CENTRE DE RECHERCHE POUR L'ÉTUDE
ET L'OBSERVATION DES CONDITIONS DE VIE

SIMS Social innovation and mutual learning on micro-saving in Europe

Assessment report on the programme implemented in Belgium

Country report

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Background to implementation of the project

In 2011, three[1] coordinated pilot programmes were set up simultaneously in Belgium, France and Hungary. These experiments, aimed at low income population groups, were designed to promote saving through education and/or financial incentive micro-saving programmes. **Micro-saving** is part of the more general context of micro-finance. It concerns encouraging people on low incomes to build savings as a precaution or with a view to future investment, even though most often it involves small amounts.

The **SIMS (Social Innovation and mutual learning on Micro-Saving in Europe)** project was jointly funded by the European Commission as part of the PROGRESS 2010 programme, section 2 of which is intended to promote experiments in the social protection and social inclusion sphere. This report gives the results of the national assessment of the project implemented in Belgium. The assessment reports on the French and Hungarian projects and an overall report and summary of all results are also available.

The factors for success in the programme are not presented in the national reports, only in the global report and summary, as they result from cross-analysis of the lessons learned from the experiments in each pilot country.

The SIMS programme was rolled out in **Belgium** for **180** beneficiaries between May 2011 and May 2012. The micro-savings programme consisted of two types of action: 1/ five financial education modules, and 2/ a financial incentive to save, whereby participants received a matching bonus payment equivalent to 50% of the total amount saved over the 12 months of the programme (bonus capped at €120), subject to their regular attendance and participation in the educational modules and regular monthly saving.

1/ Financial inclusion in the context of combating social exclusion

1.1 An increasing number of households have excess debt

An **increase in household debt** has been observed generally in Europe (with the notable exception of Germany) over the last few years. Although loans, by stimulating spending, can be a driver of growth that is beneficial from an economic point of view, repaying them can be a problem if unexpected financial difficulties arise. As the current economic and financial crisis has resulted in a fall in income for many European households[2], **the proportion of individuals faced with the inability to repay their debts has increased. In 2010, the proportion of households in the 27 member European Union (EU 27) unable to repay their debts, rent or bills on time, was estimated at 11.6% against 9.9% in 2007**[3].

Among the macroeconomic factors usually cited by economists to explain the increase in over-borrowing, are the rise in consumer credit (deregulation of the lending market in the Eighties in Western Europe), the increase in unemployment since the 2008 financial crisis (10.5% in 2012 in the EU 27 against 7.1% in 2008), the switchover to the euro, and the increase in housing and energy costs. As regards individuals, everyday mishaps, such as job loss or a reduction in working hours, divorce or the occurrence of a health problem, can result in the inability to repay debts. The

[1] A fourth pilot programme, initially planned for the United Kingdom as part of the SIMS experiments, did not take place because of difficulties encountered by the British organisers in finding partners for the project.

[2] Dubois H., 2012, *Household debt advisory services in the European Union*, Eurofound. In 2008, one European household in five reported a fall in income compared to the previous year.

[3] *op. cit.*

results of international surveys conducted as part of the Eurofound 2010 project *Managing household debt*[4] show that the **risk of being over-indebted increases for people who live alone or with small children**, who are **unemployed** or have **low incomes**, for individuals in **poor health** (chronic illness), and for **youngsters** and **migrants**.

Excess debt, financial exclusion, poverty and social exclusion are closely intertwined. Although economic insecurity increases the risk of excess debt, conversely, the fact of being unable to pay may also – and this is increasingly the case - be at the root of poverty situations.

Banking and financial exclusion

A group of experts has worked out the following definition within the framework of a project funded by the European Commission[5]: *"Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong."*

This intentionally broad definition is designed to take account of all difficulties that may result in situations of exclusion from the financial system. Banking and financial exclusion denotes restrictions both on access to and on the use of products and services allowing immediate payment of expenses (means of payment) and spreading them over time (using loans for example)[6].

- A quarter of European households at risk of social exclusion

It is estimated that in 2011, nearly **a quarter[7] of the population in the European Union was at risk of poverty or social exclusion**[8]. This proportion is increasing in almost all countries, especially in Hungary, and to a lesser extent in France and Belgium.

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[4] Dubois H., Anderson R., 2010, *Managing household debts: Social service provision in the EU*, Eurofound working paper.

[5] Anderloni L., Bayot B., Błędowski P., Iwanicz-Drozdowska M., Kempson E., 2007, *Financial services provision and the prevention of financial exclusion.*

[6] Gloukoviezoff G., 2004, *L'exclusion bancaire et financière des particuliers,* Les travaux de l'observatoire.

[7] Eurostat News release, 2012, *In 2011*, *24% of the population were at risk of poverty or social exclusion*.

[8] Persons falling under at least one of the three criteria (at risk of poverty, severely materially deprived or in a very low work intensity household).

People at-risk-of-poverty are those living in a household with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers).

People living in households with very low work intensity are those aged 0-59 who live in households where on average the adults (aged 18-59) worked less than 20% of their total work potential during the past year. Students are excluded.

Severely materially deprived persons have living conditions constrained by a lack of resources and experience at least four out of the nine following deprivation items: cannot afford 1) to pay rent/mortgage or utility bills on time, 2) to keep home adequately warm, 3) to face unexpected expenses, 4) to eat meat, fish or a protein equivalent every second day, 5) a one week holiday away from home, 6) a car, 7) a washing machine, 8) a colour TV, or 9) a telephone (including mobile phone).

Table 1 – Percentage of the population at risk of poverty or social exclusion

	At risk of poverty	Severely materially deprived	Very low work intensity	Persons falling under at least one of the three criteria (at risk of poverty, severely materially deprived or in a very low work intensity household)
EU-27 countries	16.9	8.8	10.0	24.2
Belgium	15.3	5.7	13.7	21.0
France	14.0	5.2	9.3	19.3
Hungary	13.8	23.1	12.1	31.0

Source: European Union Statistics on Income and Living Conditions, Eurostat

- Europe's response: financial inclusion as a way of combating social exclusion

To address this situation, for some years the European Union has been implementing programmes and directives to promote inclusion and financial education to help combat social exclusion.

In May 2013, the European Commission proposed a European directive to promote the comparability of bank charges, make it easier to change payment accounts and promote **access to a basic payment account.** This directive also reaffirms the link between financial inclusion and social inclusion: *"In today's world, European citizens cannot fully participate in society without a basic bank account"*[9].

The European Parliament[10] and European Commission[11] in 2007 and 2008 also advocated **developing financial education,** especially the need to include it in school curriculums and establish a financial education network bringing together both the public and private sectors, but this remains at the cost of EU member countries. A group of financial education experts has also been created by the Commission. Its brief is to publish best practices, harmonise teaching programmes and methods and advise the European Commission on financial education questions.

There are currently no European arrangements to promote **saving** in the financial inclusion context and few projects are dedicated to promoting it among low income groups. And yet, in a preventive approach to financial insecurity (which can result in financial and social exclusion), saving is a valuable tool in so far as it means medium/long-term budget management. The players involved find that in spite of opinions generally in favour of saving, there are **numerous barriers** to opening a savings account – no confidence in the ability to save, no financial incentive, no budget management skills. By combining an incentive to save with financial education, the SIMS experiment aims to deliver a solution that will remove these barriers and improve the situation of low income groups.

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[9] Abstract from the 8 May 2013 European Commission press release, "Bank accounts: Commission acts to make bank accounts cheaper, more transparent and accessible to all".

[10] European Parliament resolution number 37 dated 11 July 2007 on the 2005-2010 financial services policy – White paper: "The European Parliament keenly anticipates the Commission's initiatives on strengthening the financial culture and invites it, and member countries, to double their efforts to put together specialist programmes and web sites, preferably associating the companies concerned, but also exhorts it to make such financial knowledge a component of basic education".

[11] Statement by the European Commission, 28 December 2008: "Consumers should have the benefit of education in economic and financial matters as soon as possible, from school age. National authorities should plan to make financial education a compulsory subject for school programmes".

2/ The situation in Belgium

In Belgium, legislation has guaranteed access to basic banking services for all Belgian citizens for about a decade. In order to prevent excess debt, current regulations on consumer credit are relatively strict. However, an increase in household debt and the number of loan and credit agreements in default is being seen.

2.1 Mechanisms and regulations to promote financial inclusion

Belgium has put in place numerous regulations to promote financial inclusion and in this field is ahead of most of its European partners.

2.1.1 Access to banking

In order to combat banking exclusion, the Belgian Act of March 2003 guarantees every citizen whose main place of residence is in Belgium the right to open an account providing **basic banking services**[12] in the bank of their choosing.

In 2000, the commercial bank Belfius designed a number of banking products and services for CPAS, Centres Publics d'Action Sociale (Public Centres for Social Welfare, or PCSW)[13] intended for people without bank accounts. These include the ***"compte d'aide sociale"*** ("social welfare" account) used for paying the *revenu d'intégration sociale*[14] (social integration benefit) and "budget management" and "debt mediation" accounts for people in financial difficulties.

2.1.2 Oversight of lending and combating excess debt

Since the Act of 10 August 2001 (in force since 2003), Belgium has put in place a **"positive" credit record which lists all credit facilities and loans held by each individual**, whether or not that individual has payments in arrears or default[15]. The aim of this record is to prevent situations of excess debt by providing accurate information for lenders about loans and credit facilities already taken out by their customers and that are still being repaid. Lenders are required by law to check this positive record before granting a loan or credit facility.

Since 1994, **debt mediation services** have been available to help people who are unable to pay their debts. For the most part, such services are handled by the Public Centres for Social Welfare. The mediator works out the debtor's budget in order to arrange repayment of the debt, and acts as an intermediary in discussions with the creditor. Since the Act of 1998, people with excess debt have also been able to use the **collective settlement of debts procedure:** this is a court procedure implemented in the event that amicable mediation is unsuccessful. Its purpose is to

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[12] Basic banking services must include at least the following services: opening and closing of a deposit account, delivery (electronic or otherwise) of bank statements, deposits and withdrawals over the counter (a fairly limited number) or at cash machines if a debit card is issued to the customer.

[13] Each municipality in Belgium has a Public Centre for Social Welfare, or PCSW. These centres are responsible for the delivery of income benefits, advice and information on social assistance and welfare support services.

[14] Since 2002, the *revenu d'intégration sociale* (social integration benefit) has replaced the *minimum de moyen d'existence* or *minimex* (subsistence minimum). This is a financial benefit granted by PCSW to any adult residing in Belgium (EU citizens) who does not have enough financial resources to live, payment of which is combined with a *projet d'insertion socioprofessionnelle* (programme for integration into society and employment)

[15] Up until then, Belgium used a "negative" credit record system, which only recorded non-payments and payment defaults.

ensure full or partial repayment of the debt while guaranteeing that the debtor is still able to lead live a life "in keeping with human dignity".

2.1.3 Saving

As far as incentives to **promote saving** are concerned, since 1992 interest on savings deposits has been exempt from tax (up to 1250 euros). However, this system does not give modest income households enough incentive to save, as they are not always taxable anyway and only have a limited ability to save.

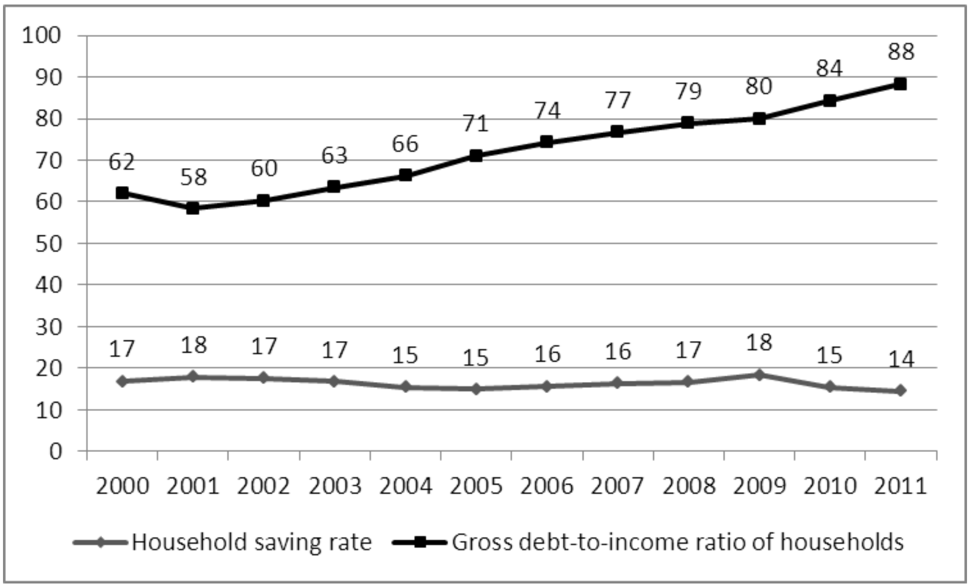
2.1.4 Financial education

Concerning financial education for financially insecure population groups, the Public Centres for Social Welfare provide personal budget management **training modules** as part of the welfare support offered to people using the debt mediation service or collective settlement of debts procedure. Under certain local initiatives, some centres have also extended the reach of these training modules to a wider audience as part of a more preventive approach.

2.2 Appraisal of the use of saving and recourse to loans and credit facilities

As in the rest of Europe, an increase in recourse to loans and credit facilities has been seen since the early 2000s, and there has been a recent fall in the savings rate.

Figure 1 – Household savings and debt in Belgium (as %)



Source: Eurostat

Belgium is has a savings rate of 14%, which is higher than the European average (11%). However, there are considerable inequalities according to income. The **25% of households that have the lowest income have a negative savings rate**[16], which means that they spend more than they earn, often by resorting to loans and credit facilities.

[16] Data from Belgium's National Statistics Office, the *Direction générale Statistique et Information économique* (DGSIE), cited in an ING Belgium paper, Ledent Ph., 2009, "Le Belge face à l'épargne", *Economic Research.*

Moreover, there is a growing trend in the number of loans and credit facilities taken out. In 2012, in Belgium, more than 6 million people had at least one loan in progress (more than 70% of the adult population)[17]. More than 300,000 borrowers failed to make at least one repayment in 2012 (3.6% of the adult population). At the end of 2012, 100,000 collective settlements of debts were recorded, showing an increase of 6.6% compared with 2011. A report by the National Bank of Belgium found that more than one third of all people in a collective settlement procedure had no default on a loan or credit agreement in progress; instead, they were individuals who had come up against difficulties paying their healthcare costs, rent, bills and taxes.

