



MuJeR

Financial Inclusion for Young Rural Women Mexico

CASE LEARNINGS

Young rural women are fundamental to socioeconomic dynamics across the South American countryside. But this diverse collective has a long history of invisibility and underrepresentation in public policy and development programs in the region.

With support from the International Fund for Agricultural Development (IFAD), from 2017 to 2019 Fundación Capital ran the program MuJeR: Financial Inclusion for Young Rural Women. The goal of this initiative, implemented in Mexico, Colombia and Paraguay, was to help rural youth—and especially women—access and use financial services tailored to their needs, capabilities and characteristics. Such services allow them to build, improve and protect their assets, setting in motion a virtuous cycle to overcome poverty in a sustainable way.

The MuJeR Project in Mexico

The MuJeR project was implemented in Oaxaca, one of the poorest states in the country¹ and where there is a high proportion of rural women.² These women, and especially younger ones, suffer crushing poverty due to a lack of opportunities for work and studies. The majority of young women that work do so informally, meaning they receive low incomes and have no social protection. Many of them work in family businesses without any pay, while others start up small businesses that earn them irregular income. Oftentimes they must take out loans to invest in their businesses.

To tackle this situation, the MuJeR project partnered with Savings and Credit Cooperative ACREIMEX, an institution recognized for its financial stability and firm social commitment, with wide coverage in Oaxaca. ACREIMEX demonstrated a keen interest in having young, at-risk women become members and in building loyalty among those who had already joined the cooperative.

Diagnostic work showed that most young women members of ACREIMEX had group loans in their name, but that many were included in these groups only to meet the minimum required number of members and did not in fact receive any funds. Research also showed that although all members had a savings account where they deposited mandatory savings when repaying installment loans, most of the women did not know they had the account and therefore stopped using it after paying off their loan. These findings were used to design a strategy to promote informed access to group loan products for young women at ACREIMEX, boost their financial health and encourage them to use their savings accounts. Work later commenced with postsecondary students at universities and institutes of technology in rural Oaxaca to strengthen their financial capabilities and promote informed access to and use of financial products.

In Mexico, the MuJeR project was carried out in partnership with ACREIMEX and 6 universities and institutes of technology in the State of Oaxaca. **More than 690 young rural women** received training in 13 municipalities in the state of Oaxaca and one municipality in the state of Puebla. This served to develop their financial capabilities and promote access to and use of financial products and services, all while incorporating a gender perspective. ACREIMEX developed two new products: a group loan for young women in rural villages, granted on preferential terms,³ and AcreiEmprende MJR, a loan designed for university students.⁴

¹ Poverty affects 66.4% of the population of Oaxaca (National Council for the Evaluation of Social Development Policy, or CONEVAL, 2018).

² Rural villages of under 2,500 inhabitants are home to 52.3% of women in Oaxaca (INEGI, National Survey on Occupation and Employment, second quarter of 2014).

³ Loans from USD \$150 to \$500 per person for the first cycle (larger amounts may be requested in subsequent cycles) with a 3% interest rate, which is lower than what the competition offers and is further reduced beginning in the third and fifth cycles. Beginning in the fourth cycle, clients have the option to make repayments every two weeks.

⁴ AcreiEmprende MJR: Loans designed for students at universities and institutes of technology who have made a solid commitment through an arrangement with ACREIMEX to start up a business and/or acquire consumer goods for academic purposes. They are required to have a business plan, investment project or consumption target during their studies.

The project ran from May 2017 to April 2019 and was divided into four phases:

May 2017–December 2017

- Literature review
- Search of a strategic partner
- Diagnostic work and a co-creation workshop to devise a strategy.

January 2018–June 2018

- Design of a strategy to promote informed access to group loans for young rural women and to encourage Ahorramás & más account holders to use their account. It's agreed that the implementation will be carried out by ACREIMEX loan advisors and to use digital technologies for training on financial capabilities.
- Organization of assertive communication workshops to help loan advisors reach rural youth more effectively
- ACREIMEX creates a group loan product granted on preferential terms to groups that include young rural women.

