microfinance India
SUMMIT 2010

Roundtable on Youth Inclusive Financial Services

seep
Powering connections

Making Cents International

access ASSIST

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About Making Cents International (MCI)

Making Cents International is a social enterprise based in Washington, D.C. that provides specialized technical services and curriculums to individuals and organizations working in enterprise development, workforce development, and asset building. We are also building and strengthening the youth enterprise and livelihood sector by creating learning opportunities and networks – resulting in stronger partnerships, programs, and policies that support young entrepreneurs.

Since 1999, Making Cents has provided specialized technical services and curricula in the area of enterprise development to more than 4,000 organizations and business service providers in over 45 countries.

Our products and services are designed to address the needs of a range of populations that include youth, women, and vulnerable populations, and equip them with the vision, confidence, and skills to create and grow their own businesses, and to seek employment in promising growth sectors."

About The Small Enterprise Education and Promotion (SEEP) Network

The Small Enterprise Education and Promotion (SEEP) Network connects microenterprise practitioners from around the world to develop practical guidance and tools, build capacity, and help set standards to advance our common vision: a sustainable income in every household.

In 1985, SEEP was founded by a group of practitioners who believed that sharing practical experiences within a trusting environment would result in improved microenterprise development practices. Today, our members are active in over 180 countries and reach over 23 million micro-entrepreneurs and their families. SEEP's most valuable resource is the experience of its members and their commitment to collaboration. This exchange utilizes problem solving, experimentation, and peer-to-peer learning in order to identify common obstacles and develop solutions for reducing poverty.

The unique ability to convene practitioners in a global learning network results in credible, practical approaches that increase the power of enterprise to reduce poverty worldwide."

About ACCESS ASSIST

ASSIST is a newly incorporated entity as a specialized affiliate of the ACCESS group, which has been set-up to give strategic focus to some of the key initiatives within the microfinance vertical of ACCESS, particularly the ACCESS Microfinance Alliance (AmFA), a network of partner institutions. In the last three years since birth, ACCESS has enjoyed phenomenal success and an accelerated pace of growth; and has established strong credibility within the sector. Its two important verticals, microfinance and livelihoods, offer a wide range of services at all levels within the value chain – local and national. In order to proactively manage the challenge of growth and focus and to ensure that customer satisfaction is not sacrificed, a need was felt for a separate entity that would focus on our partner relationships and further enhance performance on all fronts. ACCESS-ASSIST was born out of this need.

Most of the Tier I & Tier II portfolio of ACCESS was transitioned into the new company with a mandate to organize and aggregate demand and thereby catalyze a larger quantum of fund flow to the poor. The core operational strategy would be to incubate and build strong microfinance institutions / SHPIs (self Help Promoting Institutions) and microfinance support institutions. Simultaneously, one prong of the ASSIST strategy would focus on engaging with the supply side and building the interest among banks and other FFIs, investors and promoters towards greater engagement with smaller institutions.

While broadly, ASSIST will further build on the ACCESS microfinance portfolio passed to the new entity, it will seek to further innovate and refine its strategies to remain relevant and provide value to the sector through its interventions. ASSIST will position itself as a narrowly focused, specialized affiliate of ACCESS to contribute to both the organized growth of the microfinance sector and the larger national agenda of financial inclusion.

ACCESS Development Services – The Parent Institution

ACCESS Development Services (also referred to as ACCESS) was instituted jointly by CARE and DFID in March 2006, as an exit strategy to build on the expertise and experiences of a large scale successful program called CASHE (Credit and Savings for Household Enterprises), one of the most successful program of DFID with a value of GBP 10 million.

Vision

"ACCESS is a global partner of choice providing inclusive and innovative livelihood solutions enabling the poor to overcome poverty and live with dignity".

Mission

"To build the capacity of community based institutions that deliver relevant financial; and livelihood development services to the poor and unreached households."

ACCESS Development Services is a national technical services company with focus on supporting the up-scaling of the microfinance sector in India as well incubating innovations for sustainable enterprise development of the poor. ACCESS is structured uniquely, to work at all levels of the sectoral value chain – implementing program on the ground, working with Civil Society organizations, Government Departments, Corporate sector, and Multilateral / Bilateral agencies as also undertaking a few national initiatives. Although ACCESS has a national concern, given the scenario of low penetration of development services in certain regions of the country, ACCESS focuses its efforts in the more underserved regions.