3/ Justification of the experiment

The SIMS project was implemented in Belgium by ***Réseau Financement Alternatif* – RFA** (Alternative Finance Network). RFA was also behind the response to the European Commission's call for projects and is the programme's international coordinator.

From RFA's point of view, the idea was to propose an alternative addressing the general observation that credit takes precedence over savings in average budget behaviours, especially in low-income households.

Box 1 – *Réseau Financement Alternatif*: leader of the national project and European coordinator

Réseau Financement Alternatif (RFA), or the Alternative Finance Network, has existed for 25 years. Its members include not-for-profit organisations, institutional partners and citizens. Its main aim is "*through ongoing educational work and in accordance with the principles of the social economy, to promote ethics and solidarity in dealing with money in order to contribute to a fairer and more people-focused society".*

It is active in three areas:

• Education. RFA supports community initiatives relating to socially-responsible finance. This support also involves educational work, work to generate knowledge, and the organisation of activities and events.

• Innovation. RFA works to develop "socially responsible" finance activities, goods and services.

• Lobbying. RFA promotes its network's positions and demands for a more socially responsible finance system.

3.1 SIMS: a micro-savings project

The SIMS programme was rolled out in Belgium to 180 participants between 2011 and May 2012. It consisted of two parts:

- **A financial education programme** consisting of five collective training modules (thirteen groups of fourteen people (on average) were trained).
- **A savings scheme** with a 50% incentive bonus.

It therefore took a two-pronged educational approach:

- a **cognitive** approach, through the financial educational modules,
- and a **behavioural** approach based on practical action.

[17] 2012 Statistical Report published by the National Bank of Belgium.

The programme was developed in such a way as to encourage participants to follow both parts of the programme on a regular basis. In order to receive the matching bonus payment, which was paid at the end of the 12-month experiment, they had to make deposits into their savings account in at least seven of the twelve months, and had to attend at least three out of the five financial education modules.

3.2 The aims of the programme

The aim of the programme was to promote the social integration of the participants by improving their financial stability. In the programme, savings are considered not only as a tool for helping individuals to cope better with unexpected expense, but also as a means of encouraging personal budget management with a longer-term view, and as a way of formally establishing plans for integration into society and employment (socio-professional plans).

More exactly, the idea was to instil a culture of saving in low-income groups in order to:

- Promote saving behaviours;
    - Encourage people to save rather than buy on credit;
    - Get them out of their day-to-day approach to budget management;
    - Remove any barriers to saving/reluctance;
- Create a collective momentum and sustain the groups formed as saving groups in the longer term.

3.3 Group targeted by the experiment

To meet the objective of bringing financially insecure people into the experiment, the project leader defined the target group on the basis of three criteria. The first two criteria are "preventive", in that they target individuals who present a risk of financial insecurity. The third criterion targets individuals emerging from excess debt.

In order to be able to take part in the micro-savings programme, beneficiaries therefore had to meet at least one of the following three eligibility criteria:

- Have **monthly income below a limit** set according to the type of household:
    - €1021 for a single person, plus his or her rent, plus €181 per dependent child and €181 per dependent disabled person.
    - €1392 per household for couples, plus their rent (or equivalent), €181 per dependent child and €181 per dependent disabled person.

  For the purposes of comparison, the poverty line in Belgium (60% of median income) was 1000 euros per month in 2010 for a single person and 2101 euros per month for a household consisting of two adults and two children.

- Be an "**Article 60 or 61"** worker. "Article 60 or 61" workers are mainly people who have been unemployed for a long time and are poorly-qualified, and are given jobs directly by the PCSWs. This means they go from receiving the *revenu d'intégration minimum* (minimum integration benefit) to receiving a wage. The risk identified by the project leaders is that if a person knows nothing about how to manage his or her personal budget, an increase in resources can lead to a substantial lack of balance in their finances.

- Be **nearing the end of a collective settlement of debts procedure** (between 6 months before and 3 months after the procedure end date at the time of signing up for the programme). These are therefore people who are getting ready to take control of their personal budget management again after a period of supervision.

3.4 Innovative character of the programme

Compared with other systems already in place in Belgium, the SIMS project innovates in a number of respects:

- Through its **preventive aspect** (broader target, not aimed only at people with excess debt);
- Through its emphasis on **saving in the training course** (often a secondary aspect in common law training courses); and
- Through its **behavioural aspect** (practical action with an incentive via the matching bonus).

Assessment method

The objective of assessment of the SIMS project was to explore the following questions:

Q1. Does the programme meet the needs and expectations of the audience targeted by the trial?
Q2. What specific impact does the programme itself have in the short, medium, long term on the beneficiaries' opinions and behaviours?
Q3. What lessons can be learned from the experiment about the conditions of its implementation: can any success factors or barriers that need to be removed be identified?

To answer these questions, both quantitative and qualitative methods were used to evaluate the programme, including a survey by questionnaire, the compilation and monitoring of a dashboard and semi-in-depth interviews. Data was gathered from all parties concerned, i.e. the project leaders, partners involved and beneficiaries of the programme.

1/ A two-wave survey of beneficiaries and of a control group

In order to measure the specific effects of the programme, a longitudinal quantitative questionnaire survey was conducted among beneficiaries of the programme and among a control group. The survey periods were determined in such a way as to ensure:

- a 12-month gap between the two waves, to avoid any effects linked to the seasonal nature of practices (for example, fluctuations in expenditure and resources at different times of year);
- questionnaires carried out at the same period for the three experiments assessed jointly in Belgium, in France and in Hungary.

The experiment in Belgium started earlier than in the other countries. Wave 1 of the survey was carried out from December 2011 onwards, seven months after the start of the experiment and the second carried out a year later in January 2013. This time lag - which, on the face of it was an issue in that the characteristics of the initial situation (at Wave 1) were determined when the beneficiaries had already started on the programme – should be considered in context, inasmuch as the training sessions were also put back to a later date. In the end, the beneficiaries had only followed a single training module when Wave 1 of the survey was conducted. For Wave 2, the questionnaire was distributed seven months after the end of the programme. Any effects observed therefore have a temporal aspect that goes beyond the end of the financial incentive and the support given during the SIMS programme.

The questionnaires were developed by the evaluator in dialogue with the project leaders so that indicators could be adjusted in line with the programme's detailed objectives. In each of the two waves, beneficiaries and control subjects were asked about their socio-demographic characteristics, and about their opinions and behaviours with respect to the banking system, budget management, saving and credit.

1.1 Survey of beneficiaries: methods of implementation and attrition

For Wave 1 of the survey, all individuals who had joined the programme were contacted by telephone from December 2011 onwards. 97 of the 180 beneficiaries responded to Wave 1 of the survey, giving a response rate of 54%. Only 52 of those 97 respondents completed the Wave 2 questionnaire in January 2013, giving a response rate of just 54% of Wave 1 respondents, despite a telephone reminder between the two waves (in September 2012). All in all, less than 30% of the initial sample of beneficiaries responded to both waves of the survey. This response rate is rather poor compared to the results obtained for assessment of the SIMS programmes in France and in Hungary, and is attributable to two factors:

- the **beneficiary group was less captive** than in the other two SIMS programmes, which in the case of Hungary were run in small villages and in the case of France, in the apprenticeship training environment;
- beneficiaries of the programme in Belgium were mainly individuals either looking for employment or in unstable employment. The lack of stability in their circumstances made it harder to get in touch with them for Wave 2 of the survey. For example some of them may have moved home because of job opportunities. Three quarters of the 47 respondents to Wave 1 who did not respond to Wave 2 could not in fact be reached during the telephone reminder call period in September 2012, either because they did not answer the phone or because the number given was no longer in service. **Attrition therefore seems to be due more to the loss of contact** rather than to a refusal to take part by those surveyed.

From the point of view of gender, age, family status, occupational status and housing, the profile of respondents to both waves of the survey is similar to that of respondents to Wave 1 (see Table 2 below). However, there are proportionately and significantly more beneficiaries who received the matching bonus payment at the end of the programme (i.e. beneficiaries whose attendance at the training modules and monthly deposits into the savings account were both regular) among respondents to both waves of the survey compared to the sample of beneficiaries as a whole. This bias is attributable to the following factors:

- the beneficiaries who received the matching bonus payment were also those who went through to the end of the savings programme: they were therefore monitored and supported by the players involved in the project for a full year, and so there was less risk of non-response to the survey for reasons of loss of contact in this population group;
- the beneficiaries who received the matching bonus payment were probably also more interested in the savings programme than the others, and therefore more cooperative about answering a survey on this topic.

Attrition was therefore highly selective from the point of view of participation in the programme. This should be borne in mind when interpreting the findings of the quantitative survey: the positive impacts will be over-estimated since beneficiaries who successfully completed the programme are over-represented in the survey. Conversely, any negative impact of the programme will probably be under-estimated.

Table 2 - Socio-demographic profile of beneficiaries surveyed (as %)

	All beneficiaries	Respondents in Wave 1	Respondents in Waves 1 and 2
Base	*180*	*97*	*52*
Gender			
Male	32	28	35
Female	68	72	65
Age			
Under 30	*nc*	10	6
30-39	*nc*	21	25
40-49	*nc*	26	17
50-59	*nc*	25	29
60 and over	*nc*	18	23
Average age	*nc*	*47*	*50*
Occupational situation			
Working, in employment	*nc*	27	21
Not working, seeking employment	*nc*	59	58
Retired	*nc*	14	21
Housing			
Owner	*nc*	15	19
Tenant, in lodgings	*nc*	85	81
Family status			
Single	48	56	62
Lone parent with children	26	29	27
Couple (with or without children)	13	14	10
Other / not indicated	13	1	2
SIMS matching bonus payment			
Yes	**49**	**61**	**71**
No	51	39	29
Total	**100**	**100**	**100**

Source: Source: Dashboard and SIMS survey of beneficiaries in the programme, compiled by Crédoc Nc: not communicated.

1.2 Survey of control group: methods of implementation and attrition

Control subjects were recruited in Public Centres for Social Welfare in towns whose main characteristics and features are similar to those of the towns in which the Public Centres for Social Welfare taking part in the programme are located. Criteria such as size of the municipality and its economic and social issues were taken into account. Respondents were selected on a random basis from people meeting the eligibility criteria for the SIMS programme. As for the survey of beneficiaries, they were questioned twice, once in December 2011/January 2012 and then again in January 2013. In order to improve response rates, free cinema tickets were given to people who responded to both waves.

For Wave 1 of the survey, 215 control subjects were interviewed face-to-face. When contacted again a year later by telephone, only 52 of them responded to Wave 2, giving a response rate of less than 25%. Similarly to observations made in the case of the beneficiaries, attrition is due more to a loss of contact than to a refusal to cooperate by the people surveyed. 60% of the 163 respondents to Wave 1 who did not respond to Wave 2 could not in fact be reached during the telephone reminder call period in September 2012.

The structure of the samples questioned in Wave 1 and in Wave 2 is similar: attrition, although high, appears relatively uniform from the point of view of the main socio-demographic characteristics.

Table 3 – Socio-demographic profile of control subjects surveyed (as %)

	Respondents in Wave 1	Respondents in Waves 1 and 2
Base	*215*	*52*
Gender		
Male	47	44
Female	53	56
Age		
Under 30	32	27
30-39	28	23
40-49	19	29
50-59	15	13
60 and over	6	8
Average age	*38*	*40*
Occupational situation		
Working, in employment	23	22
Not working, seeking employment	71	71
Retired	5	8
Housing		
Owner	11	13
Tenant, in lodgings	89	87
Family status		
Single	38	38
Lone parent with children	25	27
Couple (with or without children)	33	29
Other / not indicated	4	6
Total	**100**	**100**

Source: Dashboard from the SIMS project and SIMS survey of the programme's control group, compiled by Crédoc

Caution when interpreting the findings of the survey

Following the methodological assessment of the quantitative survey, a number of points limiting the significance of its findings need to be highlighted:

- In the case of both **control group and beneficiaries, the numbers of people surveyed are low** because of the large number of people with whom telephone contact was lost between Waves 1 and 2. These numbers are too low to allow any accurate conclusions about the significance of the effects observed.
- **Attrition in the case of the beneficiaries was selective**: the most regular and constant followers of the programme are over-represented in the survey.
- Because a random selection of beneficiaries was impossible, **the control group and beneficiary samples present different socio-demographic structures**. For example, the control subjects are younger and are more often part of a couple than the beneficiaries (see Table 4).

Table 4 - Comparison between the socio-demographic profiles of beneficiaries and control subjects who responded to both waves (as %)

	Beneficiaries	Control group
Base	*52*	*52*
Gender		
Male	35	44
Female	65	56
Age		
Under 30	**6**	**27**
30-39	25	23
40-49	17	29
50-59	29	13
60 and over	**23**	**8**
Average age	*50*	*40*
Occupational situation		
Working, in employment	21	22
Not working, seeking employment	58	71
Retired	21	8
Housing		
Owner	19	13
Tenant, in lodgings	81	87
Family status		
Single	**62**	**38**
Lone parent with children	27	27
Couple (with or without children)	**10**	**29**
Other / not indicated	2	6
Total	**100**	**100**

Source: SIMS survey of beneficiaries and control group, compiled by Crédoc

2/ Exploiting the dashboard

A dashboard was compiled so that the beneficiaries could be monitored throughout the experiment. This dashboard, for which project leaders supplied continuous input, gives data such as gender, family status and the selection criteria through which they were able to take part in the programme for all beneficiaries, as well as indicators tracking the action from which they have benefited:

- for savings: frequency and amount of deposits made into the savings account, amount of the matching bonus payment if awarded;
- for the training modules: attendance rate.

The dashboard provides a means of monitoring actual participation in the programme, from the point of view of saving behaviour and regular attendance at the training sessions.

These data, completed in full for all 180 beneficiaries of the programme, were matched with data from the survey carried out among beneficiaries. In particular, information about the beneficiaries drawn from the survey was cross-matched with the indicator of success in the programme derived from the dashboard (granting of the matching bonus payment).

3/ Qualitative interviews with all parties concerned: project leaders, partners and beneficiaries

In-depth interviews were carried out with all parties involved in the programme:

- With players and partners, in order to review the **conditions of implementation** of the project;
- With a diverse sample of beneficiaries, in order to identify the **added benefit** they associate with the actions they took part in.

3.1 Interviews with project leaders and partners

Ten or so interviews were conducted with players and partners.

The project's leaders within RFA were interviewed at the start of the programme to talk about the conditions of implementation of the programme, and in particular their expectations, the programme's objectives, the related indicators of success, and the ramping up of the system.