October 2018–April 2019

- Strengthening of the financial capabilities of postsecondary students in rural Oaxaca, and promotion of informed access to and use of financial products.
- Initially, only the ACREIMEX savings product is introduced. Beginning in January 2019, information is provided on other financial products available in the area that meet the needs of young women.
- ACREIMEX develops a new loan product for young students.

August 2018–February 2019

- Due to difficulties encountered for the implementation of the training strategy designed, the strategy is adjusted to shift the focus towards improving financial habits and deepening financial inclusion among young women who are already members of the cooperative.
- Organization of training sessions at ACREIMEX branches or in the communities, whenever a minimum of five youth are interested, which are given by Fundación Capital facilitators.
- In addition to strengthening financial capabilities, the trainings focused on issues of empowerment.

July 2019–August 2019

- Transfer of the methodology for building financial capabilities to ACREIMEX, so that the cooperative can continue to implement it throughout its network.

Main Characteristics of the Project

The MuJeR project in Mexico involved several areas of work:

1. Raising awareness among allies at ACREIMEX branches

Workshops were held at the Ocotlán and Etna branches in order to raise awareness and provide staff with tools to reach young rural women more effectively. The workshops focused on the following:

- Recognizing the benefits of effective communication and providing tools to use with young rural women
- Identifying the profile, characteristics and needs of young rural women, including current and potential ACREIMEX members, in order to pinpoint and offer the products that best meet their requirements, using simple and appropriate language.

2. Improving financial habits of ACREIMEX clients

In order to improve the financial habits of young women ACREIMEX clients and further their financial inclusion, a strategy was developed involving training workshops, the **LISTA EXPRESS** app⁵ and two apps for youth to download to their phones to better manage their finances: **TUS CUENTAS** (Your Accounts), for tracking income and spending, and **TU AHORRO** (Your Savings), for setting savings targets and viewing progress.

Participants in the training sessions were encouraged to set targets and create a savings plan to achieve them. They were then informed of the benefits of formal savings, reminded that they have the Ahorramás & más account and encouraged to use it to save money. They were taught budgeting and given a tablet with LISTA Express to take home and complete the modules to reinforce and complement content provided at the workshops.

3. Promoting financial health among postsecondary students

Partnerships were established with six universities and institutes of technology in the state of Oaxaca⁶ that had expressed interest in having students improve their financial capabilities. Workshops were organized for interested young women using the same content and tools as the workshops for ACREIMEX clients. However, information was also provided on financial services available in the area and participants were encouraged to obtain and use them.

⁵ An edutainment app for building financial capabilities in a way that is fun, using stories, videos, exercises and simulators.

⁶ Valle de Etna Institute of Technology, Comitancillo Institute of Technology, Technological Institute of the Isthmus, Tlaxiaco Institute of Technology, Salina Cruz Institute of Technology and the Technological University of the Central Valley of Oaxaca.

4. Empowerment

A gender perspective was incorporated into all financial capabilities training for ACREIMEX clients and students. Talks were organized to empower the youth by building self-esteem and self-confidence and to encourage them to set targets.

5. ACREIMEX product development for young rural women

Thanks to the MuJeR project, ACREIMEX was able to identify some of the needs of young rural women as well as opportunities to reach them more effectively. This led to the design of new products. First, ACREIMEX designed a group loan product to be granted on preferential terms to groups that include young women. Once work had begun with postsecondary students, the cooperative decided to design AcreiEmprende, a new loan product aimed at this specific population segment. The product offers smaller loans at a preferential interest rate for starting up a business or acquiring goods related to postsecondary education. A parent or guardian must act as guarantor.

Lessons Learned

Savings and credit cooperatives can only achieve generational succession if their products and services meet the needs of young rural women.

