


CLIENT PROTECTION FOR YOUTH CLIENTS

UNCDF-YOUTHSTART TECHNICAL NOTE


The MasterCard Foundation

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ABOUT YOUTHSTART

YouthStart, a UNCDF programme in partnership with The MasterCard Foundation, aims to reach 200,000 youth in sub-Saharan Africa with demand-driven financial services and non-financial services, in particular savings and financial education, by 2014. As of December 2012, US$7.8 million has been awarded to 10 financial service providers. Of that amount, US$3.2 million has so far been disbursed to design, deliver and scale up demand-driven youth financial services and youth-centric programmes in partnership with youth serving organizations. For more information, visit http://www.uncdf.org/YouthStart/.

ABOUT UNCDF

UNCDF is the UN's capital investment agency for the world's 49 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital—grants and loans—and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments—water systems, feeder roads, schools, irrigation schemes—that will improve poor peoples' lives. UNCDF programmes help to empower women, and are designed to catalyse larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. For more information, visit http://www.uncdf.org/.

ABOUT THE MASTERCARD FOUNDATION

The MasterCard Foundation advances microfinance and youth learning to promote financial inclusion and prosperity. Through collaboration with committed partners in 49 countries, The MasterCard Foundation is helping people living in poverty to access opportunities to learn and prosper. An independent, private foundation based in Toronto, Canada, it was established through the generosity of MasterCard Worldwide at the time of the company's initial public offering in 2006. For more information, visit www.mastercardfdn.org.

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INTRODUCTION

UNCDF launched YouthStart in 2010 in response to the lack of opportunities for the growing population of young people around the world, especially in Africa. To improve financial inclusion of youth, UNCDF-YouthStart supports strong financial service providers (FSPs) in developing, piloting and rolling out financial products focused on low-income youth—with a special emphasis on savings—and non-financial services such as financial education. UNCDF-YouthStart aims to reach 200,000 new youth clients (12 to 24 years of age), with at least 50 percent of those being young women and girls, by the end of 2014.

For UNCDF, inclusive finance must be responsible finance. The extent to which inclusive finance can contribute to the achievement of the Millennium Development Goals, particularly to poverty reduction, depends first on 'doing no harm.' The need for client protection is even more critical when the clients of FSPs are more vulnerable, in particular youth. This technical note is intended to assist FSPs currently serving youth, planning to serve youth, or making improvements to existing services to do so in a way that ensures that youth are protected. The technical note synthesizes adaptations made by UNCDF-YouthStart to the indicators of The Smart Campaign's Client Protection Principles (CPPs) self-assessment tool and draws on the Certification Principles of Child and Youth Finance International (CYFI). This technical note is designed to support FSPs to address the particular characteristics, needs and vulnerabilities of their youth clients.

WHY CLIENT PROTECTION MEASURES ADAPTED TO YOUTH?

From recent crises in microfinance, a positive trend has emerged in which FSPs and the industry in general pay greater attention to the need for client protection. Too much credit lent too fast, for example, can lead to client overindebtedness and/or an increase in default rates for FSPs. Convincing someone to open a savings account with aggressive marketing techniques, without disclosing all the fees associated with the account, can lead to that person decreasing instead of increasing his/her savings, to client dissatisfaction, and eventually to high drop-out rates. For these reasons and because we must avoid doing harm when we intend to do good, we need to make sure that financial services are not only demand driven but are also protective of clients' rights.

While CPPs should be inclusive of all clients and independent of client gender, economic status, ethnicity or age, it is also true that some clients are more vulnerable than others are to falling prey to unscrupulous practices. This is the case for youth for two primary reasons. First, very few FSPs have experience serving youth, which can lead FSP staff to have misconceptions about and unwarranted biases against youth clients (i.e., believing youth to be unreliable). Second, youth have little experience using financial services (i.e., lower financial-capability levels) and thus must trust adults (e.g., parents, guardians, husbands) to help them make decisions about their money and the services they use.