A second wave of interviews was then conducted after the end of the experiment (in March and April 2013) with RFA employees and four social workers partnering the programme. The aim then was to look back at how the scheme had been implemented and identify any barriers and drivers, to gather their opinions about the system and its impact on the beneficiaries and on partnership dynamics, and to evaluate the conditions under which the programme might be propagated.

3.2 Interviews with beneficiaries

A qualitative survey was also conducted among a sample of five beneficiaries. This survey, which was not initially provided for in the assessment protocol, emerged as an essential step to add input to the assessment.

The respondents were selected in such a way as to ensure diverse profiles (gender, location, selection criteria through which they were able to take part in the programme and regularity of attendance and saving).

The aim was to gather the opinions of beneficiaries on the added benefit they felt they had gained from the programme in terms of their savings knowledge and behaviour, and more generally on their pathway.

Project implementation

1/ Partners involvement and commitment

1.1 Calling on social workers to recruit beneficiaries

Social workers, mainly from the Public Centres for Social Welfare - PCSW (see text box 2) were asked to communicate about the programme, recruit beneficiaries, organise logistical aspects for the training modules, and follow up the beneficiaries. Each municipality in Belgium has a Public Centre for Social Welfare, or PCSW. These centres are responsible for the delivery of income benefits, advice and information on social assistance and welfare support services. They were chosen to take part in the programme for two reasons:

- the support delivered by Public Centres for Social Welfare is on the borderline between the social welfare and economic fields;
- Public Centres for Social Welfare are in direct contact with the people targeted by the experiment.

To begin with, the plan was to train one hundred social workers to be instructors and facilitate the training modules, the aim being to reach a wider range of beneficiaries, but the RFA team quickly realised during its initial contacts with Public Centres for Social Welfare that this would not be possible, because of the amount of time the social workers would have needed to devote to the project:

> *"They weren't interested; there was no way they could take charge of the training modules"* (an RFA employee).

Consequently, RFA employees managed and ran all of the training modules in the programme.

Box 2 - Public Centres for Social Welfares: partners in the project working on the recruitment and follow-up of beneficiaries and on organising the training modules

The task of the Public Centres for Social Welfare, or PCSWs is to provide financial, social and administrative support in the healthcare, housing, energy and family fields. In particular, they are responsible for granting the *revenu d'intégration sociale* (social integration benefit). They also provide support services to promote integration into society and employment and manage debt mediation and budget guidance services. Each Public Centre for Social Welfare develops specific services to meet perceived needs in their local area. Their size and organisational methods vary from one municipality to another. For example, in some Public Centres for Social Welfare, advisors handle every aspect of every case. In other, often larger centres, remits are more compartmentalised and workers specialise in specific fields. Their task is to "*fill in the gaps for people whose living conditions do not allow them to live in human dignity"* (Public Centre for Social Welfare Advisor).

More than 400 structures and organisations were contacted in 2010, well ahead of the project's launch. These were mainly Public Centres for Social Welfare, but also included NGOs, voluntary sector organisations, adapted enterprises (*entreprises de travail adapté, or* ETA) and organisations dealing with social and occupational integration. Social workers were contacted either through their line management or directly by email or telephone. Only 43 structures expressed an interest in the project, all of them but one (a cultural organisation) being Public Centres for Social Welfare. RFA arranged six briefing/training meetings for these contacts in September 2010. All in all, 12 structures played an active part in the programme and set up groups of beneficiaries.

1.2 An involvement of social workers hindered by reservations and time constraints

The fact that the SIMS programme was given short thrift by the structures and organisations contacted is attributable not only to reservations about the core substance of the project, but also to the lack of time available to invest in new projects. The following list details the barriers to partner support for the project, as identified during the qualitative interviews:

- **RFA was little known** to these organisations, which did not encourage support from the Public Centres for Social Welfare as they are very careful when they select programmes for their beneficiaries. This reluctance was all the greater given that the SIMS project involved the beneficiaries committing certain sums of money: "*Our concern was that we didn't want people **to be ripped off"*** (PCSW advisor). RFA therefore had to do a lot of preliminary work to persuade people and motivate them to take part in the project.
- Social workers were rarely able to have a specific time slot to support RFA on the project. Many of them had to give up the idea of taking part so as not to **increase their work load**, which was often considered too heavy anyway.
- The often-long **hierarchical decision-making processes** also curbed Public Centre for Social Welfare support for the project, including among those centres that were convinced of the programme's value and wanted to get involved.
- Some of them felt that the project was outside their field of action:
    - Advisors sometimes felt that **such financial and budget matters did not concern them**, and that they were peripheral issues compared to the social welfare support they provide and that in their opinion is at the heart of their profession: *"I don't know anything about budget management and I don't feel I have anything to do with such matters"* (Socio-Professional Integration Advisor).
    - Certain Public Centres for Social Welfare contacted by RFA apparently perceived the project as being **overly ambitious** given the financial insecurity in which the people targeted by the project lived. To certain advisors, it didn't seem right or appropriate to encourage people in severe financial difficulties to put money aside: they would think it "*indecent to suggest saving to people who don't even have the minimum needed to live on"* (one advisor taking part in the SIMS project talking about his colleagues who had chosen not to join the project).
- Lastly, structures and organisations in the voluntary sector and adapted entreprises did not show any interest in the SIMS project (only one cultural organisation took part). A number of reasons for this are suggested:
    - Social workers who work in such structures seem to have less room to manoeuvre and get involved in sometimes time-consuming projects than Public Centres for Social Welfare do: "*Public Centres for Social Welfare have bigger teams and are more likely to have time to put into new projects" (RFA employee)*.
    - The project was not always well suited to the population groups supported by the organisations contacted, which often provide assistance to migrants (cultural and language barriers).
    - Finally, in the case of adapted entreprises, the SIMS project timetable was not always compatible with that of the trainees, who for the most part stay for less than one year

and often work full time. This would have left little room for manoeuvre when arranging the training modules.

Once past these initial reservations, the reaction of the partners is considered to have been positive overall. However, it should be noted that most of the collaborative work done was down to individuals and their "*willingness and interest in trying something new" (RFA employee),* rather than the result of any formal partnership relationship between RFA and the PCSW network.

1.3 Good support from participating partners

Overall, the advisors who took part in the programme **support the objectives** of the SIMS programme. They believe in the idea that people should be encouraged to save rather than borrow, and in acting before risky situations arise rather than stepping in once excess debt becomes a fact.

Advisors also **spoke positively about the programme's target,** defined by criteria that were broad enough to:

- Avoid the pitfall of stigmatising recipients of minimum welfare benefits. For one advisor interviewed, this risk is even greater in the case of a programme where the perception might be that its beneficiaries are putting aside "*public money*".
- Include anyone on a modest income, including low-paid workers: "*this programme is also worthwhile for low-paid workers who are often excluded from social welfare benefits and services"* (PCSW advisor).

The SIMS programme seemed especially interesting to one PCSW as a means of motivating beneficiaries to take part in social and occupational integration plans through saving. The advisor in question recruited his group from Article 60 workers who were on a course leading to a qualification as a home help. The SIMS project was in this case tied in with the objective of getting a driving licence, which is often needed for jobs as a home help. Another advisor confessed that her main motivation in offering the programme to her beneficiaries was "*the carrot of the matching bonus payment: I might as well help them get a little extra money"* (PCSW advisor).

Engagement in the project varied from one centre to another, depending on the size and organisational model of the structure concerned and the extent to which social workers became personally involved.

- In often smaller structures, the representative was in touch with RFA directly prior to the launch of the recruitment phase. This promoted better understanding of the issues and challenges involved in the project and its rollout, and helped the PCSW advisor to become more firmly involved. "*To begin with, I think I must have seen a letter in a pigeonhole, and I find the idea of talking about saving interesting. I hadn't heard of RFA though, so I was a bit wary, curious but wary. I found out a bit more about RFA, and talked to our main regional centre about them. We went to a presentation meeting and I felt reassured by what was said, for example about the fact that they guaranteed that people could get their savings back at any time*[18]*"* (advisor in a small rural PCSW). In this particular case, the advisor had to convince his superiors: "*[my superiors] were ok about me doing it because there was no need to provide any financial support".* It should be noted that management support did not translate into the allocation of any additional resources in any of the centres. No financial allowances or caseload reductions were granted to the advisors concerned.

[18] Beneficiaries could retrieve the money they had saved at any time during the programme. However, if they did so, they were then no longer able to continue on the programme and could not claim the matching bonus payment. Only one beneficiary asked for the money he had saved to be returned to him before the end of the programme.

- In larger PCSWs, representatives were not always in touch with RFA directly before the first training module. In the following example, the advisor responsible for setting up the programme in the PCSW was appointed by his line management. *"I wasn't involved enough. I didn't realise the scale of the project and I didn't really get the issues and challenges involved. Plus which, I don't have any idea about debt management, I don't know much about it".* The only information this individual had at hand when recruiting beneficiaries was a prospectus and a leaflet*: "The prospectus was not very appealing, and even contained a number of spelling mistakes. It lacked credibility. There was no logo and the name 'RFA' only appeared in a footnote, that's all"* (advisor in a large PCSW in Wallonia).

This resulted in differing degrees of advisor involvement and commitment, which had an impact on beneficiary recruitment methods and on rollout of the programme.

2/ <u>Recruitment of beneficiaries</u>

PCSWs partnering the project were responsible for communicating about the programme and for the recruitment of beneficiaries.

2.1 Need to communicate information in a face-to-face setting

Two approaches were used by the PCSWs, often in a complementary manner, to communicate information about the programme:

- public dissemination of information about the programme (posters, inserts in the local press, prospectuses in waiting rooms);
- individual presentation of the project targeted at beneficiaries meeting the selection criteria.

PCSW experience reveals that the public dissemination of information was ineffective. According to social workers, **only in the face-to-face setting can ensure the feeling of trust needed to get people involved in a savings programme be established**, for two main reasons:

- Firstly, because the targeted audience is not used to written information materials: "*The written word doesn't work. People don't read written information. You need to work by word of mouth, and get their attention by talking to them"* (PCSW advisor).
- Secondly, because human contact is needed not only to raise awareness of the approach, to explain the project and its value, and thereby motivate people to take part, but also to reassure participants and give them confidence: *"you need a motivator who will encourage them and give them confidence"* (PCSW advisor). For example, in a small PCSW in Wallonia, the advisor interviewed said that to begin with, she communicated about the programme across the whole of the local area (communication via social welfare services, the local voluntary sector, and an insert in the local newsletter). However, nobody came forward. Apart from being reluctant to hand over their savings, "*people didn't want to take part in the modules, especially because some of them thought that it would mean they had to talk about their personal circumstances"* (PCSW advisor).

Such reservations were overcome thanks to the personal connections established with advisors, who were able to give potential participants details about the programme's terms and objectives.

2.2 Additional criteria used by social advisors to select beneficiaries

A number of PCSWs took the initiative of applying additional criteria[19] on top of those defined by RFA for the recruitment of beneficiaries.

For example, some of them made sure of the fact that beneficiaries had the **ability to save** every month: *"A number of individuals who were interested in the programme had no ability to save, what with their monthly budgets showing shortfalls, and it just wasn't for them. There were goodness knows how many people in that situation"* (PCSW advisor).

Another advisor took the initiative of selecting people on the basis of their ability to **relate to others, in order to create group dynamics**: *"I suggested the programme to people who speak French and have the intellectual ability to understand. I was also careful to make sure that everything would go well within the group and to choose people who could get on and form a group together […] Some individuals are too far outside the mainstream of society, or have alcohol or anger issues. It was important for the group that no-one arrived in a drunken state at a training module"* (PCSW advisor).

Being a non-saver was not used as a recruitment criterion by the PCSWs questioned. This may be considered as one of the programme's limitations, as it is of lesser value to people who are already used to saving.

The selection criterion most widely used by the PCSWs was income. This criterion is quite broad and encompasses the other two: Article 60 workers and people in debt mediation situations are often on lower incomes than the upper limit set by the third criterion. The dashboard shows that more than half of all participants were recruited on the basis of this criterion (58%). 20% were Article 60/61 jobseekers. The selection criterion used for the remaining 20% is not indicated.

3/ <u>From compiling tools to implementing actions</u>

Part of the educational content was compiled from tools developed by RFA and other organisations (tools on the risks of using credit, DVDs showing accounts by people in excess debt situations, personal budget management spreadsheet). Other content was created specifically for the SIMS programme using the complementary skills of the different members of the RFA team and research conducted within the network.

The teaching approach was intended to be interactive, both when choosing topics to be addressed (participants were able to turn discussions towards issues of concern to them) and in the way the modules were run. The emphasis was on discussion and the exchange of information rather than on the traditional one-way dissemination of information from instructor to pupil: *"the aim was to create an open space in which people could express their difficulties, explore their personal experiences, and share things"* (RFA instructor).

In practical terms, the modules took place every two months (with the exception of the second module, which was organised five months after the first module), in the PCSWs. Two RFA instructors were tasked with managing the modules, which were sometimes attended by the key PCSW advisor working on the project.

The five modules, each lasting between two and three hours, were organised in the evening or daytime, by agreement between the training team and the participants. Special arrangements were also suggested in certain cases. For example, one PCSW was able to form a group including Article 60 workers by adjusting their schedules. Their working hours were reduced so that they could

[19] This additional selection among the eligible population group probably explains the difference in profiles between their beneficiaries and control groups.

attend the SIMS training modules in the daytime (rather than in the evening, which was considered as an option to begin with but then rejected because of the reservations expressed by participants for family reasons).

Most of the groups were created specifically for the pilot programme. However, two groups already existed prior to the programme: one of these was formed in the debt mediation context and the other came from a cultural organisation.

Box 3 – Content and operational goals of each module

Module 1. Discussion on values and an introduction to budget basics (May 2011)

- Understand what a budget as a whole is, distinguish between essentials and non-essentials.
- Discuss the consequences of an unbalanced budget.
- Initiate thought about saving towards a planned purchase.

Module 2. "Credit VS Saving" (October 2011)

- Learn about the different types of consumer credit (taking out a credit facility, instalment loans and personal loans).
- Recognise the specific components of a consumer loan (term, variability, interest rate, monthly repayments, final cost, risk in the event of non-payment, etc.).
- Be able to choose the type of loan or credit facility that is suitable for you and other financial solutions for coping with the unexpected.
- Know how to recognise a responsible lender.

Module 3. Excess debt (January 2012)

- Understand better how people relate to money, by discussing their experiences.
- Identify situations that can cause a budget to collapse.
- Learn to identify solutions that can help you address unexpected financial difficulties.

