This Trainer’s Manual contains comprehensive guidelines to help youth develop the positive attitude required for the sound management of their income and expenses; improve their financial situations by making smart spending decisions; learn about the benefits of saving, being a wise borrower and taking calculated loans; and ultimately, produce a personal budget and savings plan that will help them accomplish their short and long-term financial goals.

This manual provides trainers with up-to-date and hands-on reference materials to support young people and furnish them with the relevant knowledge and skills to manage their own finances responsibly and independently.
Pocket Full of Change
Financial Education for Youth Trainer’s Manual
YOUNG PEOPLE are in a period of transition from financial dependency to independence. As they grow and mature from childhood to adulthood, they gain new economic responsibilities. Financial education can provide young women and men with the opportunity to improve their lives by supplying them with the knowledge and skills to plan and attain their goals.

The ILO is committed to promoting decent work opportunities for young women and men. At the 100th International Labour Conference held in Geneva on 14 June 2011, the Indonesian President, Susilo Bambang Yudhoyono, called for a global coalition to tackle youth unemployment, aimed to enable a new era of prosperity and social justice. Central to this idea are young people who are capable of managing their lives, and their finances, in a way that reflects their means, their potential and their ambitions. In Indonesia, the youth unemployment rate is five times greater than the unemployment rate of adults, one third of youth still have primary education or less, and over fifty per cent of youth work in the informal economy.

The ILO is also engaged in social finance, which is sustainable finance with a social goal. It aims to create positive attitudes for managing finances and wise spending, savings and borrowing decisions to help young people cope better with risk, take advantage of income-generating opportunities, organise and have a voice. Financial education is vitally important for young Indonesians to invest in their future including decent jobs.

This training package aims to assist youth organizations, formal and non-formal training providers as well as senior general/vocational high schools (Sekolah Menengah Atas/Kejuruan) and Paket C equivalency educators to facilitate the transfer of financial knowledge and management skills to young women and men. This manual targets young people aged 15 to 29, generally, though it is can be a particular help to youth who may be starting their first job at home or
abroad and who may be considering starting a family or opening up a micro/small enterprise.

This Financial Education for Youth module will help acquaint young people with the principles of financial decision-making and goal-setting; help them develop the attitude and abilities to earn and spend wisely; and introduce them to financial services, including insurance and remittance services. This training package will help youth learn to budget and make informed decisions about saving and borrowing that can help them meet their financial goals and build a better future for themselves.

The Trainer’s Manual was produced by MICRA and revised by external consultant, Steven Schmidt. The module was edited by Nicki Ferland and illustrated by Sapto Harmiyanto. We would like to thank this team as well as colleagues from the ILO’s Social Finance Programme in Bangkok and Geneva for their technical comments and contributions.

We hope that training providers will find Pocket Full of Change: Financial Education for Youth both comprehensive and useful in building the financial literacy, capability, responsibility and independence of young women and men in Indonesia for a brighter and more secure future.

Jakarta, December 2011

Peter van Rooij
Director
Office for Indonesia and Timor-Leste
International Labour Organization
Introduction

POCKET FULL of Change: Financial Education for Youth, intended as a manual for trainers, contains comprehensive guidelines to help youth develop a positive outlook of their futures, become more financially literate, more financially responsible and, ultimately, achieve the discipline necessary to accomplish their short or long-term financial goals. This manual provides trainers with up-to-date and hands on reference materials to support young people and furnish them with the relevant skills to manage their own finances. The overall objectives of this training are to:

- Provide youth with the knowledge and skills to be financially responsible in life;
- Encourage the attitude and confidence that contributes to financial independence and increased productivity;
- Strengthen the actions that demonstrate a commitment to prudent spending, reasonable saving and sound borrowing; and
- Provide youth with a personal budget to promote the discipline necessary to meet their goals.

The training follows a participatory adult-learning approach where participants take part in group discussions, share their positive and negative experiences, and explore new ways of learning together through role play and other activities.

Throughout the training in a step-by-step process, youth will develop the positive attitude required for the sound management of their own income and expenses, identify their financial needs and a long-term goal; determine how to improve their financial situations by making smart spending decisions; learn about the benefits of saving, being a wise borrower and taking calculated loans; and finish the course with a personal budget and savings plan to help them
remain disciplined throughout the year and stay on target to reach their five year goal.

The training follows a participatory adult-learning approach where participants take part in group discussions, share their positive and negative experiences, and explore new ways of learning together through role play and other activities.

This trainer's manual contains 8 learning modules based on three main competencies (A, B are mandatory and O is optional); the content of the eight learning sessions address various elements of these competencies (see the table below). This highly structured training culminates in certification stipulating that one is competent to manage her/his finances. The certification process is based on a grading system and sequential modules where one must pass a level before moving up to the next. The two optional modules, which can be offered just before the final mandatory module B3, are supplementary but no less beneficial for young people. They are particularly important for youth who are starting a family (O1 Insurance) or considering becoming migrant workers (O2 Remittances), for instance.

For quick reference, every learning module begins with a brief introduction of its learning goals, a note about required prerequisites, other pertinent information and a table that outlines the module's specific objectives and sub-objectives. The Trainer's Guide section of each module describes the individual and group activities, exercises and discussions in depth and by the minute from introduction to conclusion. Information on certain facilitation techniques, the certification process, training aids (including all handouts and overheads), the pre- and post-training tests/answers and the evaluation forms can be found in the appendices.
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<td>A1. Understand the principles and develop the positive attitude required for the sound management of her/his own income and expenses.</td>
<td>A1.1 Participant acquires a vision of her/his own situation in five years and related financial needs.</td>
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<tr>
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<td>A3.1 Participant identifies and compares existing service providers/institutions.</td>
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<td>A3.2 Participant chooses the most appropriate institution based on her/his selection criteria.</td>
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<td>B1. Define the principles of saving, how saving can help to achieve a better future and show commitment to start saving.</td>
<td>B1.1 Participant identifies saving products and the alternatives (saving reallocation/investment).</td>
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<td>B1.2 Participant selects the most appropriate saving methods and products.</td>
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<td>B2. Understand how to manage loans in a productive way.</td>
<td>B2.1 Participant learns the nature of loans and the difference between good and bad loans.</td>
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<td></td>
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<td></td>
<td>B3. Create a personal budget.</td>
<td>B3.1 Participant understands the correlation between income, expenses and the meaning of surplus or deficit.</td>
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<td></td>
<td>O2.2 Participant shows a willingness to use formal remittance services.</td>
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Module A1 Principles and Attitude for Sound Financial Management

1.1 Introduction

The first module (A1) will discuss why youth need to learn how to manage their personal finances, the benefits of financial management for their lives, and the steps to implement it. See section 1.5 below for the full guide to the contents and objectives of this module.

This module is a prerequisite for Module A2.

1.2 Prerequisites

No prerequisites are required for this module.

1.3 Training Aids

The training aids that support Module A1, including handouts and overheads, can be found in Appendix 1. Please note that the trainer should also create pre-authored flipcharts before the sessions. The guidelines for these are included throughout the text.

1.4 Tests

Find the tests that support Module A1, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.
## 1.5 Learning Objectives

### A1 ENVISIONING A POSITIVE FUTURE AND UNDERSTANDING THE BASIC PRINCIPLES FOR SOUND MANAGEMENT OF PERSONAL INCOME AND EXPENDITURES

**Objective**
Participants understand the importance of managing income and expenditures for a better future, and are aware of certain steps involved in good financial management.

### Sub-Objectives

- **A1.1** Envision personal situation in five years and related financial needs.
- **A1.2** Understand the principles of personal financial management.
- **A1.3** A positive attitude towards improving personal financial management practices and an understanding that self discipline is required.

#### Sub-Objective A1.1

**Envision personal situation in five years and related financial needs**

**Performance Description**
Based on personal aspirations, develop a positive vision of your situation five years in the future. Identify the main elements of the vision and calculate the financial requirements to achieve it.

**Performance Criteria**

1. In relation to the vision, identify and select a minimum of three goals to accomplish within the next five years.
2. Define the steps you’ll take to accomplish the goals and the amount of money required to achieve them.

#### Sub-Objective A1.2

**Understand the principles of personal financial management**

**Performance Description**
Understand the steps to good financial management.

**Performance Criteria**

1. Understand that good financial management requires expenditure to be less than income.
2. Understand that the key to a better future is to save and accumulate funds.
3. Prepare to plan to track income and expenditures to ensure that expenditure is less than income.
4. Demonstrate self-discipline by demonstrating the intention to save regularly by preparing to plan.
5. Understand some ways to record income and expenditures.

## 1.6 Trainers Guide

Total time to complete the module A1: 195 minutes

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.
**Introduction (90 minutes)**

The initial introductory training session will have no competence assessment value and may be adapted by the trainers to suit the situation at hand. A general rule of thumb is that the first day of training would start with the opening ceremony and introductory session that runs for approximately 100 minutes. The trainer can modify this session according to the local culture. The exact details of this session are left to the organisers to decide upon and prepare for.

**I.1 Opening Ceremony (30 minutes)**

After the opening ceremony, the following activities begin.

