

*"A national financial education programme must be the product of a public/private partnership between government, the corporate sector and civic organizations (NGOs, women's organizations, faith based organisations, schools, etc.) and that the two pillars (public and private) supporting this programme need to be linked by a co-ordinating body".*

**Microfinance Opportunities, Scoping Report on Financial Education 2008**



## Current members of the FEP

- Government ministries
- Financial services regulators
- Banks
- Insurance companies
- Associations
- Financial consultancy firms
- Development partner institutions
- Unions
- Media
- Research firms
- Non-governmental organisations (NGOs)
- Community based organisations (CBOs)

## Join the Partnership

Membership is open, free and voluntary. All that is required of members is active participation and a commitment to building an informed, educated and more financially capable citizenry. Through the active partnership networks, members also gain skills to mount their own tailor-made financial education initiatives.



## About FSD Kenya

The Financial Sector Deepening (FSD) Trust was established in early 2005 to support the development of financial markets in Kenya as a means to stimulate wealth creation and reduce poverty. It operates as an independent Trust under the supervision of professional trustees, with policy guidance from a programme investment committee.

For more information, visit [www.fsdkenya.org](http://www.fsdkenya.org)

Tel: +254 (20) 2718809, 2718814,  
+254 (724) 319706, (735) 319706  
Email: [fep@fsdkenya.org](mailto:fep@fsdkenya.org)  
Website: [www.fepkenya.org](http://www.fepkenya.org)

# Financial Education in Kenya Towards a National Strategy

*Building skills for:*  
Saving  
Earning  
Investing  
Spending  
Borrowing  
Consumer Protection

## What is financial education?

Financial education teaches the knowledge, skills and attitudes that people can use to adopt good money management practices for earning, spending, savings, borrowing and investing. Financial education offers the prospect of strengthening the development of financial markets and enhancing the impact of expanded services on the livelihoods of Kenyans, especially among poorer groups.

## Developing a national strategy

Developing a national strategy involves a broad range of organizations from the private and public sector. Working in close collaboration with the partners, FSD Kenya is supporting and co-ordinating the development of the *National Strategy for Financial Education in Kenya*. Together, the partnership aims to build a strategy that finds effective ways to improve the nation's knowledge and understanding of personal finances.

There are already many initiatives being undertaken in the financial education field within and outside the country. To avoid duplication, as well as create avenues for shared learning, the partnership draws on existing good ideas, and promotes new ones that complement what is already being done. Together, the partners will develop, implement and fund the financial education initiative for Kenya.

## The partnership

The vision for a *National Strategy for Financial Education* seeks to lay the foundation for a comprehensive programme that: helps consumers make better and informed financial decisions; fosters effective use of financial services thereby promoting a thriving financial services sector; and advances consumer protection through a well articulated legislative agenda. To achieve this vision, a Financial Education Partnership (FEP) has been formed bringing a number of private and public sector organizations together to champion the cause. A taskforce has been selected from the larger partnership to drive the initiative forward.

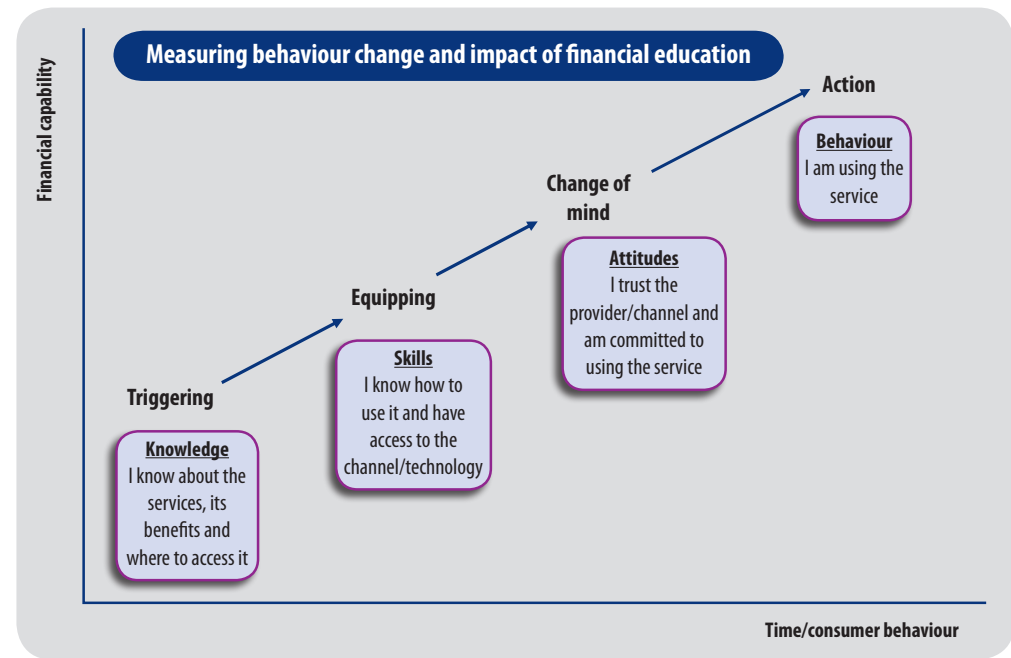
## Pilot projects support

Wealth, prosperity and quality of life are all linked to education. Over a two year project lifespan, five innovative pilot projects will be supported through a joint grant funding arrangement between FSD Kenya and DFID's Financial Education Fund. These pilot projects will test delivery methods using four key channels namely: the formal education system; mass media; face-to-face interactions supported by financial services providers and a community based organisation. Evaluating the effectiveness of these pilots will build the evidence required to develop a credible and sustainable long-term strategy for Kenya.

## Changing consumers' attitude and behavior

Measuring how people's behaviour changes for the better determines that the desired impact has been achieved from financial education interventions. A simple four-step process as outlined below can be used to evaluate a project's effectiveness, sustainability, impact and scalability. Projects usually begin with provision of knowledge and building skills that equip consumers to adopt best practices. With the right skills sets, attitudes are altered, leading to positive action and behaviour change.

The objective of the Partnership is to establish the foundation for a comprehensive programme of financial education in Kenya.



## Benefits of financial education

Benefits accrue at multiple levels of the Kenyan economy through promotion of financial education programmes. Institutions are better able meet the needs of their customers, gaining competitive advantages, while enhancing their standing as good corporate citizens. Financial institutions could potentially reduce their non-performing loan portfolios, through educating consumers. Consumers will be better prepared to deal with money, acquiring skill to budget and save for emergencies

and the future, while avoiding over-indebtedness and investing in fraudulent schemes. Improving consumers' financial capability also enables them to exert a stronger influence on the financial retail markets, leading to the creation of more effective and efficient market players while reducing the need for regulatory interventions. Educated consumers will play a developmental and monitoring role, weeding out bad practices from the marketplace.

