



Inter Aide



## FINANCIAL LITERACY – FOR THE POOR



# What is Financial Literacy?



**Financial Literacy** is the **knowledge**, **skills** and **attitudes** required to adopt good money-management practices for earning, spending, saving, borrowing and investing.



**“A wise man should have money  
in his head, but not in his  
heart.” – Jonathan Swift**

# Financial literacy can lead to financial wisdom



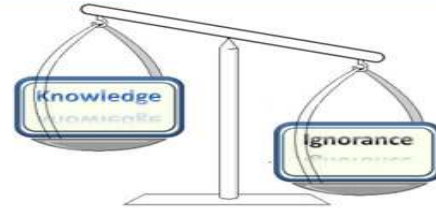
- Ability to *manage* money not just deal with it.
- Ability to use skills to take wise decisions for the future

# What does it mean to be Financially Literate / Wise?



- It is the ability to understand finance
- It refers to the set of skills and knowledge that allow an individual to make informed and effective decisions through their understanding of finances
- Ability to formally manage their finances for
  - Expected and unexpected expenses
  - Making present and future secure

## Why Financial Literacy?



## Important for the Poor Woman?

- ❑ Better understand financial options
- ❑ Smoothen household income vis-à-vis expenditure planning
- ❑ Use financial resources more effectively
- ❑ Build self-esteem and confidence
- ❑ Shift from reactive to pro-active decisions

# Financial literacy empowers the poor and women

- Financial literacy builds capacities to make decisions and take responsibility for those decisions.
- It increases their economic space.







- Financial literacy is a primary step for financial inclusion which makes people seek and receive financial services and products.



# Objectives of Financial Literacy Program



## **Spread awareness and build skills of poor women on**

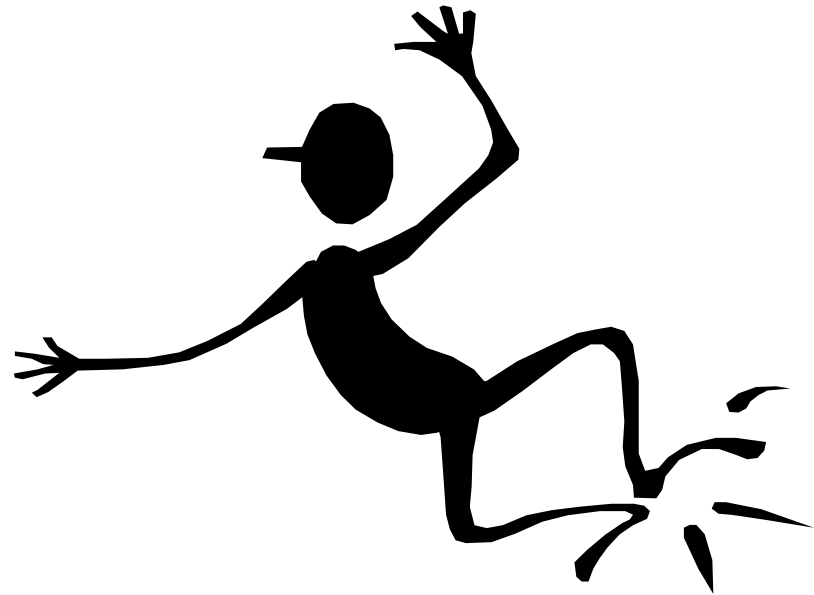
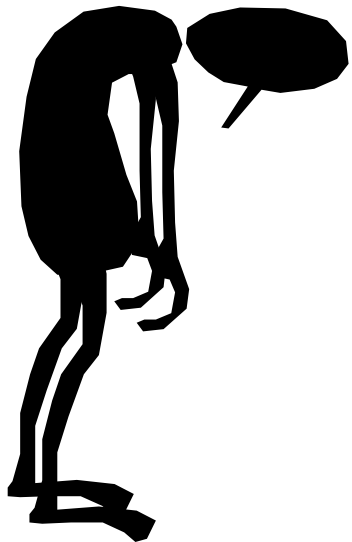
- Clarity of financial concepts.
- Making better financial decisions
- Accessing financial products & services
- Building assets
- Overcoming vulnerability
- Planning towards economic security