**I.2 Introduction to the Course (60 minutes in total)**

**I.2a Introduction of Participants (30 minutes).**

Open the session by introducing yourself (the trainer/s and co-trainer/s) to participants and ask them to arrange themselves into pairs. When the pairs are formed, ask each pair to interview each other for a couple of minutes and to write down key points about each other, following the format and minimum information guidelines (see note below). After they have had enough time to interview each other, ask each participant to introduce her/his partner, including name, interests, etc. Use this session to warm up for the participatory process. After everyone has been introduced, have a discussion about their expectations.

While expectations are being discussed, have the co-trainer collect the papers and arrange groupings of participants based on similar traits or characteristics for the group-based “**problems in managing money**” activity that follows below.

Ask the participants: what are your expectations regarding this course?

Record their responses on a flipchart and go over their answers with them. Summarise the session.

**Notes:** Make sure that all participants have access to pens and paper for the duration of the course. It is important in this session to gather certain information...
about each participant to be used to form groups for future activities. At a minimum, they should write the following key points about each other on a sheet of paper. Explain this to participants and write the key points on the flipchart. Walk around the class while they work and encourage the participants to record the information.

- Name
- Marital status
- Employment status
- Occupation, or if unemployed, desired occupation
- Interests

I.2b Agenda (10 minutes).

Show the Power Point presentation FLA1 Overhead 1 to FLA1 Overhead 4 (content), then show FLA1 Overhead 5.1 and 5.2 (agenda) to inform the participants about the training topics and schedule.

Briefly explain each topic and its objectives.

Point out that it will address some of their expectations and hand out the agenda (that has been prepared and printed by the trainer). Give them a few moments to familiarise themselves with the agenda. Ask if there are any questions.

I.2c Training Rules (10 minutes).

Ask the participants what the training rules should be; encourage the participants to set rules that allow for effective training. Let them come up with their own rules and write their responses on the flipchart. After this process is complete, synthesise the rules for the training and add additional rules, when necessary.

Rules should include such things as:

- Participants start on time
- Everyone must participate
- Ask for clarification if anything is unclear
- There is no such thing as a “stupid” question
- No smoking
- One person speaks at a time
- Respect the other participants; listen to their comments/questions
- Cell phones must be turned off during the sessions
Pre-Training Test for Module A1 (10 minutes)

Distribute a copy of the pre-training test sheet (Appendix 9) to each participant. Explain that the pre-training test is used to see which parts of the module should be emphasised and also, by comparing with the post-training test, to see how much they have learned. Give them 10 minutes to complete the pre-training test; then collect their answers for grading. During the break, the co-trainer can mark them and provide the necessary information before the next session.

Note: This is the most important pre-training test; using the information garnered from the graded tests, the trainer needs to identify the most prominent weaknesses in financial management among the group to focus on.

Break 20 minutes

Once participants finish taking the pre-training test, they can move directly to the lobby for a mix-and-mingle and refreshments with the guest speakers and the trainer. After everyone is done taking the test, the participants can take a 20 minute break.

A1.1 Envision Personal Situation in Five Years and Estimate Related Financial Needs (70 minutes)

Show FLA1 Overhead 7

Before starting this session, distribute notebooks to the participants and explain to them that these books are to become their journals. They should use them throughout the training to complete the exercises and take notes. After the training, they should also take the notebooks home with them and use them as a kind of financial diary. Explain that from now on, they should keep records of their income and expenditure. Ask the participants to write their name on the cover of their notebooks and explain the purpose of a journal to them.

A1.1a Dream Visualization (10 minutes).

Ask the participants to turn to the first page of their journal.

Explain to the participants that it is the time to dream and that when we dream, we are free to imagine anything we’d like, and think as big as we want. Tell them to close their eyes, think about their futures, and develop an image in their minds of the things that they really want from their lives. Ask them to try to form a picture of what their life will look like in five years.

Give them a few moments to visualise their dreams, then ask them to open their eyes.

Ask participants to draw their vision of the future on the first page of their journal. Give them 15 minutes to complete their drawings. Move around the classroom and check their work, giving encouragement and guidance as needed.

A1.1c Sharing (10 minutes).

Invite one or two volunteers to share their drawings with the group and to explain their dream of the future.

Sonya’s Dream: A Comfortable Home for the Family

A1.1d Exercise: Assign a Financial Value/Convert the Vision to Rupiahs (10 minutes).

Ask the volunteers to return to their seats. Have all the participants consider their drawings and figure out how much their dreams will cost them. Let them put the amount in rupiahs on the paper for each element of their dream, next to the drawing. Help them if they have a problem estimating the money they will need to bring their dreams into reality. Make sure each participant has a complete estimation.
Sonya’s Dream: The Cost

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanyo pump</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Water tank</td>
<td>1,200,000</td>
</tr>
<tr>
<td>TV and antenna</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Replace rumbia roof with iron</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Flywire on windows</td>
<td>300,000</td>
</tr>
<tr>
<td>Pathway to enter house</td>
<td>500,000</td>
</tr>
<tr>
<td>Motorcycle for family transport</td>
<td>15,000,000</td>
</tr>
<tr>
<td><strong>Cost of dream (Rupiah)</strong></td>
<td><strong>23,000,000</strong></td>
</tr>
</tbody>
</table>

A1.1e  Sharing (10 minutes).

Ask the participants how they feel about the amount of money required to realise their dreams.

Give them a few moments to think about the amount they will need. Then, ask them if they consider this amount to be a lot of money or not. Let them discuss the dreams and their costs with neighbours for a while.

**Note**: Many participants will realise that they will need a lot more money than they originally thought to get what they want in their lives, and that the money they need is probably beyond their reach. This exercise will help them gain the insight that we need to be realistic when talking about money. Explain that sometimes we need to adjust our dreams to find the best fit with reality. Be careful not to discourage them.
A1.1f  Three Things that Can be Realised in 5 years (15 minutes).

After giving participants some time to make the necessary adjustments, ask them to pick three of the things from their drawings that can be realised in 5 years. If none of their dreams are achievable, ask them to make new drawings, but this time, they should draw 3 dreams that are more realistic in their journals. As they do this, walk among the participants giving encouragement and help any who may be having difficulties.

Wrap up the session (5 minutes) by asking them to record these three things in their journal. Emphasise that this information will be used again later to establish the financial goals in Module B1. Then point out the following:

- This is just an introduction; nevertheless, we need to keep these drawings and these dreams in mind as we will work on them more in future sessions.
- We need a realistic sense of the value of our dreams.

Mention that in the next session, we will learn how to better manage our finances to realise our dreams.

A1.2  Understand the Principles of Personal Financial Management (145 minutes)

Review the previous session (5 minutes).

A1.2a  Discussion: The Importance of Managing Money (10 minutes)

Divide participants into pairs and ask them to discuss why it’s important to manage money carefully. Give a brief description of what managing money means, i.e. trying to get the most out of what we work for.

Invite one or two participants to share their answers with the class.

Summarise their ideas on a flipchart and make sure to include the following points:

- Helps you decide what you want to buy and helps you set up spending priorities for the future
- Helps you build self-discipline for spending and saving
- Helps avoid unexpected money shortages
- Helps you feel less financial stress
- Helps you plan to ensure that you have enough money for the things you want
**A1.2b Group work: Challenges in Managing Money (15 minutes).**

A more homogenous pairing is required for this group work so that participants with similar experiences can work together on similar personal challenges and benefit from the help of others.

Depending on the number of participants, arrange them into groups of 4 to 5 people each according to their common characteristics, capturing the different dynamics represented by different demographic groups, i.e. by gender, marital status and occupation. For this, you'll need to refer to the personal information sheets from the introductory session.

Examples of grouping:

- Put the women together; if possible, place young single women together and older married women in a separate group.
- Based on occupation or status, put farmers with farmers, unemployed with unemployed, office clerks with office clerks, etc.

**Note:** Be mindful that trainer-formed groups may cause participants to question the criteria used to categorise them and, consequently, they might not be happy with the grouping. Groups formed by the trainer can lead to resentment and, as a result, some people might request to change groups. Refuse changes can be difficult and allowing changes could upset the careful balance in the groups’ composition, thus reducing the effectiveness of the exercise. Reassure participants that this grouping will not be used for all activities and that their groups were carefully chosen to benefit them the most.

Ask the groups to do the following:

- Pick a name for their group (to produce a sense of ownership and pride in the group they are representing)
- Discuss their individual challenges in managing their money
- Discuss what they can do to overcome these problems
- Record their main points of discussion to be presented in with the whole group

Allow them to discuss their challenges and come up with their own solutions. There will be more discussions on how to approach these challenges in later sessions.

**A1.2c Group Presentation (15 minutes).**

Ask each group to present their challenges and solutions to the class. Make sure that the problems of each group are well understood by the whole group. At this point, specific issues faced by a certain group, young women, young micro-entrepreneurs or indigenous groups, for examples (it depends on the composition of the groups), can be discussed.
The participants will probably come up with cultural and work-related problems, such as:

- Spending on festivals and community rituals
- Obligation to help family when they are in need
- Obligation to support family, generally
- Interference from parents
- Late payment of wages
- Negotiations and reduced payments
- Debt bondage
- No power over their financial situation

During the discussions, however, it should be stressed that there are always solutions to overcome challenges in managing money.

**A1.2d Discussion: “You Have the Power” (10 minutes).**

Following the group discussion, reemphasise to participants that they can manage their money and that they need to manage their money in order to have a better future.