Module 4. Collective saving groups (March 2012)

- Learn more about the different types of collective saving.
- Set down the advantages and added benefits of collective saving projects.
- Continue the groups (suggest that they go further and set up a project).
- Identify within the group those individuals who are likely to embark upon plans (those who want to be kept informed).
- Identify within the group the reasons for their involvement.

Module 5. Feedback (May 2012)

- Feedback on what has been learned during the previous four modules.
- Assess the one-year process that has made continuous saving possible for the participants
- Recognise this savings mechanism and the effort made (by means of a certificate or diploma)
- Suggest continuation of the programme to the participants
- Identify within the group the potential for creating a lasting group.

Box 4 – Financial resources employed

This programme was funded jointly by the European Commission and the Levi Strauss Foundation.

According to RFA, once the tools had been created, some 217 working days were needed to set up partnerships with social workers, hold briefing sessions for PCSWs, organise the groups (coordination with social workers and administrative management), manage the bank accounts and train the beneficiaries. This equates to almost one year of full-time work for one employee (11 months in full time equivalent terms if it is considered that a full time employee works approximately 20 days per month).

Impact of the programme on beneficiaries

The analysis of the programme's impact is divided into three parts, and answers the following three questions:

1) Were the beneficiaries recruited into the programme in line with the group targeted by the project's leaders? Did the programme meet their needs and expectations?
2) What specific impact does the programme itself have in the short, medium, long term on beneficiaries' opinions and behaviours?
3) What specific impact does the programme itself have on the partnership dynamics of the players concerned?

1/ <u>The beneficiaries: effect of selection, profile and commitment to the programme</u>

180 participants joined the programme, which was more than the target of 150 set by the project's leader.

1.1 Effects of selection: reluctance to join the programme

Participation in the SIMS programme was based on voluntary commitment. Anyone meeting at least one of the three eligibility criteria could volunteer to take part. As with any programme based on voluntary participation, there was a selective entry effect, caused by a/ the reservations some had about joining the programme, and b/ a greater tendency for people who were already used to saving to sign up for the scheme.

Motivating beneficiaries to take part was sometimes difficult. **Reservations** about joining the programme can be divided into two categories:

- First of all, there were **reservations about entrusting savings** to an external organisation which the majority of the target audience had not heard of. Trust is a key issue in a programme where beneficiaries on low incomes are required to commit a proportion – albeit a very small proportion – of their resources. This also explains why no participants were recruited as a result of the public dissemination of information. Using PCSW advisors as direct intermediaries turned out to be a key guarantee: *"I hadn't heard of the outside group [RFA], but it comes from the PCSW, it's something safe. I didn't think it was a rip off. If it hadn't come from an official organisation, I might have thought twice. But it was suggested by the PCSW, and I can't see them working with swindlers and crooks"* (Beneficiary).
- **The programme may also have been seen as over-restrictive** by beneficiaries, because of the requirement to take part in training modules that could last up to three hours. For example, one advisor explained that he was unable to recruit any of the Article 60 workers whose cases he managed, because they didn't have time to attend training modules given that they were working full-time. Plus which, they were often mothers who were already having trouble achieving the right balance between family and work.

The qualitative interviews with beneficiaries provided an opportunity to understand **the reasons motivating them to join the scheme**. There were two main reasons why beneficiaries signed up:

- The financial help brought by the matching bonus payment: *"after all, the chance of earning a 50% bonus on the amount invested wasn't bad!"* (Beneficiary).
- Interest in the themes addressed in the modules:

- Loans and credit facilities: *"how to avoid falling into the credit trap"* (Beneficiary),
- Saving: *"everything about saving is interesting"* (Beneficiary),
- Alternative financial systems: *"socially responsible saving […] not going through banks with high interest rates"* (Beneficiary).

Comment: a possible **windfall effect** for some beneficiaries was identified through the interviews. Since being a non-saver was not one of the selection criteria, it appears that people already convinced of the value of saving and even used to doing it joined the programme more willingly. Some of the beneficiaries questioned also stated that they had been interested in the programme because, already used to saving, the possibility of a 50% bonus seemed very worthwhile: *"if I can get a better interest rate [than at a bank] and on top of that learn something new, why not!"* (Beneficiary). However, the windfall risk **should be played down**: when the saving behaviours of the control group are compared to those of beneficiaries at Wave 1, they are exactly the same. In the case of both beneficiaries and control subjects, 58% had not saved in the last three months when Wave 1 of the survey was held.

1.2 Profile of beneficiaries and level of financial education of the target group

Beneficiaries who participated in the programme were mostly **female** (two thirds of beneficiaries were women), **older rather than younger** (average age of beneficiaries: 47 years old) and relatively **isolated**: half of them lived alone, and one quarter were single parents (cf. Table 2 above).

Data from Wave 1 of the survey shows that both beneficiaries and control subjects were in **considerable financial hardship**. 90% stated that they found it hard to live on their current income, and almost 4 in 10 considered their circumstances very difficult. Half of all beneficiaries said they had had trouble paying their bills during the three months prior to the survey, and more than one third had gone overdrawn on a bank account.

As for the Belgian population as a whole, the target group was characterised by a very **good level of access to banking services**[20]: almost 100% of the respondents have a bank account and more than one half have a savings account as well. The respondents stated that they had **good knowledge of how their accounts worked** and of the costs and charges related to their management. At Wave 1, beneficiaries and control subjects alike knew if their bank made a charge to operate their current account (90% and 85% respectively) and more than 90% of those with a savings account knew if it earned them money.

Lastly, this was an audience **that already believed in the value of saving and the dangers of borrowing**. Approximately 9 in 10 respondents rejected the idea that there was no point in saving. They said that it was better to save regularly, even small amounts, and that this helped to prevent the need to borrow money. 85% of respondents felt that borrowing money was risky.

Looking beyond this overview, which tends to suggest that the beneficiaries felt comfortable with the banking system, the qualitative interviews bring to light **differences in knowledge and behaviours**:

- On the one hand, there are individuals who were a long way from saving: *"Setting up a standing order doesn't mean much to them [the most financially insecure beneficiaries]. Some of them have never been to see a banker!"* (Social worker, PCSW). Many of these individuals had never saved, either because they felt they didn't have enough income to

[20] 99.1% of Belgian households have a bank account. The EU average is 84%. Source: European SILC *Survey on Income and Living Condition*.

put money aside, or because they couldn't see the point of "going without" when they didn't have any special plans that would have justified the effort.

- On the other hand, a number of the beneficiaries were already savers, and some of them were even members of collective saving groups (such as *tontines*). The latter saved to be on the safe side, so that they could cope with any unexpected costs, or so that they could provide for their children (for example, to pay for driving lessons or their studies).

1.3 Half-hearted commitment from beneficiaries

The findings as to beneficiary commitment to the programme are mixed. More than half of beneficiaries did not actively participate in the programme and so were not entitled to the matching bonus payment. The other half did participate actively and regularly over the full 12-month period, and their opinion of the programme was very positive. In order to improve the prevention of participant dropout by targeting support more on "at-risk" individuals, we modelled the probability of failure in the programme according to respondent characteristics. We found that women, younger people and people who were part of a couple with or without children were significantly more likely not to go through to the end of the programme. This finding should be considered in connection with how the modules were organised. For the most part, they were run in the evenings, which could be a factor in preventing people with families from attending. Individuals who had never had any financial education training before taking part in the programme were also less likely to participate actively in the programme, suggesting a positive compound effect that attending financial education operations throughout life can have.

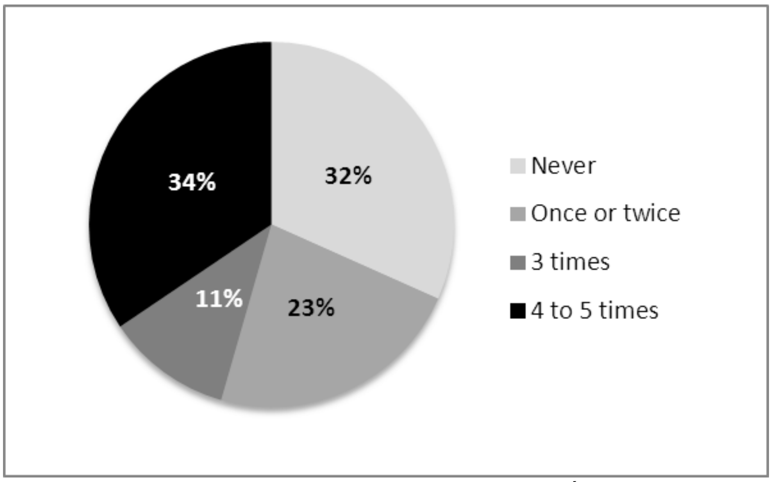
1.3.1 Beneficiaries' participation and opinions

Figures 2 and 3 are derived from dashboard and provide information about participation in the two complementary parts of the programme. By crossing both figures, it can be seen that there is strong synergistic effect between participation in the training modules and regularity in saving:

- around **50% of beneficiaries participated actively in both aspects of the programme** and earned the matching bonus payment for their savings: at least 3 training modules and at least 7 deposits into their savings accounts during the year.
- around **20% participated a little**: 1 to 2 training modules and/or 1 to 6 deposits into their savings accounts during the year;
- around **30% did not participate at all in the programme**: no training modules and no deposits;

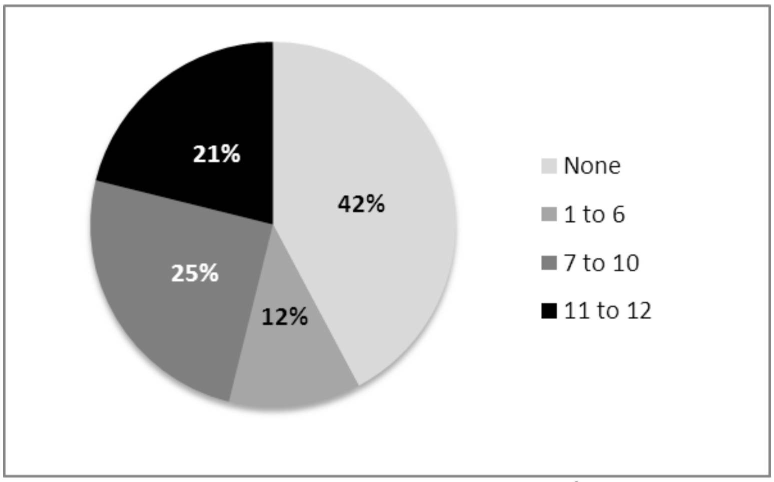
Comment: Figures 2 and 3 show that the conditions upon which payout of the matching bonus payment depended were only met by 45% of participants in the case of the training module condition and 46% for the savings condition. However 49% of participants received the matching bonus payment: the project leaders did in fact relax the rules for a certain number of beneficiaries who were on the "borderline", almost meeting the required conditions, and who could give reasons for their lesser participation.

Figure 2 - Participation of beneficiaries in the training modules



Source: SIMS programme dashboard, compiled by Crédoc
Base: all beneficiaries of the programme (n=180)

Figure 3 - Number of deposits made by beneficiaries under the programme



Source: SIMS programme dashboard, compiled by Crédoc
Base: all beneficiaries of the programme (n=180)

The beneficiaries interviewed, whether or not they participated actively in the programme, were unanimously positive about the programme.

Those who managed to save appreciated the motivation brought by the requirement for regularity in order to be entitled to matching bonus payment.

The beneficiaries also liked the content and focus on an interactive teaching during the modules, and especially:

- the wide variety of **topics addressed**, and their relevance, especially the information about alternatives to the banking system;
- **the interactive approach** adopted by the instructors;
- the appropriate level of the training (easily understandable) and its **practical** aspect (for example, the videos showing accounts by people who had found themselves in situations of excess debt);
- the **group dynamics**, which helped to create a friendly and rewarding atmosphere through discussion and the sharing of experiences: "*sharing your problems with others and learning from theirs*" (Beneficiary); "*there were cakes and things which helped things along, it was*

very friendly, it made it easier to share our experiences. People were open, it was a good group" (Beneficiary).

1.3.2 More than 50% of participants were barely active

Despite the positive opinion about the programme, more than **half the participants did not reach the participation level required to claim the matching bonus payment.**

Interviews with beneficiaries revealed that one of the reasons why they gave up was the trouble some of the participants had combining their family and working lives with a programme that demanded a considerable time investment (for the training modules): *"I have children to think of in the evenings […] for the first two dates, my friend said she'd look after them [but in the end she couldn't]"* (Beneficiary).

Another possible cause may be linked to the cap on the matching bonus payment. This cap may have been seen by the participants as a limit below which they did not want to go, because they wanted to get the maximum matching bonus payment. Although in most cases, this was probably an additional motivating factor, it may on the contrary also have had a negative effect on individuals for whom it was an over-ambitious savings goal (see 2.1.2).

A high dropout rate can be costly for a programme such as this on two accounts[21]:

- Because of the wasted **investment put into the programme by players and partners** in terms of the selection process, efforts employed to recruit participants and support delivered throughout the programme.
- Because of a potential negative effect for individuals who did not manage to save despite the financial incentive and support provided: they **may become discouraged about their future ability to save**.

Two statistical findings contribute to further understand the high dropout rate:

- Two thirds of the individuals who did not go through to the end of the programme dropped out in the first month (they never took part in any of the modules and never made any deposits). For the most part therefore, people did not drop out due to lassitude, but rather because of their failure to engage fully in the programme even though they had agreed to take part.
- There is a significant link between participation in the modules and the number of deposits made. The more regular their attendance at the modules, the more regular the monthly deposits made by participants.

These two observations suggest that there may be participants who are more receptive to this type of programme. Identifying their characteristics should help to improve the support they are given to ensure that they remain in the programme.

1.4 **Factors leading to success in the programme**

A number of characteristics may have an effect on the likelihood of success in the programme: the socio-demographic profile of participants, the characteristics of the groups formed for the saving component and even the degree of familiarity with saving and personal budget management in general (Figure 4).