ACCESS has broadly defined its initiatives under two verticals i.e. microfinance and livelihoods.

Microfinance

At the ground level, ACCESS provides technical assistance and mentoring support to new / nascent and grown-up NGOs / MFIs which have the potential to transform to full fledged sustainable microfinance operations through its Microfinance Resource Centres spread across six regions. Prior to providing the technical assistance and mentoring support, a qualitative and quantitative assessment is done of the NGOs / MFIs through the Institutional and Capacity Assessment Tool (I-CAT). Based on the results of this assessment, customized technical services are provided to the institutions.

At the meso level, ACCESS has established the ACCESS Microfinance Alliance (AmFA) spread across the country and covering around 4 million clients. The partners in the network are provided various services including structured technical support, linkages with financial and non-financial institutions and learning opportunities by ACCESS.

At the national level, as supporting sector building, we have structured a slew of initiatives under the banner of "Microfinance India" where we organize the Annual Microfinance India Summit, release the annual State of the Sector Report, organize policy retreats and work with stakeholders to develop a state vision document in an underserved region.

Livelihoods

Besides, executing over 20 livelihoods (enterprise development as called in India) initiatives across the country and impacting the livelihoods and incomes of over 100,000 primary producers; ACCESS has been successfully organizing one of the significant initiatives since last 6 years i.e. the Micro Finance India Summit. The summit is participated over 1000 by global resource persons and experts. This has been established as global platform for microfinance in India. Besides the MF India Summit, ACCESS has also been successfully organizing the Livelihoods India Conference, with specific focus on livelihoods and enterprise development issues and challenges the poor face.

Under the Livelihoods (Enterprise Development) initiatives, ACCESS impacts the lives of the poor by developing sustainable solutions for improving their incomes and improving various income generation activities. To optimize its resources and maximize the results of its interventions, ACCESS believes in partnering with key stakeholders in the sector in order to develop mutually reinforcing strategies, bring convergence of competencies and build consensus on key issues.

ACCESS operates on a pan India basis, but focuses on building local capacity in more underserved regions. Headquartered at New Delhi, ACCESS has operational offices in 7 States and closely works with respective State Government Departments and Central Govt. Ministries and Departments. ACCESS has engaged with a host of other donors/stakeholders, including UNDP, Ford Foundation, SDC, IFC, SEEP Network, Trehan Foundation, Citibank Foundation, Rabobank Foundation, ABN AMRO Bank Foundation and GDS Trust. In 2008, DFID supported the Sustainable Livelihoods India initiative of ACCESS and the “State of Livelihoods–the 4 P Report”. Out of a DFID grant of Revolving Loan Fund of GBP 2 million, ACCESS is setting up a wholesale entity for providing start up loans to emerging institutions.

About the Roundtable Event

Venue India Habitat Center, New Delhi

Topic **Youth Inclusive Financial Services**

A strong case can be made for providing children, adolescents and young people with tailor made, demand driven financial services. In India especially, this demographic are the future entrepreneurs that can benefit immensely from specialized products and services that serve specific needs. Moreover, this is an unique market segment which has not yet been explored.

The roundtable will explore emerging guidelines for building upon existing microfinance methodologies to adapt or develop new products for young people within the Indian context; such experiences across other countries would also be discussed. The current state of the microfinance market with regard to serving youth; help identify opportunities to further research and experimentation in India; and identify some of the challenges that might arise in serving young people with tailored, demand driven financial services would be some of the aspects covered in the roundtable.

Moderator **Nina Nayar**: Nina is an independent consultant to the development microfinance sector who was the moderator for the session. The participants profile included representation from practitioners, academicians, funding agencies, among others.

Presenters **Lauren Clark:** As the External Relations Manager of the Member Affairs and Global Communications department, Lauren Clark manages SEEP's working groups and plays a central role in implementing the Communities of Practice.

Lara Storm: Lara is an experienced microfinance practitioner with over 10 years of professional experience including monitoring and evaluation of microfinance institutions, market research, and new products, including the development of financial services for youth in Bolivia.

Participants The participants consisted of a mix of stakeholders engaged in child and youth development as well as microfinance institutions. The list of all the participants is available in Annexure-2.