If the “no power over financial situation” is raised, ask participants which family member makes the decisions on financial matters at home. Ask participants to raise their hands if they have difficulties having their opinions considered with regard to financial decisions.

If participants raise their hands, invite one or two to explain why. Then ask them to think of possible solutions to this challenge and to share their answers with the class. If they can’t think of possible solutions, ask the other participants if they can help.

Invite further discussion.

Explain to participants that some of them might feel they have no control over their lives because they have parents or spouses who make the decisions for them. They may feel that they must abide by family decisions.

Ask the participants if any of them feel that they have this problem.

Let participants discuss this in plenary and, using a flipchart, identify solutions to these problems together.

One possible answer is to start by managing the smallest amount of money that they can manage. Perhaps the participant can find ways to save by identifying opportunities in her/his own private spending patterns.

Another might be to share their dreams and goals with their family and discuss ways to reach them together.
Summarise the discussion:
Reaffirm the notion that participants can begin by managing the money that is within their means as a starting point. Explain that challenges within their family can be solved. How to handle community pressure and family obligations will be discussed in future modules.

A1.2e Discussion: The First Step in Managing Money (10 minutes).

Acknowledge that participants have identified some interesting management problems.

Ask them what the first step is in managing finances/money.

Prompt the participants if they hesitate. Ask what they need to know in order to manage finances. If there is still no response, draw the following picture on the flipchart.

The first step in managing money is to keep track of income and expenditure or know what money comes in and what money goes out. Discuss the definition of income and expenditure, and surplus and savings.

A1.2f Discussion: Definition of Income, Expenditure, Surplus and Deficit (10 minutes).

Ask participants to think about INCOME and EXPENDITURE. Ask one or two volunteers to define INCOME and EXPENDITURE.
Definition:
- **TOTAL INCOME** is the total amount of money we get for labour or services
- **TOTAL EXPENDITURE** is all the money we spend
- The difference between **TOTAL INCOME** and **TOTAL EXPENDITURE** can be **SURPLUS** or **DEFICIT**

Explain that:
- A surplus is the amount of money or quantity of goods that is more than or in excess of what is needed
- A deficit is less than the amount of money or other good that is needed
- A surplus or deficit results when we subtract **TOTAL EXPENDITURE** from **TOTAL INCOME**. If the result is a positive number it is a **SURPLUS**, if it is a negative number it is a **DEFICIT**

**A1.2g Discussion: Why Do we Need to Keep Track of Income and Expenditure? (10 minutes).**

Ask participants why we need to keep track of income and expenditure.

Prompt them if the participants are slow to respond:
Ask them what might happen if we spend more than we earn or if we don’t have enough money to cover our expenditures.

A likely response is that they will borrow the money, from various sources. Write the words “BORROW” and “DEBT” in big, bold letters on the board. Explain that borrowing money is not necessarily a bad thing, but we must be cautious and plan carefully before borrowing. Explain that prudent borrowing can help us achieve our goals, but borrowing without careful forethought and planning can lead to bad debt. We must try to avoid bad debt.

Explain that when expenditure exceeds income, we automatically start living in debt to compensate for the shortage. When we spend more money than we have on hand, we have to cover the spending with external sources. The most likely external source will be borrowed money. That’s how we start living in debt and hardship, because if we spend more than our income we will have to work harder next time to pay expenditure, plus debt.

Explain that if we live in constant debt we will never be able to realise our goals and dreams. However, if we try to control our spending so that income always exceeds expenditure we can generate a small surplus, and by saving this small surplus, it can gradually increase to a large surplus that we can use to realise our goals and dreams.

Planning and generating a surplus by ensuring that expenditure does not exceed income is called “saving”. If we can create a small surplus every time we receive some income, we can eventually build up a moderate and useful amount
of surplus called savings. Our savings can be used to make deposits for taking carefully planned loans or to purchase things that we can use to earn more income or improve our lives.

The key to a better future is to save

A1.2h Summary: The Three Steps of Managing Money (10 minutes).

Write these three steps on the flipchart:

1. Keep track of income and expenditure
2. Make sure that we don’t spend more than our income
3. Save some of our income for the future

Create an acronym to help the participants memorise these 3 steps, for instance:

**Three Financial M’s (MMM)**

- **M**onitor income and expenditure
- **M**ake sure that expenditure is less than income
- **M**anage: Save some income for the future

**Note:** In Bahasa Indonesia:

**Tiga M Keuangan (MMM)**

- **M**emantau pendapatan dan pengeluaran
- **M**emastikan pengeluaran kurang dari pendapatan
- **M**enyimpa sebagian pendapatan untuk masa depan

Emphasise that these are the three principles or steps to good financial management. They should be memorised and thought about every day.

Have the participants repeat the three M’s of financial management a couple of times, write the acronym in big letters on the flipchart.
A1.2i Discussion: Problems in Tracking Income and Expenditure (35 minutes).

Ask if any of the participants currently do anything to keep track of money in and money out (income and expenditure). Ask for examples and write their answers on a flipchart. Then, distribute the meta papers.

Ask the participants to write down why they don’t track their income and expenditure on the meta papers. Give them 5 minutes to write down their answers.

Collect the papers. Summarise their answers and write them on the flipchart. Discuss the constraints that participants identified in plenary.

Note: Some of the participants might say that they have tried to keep track in the past but after a while they forgot or got distracted by other things and therefore failed to keep track, i.e. they have difficulty in maintaining the discipline even though they have a positive attitude. Some of the participants may also have this problem but are not willing to admit it. There may be other identified reasons.

Ask the participants to identify ways to help them remember to keep track of income and expenditure.

Record their responses on the flipchart.

Encourage good ideas and suggest that they do anything creative they can think of to help maintain their self discipline.

Offer some advice: for example, if they have difficulty remembering to keep records, they can stick the drawing of their goal/dream on the wall to remind them. Or they can invent an acronym or a symbol to remind them and put it in a place where they will see it every day. Other people don’t need to know what this acronym/symbol is, only the participant will understand what it really means.

If an example hasn’t already been unearthed through the discussion, wrap-up the session by offering this suggestion: make a small poster with DOFOTOREFIN written on it, which only the writer knows the meaning of, i.e. DOn’t FOrget TO REcord your FINances, and stick it on the bedroom or kitchen door where s/he will see it every day.

Note: In Bahasa Indonesia, participants can replace DOFOTOREFIN with JALUPACATKU, an acronym for JAngan LUPA menCATat KeUangan.
A1.2j Exercise: Prepare an Action Plan to Better Manage Finances (10 minutes).

Ask participants to individually think about and create a plan of concrete actions that they should take to better manage their finances. While they are working, walk around checking on their progress.

Their plan should include:

- A dedicated book to write down their income and expenditure; a journal is an important tool in this process and it is already provided
- An intention to look for unnecessary items that they can eliminate from their current expenditure plans or ways that they can find money to save
- If they are unemployed or underemployed, they might include identifying appropriate income earning opportunities and/or additional sources of income

Offer suggestions and help, when necessary, to make sure that each person has her/his own list of items for making and implementing a plan.

Share an example of a way to save (See Box 2 below).

Closing and Post-Training Test (15 minutes)

Post-Training Test

Distribute blank post-training test sheets for Module A1 (Appendix 9). Inform the participants that they must pass this test in order to continue to the next module. Wish them good luck.

Give them 10 minutes to complete the test, then collect the sheets for grading.

Distribute FLA1 Handout 1, an overview of the first session.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.

Note: the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from the first session on the wall for the next sessions, especially the MMM flipchart.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!
Module A2 Making Wise Spending Decisions

2.1 Introduction

TO MANAGE money means to manage income and expenditures so that a surplus can be created, which can then be set aside to save for the future. In this module, participants will identify sources of income, monitor their spending patterns, and see how to effectively manage spending.

To address women’s perspectives, opportunities for focused discussions will be presented on women’s roles in family spending decisions. Single women may also have different spending patterns than single men and this issue will be discussed as well. See section 2.5 below for more information on the objectives of the module.

This module is a prerequisite for Module A3.

2.2 Prerequisites

A “C” grade or better in Module A1 or permission from the trainer. If a participant is permitted to progress without a “C” grade or better, an explanatory note must be included in the implementation report (for each case); however, it is not expected that this will occur in a large number of cases. Although participants who have registered and begun the course should be allowed to complete it, no certificate will be awarded to persons with persistent fail grades. Again, it is expected that this would only occur very rarely.

2.3 Training Aids

The training aids that support Module A2 including handouts, overheads are included in Appendix 2.
2.4 Tests
Find the tests that support Module A2, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.