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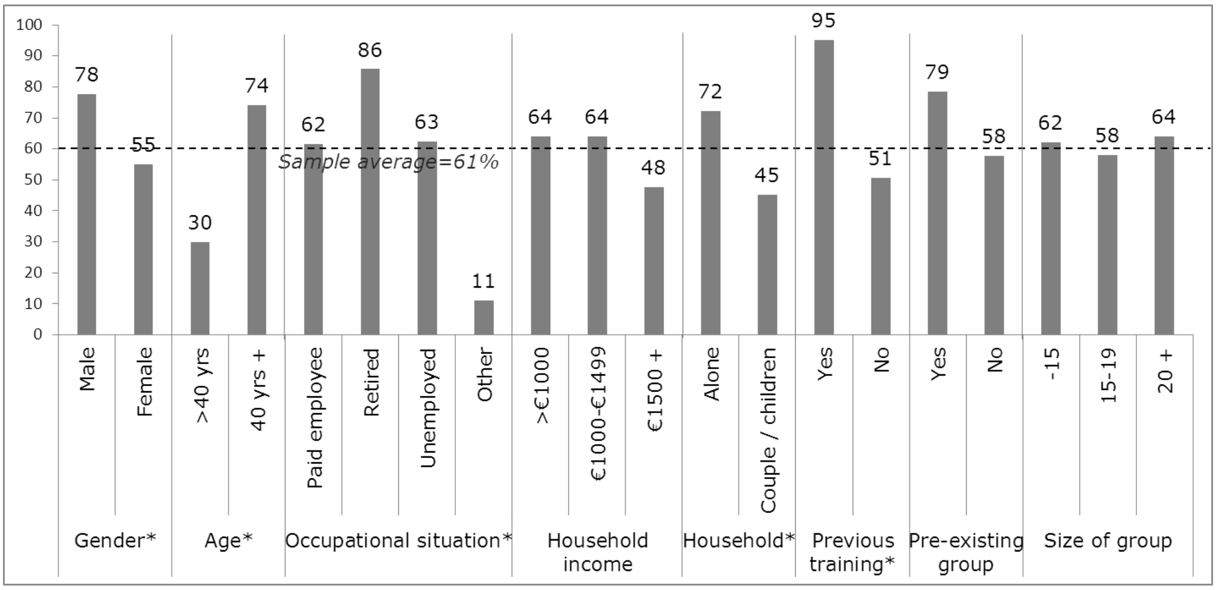
[21] Schreiner M., Sherraden M., 2005, "Drop out from individual development accounts: Prediction and prevention", *Financial Servives Review* 14, pp 37-54.

- Proportionately more men, over-40s, retired people and people living alone received the matching bonus payment. Income levels on the other hand, had no impact.
- Group size and pre-existence were tested to measure the influence the conditions under which the training modules took place had on the success of the programme. The size of the group had no influence. Proportionately, more people belonging to a group formed prior to the experiment received the matching bonus payment.
- Finally, previous participation in budget management training is significantly linked to success in the programme.

Figure 4 – Percentage of respondent beneficiaries who received the matching bonus payment according to profile



Sources: SIMS project dashboard and Wave 1 of the SIMS survey of programme beneficiaries, compiled by Crédoc
**: statistically significant difference at the 5% threshold (chi square test)*
Base: all beneficiaries who responded to Wave 1 of the survey (n=97)

In order to identify the "specific" effect of beneficiary characteristics on the chances of success in the programme, the probability of receiving the matching bonus payment *versus* not receiving the matching bonus payment has been modelled by logistic regression. This type of modelling is interesting in that it allows a large number of explanatory factors to be taken into account simultaneously (categories of variables introduced into the model) and the specific effects of each factor to be isolated. "All other things being equal" reasoning is used for each factor, and the effect of each factor is estimated in relation to a baseline situation (Base).

A number of models were thus constructed to take into account simultaneously all characteristics identified as having an impact on the chances of success in the programme. Since household income and group size do not influence the chances of success, they are not presented in the model (see Table 5 below).

As the following table shows, all other things being equal (same gender, age, occupational situation, family status, previous training and group pre-existence), the following characteristics <u>significantly increase the chances of success in the programme</u>:

- **be 40 years old or over,**
- **have already been on a course in budget management,**
- **be male,**
- **live alone.**

Being inactive and belonging to a group that already existed before the programme has no significant impact on the chances to go through to the end of the programme, all other things being equal.

Lastly, it appears that **people shouldering family responsibilities are those that participate least actively in the programme** (women, people under the age of 40 and people who are in a couple with/without children). The fact that the training modules were for the most part run in the evening contributes to our understanding of this phenomenon, and suggests the need for greater flexibility if participation is to be maintained throughout the whole of the programme. A positive **compound effect** can also be seen where other training courses have been followed in the past, prior to the programme.

Table 5 – Modelling of the probability of receiving the matching bonus payment (logistic regression parameter estimates) (n=97)

	Parameter estimates
Constant	1.25
Gender	
Male	*base*
Female	-1,34 *
Age	
Under 40	*base*
40 years and over	2,35 ***
Occupational situation	
In active employment	*base*
Not in active employment, retired	ns
Family status	
Lives alone	*base*
Is in a couple with/without children	-1,20 *
Had already been on a course in budget management?	
Yes	2,45 **
No	*base*
Belongs to a group that existed prior to SIMS?	
Yes	*base*
No	ns

Model quality	
Likelihood ratio	<,0001
Adjusted R²	0,49
Percentage concordance	83,4

Source: SIMS project dashboard and Wave 1 of the SIMS survey of programme beneficiaries, compiled by Crédoc

Interpretation: a positive ratio (negative resp.), if statistically significant, indicates the presence of a factor that increases (reduced resp.) the probability of receiving the matching bonus payment at the end of the programme.

****: significant at 1% threshold; **: significant at 5% threshold; *: significant at 10% threshold; ns: not significant; base: baseline category.*

2/ <u>Effects of the scheme on beneficiaries' behaviours and opinions</u>

The programme aimed to instil a culture of saving in financially insecure people, so as to improve their financial stability and promote their integration into society. Through the two-pronged approach adopted by the experiment (a cognitive approach with the training modules, and a behavioural approach through the practical component), the effects of the programme may be situated at two interconnected levels:

- knowledge and **opinions**, which lead to a predisposition to act (for example, understanding how a savings account works, considering saving as a positive act);
- **behaviours,** which reflect a practical move into action (for example, opening a savings account and making regular deposits).

These two aspects are closely linked, in that individuals generally tend towards consistency between their opinions and their actions. The quantitative assessment therefore sought to measure the effects of the programme from these two angles, making a distinction between the effects on saving, on budget management and on the use of loans/credit facilities. In addition, the qualitative interviews also brought to light the programme's effect on the **social integration** of beneficiaries.

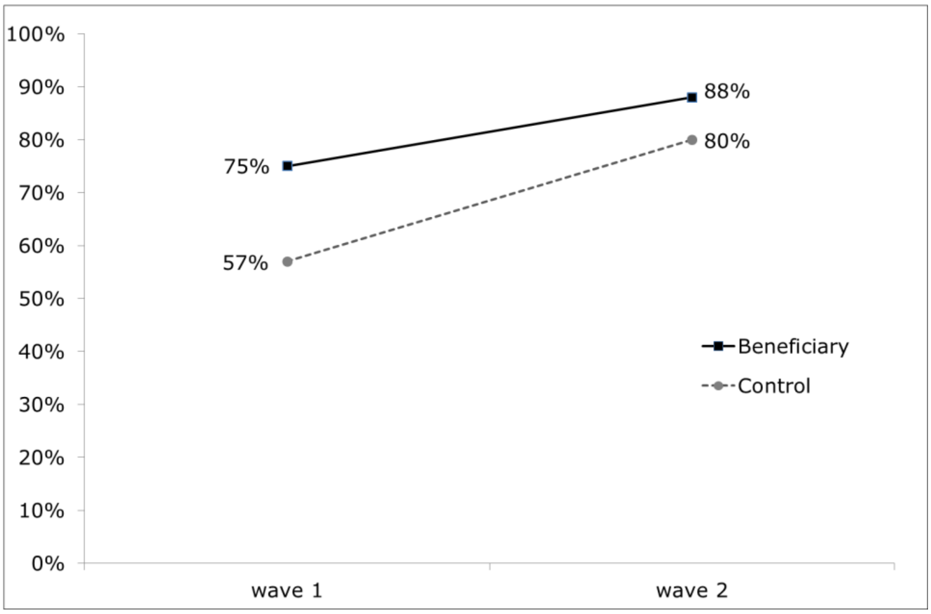
2.1 A positive impact in the medium term on saving behaviour

2.1.1 Already favourable opinions about saving that stay positive

Both beneficiaries and control subjects gave very positive opinions overall about saving. In Wave 1, more than two thirds of respondents said they totally disagreed with the following statement: "*Saving brings in no money"*. This result remained stable in Wave 2 of the survey.

Opinions were also very favourable about saving small amounts, and in Wave 2 an increase can be seen in the number of respondents who said they totally disagreed with the idea that "*There is no point saving small amounts"* (Figure 5). However, since this is true not only for the beneficiaries but also for the control group, the effect cannot be attributed to the programme alone: it may also be related to the more overall effect of the support provided in PCSWs, especially in the case of individuals in debt mediation situations.

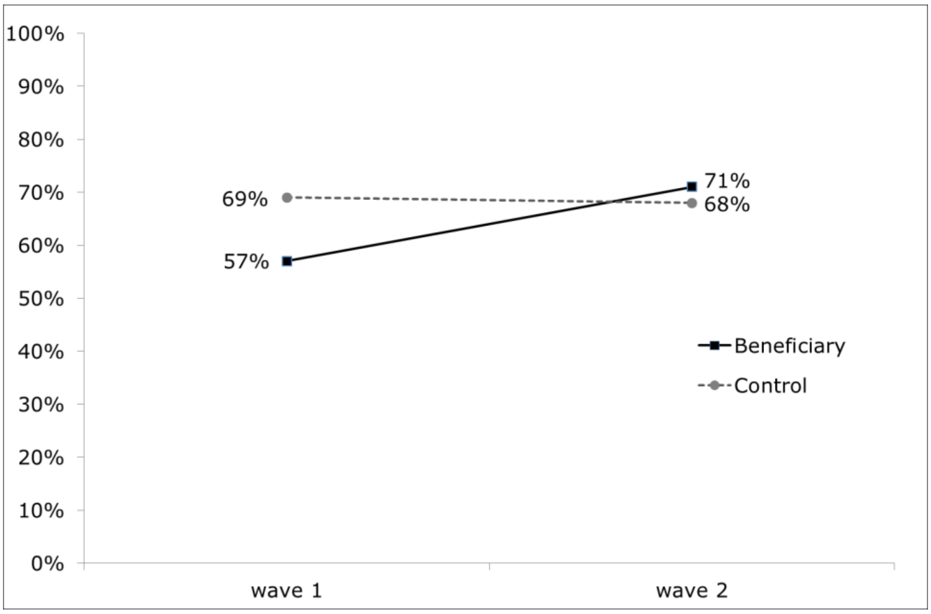
Figure 5 – Respondents saying that they "totally disagree" with the statement: "There is no point saving small amounts".



Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both waves (52 beneficiaries and 52 control subjects).

The programme seems to have had particular impact on the opinion about the need to make regular deposits into a savings account (Figure 6). There are more beneficiaries who say they totally agree with the idea that "*if you really want to save, you must put money aside on a regular basis*" in Wave 2 than in Wave 1 (up 14 points) whereas the control group's score remains stable.

Figure 6 – Respondents saying they "totally agree" with the statement "if you really want to save, you must put money aside on a regular basis"



Source: SIMS survey of beneficiaries and control subjects, compiled by Crédoc
Base: all respondents in both Waves (52 beneficiaries and 52 control subjects).

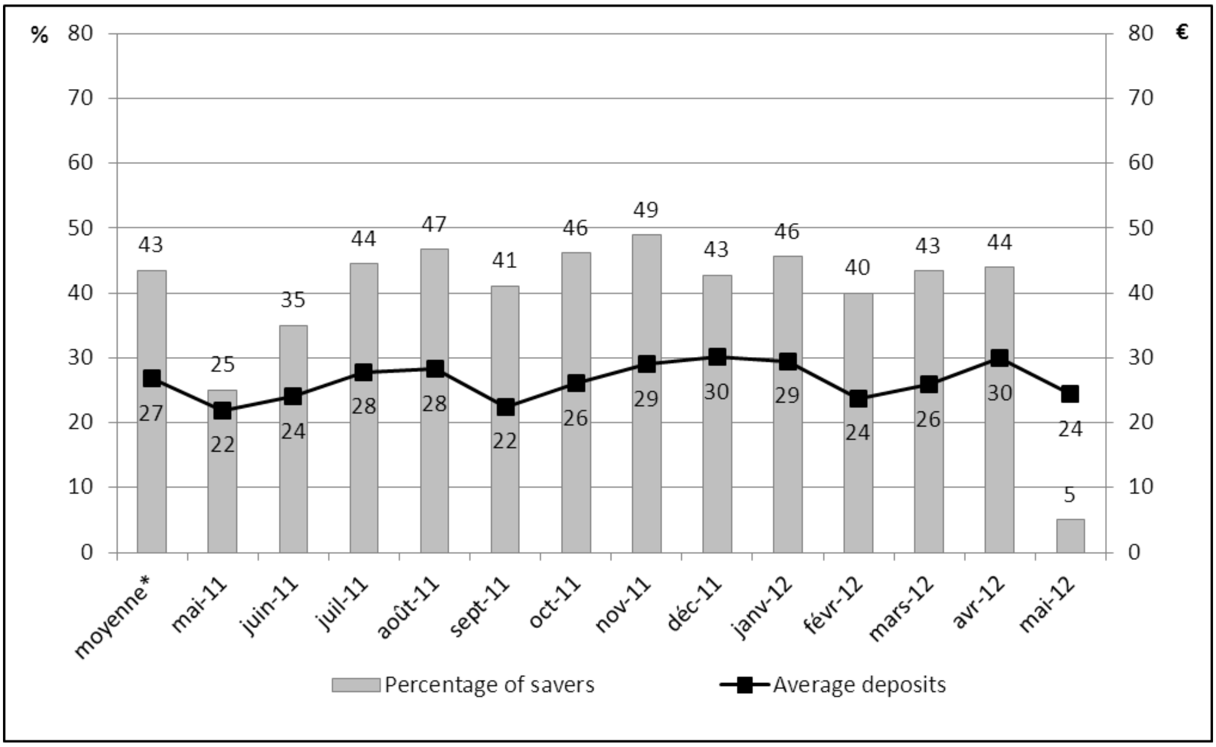
The majority of beneficiaries were already convinced of the merits of saving before the programme began, and so opinions about saving only saw marginal change, except in the case of opinions about saving on a regular basis. The change in the latter can be interpreted as a direct result of the practical component of the programme. Hence, the impact of the mechanism can mainly be seen at the behavioural level.