# Financial Literacy Objectives

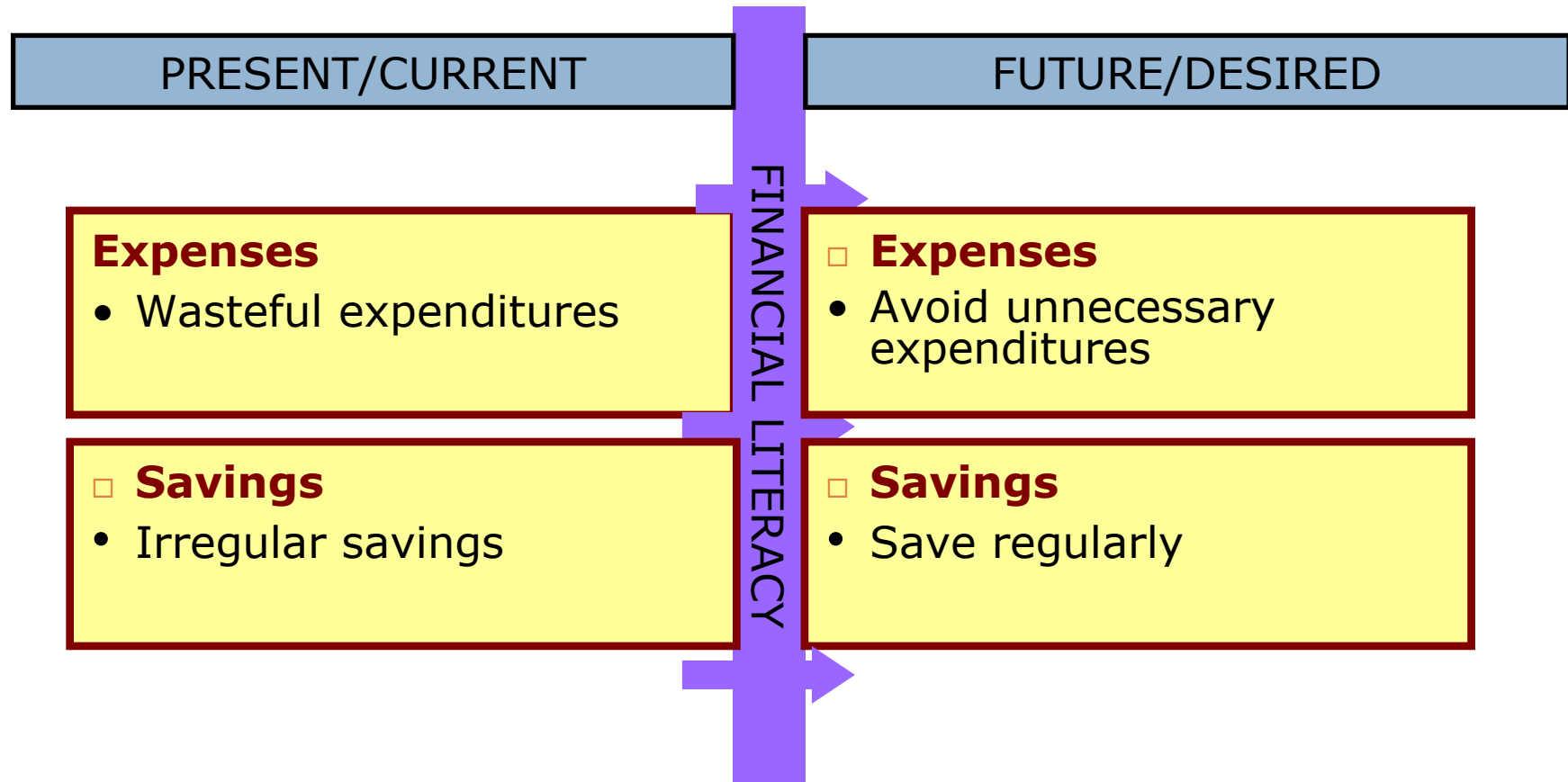
□ Current Behaviors



Desired Behaviors



# Examples of Behavior Change



# Financial Literacy Program



- FLT Trainings - Group Trainings
  - General Subjects
  - Small Group Discussions and Activities
  - Stories
  - Simulation Exercises
  - Case Study or Situation Analysis
  - Practice Exercises



- Financial Counseling – Personal
  - Home Visits
  - Specific issues related to the families

# FLT Training Modules

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- Controlling Household Expenses.
- Family Budgeting
- Intelligent Investments.
- Indebtedness (in construction 2011)