Context

Financial inclusion aims to provide products and services to every segment of the population, conferring the right to a savings account, a source of credit, or life insurance contract. This involves bridging urban and rural boundaries, focusing on women and men alike, and ensuring that tailor-made services are available to youths. Each of these segments of the population must be included. Young people have historically been excluded from financial services. A growing movement is shifting the focus to youths - defined by the UN as those between the ages of 15 and 24 - to look at the potential opportunities, the costs and benefits, and the associated challenges. The goal of youth-inclusive financial services is two-fold: firstly, to incorporate young people into the financial system and secondly, to enable a financial education. If this can be achieved at a young age, there is a strong expectation these individuals will be more capable of managing personal finances, and thus better able to help themselves later in their lives. Inclusion does not mean that every young person will be financially engaged, but instead that every young person will have the opportunity and ability to participate in financial activities. Given the diversity of the banking system in India, the expansion to youth is both practical and feasible without drastic changes.

Youth inclusive financial services are not simply the extension of existing products to younger people. As this nascent sector grows, providers will have to innovate and design products and services that are tailored to the needs of the young. Products must be appealing to young people, and they will be demand-driven. Financial services have to be convenient, user-friendly, and simple in order to ensure a beneficial experience to the client. Youths have to be gradually introduced to a formal financial system that may seem overwhelming, but is legitimately concerned with their best interests. The use of such products is by no means mandatory - it is the inherent availability and chance to participate that is valuable.

The expansion of financial services to youths requires a formal structure that promotes smooth operations, responsibility and client protection. Given some of the recent concerns in the mainstream microfinance sector, the youth-focused area has a chance to learn from mistakes and create a disciplined, accountable system with strong regulations. The establishment of a new sector requires institution-building, in the form of associated service providers, a regulatory environment, impact measurement, and much more. Needs assessments would have to be conducted in order to better understand the client's circumstances, and training programs would seek to prepare staff for the task ahead.

There are numerous risks associated with the expansion of youth-inclusive financial services. By no means is this a miracle cure. A single negative experience could reinforce the barriers between young people and formal financial institutions. Youths are vulnerable and lack bargaining power, so institutions must be prepared for problems. There are very few case studies or experiences of youth-tailored services, so the sector is bound to learn as it grows. Fortunately, these are problems to which solutions exist.

The first step to including youths in the financial sector is to provide structured, effective, and practical education with respect to money. Before the products are designed and disbursed, young people must understand the benefits of saving, the basics of financial management, and a sense of how financial institutions function. Given the value of financial literacy, especially in the developing world, it makes sense to promote good habits from an early age. A promising experience in the early teenage years can serve as an excellent entry point.

Once the seed has been planted, youths must have choices. This means a range of product offerings, each with its own benefits. Additional services must be available to ensure that this new customer base are able to give feedback and contribute to the development of a sector. Formal financial institutions will have to interact directly with an inexperienced, but hopefully capable group of young people. Their needs are numerous and create a new market with new opportunities. Although the financial sector is by necessity profitable, it should be created in a way that is not exploitative but enabling.

Inclusion of youths is a beneficial proposition with enormous potential. Much has been made of the Indian "demographic dividend", but this will not come to fruition unless the population is nurtured. By providing financial services to youths, they will be better prepared to transition into the mainstream economic sector - many of them already are key components of the economy but lack the formal relationship that older clients enjoy. Through a well-designed financial education, individuals will be able to manage monetary problems, plan for the future, and prepare themselves for an economic livelihood. Interaction between institutions and customers can reassure young people that they have a prosperous future, and can look forward to partaking of the same financial services that are available across the country and across the world.

Roundtable Proceedings

The roundtable discussion began with a welcome address by the Nina Nayar followed by the introduction of all the panelists and brief about the session plan for round table.

Presentation by **Lara Storm, Making Cents International**

In her comprehensive presentation on Youth Inclusive Financial Services (YIFS), Lara aimed to build a framework in the context of the work of Making Cents International. The presentation sought to provide a definition of YIFS, outline some of the key trends, describe both the social and business case, and expose some of the associated challenges. Making Cents International's primary goal is to provide practical training materials for institutions, so that they could gain skills and knowledge related to design curricula, engage in market research, develop products and services, and provide associated tools for sectoral development. The organization does not aim to directly engage youth, but seeks to create institutions that are well-prepared for the challenges ahead.