2.1.2 Half of the beneficiaries saved on a regular basis during the programme

The dashboard data can be used to analyse in detail beneficiaries' saving behaviour throughout the programme: the frequency and sums deposited are recorded in full and in detail.

Figure 7 below shows the percentage of savers and average sums deposited monthly.

Figure 7 – Beneficiaries who saved (%) and average sum deposited each month (in €)



Source: SIMS programme dashboard, compiled by Crédoc
Base: all beneficiaries n=180.
** the average is calculated over the period from June 2011 to April 2012.*

The percentage of savers is stable over the period as a whole, except in May 2011 and May 2012, when the difference is due to the fact that programme was not launched at exactly the same time by all sites.

Almost half of the beneficiaries therefore saved over the whole of the period. Their **average monthly deposits are characterised by their regular nature**: between 22 and 30 euros. Taking all participants into account, the average amount saved is 136 euros. This rises to 236 euros if only those who saved at least once are taken into account, in other words a sum very close to the upper limit for the matching bonus payment (240 euros)[22].

In September and in February, there was a fall in the percentage of savers and average sum deposited per saver. This may be due to occasional expenditure linked to the back-to-school period, especially for people who are parents, and to energy bills in February. In both cases, a catch-up effect occurs in the following two months.

The most active participants (those who were entitled to the matching bonus payment) made almost 10 deposits of 27 euros on average, giving a total amount saved of 265 euros on average at the end of the 12-month period. Some 10,000 euros were paid out in matching bonus payments, i.e. an average of 110 euros for the 88 participants who were entitled to the matching bonus payment. 60 beneficiaries, or one third of all participants in the programme, received the maximum matching bonus payment of 120 euros. 26 of the 180 participants put aside between 250 and 1060 euros, i.e. more than the maximum amount eligible for the bonus payment.

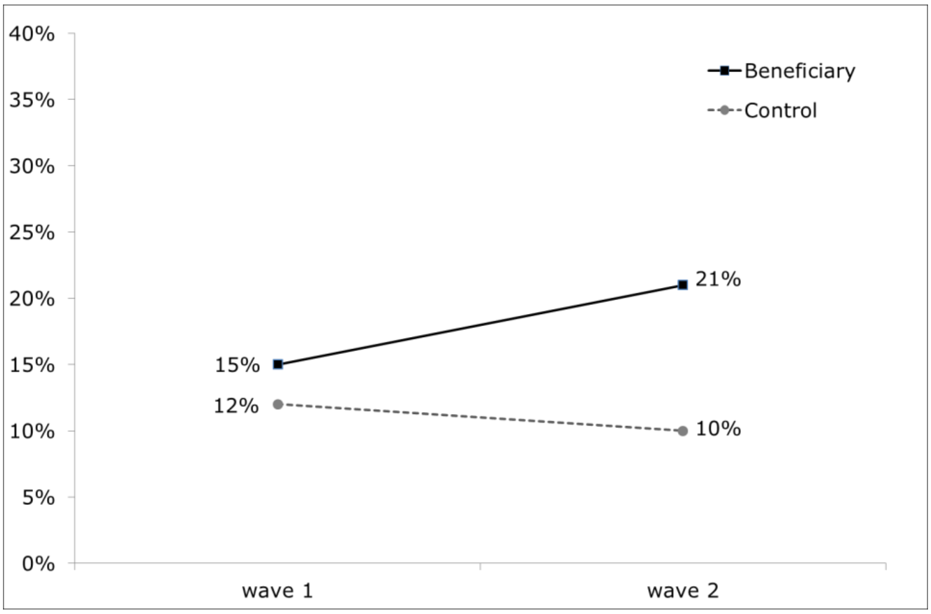
[22] The monthly income of 80% of the beneficiary households in Belgium was less than €1500 (and less than €1000 for one quarter of the participants).

2.1.3 At the end of the programme, a quarter of beneficiaries save more frequently than they did before

The survey reveals **a positive impact attributable to the SIMS programme on saving practices 7 months after the end of the experiment**

In Wave 2 of the survey, 21% of beneficiaries say that they save every month compared to only 15% in Wave 1 (Figure 8). The control subjects, who were not in the programme, did not change their saving practices (a slight fall in monthly savers can even be seen).

Figure 8 – Respondents saying they had put money aside every month for the last three months



Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both Waves (52 beneficiaries and 52 control subjects).

An indicator of positive change in saving practices was constructed. The aim was to identify respondents who reported more frequent saving in Wave 2 than they did in Wave 1 (from no saving in wave 1 to saving at least occasionally in wave 2, or from saving occasionally to saving on a monthly basis): **one quarter of all beneficiaries say they save more often in Wave 2 than in Wave 1,** compared to only 15% of the control sample.

2.1.4 Awareness of the link between saving and giving formal structure to personal or family plans

The qualitative interviews revealed that one of the added benefits brought by the programme lies in the fact that the sums saved and bonus paid enabled certain beneficiaries to **put a plan into practice** or pay bills pending:

> *"[The programme gave them back a] feeling of self-worth. Being free to get their savings out sometimes means getting on with their dreams again as well"* (PCSW Advisor).
> *"They got a small sum of money, which meant that they could actually do something they'd planned to do: buy 500 litres of heating oil, pay an outstanding bill, etc. They could meet a need, albeit often a basic need."* (PCSW where the group consisted of individuals in debt mediation systems, and according to the advisor, a particularly financially insecure group).

In the case of certain beneficiaries, this promoted awareness of the real advantages of saving, along with an attitude towards saving as **a precaution and/or means of looking ahead to the future**, for themselves and for others – and especially for the children:

> *"They explained a lot of things. For example [saving can be useful] for buying cars, or a house, or things for the home […] If there's a problem, having a bit of money aside for me and my children […] for example with the kids, or bills I need to pay"* (Beneficiary).

These factors are a major source of motivation for the beneficiaries. Saving for others is all the more meaningful in a tough economic environment where greater **solidarity** is developing. The survey shows an increase in the percentage of respondents (beneficiaries and control group alike) who consider that "*when you have a bit of money, it's better to give it to your family or close relations when they need it rather than saving it for yourself"* (1 in 10 on average in Wave 1 against 1 in 4 in Wave 2).

2.1.5 Improved tracking of day-to-day spending and more forward-looking personal budget management

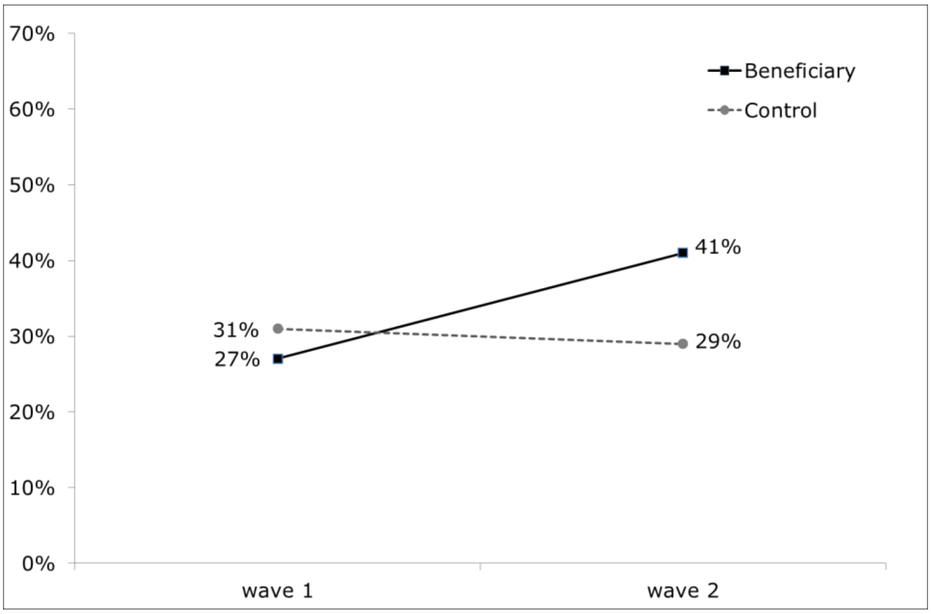
Analysis of statements by beneficiaries during the qualitative interviews shows that they situate their saving behaviour in a more overall approach to managing their personal budgets, and in particular their spending. A number of them stressed the fact that making the effort to save during the programme had made them realise that they didn't have to "go without" to put money aside, but instead needed to adopt **more reasonable use of their finances by limiting non-essential expenditure**:

> "*When I'm about to buy something, I ask myself is it really necessary? I analyse before buying, I take everything into consideration: if it's not necessary, I don't buy it"* (beneficiary).

The quantitative study shows that the beneficiaries track their spending in a more structured manner and check their bank statements more systematically.

A clear improvement can be seen in the structured tracking by beneficiaries of their spending (+14 points) whereas it tends to regress for the control group (see Figure 9). There is also an increase in the number of beneficiaries who systematically check that their bank statements do not contain errors (2 in 3 in Wave 2 compared to only half in Wave 1). However, a similar shift can be seen in the control group, making it impossible for any conclusion as to the specific effect of the programme on this behaviour.

Figure 9 – Respondents saying they track their spending on an ongoing basis (in a notebook, computer file, etc.)

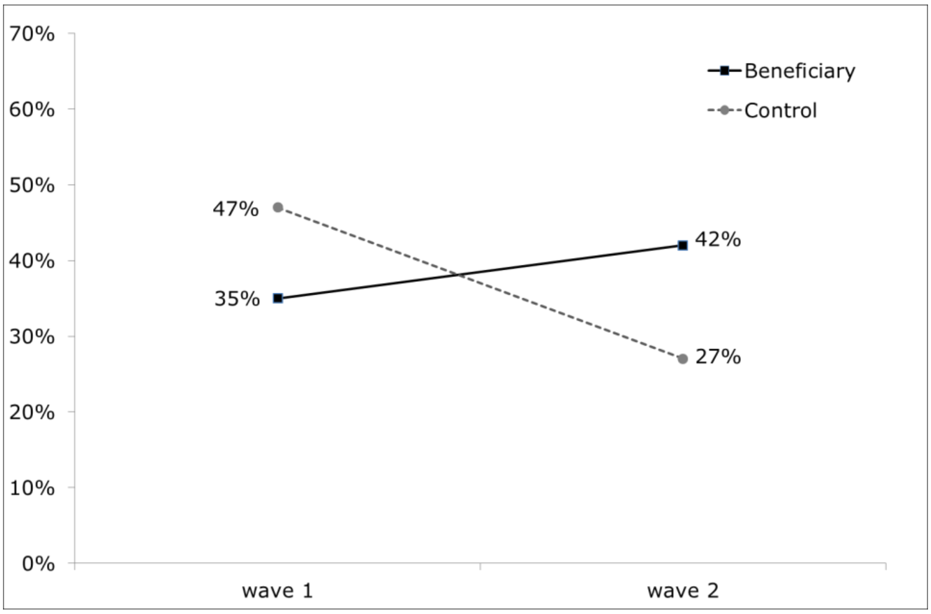


Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both Waves (52 beneficiaries and 52 control subjects).

Whereas scores concerning the tracking of spending improve for the beneficiaries, it is surprising to note that their overall view of their monthly outgoings is still vague. In Wave 1 as in Wave 2, only one in three of them say they know how much they spend every month. Conversely, in Wave 2, there are people among the control group who know how much they spend every month (50% in Wave 2, i.e. +11 points), even though their tracking of their spending does not become more structured.

The beneficiaries appear to a greater extent to adopt a forward-looking budget management approach, planning ahead rather than checking their spending retrospectively. In Wave 2 more of them say they prepare a budget every month than in Wave 1 (see Figure 10 below).

Figure 10 – Respondent saying they prepare a budget every month



Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both Waves (52 beneficiaries and 52 control subjects).

2.2 Greater caution regarding loans/credit facilities

2.2.1 Both beneficiaries and control subjects are more careful about loans/credit facilities

Comparative analysis of data from Waves 1 and 2 on questions relating to loans/credit facilities reveals that both beneficiaries and control subjects become more careful about borrowing (Table 6). **This effect cannot therefore be attributed to the SIMS programme alone.**

Table 6 – Changes in opinions about loans/credit facilities

		Beneficiaries			Control group		
Question/Statement	**Response**	**Wave 1**	**Wave 2**	**Diff. v2 - v1**	**Wave 1**	**Wave 2**	**Diff. v2 - v1**
One should avoid borrowing, it's too risky	Totally agree	7%	18%	**+11**	14%	44%	**+30**
Borrowing is not a problem if you know you can repay the loan	Totally disagree	4%	28%	**+24**	8%	12%	**+4**
Finally, if you needed to borrow money, would you:	Try and find the cheapest credit*	86%	94%	**+8**	81%	88%	**+7**
All loans are more or less equivalent, there is little point spending too much time choosing one	Totally disagree	35%	63%	**+28**	31%	39%	**+8**

* vs. Choose the first credit you are granted
Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both Waves (52 beneficiaries and 52 control subjects).

There are a number of potential explanations for this change in opinions in both control subjects and beneficiaries. It should be interpreted in a more general context that than of the SIMS programme alone, at the nationwide level and/or from the point of view of the support provided by the PCSWs.

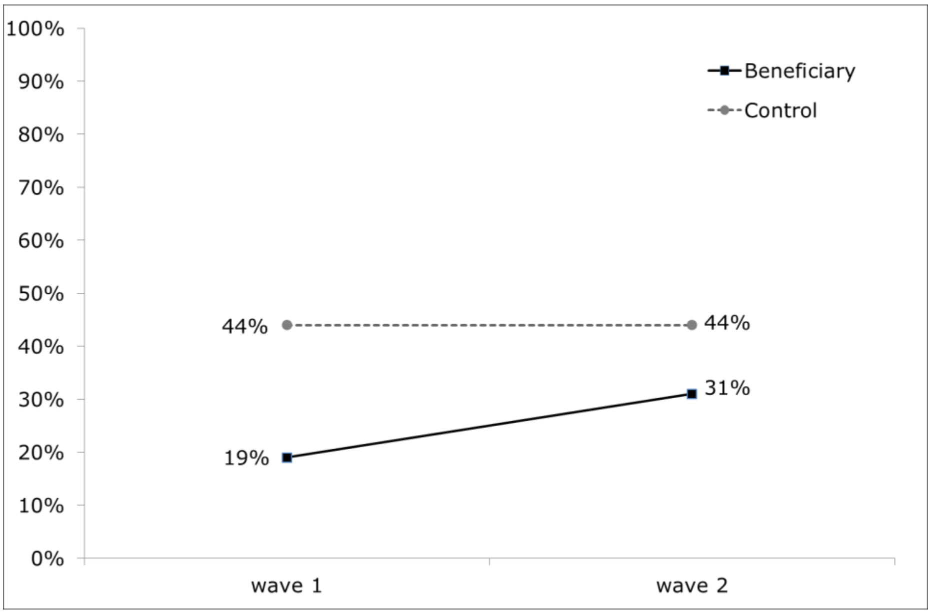
- At the nationwide level, there may be an effect caused by the campaign to raise awareness of consumer credit, launched in December 2010 in Belgium when the new European Law on Consumer Credit was put in place. This campaign began before the SIMS project was launched, which might therefore suggest that its effects were not yet perceptible in December 2011-January 2012, the period during which Wave 1 of the survey was conducted.
- From the PCSW point of view, there may be an effect caused by the support provided by advisors, particularly the training given to beneficiaries in debt mediation situations[23].