2.5 Learning Objectives

<table>
<thead>
<tr>
<th>A2</th>
<th>MAKING WISE SPENDING DECISIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Set spending priorities to create surplus.</td>
</tr>
<tr>
<td>Sub-Objectives</td>
<td></td>
</tr>
<tr>
<td>A2.1</td>
<td>Identify sources and exact amounts of income</td>
</tr>
<tr>
<td>A2.2</td>
<td>Make a list of expenditures and classify them based on needs and wants</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Sub-Objectives A2.1</th>
<th>Identify sources and exact amounts of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Description</td>
<td>Identify the sources of existing income (regular and irregular), potential sources of income, and define the amount of each.</td>
</tr>
<tr>
<td>Performance Criteria</td>
<td>1. Make a list of the sources of existing income, including the exact amounts, and classify them into regular and irregular sources of income.</td>
</tr>
<tr>
<td></td>
<td>2. Identify other potential sources of income by generating ideas of other possible areas where participants can earn money, in a regular manner as well as irregular or seasonally.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sub-Objectives A2.2</th>
<th>Make a list of expenditure based on needs and wants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Description</td>
<td>Define needs and wants and explain the difference; classify spending based on needs and wants.</td>
</tr>
<tr>
<td>Performance Criteria</td>
<td>1. Know the difference between needs and wants in relation to spending.</td>
</tr>
<tr>
<td></td>
<td>2. Make a list of personal needs and wants and set the priority for each based on its level of importance.</td>
</tr>
</tbody>
</table>

2.6 Trainers Guide

Time to complete module A2: 210 minutes

The estimated total time to complete the module includes comprehension of the in-class materials, completion of activities, and administration of the pre- and post-training tests.

Introduction and Pre-Training Test (15 minutes)
First, welcome the participants to the session.
Explain to the participants that this session is about making wise spending decisions. Tell them that they need to take the pre-training test to assess their
level of understanding of the module topic before beginning. Ask them to answer the questions as well as they can, but also explain that the results will not affect their standing in the course. It is the post-training test that is used to decide whether the participant may progress to the next module.

Distribute the pre-training test sheets. Give the participants 5 minutes to complete the test, then collect the sheets for grading.

**Note:** These tests have been designed to measure the progression of participants’ learning. From the pre-training test, you can measure participants’ level of understanding on this session’s topic. Each question is formulated based on the performance criteria. Incorrect or insufficient answers demonstrate a lack of knowledge. Therefore, the trainer should focus on this area to ensure that participants will gain the necessary knowledge during the training and be able to answer the post-training test questions by the end of the session.

**A2.1 Identify Sources and Exact Amounts of Income (70 minutes)**

**A2.1a Exercise: What Do You Do With Your Money? (10 minutes).**

Start the session by igniting participants’ interests and encouraging them:

- Ask the participants if they are ready to manage their money better
- Ask if they are ready for a better future

To manage their money better for a brighter future, we need to first see what they usually do with their money. Explain that this is the purpose of the session.

Ask participants to open their journals to a new page. Ask them to think about their spending and to write a list of the things that they normally spend their income on. Give them ten minutes for this exercise.

**A2.1b Pair Work (10 minutes).**

Ask participants to work to share and discuss in pairs with their neighbour.

- How have they spent their money?
- Have they spent their money wisely?
- What is wise spending?

**A2.1c Sharing (10 minutes).**

Ask two female and two male participants to share their discussions with the class; invite questions and answers from the class. Facilitate a discussion and try to arrive at a consensus as to what is wise spending. Draw out and emphasise the differences between the women’s and men’s spending patterns. Write “Wise Spending” in big, bold letters on the flipchart and add the definitions that participants have identified during their pair work below this heading.
Note: Please make sure that the following is included:

• income is primarily spent on important things
• expenditure does not exceed income

Add these to the wise spending flipchart if participants have not included them already.

A2.1d Memory Refresher (5 minutes).

Ask participants if they remember the three steps to managing money.

If no one volunteers a response, prompt the participants by saying: “MMM” like you just tasted something delicious.

Point to the flipchart on the wall from the previous session

Three financial M’s (MMM)

M onitor income and expenditure
M ake sure that expenditure is less than the revenue
M anage: Save some income for the future

Or, in Bahasa Indonesia:

TigaM keuangan (MMM)

M emantau pendapatan dan pengeluaran
M emastikan pengeluaran kurang dari pendapatan
M enyimpan sebagian pendapatan untuk masa depan

A2.1e Exercise: Where Do you Get your Money From (Tracking Existing Income) (15 minutes).

Start the exercise by asking the participants how many of them know how much income they earned this month.

Let participants respond with either yes or no answers; there is no need to deal with specific amounts at this point.

Ask participants to open their journals to another new page, and this time to write down where they get their money from (their sources of income) this month and how much (as exactly as possible). Participants may feel this is private information; they can keep this information to themselves.

Tell the class to respect the privacy of the other participants; if they don’t want to share this information, that’s okay. Make sure that participants understand that they don’t have to share this information with their neighbours. Tell them to cover up their papers and not to peek at other people’s.
Note: Some people do not feel comfortable talking about their income. Therefore, it is important to keep their income confidential during the exercises. In this exercise, they don’t have to reveal the amount and they don’t even have to share their answers with others if they don’t want to. Do whatever you need, depending on the situation, to make people more comfortable. For instance, you can joke around or make light-hearted comments.

A2.1f Classify Existing Income (10 minutes).

Explain that there are two types of income – regular and irregular (or seasonal) income.

Ask participants what they understand about regular and irregular income. After they have responded, summarise their responses on a flipchart. Clarify the meaning of these two terms with the class to ensure that everyone understands.

Show FLA2 Overhead 2 to elaborate.

Ask them to look at the list of their existing income sources again, open a new page in their journal and make two columns on the page: in one column put the heading “regular” and in the other “irregular.” Ask them to record their income sources into each column according to whether they are regular or irregular. Monitor their work and when something comes up that is difficult to decide, discuss it with the class.

Ask one female and one male participant to share their income sources (they don’t need to share the amount). Identify the differences, if any, between the income sources of the men and women.

Some participants may not be generating an income at the moment. In this case, ask them to think about possible sources of income they may be able to access. Expand upon these possible sources in the next session.

A2.1g Classify Potential Income (10 minutes).

Ask participants to make another list, but for this one they should list potential sources of income and the amounts, and classify them again into regular and irregular sources of income.

Explain what potential income is. Help them if they have a problem figuring out where they can get potential or additional income.

Questions that can help them figure out potential sources of income include:

a. Where could you possibly get income/additional income from?

b. What are some things you could do to earn income/more income?

Note: This topic on searching additional income opportunities can be linked to another ILO module (SYB) on how to start up a business, which discusses entrepreneurial activities.
A2.2  Make a List of Expenditure Based on Needs and Wants (125 minutes)

A2.2a  Memory Refresher (5 minutes).

Remind the participants of the three MMM steps again.

Explain that we have just completed the first step in managing money – keeping track of income. Ask the participants what the next step is?

Let participants answer this question. By now someone should know the answer: keep track of expenditure. Encourage those who answer correctly.

A2.2b  Exercise: Identify Expenditure Items (15 minutes).

Ask participants to think about how they spend their money; for example, on food, housing and/or leisure.

Explain to them what expenditure is again: expenditure is the money that is taken out of the income we get to pay for things. It is the total amount of money that we spend.

In this activity we are going to learn how to categorise expenditure.

**Brainstorming Expenditure Items:** Prepare a blank flipchart. Tell the participants that they are allowed to say anything that comes into their mind that they spend money on. Open the session and let participants respond with whatever they can think of. As they mention different items, record them on the flipchart. There are no right or wrong answers here. The objective is to uncover all the types of things that the participants usually spend their money on and also to encourage them to start thinking about the fact that there are different types of expenditure.

A2.2c  Needs and Wants (10 minutes).

Explain to the participants what needs and wants are. Give each participant a copy of **FLA2 Handout 1**. Point out that there are different ways to define “needs” and “wants” and that we need to consider these definitions in order to group the things we spend money on into the two categories. Show **FLA2 Overhead 3**.

Explain:

- **Needs are the things we need to just exist and function as human beings, they are something of basic necessity that we can’t do without; for example:** basic food, shelter, clothing and maybe medicine.

- **Wants are something not needed for everyday survival; for example:** vacations, air conditioners, iPods.
A2.2d Classifying Expenditure based on Needs and Wants (10 minutes).

Now that they know the definitions of needs and wants, ask the participants to work on classifying their expenditure. Ask one or two volunteers to group their identified expenditure items into NEEDS or WANTS. Tell them that there are no right or wrong answers. Everybody has her/his own definition of Needs and Wants depending on her/his individual situation.

A2.2e Exercise: Individual Needs versus Wants (15 minutes).

To show the participants that needs and wants can be different from one person to another and also to get everyone engaged in the activity, ask them to do this exercise. Distribute one sheet of FLA2 Handout 2, a glue stick, and a sheet of flipchart paper to each participant. Make sure that scissors are also available. Ask the participants to cut out the items on FLA2 Handout 2 along the dotted lines. Ask them to draw two large concentric circles on the flipchart as shown in FLA2 Handout 1. When this is done, ask each person to stick the items into the appropriate circles according to whether they considered them needs or wants. Make it a competition and tell the participants that they must make decisions and finish as quickly as possible.

When each person has finished have them stick their resulting flipchart papers on the wall.

Point out the main differences and reinforce the fact that people have varying ideas of what needs and wants are.

Let them think about it for a while. Then ask them these questions:

• “Are needs and wants the same for everyone?”
• “Give me an example of something that is a need for one person but not for another?”

A2.2f Exercise: Expenditure Items (15 minutes).

Draw this table (below) on a flipchart. Ask participants to draw a table just like it in their journal; while they are drawing it, ask the participants to think about their income and their spending. In this case, they should consider how much they would want/need to spend in a month.

Then ask them to write down what they would buy and how much money they would need for transportation, school supplies, cell phone airtime, hanging out at the mall, visiting friends, etc.
Ask them to write the specific item and the amount of money they need to spend on it for each section.

