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Soap Operas and Cell Phones: Riding on technological channels to impact financial capability at scale

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Can a soap opera star with a knack for getting into trouble also be a good teacher? The answer is yes, at least in the prime-time South African television show *Scandal!*. Maletsatsi's misadventures with installment plans, gambling, and borrowing eventually led her to seek the help of a credit counselor to manage her debt and fix her mistakes. Luckily for us, a group of World Bank researchers conducted a randomized evaluation around this innovative take on financial education; the results show that the soap opera had significant positive impacts on the financial literacy and behavior of its viewers. (See more on this project in the World Bank-produced video below).

In a country with a large incidence of informal borrowing and overindebtedness (according to the National Credit Regulator, 47 percent of borrowers had impaired credit records in 2013), this intervention holds great promise. Four months after the end of the Maletsatsi storyline, study participants who had been assigned to watch the soap opera were, on average, 9 percentage points more likely to borrow from a formal institution, about 5 percentage points less likely to gamble, and 4 percentage points more likely to steer away from installment or hire-purchase offers.

In this case, the financial literacy message leveraged an existing connection with viewers (the soap aired its 1,500th episode in 2012) and reached a wide audience (the show is broadcast on the second most popular station in South Africa). The message was limited and, as the research team expected, there was no impact on savings accumulation or on knowledge of financial topics not explicitly covered by the plotline. But the show helped to cost-effectively deliver the message at a scale that is difficult to imagine for more traditional classroom or seminar-style education.

Scandal! shows the promise of technology and out-of-the-box thinking to improve financial behaviors of households around the world. A World Bank report, summarizing the outcome of five years of testing and experimentation on financial education, confirms that there's still a lot of work to do to understand the scope and limitations of different interventions and delivery mechanisms. Innovative design of financial products must go hand in hand with financial education programs if we are to improve financial decisions and maintain behavior change over time. Governments, non-profits, and financial service providers all have an important role to play to improve the financial health of their citizens, beneficiaries, and clients.

Our program, the Citi IPA Financial Capability Research Fund supported by the Citi Foundation and managed by Innovations for Poverty Action (IPA), builds on the findings from this and other previous studies, supporting innovation and rigorous testing to identify effective, scalable, financially self-sustaining interventions that aim to improve clients' decision-making. Technology, innovative product design, and education linked to financial service delivery are at the core of the evaluations and pilots supported by our program.

In Peru, IPA and Root Capital are piloting a financial training based on simple rules of thumb to help smallholder coffee farmers with their financial decisions through the agricultural year. Based on the successful experience of a similar program with micro-entrepreneurs in the Dominican Republic, the team hopes eventually to help maintain the impact of this heuristics-based training in the long run through a follow-up mobile phone messaging campaign.

As part of our most recent matchmaking efforts for practitioners and researchers we supported another project that uses cell phones to improve financial capability. A team of researchers is working with Triodos Facet, Banco Davivienda, and the Colombian government to engage conditional cash transfer beneficiaries who receive their transfers via mobile money. The pilot program, which combines simple financial education text messages with the offer of smaller, more frequent transfers, is designed to help beneficiaries better manage their cash flows and deal with daily expenses.

Text messages are a promising vehicle for delivering financial education and making salient specific decisions and behaviors that can help clients improve their financial well-being. Our program is supporting text message-related pilots in the Dominican Republic, India, Kenya, and Nigeria. We have also just launched a global 'Messaging Replications' project to systematically examine message delivery and content variations in multiple countries in a bid to derive a robust set of prescriptions for financial institutions seeking to improve their clients' financial capability through well-designed and well-timed text messages.

Cell phones, like soap operas, can only deliver limited information. Cell phone-based messaging programs, therefore, can only be expected to have a limited impact on the knowledge and the behavior of their target recipients. This is why support for healthy financial decision-making requires a mix of interventions that may include classroom-based financial education for youth, training and support for delinquent borrowers, and targeted messaging at teachable moments, as well as products that meet the dynamic, multifaceted needs of clients and help them overcome behavioral, social, cost and learning constraints. Only by continuing to innovate and rigorously test a variety of new products and programs can we build a suite of solutions that are optimally designed for customers and readily scalable by governments, non-profits, and businesses, to make real progress towards meaningful financial inclusion worldwide.

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