2.2.1 An increase in the use of informal borrowing

The proportion of beneficiaries saying they had borrowed money over the past three months increases by 12 points between the two Waves. The proportion of control subjects saying they had borrowed money over the past three months, which in Wave 1 was double that of the beneficiaries, remained stable in Wave 2.

[23] Unfortunatly, this cannot be confirmed as it is impossible to separate beneficiaries and control subjects in debt mediation situations from the other respondents to the survey.

Figure 11 – Respondents saying they have borrowed money over the past three months (from a bank or from someone in their family circle)



Source: SIMS survey of beneficiaries and control group, compiled by Crédoc
Base: all respondents to both Waves (52 beneficiaries and 52 control subjects).

Most of the increase in borrowing by beneficiaries of the programme comes from an increase in borrowing from relatives (rather than from banks). This could be a consequence of the findings detailed hereabove. With their focus on forward-looking budget management and planning for the future, it is conceivable that some beneficiaries might come up with plans for which saving is not enough. Therefore, they might be more likely to resort to borrowing money from people in their family circle, given the trend toward greater wariness about loans and credit facilities taken out with credit institutions. Finally, this shows that the increased cautiousness is toward the banking system, rather than towards the idea of borrowing money.

2.3 Social integration: a potential effect in the long-term?

2.3.1 An increase in self-confidence

The qualitative interviews with trainers, advisors and beneficiaries reveal the programme's positive impact on beneficiaries' self-confidence.

Statements by the beneficiaries who were interviewed reveal their lack of confidence in their ability to do things on their own and highlights a need for encouragement to help them manage to save: "***Being able to put money aside, managing to do it** […] thinking that you have to put money aside, that you must, **it encourages you**"* (Beneficiary); *"I believed it was going to help me, **give me the courage to do it** [saving]"* (Beneficiary).

The players involved observed **an increase in self-confidence** in those beneficiaries who went through to the end of the programme. This confidence was acquired through their growing awareness of their ability to do things:

- Certain beneficiaries realised that they did have the **ability to put money aside** on a regular basis, even if their income was very small: "*[the programme] showed them that they could also do it by themselves" (*PCSW Advisor).

- Others got a **feeling of pride** from their success, recognised by the very symbolic awarding of a certificate at the end of the programme: *"At the end, there was the awarding of the super saver certificate. Some people told us that they were really pleased, saying "at last, I've got a certificate". They told us how happy they were that they'd managed to save, and that they were going to carry on saving."* (PCSW Advisor).

2.3.2 Boosting effect of group dynamic

Through the training modules, the programme helped to generate group dynamics. In addition to the resulting intellectual emulation, the collective aspect of the training was also a factor in **the social integration of the beneficiaries.**

According to the players interviewed, the programme gave people the opportunity to have a social activity (beneficiaries were often socially isolated). It helped them to meet others experiencing similar difficulties.

> *"It enabled them to do something practical and real. Very often, these are people who have nothing, no work, no training, and nobody holding them in esteem any more. With the programme, they had to get up in the morning; they had something to do like everyone else"* (PCSW Advisor)

In some groups, a real feeling of community was created.

- *"For the last session, as we were all different nationalities, we all brought along a speciality from our country. We were a tight-knit group, with great respect for each other.* ***There were a lot of connections at the human level****"* (PCSW Advisor)
- One group set up a lift-sharing system for the training modules to deal with the travelling issues affecting a number of participants "*That in itself was already a success!"* (PCSW Advisor)

This momentum occasionally lasted beyond the end of the SIMS project, albeit only in a minority of cases (below the target for sustaining groups as saving groups):

- Two groups began to save collectively as *communautés autofinancées* or CAF (self-financed communities), and were even joined by new members. One of these was the group formed from the Ecuadorian cultural organisation, whose members were more familiar with the concept of collective saving.
- One group continues to meet on a monthly basis to talk about issues that may or may not be related to budget management. Their meetings are still led by RFA and are still held in a PCSW.

3/ <u>Impacts of the project on projet leaders and partners</u>

In addition to the effects of the programme on beneficiaries, the assessment also highlighted an impact on the partnership dynamics and working practices of the experiment's partners.

3.1 **The first partnership between RFA and PCSWs**

RFA and the PCSWs had no contact with each other prior to the project. The advisors questioned had not heard of the RFA before the SIMS programme.

From RFA's perspective, the programme thus enabled the network to make itself known to the PCSW network, which given its geographical coverage and proximity to the most financially insecure population groups, carries a lot of clout*: "Before, we had very little contact with PCSWs. The programme created this partnership and helped RFA to establish its legitimacy in suggesting areas of work in this field"* (RFA employee).

From the point of view of the PCSWs, this partnership is also positive in that it is helping them to **improve the support they give their beneficiaries**, in two ways:

1. RFA is currently working with PCSW "consumer school" groups, running training courses on saving and local solidarity-based initiatives (operations funded by the French Community).
2. The PCSW advisors who attended the modules feel that RFA's approach and the educational content of the training courses provide valuable input for their own work: *"It gives new ideas of themes and topics that can be added to courses"* (PCSW Advisor). One PCSW was even inspired by the information given during the training courses to set up a "giveaway" in its local area, where citizens can give away to others objects and items they no longer use or need.

3.2 An experiment that remained overly discreet from the local player point of view

Apart from the players directly partnering the project, the experiment remained very discreet at ground level. This should be linked with the fact that collaboration was based on players personally volunteering to take part rather than on a formal institutional partnership.

Overall, the PCSWs partnering the experiment expressed regrets that there were very **few exchanges between the advisors,** and yet RFA did organise an assessment meeting to which the PCSW partners were invited. Although generally, the PCSWs did appreciate this opportunity to share their working practices, one respondent confided that in her opinion it was difficult to compare everyone's different experiences because organisational models and beneficiary groups differ too greatly from one PCSW to another to allow comparison of the methods used to implement the experiment and the perceived effects on the beneficiary groups.

Likewise, **the experiment remained very discreet** even within the PCSWs partnering the project. Advisors seem to have had very few discussions about it among themselves. One PCSW Advisor said: *"When I was doing the modules, sometimes [my colleagues and my superiors] would ask me 'by the way, what are you doing?'"*.

3.3 Fruitful sharing of practices through international coordination

From RFA's point of view, the outcome of the international sharing of experience was very positive in that the project's leaders feel that, from the experiments in the other countries, they have learned lessons about the recruitment of beneficiaries, different contact strategies, training course content and even facilitation and management techniques.

Regarding coordination, although considered vital, it is also time-consuming: "*it's essential in that it ensures good governance, helps to adjust activities in line with the European project, and improves understanding of national differences [but it involves] a lot of administrative work developing agreements: it's a huge job"* (RFA).

Lessons learned from the experiment

The **SIMS programme** was rolled out in Belgium to **180 participants** between 2011 and May 2012. It was a micro-savings programme consisting of two types of action: 1/ five financial education modules, and 2/ a **financial incentive to save**, whereby participants received a matching bonus payment equivalent to 50% of the total amount saved over the 12 months of the programme (bonus capped at €120), subject to their regular attendance and participation in the educational modules and regular monthly saving.

Assessment of the programme by Crédoc was conducted throughout the experiment, and combined qualitative and quantitative approaches:

- **a two-wave survey by questionnaire** of beneficiaries and of a control group with a 12-month interval between the two waves;
- compilation and monitoring of a **dashboard** detailing the actions monitored for each of the beneficiaries (attendance at training modules, frequency and amount of deposits made into the savings account);
- **10 qualitative interviews with the programme's leaders and partners**;
- **5 qualitative interviews** with a diverse sample of **beneficiaries**.

In this section, the **main findings of the assessment are summarised**, with a distinction drawn between the **programme's strengths and its weaknesses**. **Recommendations** are then made on the basis of these findings.

1/ The programme's strengths: a positive impact on beneficiaries who save more often

1.1 A positive and lasting impact on saving and budget management behaviours

The assessment brought to light a positive impact on saving behaviour during and after the experiment:

- 7 months after the end of the experiment, one quarter of beneficiaries **save more often** than they did at the start of the programme, compared to only 15% of control subjects.
- Almost half of the beneficiaries **saved on a regular basis (at least 7 out of the 12 months) throughout the experiment.**

The incentive-based (through the matching bonus payment) and relatively restrictive (savings "blocked" on an external account[24]) methods set out by the leaders helped to actively motivate some of the beneficiaries during the programme, and the effects on saving behaviour lasted beyond the end of the experiment.

Beneficiaries also adopted more **formal and forward-looking budget management habits:** the percentage of beneficiaries saying they prepared a budget every month increased from 35% to 42% between the two waves of the survey (the opposite trend is seen in the control group).

Lastly, they show a more careful and cautious attitude towards loans and credit facilities (indicators of carefulness and caution towards loans and credit facilities increase by 8 to 28 points), although

[24] Participants could withdraw the money they had saved at any time during the programme. However, if they did so, they were then no longer able to continue on the programme and could not claim the matching bonus payment.

this finding, which also holds true for the control group, is not attributable to the SIMS programme alone.

1.2 A social integration effect marked by strong synergy between the individual and collective aspects of the programme

The two different parts of the programme – the training modules (collective) and the financial incentive to save (individual) – act in synergy: beneficiaries active in saving are also regular participants in the training modules. The social dynamics on one side and financial interest on the other are **motivating factors that mutually strengthen each other.**

Their impacts are also complementary. The collective training modules, through the practical and interactive teaching approach, promoted the emergence of discussion and exchanges between the participants. The group dynamics created a **motivating factor** for beneficiaries, a way of **increasing their self-confidence** through their discussions with other people also experiencing financial difficulties, and a way to **social integration**.

2/ The programme's weaknesses: commitment of beneficiaries and players

The assessment also brought to light the programme's weaknesses and limits.

2.1 More than fifty percent of beneficiaries did not participate actively in the programme

This dropout rate – similar to that of other programmes of the same type set up in the United States[25] – is damaging in two ways:

- Because of the wasted **investment put into the programme by players and partners** in terms of the selection process, efforts employed to recruit participants and support delivered throughout the programme.
- Because of a potential negative effect for individuals who did not manage to save despite the financial incentive and support provided: they **may become discouraged about their future ability to save.**

Analysis of the quantitative data combined with the qualitative interviews revealed avenues worth exploring in analysis of the dropout phenomenon.

- People with **family responsibilities show a higher probability of no active participation in the programme**: women, people under the age of 40 and people living with a partner and/or children.
- **There is a potential positive compound effect brought about by taking part in more than one financial education programme**: people who had already been on budget management courses before the SIMS programme appeared to have a better rate of success in the experiment.

2.2 Difficulties in motivating partners

In the end, only a minority of the structures and organisations contacted by the project leader actually took part in the programme (11 PCSWs and one cultural association out of more than 400

[25] Schreiner M., Sherraden M., 2005, "Drop out from individual development accounts: Prediction and prevention", Financial Servives Review 14, pp 37-54.

organisations initially contacted). The assessment brought to light a number of barriers to the involvement of social workers:

- concerns related to a **lack of support** for the idea of encouraging financially insecure people to save (considered as unnecessary or impossible);
- reservations related to **confidence** in the project's leader (RFA), an organisation little known to the PCSWs tasked with mustering beneficiaries and that didn't come with backing from an identified player in the banking sector;
- **a fear of time-consuming involvement** for advisors already feeling snowed under with work.

Consequently, the initial objective of training social workers partnering the project to be the instructors running the groups quickly had to be abandoned.

3/ Routes for improvement: confidence and trust as drivers of committed support

Confidence and trust clearly emerge as one of the keys to success in generating support and active commitment from both partners and beneficiaries.

3.1 Fostering beneficiary loyalty throughout the programme

One of the first areas of work is to foster beneficiary loyalty as a means of preventing dropout. Two aspects need to be brought into play jointly: identified drivers of motivation need to be sustained, and at the same time, any barriers to participant commitment need to be lifted.

On the motivating factors front, setting **group dynamics** in motion within groups formed for the training modules appears to be a potentially powerful driver. The modules need to be based on training content that enables the beneficiaries to make the link with **their own personal plans** and on an **interactive and fun teaching approach.**

Regarding barriers to beneficiary commitment, **personal constraints and pressures** increase the risk of dropout from the programme. In order to remove any such barriers, the programme has to be able to fit into the framework of the socio-professional support provided within the partner structures.

3.2 Increase the involvement of social workers and beneficiaries by means of more formal partnerships

Making **partnerships with local authorities and banking establishments more formal** would increase the programme's legitimacy and encourage social workers and beneficiaries alike to take a keener interest in it. Such partnerships might:

- help to address the confidence and trust-related reservations expressed by beneficiaries and social workers;
- increase the programme's legitimacy, as it would have the benefit of the reputation of those institutions;
- allow the programme to use such organisations as intermediaries in communicating about the scheme and propagating good practices.

Partner involvement and motivation might also be increased by the **dissemination of the lessons learned from the experiment** to local players, regardless of whether they partnered the experiment or not.

Appendix 1 – Questionnaire

<u>Filter question for the CONTROL group:</u> would you agree to take part in a saving programme designed to help you manage your budget? This programme will consist of information sessions and a monthly saving system, for which you will have to undertake to put aside a small sum of money every month. Under the programme, this sum will be matched by a bonus payment, i.e. you will receive a bonus payment equivalent to 50% of the sum paid as a reward (up to €25 per month, assuming that you put aside €50 or more every month).