Understanding the Youth Demographic

There is clearly an enormous youth market that has remained untapped - 1.5 billion people between the ages of 12 and 24, of which 1.3 billion live in developing countries. Some nations have such a youthful population that almost 50% of their populace is categorized as youths. This creates a "window of opportunity" that must be anticipated and enabled as soon as possible. Nation youth populations are expected to peak in coming years, and this creates an impetus for long-lasting, proactive interventions for youth-inclusive financial services.

Youth are unique in a number of ways. Their life cycle is such that they experience numerous "transitions" within just a few years, from childhood to adolescence, adolescence to adulthood, dependence to independence. For reasons both chosen and forced they are mobile. And given their age and relative inexperience, they require well-knit safety nets and comprehensible communications. Products and services must thus take account of these critical differences from adults.

Perceived Benefits and Challenges

Engaging with youths promise a number of benefits based primarily on their circumstances. Most young people are already involved in some form of income generation - this could be daily chores, part time work, or weekend contributions to the household's purse. By encouraging savings, that economic activity can be formalized and harnessed to build "usefully large sums." Youths are also open to new ideas, especially ones that offer possibility. On the social side youth-inclusive financial services create an opportunity to build non-financial forms of capital like social networks and interactive skills. The benefits are numerous, and the spillovers even more so.

Although there is a distinct opportunity, various challenges exist. Children may not be ready to interact with a bank, whether because of fear, intimidation, negative perceptions, or familial pressures. The infrastructure itself may be off-putting. Youths are impressionable, and one bad experience can spur negative sentiment that lasts a lifetime. Undue pressure can have the same effect, and inconvenience or lack of access could simply frustrate the potential client.

The cases of K-REP Bank and Equity Bank in Kenya, Hatton National Bank in Sri Lanka, and Xac Bank in Mongolia were presented and analyzed. Comparisons were made regarding philosophy, delivery mechanisms and channels, financial and non-financial services offered, product structure, costs and benefits, corporate responsibility, and client protection.

Making a Case for YFS

After setting the foundations, Ms. Storm's presentation moved on to think actively about how this process will unfold. Should financial service providers be directly involved or is the NGO channel more appropriate? The answer is not clear cut, but it is apparent that the expansion of the sector will require a multilateral movement with institutional involvement at a variety of levels. Formal financial services aimed at adults can be adapted to the specific needs of youths. Most importantly, "small changes to the design of products can lead to big differences." Technology can certainly play a facilitating role in the development of the sector since youth tend to be responsive to innovation. And there is no denying the critical merits of evaluation, data analysis, and market research. Age bracketing must be incorporated into their operational objectives and evaluation.

A strong business case must be made for youth-inclusive financial services. Youths provide a brand new market with all the potential rewards - a future client base, benefits to society, profits and revenues, and more intensive use of existing facilities. The primary investment would be in market research and product design, not in the actual delivery. Throughout the presentation Ms. Storm offered statistics gathered from around the world. According to different studies, 85% of institutions are offering credit, 63% savings, and 28% insurance. Delinquencies actually tend to be lower for youths. All of this would seem to confirm that an excellent opportunity exists for financial institutions to get involved.

The most enlightening slide was titled "Perceived Challenges of YIFS", as ranked by financial institutions. Discrimination and prejudice topped the list, followed closely by the preconceived notion of a "high risk market." Both of these are legitimate concerns on the part of banks but could be overcome through careful analysis and experimentation. Regulatory barriers, insufficient market information, and a deficiency of human resources were also given as purported roadblocks. Some of the other ranked challenges included the costs associated with small balances, cultural impediments, and the nature of a competitive market. These would all appear to be challenges faced by any sector as it prepares to develop.

Making Cents International and Principles for the Sector

In addition to raising awareness, Making Cents International seeks to create a set of "Emerging Guidelines for YIFS." The end goal is a set of comprehensive training curricula that promote best practices in this nascent sector. Six tenets were outlined:

Involve youth in market research and product development - demand-driven services must account for the client's needs

- Develop products and services that reflect the diversity of youth - numerous sub-segments exist, and each has a defined context
- Ensure that youth safe and supportive spaces - build confidence, enable opportunities, and create an atmosphere of client comfort
- Provide or link to complementary non-financial services - services are mutually reinforcing and should be paired to create a wholesome experience with numerous life advantages
- Focus on core competencies through partnerships - "do what you do best"
- Involve the community - support networks are the foundation of day-to-day life, and the community must be involved in the development of its constituents

These principles are the vision of Making Cents International. They are meant to promote an inclusive environment that is responsibly designed and mutually beneficial to clients and institutions.