To ensure the protection of the rights of youth, UNCDF, under the YouthStart programme, adapted the indicators of The Smart Campaign's CPP self-assessment tool (see box 1 for the CPPs).[1] These adaptations did not aim to replace the original Smart Campaign tool, as UNCDF encourages an institutional approach to client protection. The purpose of these adaptations was to allow FSPs to take stock of their approaches to developing and offering youth financial services and to ensure that, from the beginning, they adopt the best practices for youth client protection for their youth offerings. In addition, UNCDF-YouthStart added an eighth principle to the Smart CPPs in order to address the key

1 The Smart Campaign was supported by Accion's Center for Financial Inclusion and the Consultative Group to Assist the Poor, but it also has an international Steering Committee comprised of representatives from a broad range of stakeholders—FSPs, associations of FSPs, donors and investors, regulators, consumer advocates, etc.

BOX 1: SMART CLIENT PROTECTION PRINCIPLES
1. Appropriate Product Design and Delivery
2. Prevention of Overindebtedness
3. Transparency
4. Responsible Pricing
5. Fair and Respectful Treatment of Clients
6. Privacy of Client Data
7. Mechanisms for Complaint Resolution

Child- and Youth-Friendly Banking Principles promoted by CYFI.[2]

When UNCDF-YouthStart adapted the indicators to youth clientele, all the principles remained applicable. The adaptations relevant to youth aimed to emphasize youth contextual needs.[3]

The indicators under several of the principles did not require adaptation for youth clients. For example, UNCDF-YouthStart made no adaptations to 'Fair and Respectful Treatment of Clients' and 'Privacy of Client Data,' since these principles apply regardless of who the client is. The adaptations reflect the importance of investing in building the financial capability of youth, the role of guardians and co-signers, and the uniqueness of the business model for providing youth financial services.

YOUTH-FOCUSED ADAPTATIONS MADE BY UNCDF-YOUTHSTART TO THE SMART CPP SELF-ASSESSMENT TOOL INDICATORS

1. Financial capability

A key challenge that threatens the provision of youth financial services is poor financial capability of youth. Financial capability is defined as 'the combination of knowledge, skills, attitudes, and especially behaviours that people need to make sound personal finance decisions, suited to their social and financial circumstances.'[4] In addition to their own limited experience in managing money, youth typically lack knowledge of formal financial institutions and of the terms and benefits of financial products such as savings and credit. Youth may also have misperceptions about banks, such as believing that banks are only for rich people or for adults. Field research with YouthStart FSPs confirmed that youth do not use formal financial services due mainly to misconceptions about financial institutions and lack of knowledge about how financial services work (e.g., fees, requirements for account opening) and how the services can benefit youth.

Financial education is therefore a crucial service FSPs should offer to youth. Against this backdrop, one of the adaptations UNCDF-YouthStart made explicitly adds the need for financial education to indicators within the principles 'Appropriate Product Design and Delivery,' 'Prevention of Overindebtedness' and 'Transparency' (see table 1). These adaptations ensure that FSPs are equipping youth (i) to understand and exercise their rights and responsibilities as new clients of FSPs, and (ii) to get the most out of the financial services that many of them are using for the first time.

