



# The Impact of Financial Education through Savings and Credit Cooperatives in Rwanda



Limited financial knowledge, skills, and confidence are associated with suboptimal financial behavior such as low rates of formal savings, limited usage of deposit and transactional accounts, and overindebtedness. The Government of Rwanda, World Bank, and Innovations for Poverty Action (IPA) partnered to evaluate the impact of financial education delivered through Savings and Credit Cooperatives (SACCOs) on members' financial knowledge, skills, attitudes, and behavior.

## Key Findings\*

- » Providing financial education to members of SACCOs, and giving the SACCOs more operational autonomy to implement the program, made members more knowledgeable of key financial rules of thumb.
- » Members in this group were more likely to report financial attitudes that emphasize saving and responsible borrowing, and to report having—and strictly adhering to—a written budget and financial plan.
- » They were also more likely to report saving regularly towards financial goals.
- » However, no impacts were found on account usage, borrowing behavior, or financial security, highlighting the challenge of translating changes in knowledge and attitudes into behavioral change.

\* These results are preliminary and may change after further data collection and/or analysis.

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### FUNDERS

World Bank  
Government of the Netherlands

### COUNTRY

Rwanda

### TIMELINE

2015-2017

### SAMPLE

200 Savings and Credit Cooperatives (4,000 individuals)

## The Challenge

**Limited financial knowledge, skills, and confidence are associated with poor financial behavior such as low rate of formal savings, limited usage of deposit and transactional accounts, and overindebtedness.**

But research has shown that financial education programs often have little or no impact.

Increasing the reach and quality of financial education was established as a priority in Rwanda's Financial Sector Development Plan (FSDP) II, as a key means

to reach the country's goal of 100 percent financial inclusion by 2020. In December 2013, the government launched its National Financial Education Strategy (NFES) following the FSDP II's recommendations.

Given their wide reach in Rwanda and their disproportionately rural and newly-banked member base, the government identified *Umurenge* SACCOs<sup>1</sup> as critical implementing partners for the delivery of financial education.



<sup>1</sup> *Umurenge* means "sector" in the local Kinyarwanda language. An *Umurenge* SACCO was established in each of Rwanda's 400+ sectors in the late 2000s.

## The Program

With support from the World Bank and with consultation from Enclude, Ltd., the Ministry of Finance and Economic Planning (MINECOFIN) developed and piloted the *Financial Education through SACCOs* program in 2015. The *Financial Education through SACCOs* curriculum included classroom training manuals, 'edutainment' radio dramas, take-home workbooks, and posters spanning six content areas, including setting financial goals, budgeting, saving, and responsible borrowing. A "Rules of Thumb" methodology was employed to ensure that the key messages were simple, actionable, and memorable. The central theme of the curriculum was the phrase "Nawe Birakureba" or "It's up to you!" which encourages members to take charge of their own finances and financial futures. Clients followed a typical, Rwandan family and neighborhood, who faced everyday financial issues during 5-8 minute radio dramas. The curriculum was designed to be delivered by SACCO staff to members on an ongoing basis.

The Rwanda Institute of Microfinance, Entrepreneurship, and Cooperatives (RICEM), jointly with MINECOFIN, the

Rwanda Cooperative Agency (RCA), and the World Bank, led the Phase One implementation of the *Financial Education through SACCOs* program in 135 Umurenge SACCOs beginning in May 2016.<sup>2</sup> Following a training-of-trainers model, SACCO representatives received direct training from RICEM and then assumed responsibility for carrying out financial education to SACCO members.

RICEM provided and distributed the curriculum materials and an early implementation grant to each SACCO for the delivery of the training to at least 500 SACCO members by the end of 2016. RICEM also provided regular follow-up support and supervision to the SACCOs to ensure the delivery, consistency, and quality of trainings for SACCO members.

As of the end of 2016, more than 68,000 SACCO members had received training under the *Financial Education through SACCOs* program. Fifty-four percent of participants were women and participants attended an average of 3.5 sessions.



A poster used in the SACCO curriculum.

<sup>2</sup> Five SACCOs participated in the Phase One implementation but were not included in the impact evaluation.

# The Evaluation

## Researchers conducted a randomized evaluation as part of the program design and Phase One implementation.

Researchers evaluated the impact of the training after three months and nine months via face-to-face surveys with SACCO members as well as administrative data from the SACCOs themselves.

## Researchers randomly assigned 200 SACCOs to one of three groups:

**Group 1 (65 SACCOs):** These SACCOs participated in Phase One of the *Financial Education through SACCOs* program and committed to training at least 500 members. Each SACCO chose three representatives to attend the training-of-trainers and subsequently lead the training of members.

**Group 2 (65 SACCOs):** These SACCOs participated in Phase One of the *Financial Education through SACCOs* program and committed to training at least 500 members. Each SACCO was required to send one board member, one manager, and one loan officer to attend the training-of-trainers and subsequently lead the training of members.

**Group 3 (70 SACCOs):** These SACCOs did not participate in Phase One of the *Financial Education through SACCOs* program and served as a comparison group.

## Preliminary Results

**The randomized evaluation found that members of Group 1 SACCOs report better outcomes as compared to comparison group (i.e. Group 3) SACCO members, including with respect to setting financial goals, budgeting, and saving.** Since Group 1 SACCOs had more freedom to choose who led the implementation of the program at their SACCO, the results indicate that that greater operational autonomy at the SACCO level can result in more effective provision of financial education.

### Specifically, relative to the comparison group, members of Group 1 SACCOs were:

- » More likely to report having a written budget and strictly adhering to their budget;
- » More likely to report having a written financial plan and strictly adhering to their financial plan;
- » More likely to report saving regularly towards financial goals;
- » More likely to report financial attitudes that emphasize saving and responsible borrowing; and
- » More knowledgeable of key rules of thumb, including the advantages of borrowing for business/investment over consumption.

**No impacts were found on account usage, responsible borrowing behavior, or financial security, suggesting that aspects of the curriculum may need to be revised and strengthened.** The results also highlight the challenge of translating shifts in knowledge and attitudes into behavioral change.

**However, the analysis also suggests that higher levels of participation in the trainings in the future may reveal positive impacts along a broader range of outcomes, including relating to account usage and financial security.** The absence of significant results along these outcomes using the existing data is in part due to the relatively low take-up of the trainings by SACCO members as a proportion of total SACCO membership.

These results are preliminary and may change after further analysis and/or data collection. A complete analysis of the results will be available in a forthcoming World Bank Policy Research Paper.

MINECOFIN and other stakeholders plan to use the results from the impact evaluation to inform the design and implementation of later phases of the *Financial Education through SACCOs* program.

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