In conclusion, Ms. Storm refocused on the children and youths who require these services. We must recognize that they are already economic contributors but treated informally. We must recognize that they need real financial options that enable economic livelihoods. And they are viable clients with well-defined needs.

Presentation by **Lauren Clark, SEEP Network**

The SEEP Network is a network of networks, interacting with hundreds of institutions across the world. In this capacity, the organization expects to create a strong case for YIFS. There is an existing infrastructure that can be harnessed for this purpose, and SEEP's objectives are to upscale the available services, preach financial education, and develop specialized products for both financial and social goals.

Although expansion of youth clients is one of the main ambitions, this is meant to be done in a high-quality environment that provides diversity and promotes best practices. It is a "new domain" that requires immense information to develop new and emerging initiatives. SEEP's goal is "enable financial service providers, through peer learning, to better serve large numbers of young people with innovative, demand-driven services."

Because they work with a network of institutions, SEEP are perfectly poised to create dissemination strategies and promote the youth sector. Various forums are available for the advancement of YIFS, namely the SEEP Annual Conference, Regional Summits, Training sessions, publications, and SEEPCommunity.com. Each of these will allow institutions to "share the learning….with the overall industry." Future opportunities are bountiful. These include partnerships, working groups for practitioners, training sessions, and more. All of these are meant to further discussions, approach consensus, and develop a set of tools and programs aimed at youths.

In terms of expectations, Ms. Clark laid out a number of goals related to the client, the sector, and the participating institutions. Expansion, in terms of clients, quality of products, and breadth of the sector are all primary ambitions. Product development will both catalyze the sector and further the expansion of existing services. Results generation and, more importantly, measurement, are critical to acknowledging a positive impact. Like Making Cents International, SEEP aims to develop best practices amongst its members and is in an excellent position to do so. Finally, Ms. Clark espoused the value of working at "every level" of the sector - from the client to the community, the institution to the network, the region to the world.

Discussion

The Roundtable discussion was moderated by Nina Nayar. Instead of focusing on the details of interest rates or insurance premiums, the roundtable sought to anticipate problems, propose solutions, and layout basic principles that would govern this revolutionary sector.

First and foremost, youth-inclusive financial services will have to be adapted to work within the Indian cultural context. Services must acknowledge the family structure and the value that is placed in children as a source of free labour. At the core, there is a pivotal tradeoff between education and economic contribution to the household. If parents can understand a long-term investment in their child's financial and non-financial learning, then they may be able to accept a delayed but potentially significant future return. This requires institutions to partner with each level of the community, learning from the environment but also creating a new path that synthesizes with cultural norms. In addition to educating youths, justification must be given to parents, religious leaders, teachers, elders, and more. Mr. Ashwin Mahabaleswara mentioned taboos associated with "making loans to minors." Ms. Vinita Kalra stated that the main reason for dropouts was parental expectations. Mr. Narayan Satapathy strong believed that village level representation would facilitate the process, by working within the local framework to explain the goals of such an alien initiative. Everything points to a system that is able to bridge the traditional environment with additional measures.

> *"When we design for youth, we actually have to do the work of the parents, of the government, the social support network. We are everything as providers of youth financial services"*
>
> *- Ms. Nina Nayar*

The Development of a New Sector

Ms. Nina Nayar led the push for market research, which is the foundation of any product or service offering. Before appealing to youths, an institution must understand the specific circumstances, mechanisms, needs and demands of its target audience. If you don't know the client, you can hardly design an appropriate product. Institutions can learn basic tenets from other forays into the youth market, but even in the early stages there are considerations that can only be diagnosed through a careful analysis of the community and the market.