2 For more details, see the CYFI publication "Obtaining the Child and Youth Friendly Product Certificate: A Guide."

3 The seven Smart CPPs have a total of 30 standards and 95 indicators.

4 U.S. Treasury Department, FINRA Investor Education Foundation (2009).

TABLE 1: ADAPTATIONS TO SMART CPP SELF-ASSESSMENT TOOL INDICATORS—FINANCIAL EDUCATION	
PRINCIPLE 1: APPROPRIATE PRODUCT DESIGN AND DELIVERY	
Original Indicator 1: Product Design	**Adapted Indicator 1: Product Design**
The financial institution designs products that are appropriate to client needs and do not harm. It does not offer products that produce negative value for the clients.	The financial institution offers youth-sensitive[a] and appropriate products integrated with non-financial services, in particular financial education, that promote the use of those services based on informed decisions. Financial education sessions are offered to youth, without the sessions being a 'marketing opportunity' for the institution. It does not offer products that produce negative value for the clients.
PRINCIPLE 2: PREVENTION OF OVERINDEBTEDNESS	
Original Indicator 6: Policy on Repayment Capacity Analysis	**Adapted Indicator 6: Policy on Repayment Capacity Analysis**
The financial institution policies support good repayment capacity analysis. The loan approval does not rely solely on guarantees (whether peer guarantees, co-signers or collateral) as a substitute for good capacity analysis. [individual lending] Repayment capacity analysis is done for every loan. [group lending] The group formation and loan approval process ensure the prudent self-selection of members, with emphasis on the concept of solidarity payment.	The financial institution policies support good repayment capacity analysis. The loan approval does not rely solely on guarantees (whether peer guarantees, co-signers or collateral) as a substitute for good capacity analysis. [individual lending] Repayment capacity analysis is done for every loan. [group lending] The group formation and loan approval process ensure the prudent self-selection of members, with emphasis on the concept of solidarity payment. [for youth clients] Youth are offered financial education sessions that ensure they fully understand their repayment capacity.
PRINCIPLE 3: TRANSPARENCY	
Original Indicator 30: Full Pricing Disclosure	**Adapted Indicator 30: Full Pricing Disclosure**
The financial institution fully discloses to the clients all prices, instalments, terms and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, 3rd party fees, and whether those can change over time.	The financial institution fully discloses to the clients all prices, instalments, terms and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, 3rd party fees, and whether those can change over time. When the client is a minor, the financial institution makes sure the youth and the co-signer are equally informed. Financial education sessions may be designed and delivered to address this need.
Original Indicator 36: Variety of Disclosure Mechanisms	**Adapted Indicator 36: Variety of Disclosure Mechanisms**
The financial institution uses at least two different communication channels for disclosing clear and accurate information about the product: written and verbal (to address literacy limitations).	The financial institution uses at least two different communication channels for disclosing clear and accurate information about the product: written and verbal (to address literacy limitations). Financial education sessions are also offered to youth, without the sessions being a 'marketing opportunity' for the institution.

a Youth-sensitive financial products are those that take into consideration the different market segments within the youth demographic (segments based on level of education, gender, age, family status, etc.), that are affordable to youth, that employ marketing strategies using youth-friendly communication techniques and that use delivery channels that allow the FSP to go where the youth are. For more information, please see the following document: "Assessing New Youth-Focused Products: Pilot Testing Financial and Non-financial Services for Youth in Sub-Saharan Africa."

In addition to offering financial education sessions, FSPs should make the effort to convert every point of contact with youth into a 'teachable moment.' To do so, FSPs should provide training to staff on how to communicate with youth during normal, work-related circumstances such as during outreach, account servicing, and complaint-resolution events. The use of youth-friendly communication techniques during these teachable moments is critical to increasing the financial capability of youth clients (see table 2 for the adaptations UNCDF-YouthStart made to the principle 'Transparency' to address the need to train staff on how to communicate with youth).[5]

TABLE 2: ADAPTATIONS TO SMART CPP SELF-ASSESSMENT TOOL INDICATORS—TEACHABLE MOMENTS AND YOUTH-FRIENDLY COMMUNICATION TECHNIQUES

PRINCIPLE 3: TRANSPARENCY	
Original Indicator 33: Communicates Proactively with Clients	**Adapted Indicator 33: Communicates Proactively with Clients**
The financial institution has effective communication. Staff communicates in such a manner that clients can understand the terms of the contract, their rights and obligations. Staff communicates with techniques that address literacy limitations (e.g., materials available in local languages).	Staff are trained on how to communicate with youth in particular, on how to tailor interactions with new users of financial services, on understanding likely youth sensitivities, and on the rights and responsibilities of youth clients. Youth-friendly communication techniques address literacy limitations (e.g., reading contracts aloud, materials available in local languages), are used at every point of contact with the youth, and are geared to increase the financial capabilities of the youth clients.