When they have finished, ask participants to turn to the person next to her/him and compare their spending plans. When they have finished comparing with each other, ask them the questions:

- How are your spending plans different from each other?
- What can you tell about individual needs and preferences? (Note how individual preferences influence their choices).

**A2.2g Income (5 minutes).**

Now, ask participants to think about their income, and in their mind come, to up with a solid figure of their monthly income. They can write this on the back of their form if they wish. (Again, remember that this may be sensitive information and remind everyone to respect the privacy of others.) Ask them to include their income from all sources. Some underemployed or unemployed participants might have no income.

**A2.2h Exercise: Average Monthly Income (15 minutes).**

Some of the class might have irregular income and no permanent job, some might work seasonal jobs, they might only work during harvest and planting seasons or do periodic maintenance, for example. If we ask them to write down their income, they will either revert to their most recent income or respond with their current situation in which they have no income. The objective of this exercise is to show the participants how to calculate an average monthly income so that, even if they are unemployed or underemployed, they can establish a basis for simple financial planning.

Ask participants to get their journals out again and draw the following table:

<table>
<thead>
<tr>
<th>Types of Expenditure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Transportation</td>
<td></td>
</tr>
<tr>
<td>2. Clothes</td>
<td></td>
</tr>
<tr>
<td>3. Food/Meals</td>
<td></td>
</tr>
<tr>
<td>4. Communications (phone calls, etc.)</td>
<td></td>
</tr>
<tr>
<td>5. Leisure/Entertainment</td>
<td></td>
</tr>
<tr>
<td>6. Others</td>
<td></td>
</tr>
</tbody>
</table>
Ask the participants to think about the seasons (wet season/dry season, harvest, cultivation, planting times, fishing season, etc.), which may impact their income, depending on each person’s individual situation. People in urban areas may respond differently to other seasons because of cultural or religious events, like Ramadan, the Muslim Fasting month, or sometimes there are certain times of year that are considered to be better for people to be married (wedding season), for example, and this impacts on the demand for certain services. Ask them to record the season (harvest, Ramadan, etc.) in the appropriate column and to think about their seasonal working patterns. Ask them to also add their seasonal work and source of income (type) to the table in the appropriate column. Walk around helping each individual as required. Next, ask them to enter their monthly income from each source (they may approximate the amounts if they can’t remember exactly), regular or irregular. When their tables are filled in, show them how to calculate their average monthly incomes, i.e. add the columns for regular and irregular income and then add the two totals together. When that is done, divide the result by 12.

\[
\text{(Total Income Regular + Total Income Irregular)/12}
\]

### A2.2i Comparing Income and Expenditure (10 minutes).

Ask the participants to compare their average income with the monthly expenditure that they have formulated in section A2.2f (exercise). Ask if anyone has a surplus; if anyone has a surplus, ask them to explain how they have managed to arrive at a surplus.

Then, ask the participants who have a deficit to try to generate a surplus. Remind them of what surplus is.
The objective of this exercise is to gradually remove the expenditure items until the total amount of their spending is at least equal to their income. They must, therefore, prioritise the expenditure items based on what they can and cannot do without.

When they are done, ask participants the following questions:

- What was difficult about this exercise?
- What hard choices did you have to make?
- Who still has savings in their spending plan?

See how participants many have still included savings in their plan.

Let them think about their choices for a moment.

Ask one female and one male participant to share the difficulties they experienced with this exercise and to identify the things they chose to remove and explain why they chose those things.

After they have responded, explain that the participants are going to learn more about how to make wise spending decisions.

Wrap up the session by reminding participants of the importance of taking charge of their financial situation and of managing their income so that expenditure is always less than the money they bring in.

A2.2j Discussion: How to Make Wise Spending Decisions (10 minutes).

Start the session by explaining that in life, most of us cannot buy everything that we need and we want because we just don’t have enough money. As a result, we must carefully decide what to buy. We must always consider the money or income we must have to cover all of our important needs. This isn’t an easy task.

Ask the participants how they will make these decisions. Write down their answers on the flipchart.

Continue the discussion with the question: “What are the steps in making wise spending decisions?”

Again, write down their responses on the flipchart. Acknowledge good responses.
Wrap up the session.

“You build a better future by managing your money so that a surplus can be generated, saved and accumulated. You need to save to cover your future needs and achieve your life goals. Making wise spending decisions is the key to saving. Most of you probably don’t have enough money to pay for everything you want and need.

JOIN THE CLUB!

Because that is the club that most of us are already in. When this happens, it is important to distinguish between needs and wants as you decide what you will go without. Remember, when you cut your spending enough to save a little, eventually you will reach a savings goal that is important to you. So, your short-term sacrifice is turned in to your long-term gain!”

Closing and Post-Training Test (20 minutes).

Conclusion (5 minutes)

Conclude the session by asking participants to share what they have learned from the exercise. Provide participants with a few words of encouragement.

Remind the participants that financial management is a simple process and that if they follow all the steps they will surely succeed: there is nothing magic about it!

Review (5 minutes)

Summarise the session by asking the participants to review what they have learned. Ask one or two volunteers to share. They may refer to lessons written on the flipcharts; ask them to read the flipcharts, if necessary.

Make sure that they recite the three steps to making wise spending decisions, which are:

1. Distinguish expenditure: Needs versus Wants
2. Set the priority for each
3. Create a surplus by reducing spending on wants
Post-Training Test (10 minutes)

Distribute the post-training test sheets for Module A2. Tell the participants that this post-training test will help them assess whether they have expanded their knowledge from the training. Explain that this test will be graded and that they have to get a passing grade in order to move on to the next module.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, show FLA2 Overhead 4, an overview of the session.

Distribute the evaluation forms. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete the evaluation, then collect the forms.

Note: the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall for the next sessions.

Close the session by telling participants that if they pass the test they will start the next module (Module A3) in the next session.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!
Module A3 Roles of Different Financial Services Providers

3.1 Introduction
AN IMPORTANT part of personal financial management is knowing what financial services are available to help manage money better. Saving in a financial institution, for example, provides security, income from interest and other benefits. In this module, participants learn about the nature of, and the services provided by, financial services providers, both formal and informal, including credit unions, banks, microfinance institutions, and local money lenders.

This module is a prerequisite for the entire set of B modules.

3.2 Prerequisites
A "C" grade or better in Module A2 or permission from the trainer. If a participant is permitted to progress without a “C” grade or better, an explanatory note must be included in the implementation report (for each case); however, it is not expected that this will occur in a large number of cases. Although participants who have registered and begun the course should be allowed to complete it, no certificate will be awarded to persons with persistent fail grades. Again, it is expected that this would only occur very rarely.

3.3 Training Aids
The training aids that support Module A3, including handouts and overheads, can be found in Appendix 3.
3.4 Tests

Find the tests that support Module A3, including pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.

3.5 Learning Objectives

<table>
<thead>
<tr>
<th>A3 ROLES OF DIFFERENT FINANCIAL SERVICES PROVIDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
</tr>
<tr>
<td>Distinguish between the various types of financial services providers by identifying available financial services in the neighbourhood and their respective services.</td>
</tr>
<tr>
<td><strong>Sub-Objectives</strong></td>
</tr>
<tr>
<td>A3.1</td>
</tr>
<tr>
<td>A3.2</td>
</tr>
</tbody>
</table>

**Sub-Objectives A3.1**

- **Identify and compare existing services providers/institutions**
  - **Performance Description**
    Distinguish between the formal and informal financial services providers and identify the advantages and disadvantages of each.
  - **Performance Criteria**
    1. Identify existing financial services providers and their services.
    2. Classify the financial services providers as either formal or informal providers.
    3. Compare between services based on their advantages and disadvantages.

**Sub-Objectives A3.2**

- **Choose the most appropriate services providers/institutions based on personal selection criteria**
  - **Performance Description**
    Develop selection criteria based on needs and priorities and choose the most appropriate institution to address the needs.
  - **Performance Criteria**
    1. Identify needs and priorities in relation to financial services.
    2. Select the most appropriate financial service provider based on needs and priorities.

3.6 Trainers Guide

**Total time to complete the module: 205 minutes**

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.
Introduction and Pre-Training Test (20 minutes)

Explain to participants that this session is about getting to know financial services providers; however, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge.

Distribute the pre-training test sheet. Give the participants 5 minutes to complete the test, then collect their sheets for grading.

Note: The tests have been designed to measure the learning progress of the participants. From the pre-training test, you can measure participants’ level of understanding to this session’s topic. Each question is formulated based on the performance criteria. Incorrect or insufficient answers demonstrate a lack of knowledge. Therefore, the trainer should focus on this areas to ensure that participants will gain the necessary knowledge during the training be able to answer the post-training test questions by the end of the session. This will not be repeated in every module so keep it in mind for the future modules.

Emphasise the following:

Ask participants if they have thought about opening an account with a Financial Services Provider. Show FLA3 Overhead 2.

State that there are many good reasons for opening an account. Explain that there are administrative requirements and rules as each Financial Services Provider has its own policies. By comparing the different services, participants can choose the ones that are most suitable for their individual purposes.

A3.1 Identify and Compare Existing Services Providers/Institutions (95 minutes)

A3.1a Group work: Identifying Financial Services Providers (15 minutes).