Youth-inclusive financial services are bound to follow the bottom-up development model, in which a framework is built around a specific community with specific needs. The top-down, imposing approach cannot work when you consider the vast gulfs between rural and urban settings, female and male clients, educated and illiterate people. Market research provides guidance, but product design applies principles to the existing circumstances. For instance, there was widespread agreement that youths benefit from savings far more than credit. At a young age, savings can serve the same purpose as loans - "accumulating capital and generating assets." Introducing credit is a major risk and remains in the experimental stage around the world. In preaching the merits of savings, the goal is educational and the customer's risk is minimal.

> *"There is a need to transform education into a productive and efficient investment"*
>
> *- Mr. Narayan Satyapathy*

Mr. Chris Linder talked about a less linear product design, in which "some MFIs are thinking about creating products that aren't necessarily directly focused on the students, but they are benefiting from it." Mr. Linder gave the example of educational loans underwritten by parents - financial products that ultimately improve the welfare of the youth. Mr. Ashwin Mahabaleswara spoke briefly about Grameen Financial Services, and the two main social programmes in which they engage. The 10th grade state-level exam is a major threshold and tipping point for students, so this is a natural place to apply additional tutoring and guidance. The construction and supplying of libraries serve to encourage young people to read, and provides both a forum and material for learning. Neither of these programmes is directly financial, but their aim is to provide services that augment financial inclusion.

Social Opportunities and Holistic Development

All of the participants advocated complementary service provision. For instance, Ms. Nina Nayar talked about linking financial education to three main social products - shelter and housing, health care, and education. If you can try and promote savings, then you can also try and help people use lump sums of money for practical, welfare-increasing goods. Even in the short term, savings create options that were previously non-existent. Some of the examples in Ms. Lara Storm's presentation showed the pairing of financial services with agendas like sexual education. As mentioned above, both Mr. Chris Linder and Mr. Ashwin Mahabaleswara spoke about tangential benefits that could be generated through targeted educational campaigns.

Evaluation is critical. In order to solve the anticipated problems (such as default) or consider the effectiveness (like increased future incomes), there must be a framework of ex-ante and ex-post evaluation. Financial ratios must be broken down to understand the behaviour and actions that lie beneath. Needs analysis and market research have to be authenticated with real impact assessment. Ms. Nina Nayar was a major proponent of "looking past the ratios" and figuring out the "why?"

The proposed expansion of youth-inclusive financial services takes place at a critical time in the Indian microfinance sector. Many of the lessons being learnt are even more applicable to youths - issues of client protection, financial literacy, and the provision of associated social services. Both Mr. C P Arun and Mr. Narayan Satapathy spoke about the need for direction, guidance, and counseling. In the words of Mr. Arun, "a whole lot of non-financial services are required to guide youth to develop their own career." So in many ways, youth-inclusive financial services must begin with non-financial, educational and social mandates.

Making Cents International is currently developing a series of financial curricula, which could be used at different levels of the financial services supply chain. In order to develop a financial relationship between institution and youth, practitioners must be aware and capable of interacting with young people. Teachers must be able to implement lesson plans and confer knowledge upon their students, which requires specialized training and commitment. Ms. Lara Storm's presentation on MCI offered a concise outline of how such curriculums would cater to youths, and how the sector might develop.

Parental involvement can unlock the youth sector. As Ms. Vinita Kalra pointed out, the decision-making power rests exclusively with parents and elders. Though teenagers may be eager to partake in educational programs or independent financial activity, they are at the mercy of their parents. Educational campaigns are thus obliged to target every sector of the population in a given area. Children might learn about savings and credit. Parents, on the other hand, would benefit from understanding the value of a child's financial education and the potential return from such an investment. Youths might be easily convinced, but parents may require a more subtle, sensitive approach. Ms. Lara Storm granted that market research would have to take note of parental expectations.

<u>Risks and Concerns</u>

From the institutional side, delinquency is the most prominent risk. Mt. Jugal Kishore spoke of default rates approaching 50% for youths receiving credit through Trust Mahashakti Foundation, although some part of this was subsidized. Credit is definitely seen as a risky proposition, especially in the absence of suitable education. Mr. Pankajkumar Londhe recommended one to two days of mentoring and training before the disbursement of a loan. If the money is directed towards an established purpose, if the terms of the loan are clear, if the client understands, then the institution can minimize the risk borne. Mr. Narayan Satapathy reaffirmed the previous point by recommending specialized financial advice regarding business planning, goal setting, and risk management. Credit services to youths are significantly riskier than the innocent promotion of savings.