2. Role of guardians/co-signers

The most common barrier for youth to access financial services throughout developing countries is a minimum age requirement set by law (generally either 16 or 18 years old) to open and conduct transactions with a savings account on their own. In the eight YouthStart countries, the minimum age requirement is 14 for working youth in one country, 16 in another country and 18 in the remaining six countries. Youth that do not meet this minimum age requirement need a parent or guardian to open the account and withdraw money, although youth are often allowed to deposit money on their own. Joint ownership with a parent or guardian may pose a potential threat to youth since most governments do not limit the transactions that the adult can make on the account, thus allowing the adult to make withdrawals without the consent of the youth account holder.[6]

Therefore, the key to other adaptations UNCDF-YouthStart made was to ensure that FSPs follow the regulations in each country (e.g., minimum age requirements, guardian requirements) without taking too much control away from youth clients, which could discourage youth or, even worse, encourage guardians/co-signers to commit fraud. UNCDF-YouthStart added specific language about guardians/co-signers to the principles 'Transparency' and 'Mechanisms for Complaint Resolution,' particularly around educating staff and youth alike on youth roles and rights (see table 3).

5 For resources about communicating with, working with, and training youth, please see the following document: "Girl Centered Program Design: A Toolkit to Develop, Strengthen and Expand Adolescent Girls Programs."

6 For recommendations on resolving issues at the policy level, please see the following document: "Policy Opportunities and Constraints to Access Youth Financial Services."

TABLE 3: ADAPTATIONS TO SMART CPP SELF-ASSESSMENT TOOL INDICATORS—ROLE OF GUARDIANS/CO-SIGNERS	
PRINCIPLE 3: TRANSPARENCY	
Original Indicator 30: Full Pricing Disclosure	Adapted Indicator 30: Full Pricing Disclosure
The financial institution fully discloses to the clients all prices, instalments, terms and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, 3rd party fees, and whether those can change over time.	The financial institution fully discloses to the clients all prices, instalments, terms and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, 3rd party fees, and whether those can change over time. When the client is a minor, the financial institution makes sure the youth and the co-signer are equally informed. Financial education sessions may be designed and delivered to address this need.
Original Indicator 39: Adequate Time for Client Review	Adapted Indicator 39: Adequate Time for Client Review
The financial institution gives clients adequate time to review the terms and conditions of the product, ask questions and receive additional information prior to signing contracts.	The financial institution gives clients adequate time to review the terms and conditions of the product, ask questions and receive additional information prior to signing contracts. When the client is a minor, the financial institution makes sure the youth and the co-signer have adequate time for client review.
PRINCIPLE 7: MECHANISMS FOR COMPLAINT RESOLUTION	
Original Indicator 85: Clients Know How to Submit Complaints	Adapted Indicator 85: Clients Know How to Submit Complaints
The financial institution informs clients about: their right to complain; and how to submit a complaint to the appropriate person (or where they could find that information if they don't know it first-hand).	The youth and the co-signer (in the event client is a minor) are informed of their right to complain and know how to submit a complaint to the appropriate person. Education sessions about clients' rights and responsibilities should be delivered to youth and any co-signers, as well as staff.

3. Responsible pricing for youth financial services

Research reveals that youth typically have small and irregular income that may lead them to make frequent, small deposits in a savings account in an effort to build lump sums of money.[7] Many existing financial products for adults with large opening or minimum balance requirements or associated costs (e.g., account maintenance fees) are not appropriate for these smaller, irregular sources of income. Further, complex account features with various restrictions may not be appropriate to youth. In addition to these product-design issues, formal financial services are often located too far from communities where youth reside; many FSPs make their services available to their clients through delivery channels that are inaccessible or inconvenient for youth.

The particular characteristics and needs of youth can lead to product and delivery features that contribute to relatively higher costs for FSPs (e.g., low-fee and low-balance savings, financial education, convenient delivery channels that mean high transportation costs for staff to go where youth are).

