Product allows children and youth to open an account independently
  ☐ The Banking Product allows children or youth to operate an account independently
  ☐ The Banking Product only allows children or youth to pen a joint account with a parent/guardian
  ☐ The Banking Product only allows children or youth to operate (e.g. withdrawals, deposits) with consent of a parent/guardian

### POSITIVE FINANCIAL INCENTIVES FOR THE CHILD/YOUTH

☑ No possibility of overdrafts
☑ Financial incentive in the form of high interest rates compared to average market rates
☐ The financial institution charges only minimal penalties for early withdrawal for term deposits



☑ The Banking Product does not oblige a first minimum deposit or requires only a low minimum deposit
☑ Financial institution does not charge initial or monthly maintenance fees

## USE OF CHILD AND YOUTH FRIENDLY COMMUNICATION STRATEGIES

- Delivery Channels :

☑ Simplified Terms and Conditions ☑ Website ☑ Social Media ☐ Advertising
☐ Brochures/Pamphlets

## A COMPONENT OF ECONOMIC CITIZENSHIP EDUCATION

- Does the Banking Product/Service/Program contain a financial education component through which children and youth are taught how to use the Banking Product efficiently and responsibly?

☑ Yes ☐ No ☐ No, but we are interested in offering this service

- If Yes, please describe this component and any partners used to help deliver it:

Website and meeting in collaboration with educational institutions

## MONITORING OF CHILD AND YOUTH SATISFACTION

☑ Surveys ☐ Data Collection ☐ Other (please specify)

## REACHING UNBANKED CHILDREN AND YOUTH:

- Does the financial institution have a strategy to actively reach out to unbanked children and youth?

With our Facebook page, young people can easily and quickly communicate with the Bank, enter their questions, and receive answers and information on all Superflash-related initiatives.

- Lessons learned and recommendations:

Promote new communication and ways to interact with prospects and existing young customers

# RABOBANK

## ORGANIZATION DETAILS

| | |
|---|---|
| Country of head office: | Netherlands |
| Number of customers under the age of 18 with a savings/current account at the bank: | Leader in Netherlands |
| Number of customers aged 18 – 24 with a savings/current account at the bank: | Leader in student segment in Netherlands |
| Percentage of savings volume that is youth-related: | - |
| Website URL: | www.rabobank.nl |

### PRODUCTS/SERVICES/PROGRAMS OFFERED TO CHILDREN AND YOUTH SEGMENTS

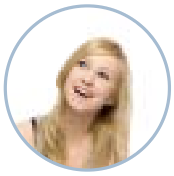
- Name of Product/Service/Program: Rabo JongerenRekening (Rabo Youth Account)
- Type of Product/Service/Program:
  ☐ Child Savings Account ☐ Youth Savings Account ☑ Youth Current Account ☐ Prepaid Account
  ☑ Other (non-credit product)
- Year of Product/Service/Program establishment: 10+ years ago.
- Age group served: 12–18 years
- Number of clients/participants: Almost all young people have a Rabo JongerenRekening (Rabo Youth Account)
- Partner organization/s (if applicable ) and summary of relationship: -
- Percentage of youth volume that is related to this particular product: -
- Please provide a few key metrics displaying the success of this program (i.e. % of new-to-bank consumers, % activation of cards, etc.):
  -

### AVAILABILITY AND ACCESSIBILITY OF BANKING PRODUCTS FOR CHIDREN AND YOUTH

- Minimum age to open the account: 11,5 • Minimum age to operate the account: 12
- Included Features:
  ☐ Passbook ☑ Debit Card ☐ Credit Card ☑ Online Banking ☑ Mobile Banking
  ☑ Other (please specify) : Special financial tips from a website B.O.E.G (Baas Over Eigen Geld – Boss of my money) or digital coach named Yvette that customers can message online.
- General Account Features:
  - Minimum Balance Required: -
  - Interest rate: a standard of 1.20%
  - Other (please specify): If savings exceed EUR 20,000 then 1.30% and if savings exceed EUR 100,000 then 1.40%
- Specific Account Features: Opening a Rabo JongerenRekening (Rabo Youth Account) allows children and youth between the ages of 12 and 18 to take control of their finances. They also have the option of linking their current account to an online savings account, transferring money via online or mobile banking. Over the age of 12, children may receive access to Internet and Mobile Banking, provided that they have parental consent. Those aged 12 to 18 also have the option of using the telephone service, the Rabofoon, for telephone banking. Children and youth also get a welcome present upon setting up their Jongerenrekening (Youth Account).
- Distribution Channels:
  ☑ Branches ☑ Call Center ☑ ATMs ☑ Points of Sale ☑ Online Banking ☑ Mobile banking

### MAXIMUM CONTROL OF THE CHILD AND YOUTH

- Minimum legal for:
  ☑ Independent opening of the account: 18 years ☑ Independent operation of the account: 12 years (some parental control)


- Check all that apply:
  ☐ The Banking Product allows children and youth to open an account independently
  ☑ The Banking Product allows children or youth to operate an account independently
  ☐ The Banking Product only allows children or youth to pen a joint account with a parent/guardian
  ☐ The Banking Product only allows children or youth to operate (e.g. withdrawals, deposits) with consent of a parent/guardian

## POSITIVE FINANCIAL INCENTIVES FOR THE CHILD/YOUTH

☑ No possibility of overdrafts
☐ Financial incentive in the form of high interest rates compared to average market rates
☐ The financial institution charges only minimal penalties for early withdrawal for term deposits
☑ The Banking Product does not oblige a first minimum deposit or requires only a low minimum deposit
☑ Financial institution does not charge initial or monthly maintenance fees

## USE OF CHILD AND YOUTH FRIENDLY COMMUNICATION STRATEGIES

- Delivery Channels :
  ☐ Simplified Terms and Conditions ☑ Website ☑ Social Media ☐ Advertising
  ☑ Brochures/Pamphlets
  ☑ Other: A digital finance coach named Yvette is available on messenger and there is a financial tip website which helps children and youth manage their money.

## A COMPONENT OF ECONOMIC CITIZENSHIP EDUCATION

- Does the Banking Product/Service/Program contain a financial education component through which children and youth are taught how to use the Banking Product efficiently and responsibly?
  ☑ Yes ☐ No ☐No, but we are interested in offering this service
- If Yes, please describe this component and any partners used to help deliver it:
  www.baasovereigengeld.nl

## MONITORING OF CHILD AND YOUTH SATISFACTION

☐ Surveys ☑ Data Collection ☑ Other (please specify)

## BLOGS/POSTS/STORIES TO SHOWCASE THE BANKING PRODUCT:

The Rabo JongerenRekening reaches out to children and youth between the ages of 12 and 18, providing them with an outlet by which they can become financially responsible. The current account is an instrument by which children and youth manage their money, store their balance and make payments, giving them their first taste of financial independence. The Rabo JongerenRekening can also be connected to an Internet Savings account or mobile app by which they can transfer money that they do not currently need or check their savings. The Rabo JongerenRekening makes sure that as children grow older they acquire more control and gain more financial services. Children from 12 are given access to online and mobile banking, provided that their parents give consent.

Rabobank offers and makes available programs and websites alongside their Rabo JongerenRekening in order to financially support children and youth. For instance, they have developed a digital financial instructor, Yvette, who children and youth can ask questions regarding their financial concerns. In addition to this, Rabobank has also designed a website which provides children and youth with financial advice and tips to aid them in managing their finances in the best possible way.

## REACHING UNBANKED CHILDREN AND YOUTH:

- Rationale for serving youth:
  To promote a sort of financial independence for children and youth.

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