Divide participants into 4 groups.

A random grouping method can be used for this activity: the example assumes a class of 20 participants. Depending on the number of participants, the number of groups needed should be calculated first.

1. Ask people to form a line

2. Then, starting at one end of the line ask participants to number themselves from 1 to 5. When five is reached, the next person starts back at one and so on until all participants are numbered.

3. When you reach the end of the line, ask everyone if they still remember their number.

4. Then ask them to form groups The 1s form one group, the 2s another group and so on.
5. Make sure that the participants count off the numbers quickly and don’t try to change positions in the line (some will try to manipulate the process so they can be grouped with friends – do your best to prevent this from happening). Supervise the counting by walking along the line asking each person to state their number as you pass; or you can count them yourself and tell them which number they are.

When the groups have formed, ask them to select a spokesperson. Then, ask each group to discuss and make a list of the financial services providers that they know of (give a brief explanation of what a financial services provider is). Give them some hints. Ask them where they can get a loan or insurance, where they can deposit their savings or make remittances, or simply where can they get money if they really need it.

When they are all finished, acknowledge those who finished first. Then, ask the spokespersons to read the lists out loud. As they read their lists, write the different financial services providers that they have identified on a flipchart.

A3.1b Discussion: Classifying Types of Financial Services (30 minutes).

Keep participants in their groups.

Ask groups to share what they know about the different financial services providers that are now listed on the flipchart. Ask the participants if they have had experiences with loans or other services from these providers. Get them to write down their experiences and ask volunteers to share their experiences with the class.

Explain the difference between formal and informal financial services providers:

- **Formal financial services providers** are regulated by the government
- **Informal financial services providers** usually consist of private individuals or groups, which are not regulated by the government

As people share their experiences, quiz the class about whether the financial services provider is formal or informal, and about what type of provider it is. Then, form another category and allocate to it the providers they feel are microfinance institutions. In the end, you should have a list of financial services providers that are classified into formal, informal, microfinance or other.

Wrap up the discussion by giving examples of financial services providers. Remind the class of the ones they might not have included, such as:

- Banks
- Credit unions
- Cooperatives
- Micro finance institutions
- Local money lenders
• Post offices
• Pawn shops

Explain all these examples provide financial services but that the informal providers usually provide a much less comprehensive set of services. Informal services providers usually provide services limited to loans, insurance such as purchasing crops well before harvest, and money transfers or transport services. In some cases they may provide pawn services. In general, the following services are provided only by formal services providers:

• Savings accounts
• Credit cards
• Money management assistance and advice
• Various financial transactions and other related activities
• Information on the stock market, investment opportunities and market trends

A3.1c Group work: Comparing Financial Services Providers (20 minutes).

Ask participants to discuss the advantages and disadvantages of each type of financial services providers with their groups. Have the group’s spokesperson record the group’s responses on a flipchart.

When they have finished go through the lists and show FLA3 Overhead 3 and FLA3 Overhead 4, respectively. Explain the advantages of each type of provider, and then wrap up the session.

Summarise the session by reiterating the following:

Formal financial services providers are regulated by the government. They include:

• banks
• microfinance services providers
• insurance companies
• remittance agencies
• post offices

Informal financial services providers usually consist of private individuals or groups. They include:

• money lenders
• ROSCA (arisan)
• landlords
• friends and relatives

• Anyone or any group who lend money generally out of their own personal resources. Informal service providers are not regulated or supervised by the government and usually rely on social and peer pressure for regulation.

Note: Elaborate a little about ROSCA (arisan) as one alternative for informal savings services for women. In Indonesia, arisan is universally understood among housewives or female peers as a venue for social gathering and financial management. See the explanation in the Technical Notes, if you need to learn more about the system.

A3.1d Discussion: Financial Intermediary Role (20 minutes)

Show FLA3 Overhead 5 to start the discussion on financial intermediaries.

Ask participants to think about the different roles of financial services providers; ask them what they understand about money. What is it? Where does it come from? How does it get to the services provider? Use these questions to facilitate a discussion. Ask the participants where, for example, a credit union, a bank or a money lender gets its money.

As you work through these questions with the participants, draw a picture of the different actors in the cycle of money flow on a flipchart and as the different actors are added, link them with arrows showing the flow.

Explain that the cycle tells us that people deposit money into the financial services provider as savings and people borrow money to expand their business or for whatever other reason. Therefore, a bank is a financial intermediary; a bank provides a link between savers, investors and borrowers.

Distribute FLA3 Handout 1 and FLA3 Handout 2 for further reading.

A bank accepts deposits and provides loans. Bank services include check accounts, savings accounts, and time deposits. A bank is run for profit and its primary activity is to lend money. Banks usually lend money to customers who already have some money or assets. Microfinance services providers also provide savings and loans, but cater more to the very low income families in a way that they provide loans and saving products in smaller amounts that are not profitable for banks. Microfinance services providers sometimes provide loans to people without collateral (assets as guarantees for loans). Financial services needed by the very low income families are usually focused more on savings revolving funds and working capital loans, especially for microenterprise support and less focused on consumer credit, savings, pensions, insurance, and money transfers, although these products are also useful for low income families.
Show FLA3 Overhead 6 to give the participants a better idea of how banks compare to microfinance institutions. Ask for a volunteer to read the overhead out loud to the class.

Some microfinance services providers offer group lending services and in most cases, the groups are predominantly women entrepreneurs. This system was started by the famous Grameen Bank founded by Professor Mohammad Yunus in Bangladesh. Group lending services are also widespread in Indonesia.

**A3.1e Ranking Exercise (10 minutes).**

Utilise the same groupings as in the previous exercises. Ask participants to rank the list of financial services providers according to risk. Ask them to think about the kind of things that could happen to their money if left in their house and then think about the kind of things that could happen to their money if they leave it with a financial services provider. Explain to the participants that they should rank the services providers according to how safe they feel their money would be in each one. Have them discuss the threats, etc. among themselves in their groups. Show FLA3 Overhead 7 to help them along.

When they have finished, review the results of the rankings in plenary.

Then, summarise by explaining that banks are usually the most secure place to store money:

- Money is kept in a cash vault and in a strong, fire proof room
- It is also guaranteed by the government in the case that the bank is mismanaged.
- Banks and microfinance institutions have the responsibility to secure the money and manage the money with prudence
- Existing, well-known banks and microfinance institutions must manage the money with prudence in order to attract customers
- Formal institutions are generally the safest

**A3.2 Choose the Most Appropriate Financial Services Provider based on Personal Selection Criteria (110 minutes)**

**A3.2a Reading Session and Q&A (30 minutes).**

Distribute and ask participants to read FLA3 Handout 3, Handout 4, Handout 5, Handout 6 and Handout 7. Tell them they have 20 minutes to read the handouts and that while they read, they should record any questions that pop into their minds. When they are done reading, allow 10 minutes for questions and answers.
A3.2b Role Play 1: Access to Financial Services – General Requirements (15 minutes).

Ask 2 volunteers to do a role play as a bank staff and a bank account applicant using the scenario from FLA3 Handout 8. When the role play has been concluded, applaud the actors, and invite comments from the other participants. Read the questions at the bottom of Handout 8 and have participants respond. In general, the following are appropriate responses. Read them through at the end of the session:

- Are there any requirements to be a bank client?
  Fill in the application form, present ID Card.
- What should you do after you finish filling in the application form?
  Sign the form, pay the stamp duty, and deposit money.
- Is it possible to be a bank client? How?
  You can be a bank client if you meet the bank requirements which are not difficult to satisfy.

Role Play 2: (15 minutes).

Ask two volunteers to do another role play as a bank staff and a bank client using the scenario in FLA3 Handout 9. When the role play has been presented, applaud the actors, and invite comments from the other participants. Questions:

- What does the bank require of the borrower?
  The bank requires an application and a Rp. 50,000 fee.
- Why do you think that the banker is not willing to accept the borrower’s bicycle as collateral?
  The bicycle is probably not worth the value of the loan.
- What does it require instead?
  The bank requires someone to guarantee the loan (a guarantor).
- **How is applying for a loan in a bank different from lending between friends?**

  It is more formal and has more requirements: the borrower must have collateral or a guarantor and the loans are usually much bigger than the amounts friends would normally lend to each other.

  Banks also must charge interest on loans in order to make a profit and sustain the bank.

Conclude the session by explaining that anyone can be a bank client, all they need to do is meet the bank’s requirements. Emphasise that these requirements are not difficult to satisfy and that almost anyone can do it.

**A3.2c Group work: Identifying Financial Charges (10 minutes).**

Ask participants to go back to their groups. Ask them to discuss the financial charges associated with using financial services.

Start the discussion by asking if anybody knows what kind of fees are charged by banks to users of their services.

Give the groups 5 minutes to discuss among themselves. Then ask each group to share their views. Summarise the discussion by saying that there are fees associated with using bank services, including:

- **Interest charges:** the amount a borrower pays in addition to the principal of a loan to compensate the lender for the use of the money (it’s like rent for borrowing money).

- **Provisions and fees:** the amount a borrower pays in advance to get the loan from the bank.

- **Administration fee:** the amount a bank charges to a saver for their management services.

Distribute FLA3 Handout 10.