Despite ACREIMEX's interest and efforts to include young rural women and build loyalty among those that are already members, results fell short of expectations. There are several reasons for this:

- 1)** As a savings and credit cooperative, a USD \$25 membership fee is required upon joining. This is a barrier for young people interested in savings products.
- 2)** Young rural women need financial products not just for saving money, but also for making simple and low-cost transactions. As it stands, these women must go into a branch or seek out an ATM to make transactions using their ACREIMEX savings account. Branches and ATMs are typically concentrated in municipal capitals, and even some capitals do not have ATMs. Few businesses accept ACREIMEX debit cards as they are neither Visa nor MasterCard.
- 3)** Obtaining a loan can be a lengthy process. This discourages potential clients.
- 4)** Although the new group loan product succeeded in drawing in some young rural women, the product is in greater demand among women over 30 who are more likely to have their own productive initiative.



A close relationship between financial institution and client is required before implementing financial education programs.

Despite ACREIMEX's efforts to improve women members' financial health as part of its loyalty strategy, turnout at training sessions fell short of expectations. This was due in large part to a lack of personal relationships between loan advisors and clients at most branches, where nearly all activities are carried out. Relationships are even weaker with young members as they are relatively new. The wide range of occupations including childcare, household chores and productive activities made it that much more difficult for young women to attend the workshops.

A combination of digital solutions and on-site training helps build financial capabilities.

Using on-site workshops together with digital solutions helps participants recall content and creates a safe space for them to share questions, comments and feedback. Most of the young women that participated in the various phases of the project reported that the training was very useful to them, especially with regards to tracking income and expenses, budgeting, and discovering the importance of saving and using financial products to reach their targets.



Young women prefer products that they do not associate with financial institutions.

Many of the postsecondary students were using Elektra or Coppel to receive transfers from parents or other family members to cover their living costs⁷. Both Elektra and Coppel are department stores that let customers buy on credit and offer savings accounts administered by Banco Azteca and Bancoppel, respectively. Many young women acquire these products because they are easier to open than those offered by other financial institutions, and because they can make withdrawals and deposits anywhere stores are found. This gives them flexible service during extended opening hours. Many young women begin using these products because they do not associate them with financial institutions.

Recommendations for Scale-ups and New Implementations of MuJeR

1. Opportunities to work with postsecondary institutions

There is great potential for working together with postsecondary institutions serving students from rural backgrounds. These institutions recognize the importance of economic and financial education and have a strong interest in seeing students improve their financial capabilities. There is much demand for innovative teaching methodologies that incorporate things like digital solutions.

Many of these institutions offer degrees in which the majority of students are women from rural areas who frequently use financial products and services, primarily to receive remittances from family and government scholarships. This could prove an effective channel for reaching young rural women in

⁷ Bancoppel is a commercial bank serving the Mexican working class. It is affiliated with Coppel, the largest department store in the country, which allows customers to buy on credit with few requirements.

need of stronger financial capabilities, informed access to financial products and the knowledge to make better use of the products they have.

However, when designing the education strategy it is important to take into account that the levels of education and familiarity with the technology of these young women are higher than those of average of young women in rural areas. It is also essential to consider their moment of life, which directly affects their needs, interests and aspirations. Many of them already have any financial product, either to receive grants from the government or to receive remittances from their parents. For this reason, in these cases it is important to encourage greater and better use of these accounts, since most young people withdraw all the money when they receive the transfer, but it is also necessary to show young women other financial and mobile banking products that can allow them to make transactions at a lower cost.

2. Continued work with ACREIMEX youth

By working together with ACREIMEX, we have succeeded in transferring them tools and methodologies to reach young rural women more effectively. The cooperative has implemented these tools with the help of FundaK and independently, as in the case of assertive communication strategies. This guarantees continuity of efforts to draw in more young women and foster loyalty among the new members. ACREIMEX has demonstrated interest and made efforts to reach this population segment, but it is important to keep in mind that young women need more than just loans; they also need savings products that don't require them to go great distances or incur additional costs, and they need to be able to make transactions, such as transfers and bill payments, more easily and cheaply. ACREIMEX must now work towards adapting its products and services to reach young rural women more effectively.

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