7 Sources:
Rani Deshpande, "Blog: Paying Grown-Up Attention to the Financial Service Needs of Youth," YouthSave, accessed 3 December 2012, http://youthsave.org/content/blog-paying-grown-attention-financial-service-needs-youth.

Danielle Hopkins and Maria Perdomo, "Listening to Youth: Market research to design financial and non-financial services for youth in sub-Saharan Africa" (New York: UNCDF, 2011).

Although the business case for youth financial services is yet to be made definitively, there are a number of promising opportunities in both the short and long term that can make it a good market for FSPs. In the short term, youth offer FSPs the potential for cross-selling to parents and guardians. In the medium and long term, they may lead to the FSPs gaining clients for life—if the FSPs satisfy the needs of the youth clients—that bring more revenue to the FSPs in the future and contribute to long-term sustainability.

UNCDF-YouthStart incorporated these unique characteristics of the delivery of youth financial services into the indicators for the principle 'Responsible Pricing' (see table 4). Indicator 45 states that prices of financial services should be market based. While UNCDF-YouthStart acknowledged the need for FSPs to ensure sustainability of their youth products, they also recognized that a long-term strategy based on client retention, cross-selling to parents, and cross-subsidies of youth products (to pay for the non-financial services) is crucial to the financial sustainability of youth products.

In addition, UNCDF-YouthStart recognized Indicator 47, 'No Excessive Fees,' as the key indicator for the principle 'Responsible Pricing.' This adaptation is important both because it recognizes that, if FSPs charge excessive penalties or fees to youth in particular, the youth may be harmed rather than helped by the products, and because offering inappropriate products could be a major barrier to the financial inclusion of youth.

TABLE 4: ADAPTATIONS TO SMART CPP SELF-ASSESSMENT TOOL INDICATORS—RESPONSIBLE PRICING

PRINCIPLE 4: RESPONSIBLE PRICING	
Original Indicator 45: Market-Based, Non-discriminatory	**Adapted Indicator 45: Market-Based, Non-discriminatory**
The financial institution offers market-based, non-discriminatory pricing.	Youth are considered a long-term investment for the financial institution. It offers them affordable products and has a short-term and long-term sustainability plan that may include cross-selling, cross-subsidizing and long-term client retention.
Original Indicator 47: No Excessive Fees	**Adapted Indicator 47: No Excessive Fees**
The financial institution's pre-payment penalties, account closure fees, transaction fees or other penalties are not excessive.	There is no possibility that a youth account can be overdrawn. The financial institution does not charge a penalty on the interest in case of money withdrawal. There should be no or low minimum initial balance and deposit requirements.

4. Child- and youth-friendly products and services

The CYFI movement emerged in 2010 from the experiences of organizations promoting financial education and access to appropriate financial services to children and youth around the world. The movement promotes, among other things, the idea that FSPs around the world should adopt Child- and Youth-Friendly Banking Principles (see box 2).[8]

In an effort to encourage the adoption of these principles, which are entirely focused on children and youth, UNCDF-YouthStart added an eighth CPP. The eighth CPP, 'Child- and Youth-Friendly Products and Services,' aims to reinforce some aspects of the Smart CPPs, and to introduce some new indicators particularly related to youth. The new CPP has five indicators, with the key indicator being the one

8 UNCDF engages with CYFI in several capacities. UNCDF is a special representative on the Board of Directors and has contributed to the development of the financial education and product guidelines, as well as to the development of the Child- and Youth-Friendly Banking Principles.

BOX 2: CHILD- AND YOUTH-FRIENDLY BANKING PRINCIPLES
1. Availability and accessibility of banking products for children and youth 2. Maximum control to the child and youth 3. Positive financial incentive to the child and youth 4. Reach unbanked youth 5. Employment of child and youth friendly communication strategies 6. Financial education 7. Child and youth client satisfaction surveys 8. Internal control

related to 'Maximum control to the youth' (see table 5). The first indicator is important since some FSPs, which view youth as a risky market segment due to their mobility and do not see the business case for offering services to youth due to small deposits and high administrative costs, may set higher age requirements to open and conduct transactions with a savings account than those imposed by the government. The second indicator is critical because, if youth clients were not given maximum control over use of their financial products, FSPs would miss a tremendous opportunity to empower youth and/or would possibly increase the potential for youth's monies to be misappropriated or misused by ill-intentioned guardians. The third, fourth and fifth indicators reinforce the adaptations made to the principles 'Appropriate Product Design and Delivery' and 'Transparency.'