> *"What keeps you in school is that the parents and children need to see that this is part of education, it is life skills and practical skills that will help you earn more money"*
>
> *- Ms. Nina Nayar*

Mr. Jugal Kishore and Mr. Ashwin Mahabaleswara were both quick to point out the regulatory impediments to full financial inclusion. Because of their legal incorporation, many rural financial institutions are unable to take deposits, and thus unable to accept savings. In many cases, a youth cannot open a bank account without documents or a legal guardian. These two problems are massive hurdles in the development of a youth-centric financial sector. Along with other issues, these problems require a concerted reform effort on numerous fronts. “First we have to make the government our friend, and they have to see us as friends,” said Ms. Nina Nayar. There is a need to “reinforce that financial education is one piece of education.” Every party requires convincing, and happily there are strong positive arguments in youth’s favour.

Moving Forward

Because youth-inclusive financial services is still such an underdeveloped industry, significant efforts must be taken to bolster awareness and raise visibility. Within the community, institutions and their representatives have to take the time to explain the proposed benefits, the underlying philosophies, and the reasons for this innovation. Ms. Nina Nayar reflected on the counterproductive work of an organization like Amnesty International, which might fight YIFS on the grounds of exploiting children. Organizations and communities alike must be given a chance to air their concerns and engage in a meaningful, critical, but productive conversation. In many localities, SHGs or MFIs are already active - this provides a useful benchmark for explanation. Ms. Vinita Kalra talked about “interacting with officials and influencing them on a policy level, so they can introduce savings for their daughters.” Ms. Lara Storm added that if a local financial system exists, then there may be an “organic” opportunity to gradually involve children under supervisory conditions, and with appropriate training.

“The goal is to push for greater independence for these younger people.” Ms. Lara Storm provided a very appropriate closing statement, bringing the discussion full circle. Discussion about youth-inclusive financial services should always be premised on the benefits to youths, creating a productive environment and working towards cooperative inclusion.

Practically speaking, there are a number of tasks that need to be carried out. The Indian context must be fully understood, and models piloted to test whether further adaptations need to be made. Coordination between every institutional level will advance a specialized approach that involves different organizations with different mandates. The government in particular will require lobbying and serious discussion, especially on the topic of updating the teaching curricula, training instructors in financial education, and implementing these ideas in the classroom. Finally, the group vowed to actively engage with other institutions and

each other to further the outreach of youth inclusive financial services. It was agreed that a survey covering product development and current practices would be carried out by ASSIST, along with the support of SEEP and MCI, with the eventual goal of developing products, piloting projects, and showing that careful research could successfully address the youth financial services market.

Annexure-1: Agenda

Microfinance India Summit
"Youth Inclusive Financial Services" Roundtable
November 17, 2010
1030 – 1300 hrs

Rudraksha Hall
India Habitat Center, Lodhi Road, New Delhi

Moderator: Ms. Nina Nayar	
1030-1035 hrs	Welcome by Ms Nina Nayar
1035-1050 hrs	Introductions, statements of intent, outlining goals
1050-1200 hrs	Presentation by Lara Storm, Director of YIFS, Making Cents International
1200-1300 hrs	Discussion moderated by Nina Nayar
1300-1305 hrs	Presentation by Lauren Clark, External Relations Manager, Member Services & Global Communications, The SEEP Network
1305-1315 hrs	Discussion moderated by Nina Nayar
1315-1330 hrs	Concluding remarks, summary
1330-1430 hrs	Lunch

Annexure-2: List of participants

S. No.	Name of the Participant	Name of the Institution
1	Lauren Clark	SEEP Network
2	Ashish Kumar Salve	Credible Microfinance
3	Jugal Kishore Pattanayak	Mahashakti Foundation
4	Abby Callard	Intellecap
5	Chris Linder	Microsave
6	Sudhakar Ramani	CCFID
7	Nina Nayar	Independent Consultant
8	C P Arun	Plan India
9	Pankaj Kumar Londhe	Compulink Systems Ltd.,
10	Vinita Kalra	Researcher, Banaras Hindu University
11	Ashwin Mahabaleswara	Grameen Financial Services Pvt. Ltd.,
12	Narayan Satapathy	Asian Institute for Rural Regeneration
13	Lara Storm	Making Cents International
14	Radhika Agashe	ACCESS ASSIST