# Controlling Household Expenses



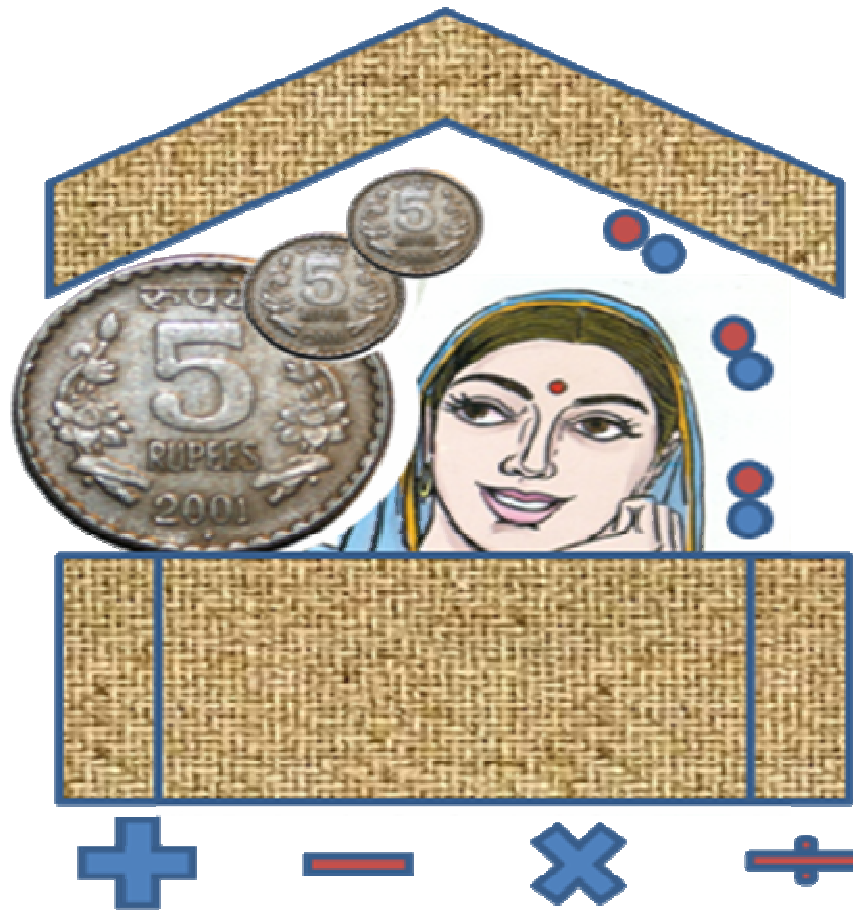


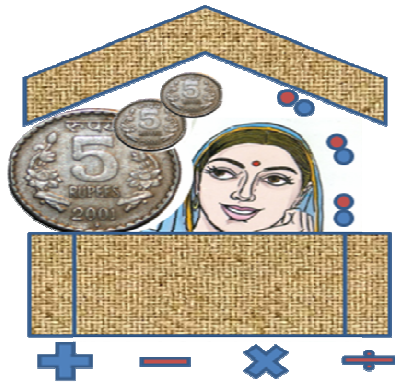
## Contents

- How to control the family expenses?
- Difference between needs and wants.
- How to cut down on unnecessary and avoidable expenses?



# Family Budgeting

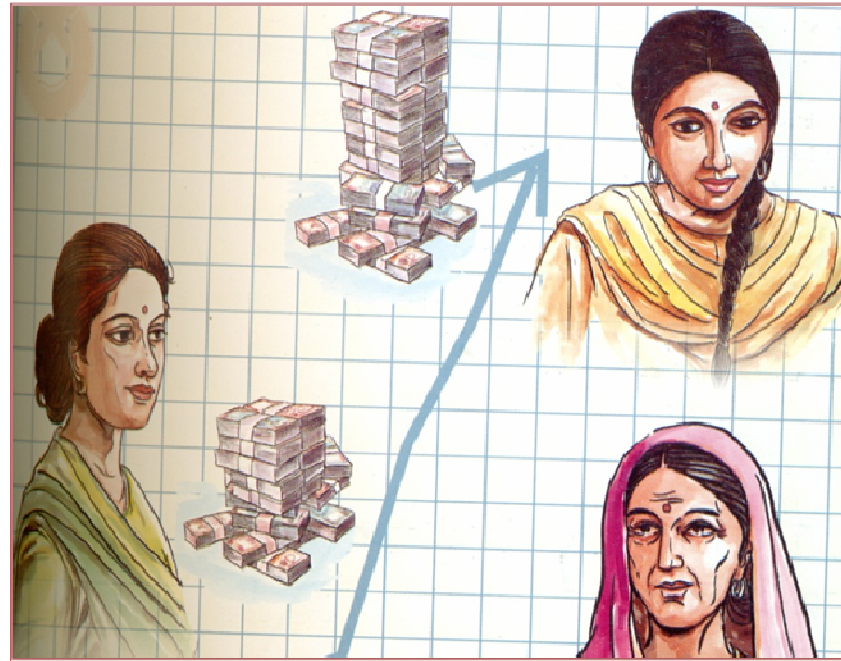


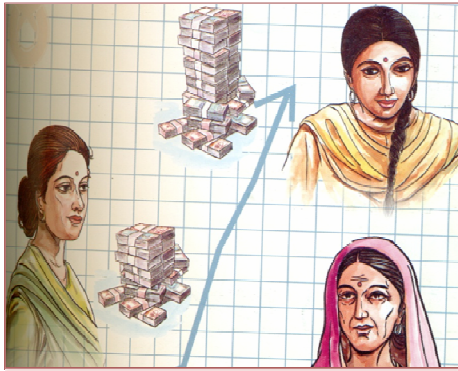


# Contents

- To provide the participants with a tool for financial planning to use back home and apply in their life.
- To make participants understand the concept of budget
- To make participants work on financial plans for themselves.

# Intelligent Investments





# Contents

- To explain investments :-
  - ▣ What is the difference between Savings & Investments?
  - ▣ Why should one invest?
  - ▣ When to start investing?
- To tell the participants the advantages of secure savings & disadvantages of insecure savings.
- To make participants aware about different financial products of secure savings.