**A3.2d Discussion: Access to Financial Services Providers (10 minutes).**

Remind participants about the financial institutions in their neighborhood that they identified earlier. Explain that it doesn’t make sense to become a member or a client of a financial services provider if the provider nearby and, therefore, easy to visit to deposit or withdraw money. Ask participants to discuss where and how they can access the financial services. Ask them where the closest financial services providers to their house is.

Then, ask them which one/s they would choose for their financial services needs and why?

Let one or two participants share their response with the class.
Explain that there are several delivery channels used by financial institutions to reach their customers.

- Branch offices or cash offices (outlets)
- ATMs at various locations

Some cooperatives use their members to acquire new customers and clients as part of their marketing strategy.

The objective is to create easy access for the community to obtain financial services. Customers or clients can choose the most suitable services in the location that most suits them.

It is important to make a wise choice. For example, don't choose a financial services provider that requires a lot of travel if there is one closer that provides similar services that are appropriate for you.

A3.2e Individual Work: Criteria to Select Financial Services Providers? (15 minutes).

Ask participants to go back to their desks and discuss the criteria to be used in selecting financial services providers with their neighbours. Make sure that participants understand that the criteria must be based on our own needs and that one person's criteria will be different from another's. Ask each person to open their journals and write down what they need from a financial services provider (e.g. do they have assets that can be used as collateral, what size loan do they need, how much is the interest, what kind of requirements can they meet). Then, ask the participants to write down the other important things such as how close and convenient it is for them to make deposits or whether there is an ATM network, etc?

Ask them to make a list of their needs and write it in their journal. Then, get them to compile a list of several financial institutions that meet these criteria.

Give the participants 10 minutes to create their list. When they are done, ask two males and two females to present their lists, one at a time, and invite questions and suggestions from the other participants.

Distribute FLA3 Handout 11 to summarise the exercise.

A3.2f Prepare to Visit a Financial Services Provider (Optional, but Highly Recommended).

It is advisable to organise a visit to a financial services provider for participants. Young people can benefit from such visits because many may not have the opportunity to go on their own. They can go inside the building and see the internal workings of the institution. They can read the brochures or leaflets, and even meet a branch manager. It is highly recommended that the visit be organised for the group during the training.
In preparation for the visit, ask participants to do the following:

- Come up with the questions they want to ask, such as:
  i. How do I open a savings account?
  ii. What are the requirements for checking accounts and time deposits?
  iii. What are loan terms and interest charges?

Also, ask the participants to observe how bank officers serve their clients.

Distribute FLA3 Handout 12.

**Closing and Post-Training Test (15 minutes)**

Summarise the session by asking participants to review what they have learned. Ask one or two volunteers to share. They may refer to lessons written on the flipcharts.

Summarise the benefits of using financial services providers:

- It helps to keep money secure
- Adds to income through interest payments
- Provides a reference point to help get loans
- Other benefits

**Post-Training Test (10 minutes).**

Distribute the post-training test sheets for Module A3. Tell the participants that this post-training test will help them assess whether they have expanded their knowledge from the training. Explain that this test will be graded and that they have to get a passing grade in order to move on to the next module.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.

**Note:** the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall for the next sessions.

Conclude the session by telling participants that if they pass the test they will start the next module (Module B1) in the next session.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!

**TECHNICAL NOTES:** Refer to the handouts for further explanations about financial services.
Module B1 Saving for a Better Future

4.1 Introduction

This module discusses how to allocate savings and options for savings reallocation to help participants understand saving products and other alternatives available for the same purposes.

To address women’s specific needs, special discussions will be made on how women can play an important role in promoting saving within the family. Women are generally more concerned about child’s education and matters such as children’s health than men and, for cultural reasons, men are usually more focused on providing income for the household. These discussions encourage both sexes to make a better plan for the future.

*Family Roles: Indonesia*

The culture in Indonesia is such that there are very pronounced differences between the stereotypical roles of household members. The wife is usually considered the manager of the household while the husband is considered the provider.

In B1.1, we help participants understand that there are several ways to start saving, explore the barriers to saving and alternative ways to save, generally.

In B1.2, we introduce the concept of interest. Saving may take different forms, and participants learn the principles of saving and what to consider before deciding where to save. We also review the savings goals.

This module is a prerequisite for Module B2.
4.2 Prerequisites

A “C” grade or better in Module A1 or permission from the trainer. If a participant is permitted to progress without a “C” grade or better, an explanatory note must be included in the implementation report (for each case); however, it is not expected that this will occur in a large number of cases. Although participants who have registered and begun the course should be allowed to complete it, no certificate will be awarded to persons with persistent fail grades. Again, it is expected that this would only occur very rarely.

4.3 Training Aids

The training aids that support Module B1, including handouts and overheads, can be found in Appendix 4.

4.4 Tests

Find the tests that support Module B1, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.

4.5 Learning Objectives

<table>
<thead>
<tr>
<th>B1 SAVING FOR A BETTER FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
</tr>
<tr>
<td>There are several ways to save money to kick-start your future</td>
</tr>
</tbody>
</table>

**Sub-Objectives**

| B1.1 Different ways to save for the future (saving reallocation / investment). |
| B1.2 Select the most appropriate saving methods and products. |

**Sub-Objectives B1.1**

Identify savings products and the alternatives (savings reallocation/investment)

Performance Description

Identify different types of approaches to saving and corresponding services providers that can help participants accumulate assets.

Performance Criteria

1. Explain the purpose, the different ways to save, and the means of saving.
2. Identify different types of savings products, the terms, and the corresponding services providers.

**Sub-Objectives B1.2**

Select the most appropriate saving methods and products

Performance Description

Demonstrate the willingness to use saving products in order to achieve personal goals.

Performance Criteria

1. Develop personal criteria for the best ways to save based on costs and benefits.
2. Come up with a list of different ways to save that are relevant to personal goals and compare to select the most appropriate methods.
4.6 Trainers Guide

Total time to complete the module: 135 minutes

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.

Introduction and Pre Test (15 minutes)

Explain to participants that this module is basically about considering various methods of saving and selecting financial services products; however, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge.

Distribute the pre-training test sheets for Module B1. Give them 5 minutes to complete the test, then collect their sheets for grading.

Proceed to the main session. Open the session with FLB1 Overhead 1.

B1.1 Identify Savings Products and the Alternatives (70 minutes)

B1.1a Discussion: Barriers to Saving (20 minutes).

This is a good group work opportunity for homogenous groups because group members can share similar experiences.

Ask the participants to form their groups based on the original grouping of like participants. At the very least, ensure there is one group of all women and one all men; the others can be mixed. This will draw out the different barriers to saving from both women’s and men’s perspectives.

Start the discussion by asking participants if they can think of a time in the past where they have tried to start saving. Ask them if they were successful. Tell them you want to find out from them how many have tried, how many were successful, how many were not, and if not, what caused them to be unsuccessful. Write the following list of questions on the flipchart while they are in discussion:

- How many have tried to save?
- How many were successful?
- How many were unsuccessful?
- What caused the saving attempts to be unsuccessful?

Let participants discuss this in their groups. Have a group representative record the main points of discussion.
Give them sufficient time to discuss and record their responses.

Then, ask the group representatives to make a 2 minute presentation to the class about their groups’ experience.

**Note:** A lot of people may be skeptical about saving mostly because they have a hard time covering their living expenditure. Saving for them seems like an unattainable goal. However, this is exactly why this module was created. You want to show them that saving is possible and that it is important for them to prepare for their future.

For some, it is difficult to save because of family traditions or local culture. Ask them to discuss about this and come up with solutions to these challenges. An example from Toraja: a community member can ask not to have her/his name published in the community book so that they aren’t obliged to contribute a certain amount. They still contribute, but not as much. Ask a volunteer to read the following story to the group. Give them 10 minutes to read it.

---

**Box 2. Joko’s Habit**

Joko is a farm labourer. His family depends on a well for water in the household, but the well is deep and far away from the house. Every day he, his wife and children spend a lot of time with a rope and bucket to get enough water for cooking and washing. He has dreamed of buying a small pump and some pipe for a long time. He thinks that pumping water into the house will save time so his children can spend more time doing their homework and improve their grades. The time that is saved could also enable his wife and himself to do more productive things, and the household would be cleaner and healthier. He has checked at the local hardware store and found that he needs Rp. 350,000 to buy the pump and other materials required. His only problem is that after his expenditure each month, he is left with no money to save. He does not know what to do. He lives very frugally and only spends money on one thing other than the basic needs of his family. He smokes one pack of cigarettes a day. He has done this since he was 15 years old. Many people have chided him on his habit and have said that if he gave up smoking he would save a lot of money. The only problem is that he is poor and he feels that smoking helps him to cope with his situation and although he has tried many times, he cannot give up the habit. He has also noticed that when he tries to give up he eats more and gets angry easily. So he is not sure if it saves him money or not and he doesn’t like to get angry. Last month, while he was at the market he met his friend Ridho and they began to talk about the pump and Joko told him about his impossible dream. His friend just laughed and said everyone finds it difficult to give up smoking and that he has never met anyone who could give up smoking either. The conversation moved to the smoking. Ridho asked how much Joko smokes. Joko answered a pack a day. Ridho, after thinking about this for a while said “well there are twelve in a pack.” After a pause, he continued with “that means if you only smoke 10 per day, in six days you will save the price of a pack.” Between that conversation and the time I met Joko, he had saved more than Rp. 50,000 towards achieving his dream of buying a pump and having running water in his house.