- ☐ Yes
- ☐ No => **STOP**

I – Your budget: your income and expenses

1. What are your current sources of income?
(Several answers possible)

- ☐ Your salary
- ☐ Social benefits
- ☐ Help from your family or friends
- ☐ Casual jobs
- ☐ Freelance work
- ☐ Other (give details) ________________________

2. What is your monthly income at present (all income including wages, pocket money, benefits/allowances, grants, other)?
Please try to give the amount, even approximately, of your <u>income last month</u>, or at least give an estimate using the scale below.

€______________ (amount written clearly)

- ☐ €1,500 or more
- ☐ €1,000 to €1,499
- ☐ €500 to €999
- ☐ €300 to €499
- ☐ Less than €300

3. With your current income, at present, would you say that you get by …

- ☐ With great difficulty
- ☐ With difficulty
- ☐ With some difficulty
- ☐ Fairly easily
- ☐ Easily
- ☐ Very easily

4. At present, would you say that you manage to make ends meet at the end of each month?

- ☐ Yes, without difficulty
- ☐ Yes, but with difficulty
- ☐ No, I don't always manage
- ☐ No, I never manage

5. Do you know roughly how much money you spend every month at present?

- ☐ Yes, exactly (to the nearest €10 or €20)
- ☐ Yes, roughly (to the nearest €50)
- ☐ No, not exactly
- ☐ No, I've no idea => **go to Q7**

6. **About how much do you spend every month at present?**
   Please try to give the amount, even approximately, of your *<u>expenses last month</u>*, *or at least give an estimate using the scale below.*
   €_____________ (amount written clearly)

   - ☐ €1,500 or more
   - ☐ €1,000 to €1,499
   - ☐ €500 to €999
   - ☐ €300 to €499
   - ☐ Less than €300

7. **Do you track your spending on an ongoing basis (in a notebook, computer file, etc.) at present?**
   - ☐ Yes
   - ☐ No

8. **Have you recently drawn up a "budget" (to see what money you have coming in and what you can spend)?**
   - ☐ Every month
   - ☐ Sometimes
   - ☐ Never

9. **Have you been unable to pay any bills on time over the past 3 months?**
   - ☐ Yes, every month
   - ☐ Yes, but not every month
   - ☐ Never

10. **At present, when you need to buy something that costs about €100, what do you do?**
    - ☐ You buy it without a second thought
    - ☐ First you check that you can afford it
    - ☐ You try and buy it on credit, or pay for it in instalments
    - ☐ You put money aside to buy it later

II – Saving and borrowing money

11. **Have you put money aside in the last 3 months?**
    - ☐ Every month
    - ☐ From time to time but not every month
    - ☐ Never => **go to Q15**

12. **Do you know roughly how much you've put aside in the last three months?**
    - ☐ Yes, exactly (to the nearest €10 or €20)
    - ☐ Yes, roughly (to the nearest €50)
    - ☐ No, not exactly
    - ☐ No, I've no idea => **go to Q14**

13. **About how much does it come to over the last 3 months?**

Please try to give an amount or at least give an estimate using the amounts below.
€______________ (amount written clearly)

- ☐ Less than €50
- ☐ €50 to €100
- ☐ €100 to €200
- ☐ More than €200

14. Why have you put money aside?
(Several answers are possible)

- ☐ For security, in case of need or difficulty
- ☐ To be able to buy something later
- ☐ To help out your family if need be
- ☐ To give someone a gift (birthday, Christmas or other)
- ☐ To fund a personal plan (e.g. holiday, to buy a computer, etc.) or business project (e.g. to start up a business)
- ☐ To be able to cope with a big annual expense (tax, insurance, energy, etc.)
- ☐ Other (give details)_____________________________________

15. Have you borrowed any money over the last 3 months (from a bank or someone you know)?
(Several answers possible)

- ☐ Yes, from a bank
- ☐ Yes, from someone I know (family, friend, close relation, etc.)?
- ☐ No => **go to Q17**

16. Why did you borrow money?

- ☐ To buy yourself something
- ☐ To help your family
- ☐ To make a gift
- ☐ To fund a personal plan (e.g. holiday) or business project (e.g. to start up a business)
- ☐ To make ends meet at the end of the month
- ☐ To pay some bills

17. Have you bought anything on credit in a shop over the last 3 months (in instalments with or without charges, or with a store credit card)?

- ☐ Yes, paying in instalments (with or without charges)
- ☐ Yes, with a credit card
- ☐ No, you have not bought anything on credit

III – Your bank account: *this section applies if you have at least one bank account*

18. Do you currently have a bank account?

☐ Yes

☐ No => **go to Q32**

19. How long have you had it?

☐ Less than a year

☐ 1 to 2 years

☐ 2 to 5 years

☐ You have no idea

20. Do you use the following on a regular basis?

	Yes	**No**
A bank card (Bancontact/Mistercash, etc.)	☐	☐
A credit card (VISA, Mastercard, etc.)	☐	☐
A major store card (Carrefour, Cora, etc.) ☐	☐	

21. Have you deposited or received money regularly in this account over the last 3 months?

☐ Every month

☐ Less often

☐ Never

☐ You don't know

22. Over the last 3 months, have you checked your bank account to see how much you have left?

☐ Every week

☐ Once or twice a month

☐ Less often

☐ Never=> **go to Q24**

23. How do you check your account?

☐ Via monthly statements sent by the bank (post or e-mail)

☐ Online

☐ Via text/email alerts if it goes overdrawn

☐ Other, give details_______________________________________

24. Over the last 3 months, have you checked your bank statements to make sure they contain no errors?

☐ Every time

☐ Often

☐ Occasionally

☐ Never

25. Does your bank charge for keeping your account?

- ☐ Yes, it charges me
- ☐ No, it does not charge me
- ☐ I don't know

26. Has your account been overdrawn at any time over the last 3 months (i.e. have you spent more money than was in your account)?

- ☐ Yes, often
- ☐ Yes, from time to time
- ☐ Yes, only rarely
- ☐ No, never

27. Do you have another account for putting money aside (savings account)?

- ☐ Yes
- ☐ No => **go to Q32**

28. Do you know how much you have in your savings account?

- ☐ Yes, exactly (to the nearest €10 or €20)
- ☐ Yes, roughly (to the nearest €50)
- ☐ No, not really
- ☐ No, I've no idea

29. Does your savings account pay interest?

- ☐ Yes
- ☐ No
- ☐ I don't know

30. Have you been in touch with an advisor at your bank over the last 3 months (at the branch, by phone or e-mail)?

- ☐ Yes, once
- ☐ Yes, several times
- ☐ No, not at all

IV – Your opinion on banks, credit and saving

31. About SAVING: do you agree with the following statements?

Tick the relevant box	Totally agree	Partly agree	Partly disagree	Totally disagree	Don't know
Saving small amounts is pointless.	☐	☐	☐	☐	☐
Saving brings in no money.	☐	☐	☐	☐	☐
If you really want to save, you have to put money aside regularly.	☐	☐	☐	☐	☐
If you want to put money aside, you need a savings account in addition to your usual account.	☐	☐	☐	☐	☐
Putting money aside avoids the need to borrow money.	☐	☐	☐	☐	☐
When you have a bit of money it's better to give it to your friends or family when they need it rather than saving for yourself.	☐	☐	☐	☐	☐

32. About BORROWING: do you agree with the following statements?

Tick the relevant box	Totally agree	Partly agree	Partly disagree	Totally disagree	Don't know
You shouldn't borrow money, it's too risky.	☐	☐	☐	☐	☐
When you borrow money, it isn't easy knowing how much you'll have to pay back every month	☐	☐	☐	☐	☐
Borrowing is not a problem when you're sure you can repay the loan.	☐	☐	☐	☐	☐
People on low wages don't have the option of borrowing because few banks want to lend to them.	☐	☐	☐	☐	☐
All loans are roughly the same; it's not worth wasting time choosing one.	☐	☐	☐	☐	☐

33. Finally, if you needed to borrow money, would you

☐ Look for the cheapest loan

☐ Choose the first loan offered

34. In your view, what is the purpose of saving, what is the point of putting money aside? (open-ended question)

V – TO CONCLUDE

35. How old are you?________(age in years)

36. Are you (to be completed by the researcher without asking the question)

- ☐ A woman
- ☐ A man

37. What is your housing situation?

- ☐ You're a tenant
- ☐ You own your own home
- ☐ You flat-share/house-share
- ☐ You live with your parents or friends
- ☐ Other

38. What is your occupational status?

- ☐ Unemployed
- ☐ Retired
- ☐ Part-time worker
- ☐ Full-time worker
- ☐ Other

39. What is your family status?

- ☐ Single
- ☐ Couple
- ☐ Single with children (how many?___)
- ☐ Couple with children (how many?___)
- ☐ Other, give details_______________________________________

40. Have you already attended any courses / workshops to learn how to manage your bank account and purchases better?

- ☐ Yes
- ☐ No

THANK YOU for responding to this survey

Appendix 2 – Player and partner interview guide

Qualitative assessment

IMPLEMENTATION CONTEXT

About the structure/organisation

- History of the structure/organisation
- Usual field of action of the structure/organisation: remits, population groups, geographical area covered

About the respondent and involvement in the project

- Respondent's job title and role in the project
- Process of involvement in the project: how did you initially learn about the project? What did you think of it? Why did you want to take part in the project?

Project implementation - context

- What diagnostic resulted in the project being proposed?
- History of the construction of the project, players involved in designing the project

Innovative character of the project compared to existing systems

- Description of the national system and identification of common law (descriptions of systems/mechanisms/schemes, who funds and leads them, target audience, results)/ collation of data, documents for more in-depth document analysis:
  - Systems for financial education and information;
  - Mechanisms to encourage saving;
  - Operation of the credit system and national mechanisms to combat excess debt.
- What actions had already been implemented by the leader for the target audience and/or on saving/financial education questions?
- Is the project the continuation or extension of an already existing project?
- Did the partnerships pre-exist the project or are they new?

DESCRIPTION OF THE PROJECT

Aims of the project

- Qualitative aims

- Quantitative aims (in figures) and indicators
- Personal opinion on the aims in view
- Have the aims been changed compared to what was initially planned?

Beneficiaries: recruitment process and degree of commitment

- Description of the target group
- Target group identification process: how do you find them? Is it based on volunteering?
- Are beneficiaries selected (on what criteria)?
- Expected and actual numbers
- Participant commitment: participation rate, dropout
- Were the people who actually joined the programme in line with what had been planned?

Details of actions implemented

- Overall organisation of the project, identification of the different implementation levels (technical management, operational implementation in the field)
- Detailed description of all **actions** implemented (nature of actions, content, frequency, place, number of participants, etc.)
- **Communication** actions to mobilise partners, inform beneficiaries; communication or events organised around the project.
- **Coordination** of the project between the different partners: meetings, discussions, feedback, etc. Rate the partnership dynamic.
- **Tools** employed (constructed for the project or from previous experience).
- Any adjustments compared to what was planned on paper

Resources employed

- Financial, physical
- Human (recruitment, qualification and training of those involved)
- Partners called on: role and involvement. Are there partners that were planned but that could not be motivated? Conversely, are there partners that had not been identified but that joined the project?

ASPECTS OF THE APPRAISAL

Appraisal

- Strong points, weak points of the project
- Difficulties encountered
  - Difficulties related to the population group: commitment, motivation, behaviour.
  - Organisational, financial, physical or technical difficulties

  - Difficulties related to partnerships (operational, institutional or economic).
- Impact on beneficiaries:
  - Respondent's overall opinion and any feedback including from beneficiaries
  - Impact on beneficiaries' **behaviour**:
    - behaviour as regards saving/credit;
    - behaviour as regards expenses and budget management.
    - Continuity of effects on behaviour after the experiment.
  - Impact on the level of beneficiaries' **understanding**:
    - Of the working principles of the banking system
    - Of the working principles of saving and credit
    - Of the advantages and drawbacks of saving and credit.
- Impact on the working practices of operational players and partners
- Impact on the partnership dynamics
- Routes for improvement
- The project today: will the project by continued/propagated? Impact on public policy?

ASSESSMENT

- Impact of the assessment on the specification and implementation of the project
- Position on the dashboard
- Methods of implementing the quantitative survey of beneficiaries:
  - Feedback on survey procedures
  - Control sample selection process
  - ➢ Monitoring of beneficiaries and control subjects, tools employed to enable a high response rate in Wave 1 and Wave 2;
  - Difficulties encountered.
- Retrieving additional data on beneficiaries i.e. amount saved, frequency of deposits

Appendix 3 – Beneficiary interview guide

Qualitative assessment

Summary of the respondent

- Age, family situation and accommodation, employment situation, financial situation.
- Link with the PCSW? Have you been on any other courses with the PCSW?
- Other training courses related to financial education?

Involvement in the SIMS project

- Who first told you about the programme?
- Why do you think your advisor suggested that you sign up for the programme?
- What did you then think about it?
- Did you hesitate before joining the programme or were you happy to go ahead at once. Why? What convinced you/made you want to join?
- What were your expectations when joining the programme?
- Had you heard of RFA? (Test the notion of confidence, trust)

Description of the programme

- What did you do during the programme?
  - ⇨ Participation in the modules – how were the modules organised (place, duration, number of participants, interaction, etc.). What themes did you cover? What did you learn? What did you like, like less? Was it easy? What about in comparison with other PCSW training courses?
  - ⇨ Saving – what (frequency and amounts) and how (direct debit)?
    Was it hard saving every month? Did you have to go without?
    Was the money you saved during the programme earmarked for a specific plan? Were you able to go through with this plan? Did you have to borrow more money to fund this plan?
- Did you already know any of the other participants? What was the atmosphere like in the group?
- Did you qualify for the matching bonus payment? If you dropped out, why? What about the other participants?

Opinion on and impact of the programme

- What did you think of the programme overall? Strong points/weak points?
- Is it useful to you now?
- Impact on knowledge

  - saving: impact on opinion as to the value of saving?
  - ditto on credit, budget management, how the bank works/relations with the bank.
- Impact on practices
  - saving: Have you saved since the end of the programme? Did/Does it have an impact on your financial situation (during and after the SIMS programme)?
  - Impact on practices as regards credit, budget management, how the bank works/relations with the bank.
- Do you manage your money differently? Has your financial situation changed? Do you plan for the future differently?
- Did participating in the programme have an impact on your working life (search for a job or training)?
- Do you still see the other members of the group (in the PSCW environment or elsewhere)? Have you thought about setting up a CAF (self-financed community) with the other participants? What do you think about collective saving?

Routes for improvement

- If you were offered, would you participate in this programme again? Would you recommend it to friends? Why? What should be kept in mind?
- In your opinion, how could the programme be improved?

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