TABLE 5: ADDITIONAL CPP—CHILD- AND YOUTH-FRIENDLY PRODUCTS AND SERVICES[a]

Indicator	Definition
Availability and accessibility of financial products for youth	The minimum age to open an account is not set higher than the legal age defined by the jurisdiction. The products should be proactively offered to all youth, regardless of gender, age, race, ability, belief or socio-economic background.
Maximum control to the youth	The financial institution allows ownership of an account under a youth's name, in accordance with the local jurisdiction. The financial institution allows youth to operate an account independently, in accordance with the local jurisdiction. The marketing of the youth product promotes financial independence of youth.
Employment of youth-friendly communication strategies	The financial institution applies a communication strategy that is especially designed for youth. It hosts development programmes on how staff should interact with youth, it uses understandable language in all written communication to youth, and it hosts initiatives to actively involve youth in improving its youth-friendly products.
Financial education	The financial institution actively supports the national strategy for financial literacy, it contributes to improving the awareness of youth financial services among youth, and it offers a financial education component so that youth are better equipped to use youth financial services.
Youth satisfaction	The financial institution ensures it has mechanisms in place to assess satisfaction of youth (such as surveys) and uses the results to improve its products.

a The definitions of the indicators for the eighth CPP slightly vary from the definitions provided by CYFI. The variance is due to three factors. First, when UNCDF-YouthStart adapted the indicators in the self-assessment tool, CYFI had not yet finalized their Certification Principles. Second, the indicators reflect lessons learned from YouthStart partners. Third, some of the CYFI principles are already embedded in other indicators throughout the tool. However, the essence of the CYFI principles remains the same.

YOUTH CLIENT PROTECTION IN ACTION

In March 2012, 10 YouthStart FSPs participated in a two-day 'Client Protection Principles for Youth' training developed and delivered by Reach Global and sponsored by UNCDF-YouthStart.[9] This training was critical for ensuring that all the FSPs had the same understanding of the importance of client protection, in particular for youth, and for helping the FSPs begin to investigate their client protection practices vis-à-vis youth. The training came at a time when the YouthStart FSPs had just finished their market research and launched their pilot tests. Therefore, the training walked participants through each principle and how to use the CPP self-assessment tool, and helped participants assess their youth offerings and make necessary changes during and after the pilot test in order to achieve a successful roll-out of responsible youth financial services.

During the training, participants achieved the following objectives:

- Assessed pricing of their youth products and ensured alignment with the CPP self-assessment tool;
- Revised their youth products' promotion and sales processes to ensure they reflected the CPP self-assessment tool;
- Revised their account-opening processes and materials (e.g., application forms) to ensure alignment with the CPP self-assessment tool;
- Revised other procedures for all points of contact with youth clients (e.g., deposits, withdrawals, payments, complaints) and ensured alignment with the CPP self-assessment tool; and
- Developed an action plan to ensure outcomes of the training were disseminated within their FSPs and the CPPs were applied throughout all points of contact with youth clients.

Along with this technical note, UNCDF is publishing the Trainer's guide developed by Reach Global for the 'Client Protection Principles for Youth' training. The training module gives FSPs an idea of what is required to undertake the self-assessment, what needs to be prepared in advance, how long it takes, what form the results take, and how they can be translated into an action plan (e.g., how to prioritize, steps to address weaknesses).

Then, in August 2012, UNCDF-YouthStart conducted its own client protection assessment with a special emphasis on youth with six of the same FSPs.[10] At this point, most of the FSPs were finishing their pilot tests, and they were preparing to roll out the youth products. This 'external' assessment was particularly helpful for FSPs as it provided objective feedback and more guidance regarding client protection issues that they might not have had on their own during the training. The assessment completed by UNCDF-YouthStart was combined with a three-day monitoring visit.

The self-assessment performed during the training and the UNCDF-YouthStart 'external' assessment allowed YouthStart FSPs to reinforce what they were doing well and to improve on their weaknesses. Below are some examples of good practices that the FSPs are implementing.

Child- and Youth-Friendly Products and Services: All of the YouthStart FSPs offer youth-specific products and give youth maximum control over their savings. They take great care not to impose more restrictions on youth to open accounts than the ones required by law. For example, PEACE allows youth as young as 14 to open an account without a guardian present. UFT requires youth below the age of 18 to have a 'mentor' in order to facilitate withdrawals; however, the mentor has no access to the youth's account or account details.

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9 This training was designed based on materials developed by The Smart Campaign that used their initial six CPPs.

10 Amhara Credit and Saving Institution (ACSI) in the Federal Democratic Republic of Ethiopia, FINCA DRC in the Democratic Republic of the Congo, FINCA Uganda in the Republic of Uganda, Poverty Eradication and Community Empowerment (PEACE) in Ethiopia, Uganda Finance Trust (UFT) in Uganda and Union of Savings and Credit Cooperative Umutanguha (UCU) in the Republic of Rwanda.

Financial Education: All of the YouthStart FSPs complement their financial services for youth with non-financial services, in particular financial education. Some of them, such as ACSI, FINCA DRC, UFT and UCU, use their own staff to deliver the education. Others, like FINCA Uganda, partner with youth serving organizations to deliver the education. PEACE and UCU, in particular, are making an extra effort on this front as they are integrating financial education into their different points of contact with youth. For example, UCU included client rights and responsibilities in their passbooks, while PEACE included the youth's savings plan and goals in their passbooks. Every time a youth makes a deposit into his/her account, the youth is reminded of his/her client rights (in the case of UCU) or about his/her savings plan (in the case of PEACE).

Responsible Pricing: Overall, the YouthStart FSPs demonstrate the principle 'Responsible Pricing' in their low account-opening fees, no minimum balance requirements and no withdrawal penalties. For example, FINCA DRC allows youth to open an account for as little as US$1.00. At UCU, youth pay around US$3.50 to open an account whereas adults pay US$21.00. PAMECAS allows youth clients to pay the credit union membership fee over the course of one year.

Mechanisms for Complaint Resolution: Almost all of the YouthStart FSPs agreed that youth client complaint resolution was their main weakness regarding youth-adapted CPPs. The FSPs noted that they had policies and processes in place, but there was little follow-through to resolve disputes and weak to no staff training on the topic. However, the FSPs have already started to work on this issue and UCU, for example, has installed youth-friendly suggestion boxes in all their branches and included in their passbooks a phone number where they can address their complaints.

Transparency: All of the YouthStart FSPs clearly disclose the fees associated with their services in all of their marketing materials. In addition, transparency is enhanced by financial education sessions delivered to youth. For example, the curricula of FINCA DRC and FINCA Uganda include a session that fully explains the features of the product the FSP offers to youth. However, more staff training is needed so that youth mobilizers use friendlier communication techniques that help the youth to better understand the products they use.

CONCLUSION

FSPs and microfinance associations play an important role in making sure youth access products that are protective of their rights. They need to ensure their programmes have a very clear financial education component that helps youth to better understand and exercise their rights as clients and to understand and get the most out of the financial services that many of them are using for the first time. While it is important that all FSPs take an institutional approach to client protection, it is also key to encourage all FSPs that are intentionally targeting youth to assess their offerings against the youth-adapted indicators of the CPP self-assessment tool. The results of that assessment (whether it is a self-assessment or an external assessment) should be used by the FSP to identify the priority areas that need attention regarding client protection, to develop a plan to address these areas, and to allocate needed resources to address and monitor those actions and results in terms of protecting clients—particularly youth clients.

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