---

**B1.1b Discussion: Where to Save (10 minutes).**

Start the discussion by asking how participants usually save their money.

**Note:** In the event they already have a saving habit, they are probably still not familiar with financial services. They might have the habit of saving at home or other traditional methods. This module is designed to educate them on how to
save in a safe place while also generating money from the saving itself, which is not possible when they are keeping the money under the mattress. However, there are many valid ways of saving and some of the traditional methods should not be discouraged. For example, in some places in Java where there are pockets of poverty due to limited natural resources (low rainfall and no irrigation), some people view cattle as an alternative to a bank. Using cattle as the launching pad to a bank account is a very effective way to get ahead, especially for the underemployed who can spend time gathering grass (Box 3).

Write participants’ answers on the flipchart. Ask one or two volunteers to share their methods of saving and to explain why they chose such methods.

Next, ask one a volunteer to read the following story to the group.

Box 3. Suparmi’s Cows

Suparmi lives in Central Java and was born into a poor family. She is the eldest child and has six brothers and sisters. She has graduated from elementary school, but her parents could not afford to keep her in school any longer with so many mouths to feed. They needed Suparmi’s help. Their goal was to get at least one of the children to complete high school and perhaps even university. They could hope for no more than that. Suparmi’s father had a small plot of land but it was not enough to support the family. They never had enough money to make it worthwhile to open a bank account. Although both the father and mother were always happy, they were finding it increasingly difficult to cope. Suparmi, on the other hand, was healthy and eager to get ahead and she had an idea. She had noticed many of the young girls from the local area had gone and worked in Jakarta as servants. At first, her mother and father did not agree, they thought it was not right that their daughter should leave the household so young, and they heard that Jakarta was a bad place fraught with danger. But eventually an agent came to their house and she seemed like a good person, moreover she was a friend of a distant relative of theirs. Eventually they let Suparmi go. It took a couple of weeks, but after arriving in Jakarta, Suparmi got a job as a servant. It was the best pay and conditions she had ever seen, she had heard of higher wages, but not for people from the village who had only been to elementary school. She also knew that the work would be hard but she desperately wanted to work and this was just what she was looking for. She agreed to work for Rp. 350,000 per month plus her food and basic needs such as soap and clothing which the employer agreed to pay for. She worked for a whole year and regularly sent money home to the family to pay for school uniforms and fees, etc. When lebaran came, she was so happy to be going home, even after paying for things during the year, she had saved more than a million Rupiah. Suparmi really wanted to use the money for a deposit on a motorcycle for her father to ride to work and to take her brothers and sisters to school. She felt sorry for them having to walk to school each day, especially when it was raining and muddy. And a motorcycle would really make her father feel proud. But, she resisted the urge and decided to continue with her plan. The following day she went to the market with her father and bought 2 calves which she left with the family when she returned to Jakarta. She did not like to leave the family again, but she knew that if she followed her plan and everything went well, she would not have to work in Jakarta for very long. She worked hard for another year, sending money home regularly and saving a little. Lebaran came around again and she was excited as she got on the bus to go back home. Several hours later, she arrived in the local township and hired a motorcycle taxi to take her to the village. As she came into the village and approached her house she was surprised to see her brothers feeding grass to two large white cows. She remembered her dream of buying a motorcycle for her father. Then she saw the rest of the family and her thoughts moved to them. After several days, she went with her father to the market again, but this time they brought two large cows to sell. Suparmi was very proud to bring those cows to the market and was amazed when they sold for almost 5 million Rupiah. She bought 3 young calves and some chickens, soon after. While she was walking home with her father and the calves, she could feel the lump of money in her pocket. She decided to open a bank account and not return to Jakarta.
Further information on how to start up a micro-business can be found in another ILO module on entrepreneurship. You can inform participants about the Start Your Business (SYB) and Know About Business (KAB) modules.

**B1.1c Advantages and Disadvantages of Different Forms of Saving (10 minutes).**

Start this discussion by recapping the last session. Ask the participants, considering the other alternatives to saving, to discuss and identify the advantages and disadvantages of engaging in these different forms of saving.

Ask participants to work in pairs with their neighbour. Ask them to draw the table (below) in their journals to record their findings. Give them 5 minutes to work on it. When they are done, ask them to share their answers with the class.

<table>
<thead>
<tr>
<th>Item</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold &amp; jewellery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings in a financial services provider</td>
<td></td>
<td></td>
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</tbody>
</table>

**B1.1d Discussion: Types of Saving and Where you Should Save (10 minutes).**

Continue discussing available savings products in the market by asking participants to think about how to save with the help of financial services providers. Ask them what type of saving products should be used.

Give them some background information first. Explain that there are generally three different types of savings that usually differ from each other in terms of withdrawal policy and interest. Demand deposit can be withdrawn at any time. Term deposit can only be drawn after the due date, depending upon the term, usually 1 month, 3 months or one year. Contractual savings are set for a predetermined time, depending on the agreement between the depositor and the institution. Saving is voluntary when the clients (the depositors) can decide whether they want to save or not. Saving is compulsory when the clients have to put money in an account regularly, whether they like it or not due to contractual obligations.

Record their responses on the flipchart. Show FLB1 Overhead 2 and FLB1 Overhead 3 to summarise.

**Note:** In this discussion, emphasise the benefits of saving in financial institutions as opposed to keeping the cash at home. Storing cash at home is too accessible and people tend to spend it more quickly. They are more likely not to spend the money when they put it in a less accessible place that takes effort to get to; financial services providers offer this psychological defense against spending.
B1.2 Select the Most Appropriate Saving Methods and Products (85 minutes)

B1.2a Mini Case Study: The Best Way to Save Based on Cost and Benefit (20 minutes).

Now that participants know that there are several types of savings products/methods provided by financial services institutions, they can start to explore some of the details of deposits and savings plans. Begin the exercise by showing FLB1 Overhead 4 and explain how to calculate interest income and charges. Distribute FLB1 Handout 1 and ask the participants to answer the questions in pairs with their neighbours. Distribute FLB1 Handout 2 for their reference. They have 10 minutes to work on the case study.

Review the answer and explain the steps. Explain how to do the calculations

Note: Please refer to the Answer Sheet (FLB1 Handout 6) to help you explain the steps. When people save, they want the money to accumulate. They don’t want anything unnecessary to reduce the amount. Therefore, participants need to pay attention to the charges, i.e. administrative fees or imposed penalties. On the other hand, they also need to know how much interest has been added to the account to allow their saving to grow.

B1.2b Exercise: Financial Goals (10 minutes).

Ask participants to think back to their earlier exercise in Training Module A2, Section A1.1f, the three things they selected as savings goals. These should be recorded at the front of their journals.

• Ask participants to think back to their personal goals for this year.
• Tell them that they should now refine the plan by adding more detail.
• This will improve the plan.

Distribute the worksheet FLB1 Handout 4. Ask them to figure out when they want to have the items by and to calculate how much they will need to save each month. Help them do the calculations and fill in the form, as needed.

Note: Saving starts with planning and a commitment to regularly put aside some money for future use. Planning starts with setting goals so that we can plan the steps necessary to achieve the goals. In the earlier exercise, you have asked them to set simple goals. In this exercise, you want to encourage participants to plan further and expand their way of thinking. Therefore, participants are asked to break down their plans even further and plan for emergencies and the future.

Goals can be simple. Having enough money to buy a radio so that we can listen to a football game is a goal. Yet goals can be much longer term also – you need to encourage participants to plan for something bigger such as buying a house so that they don’t have to pay rent and live in insecurity all their lives, so they can relax in the knowledge that they will have a place to live when they retire or decide they don’t want to work hard any more, a place they can be proud
of owning and gather with their friends and family. When participants seem embarrassed to set too big a goal, encourage them so that they can overcome these feelings.

**B1.2c Sharing and Discussion: Where to Save (10 minutes).**

Ask participants to work in pairs and share their personal goals for this year (from Module A2) with a partner. Discuss what type of saving will be most appropriate for meeting those goals and where to save. Remind them of the financial institutions in their neighbourhood where they can open a savings account.

**B1.2d Case Study (30 minutes).**

Divide participants into groups of 3 to 4 people. For the grouping, mix the participants around so that they will get to know and work with different people. Distribute case study FLB1 Handout 3 to the groups and give them 15 minutes to work on the case study.

When they are done, ask the groups to present their findings to the class. Give positive feedback and encourage the participants.

**Note:** Bear in mind that there are no right or wrong answers in the case study. The case study is designed as a tool to help the participants review the concepts and better understand the terms from the previous sessions. Review these concepts whenever necessary.

In this case study, we learn to make plans for saving based on a particular situation. We also learn how to deal with a situation where something disrupts the plan and we need to adjust the plan accordingly.

**Closing and Post-Training Test (15 minutes)**

Summarise the session by asking participants to review what they have learned. Ask one or two volunteers to share. They may refer to lessons written on the flipcharts.

**Post-Training Test (10 minutes).**

Distribute the post-training test sheets for Module B1. Tell the participants that this post-training test will help them assess whether they have expanded their knowledge from the training. Explain that this test will be graded and that they have to get a passing grade in order to move on to the next module.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.
Note: the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall for the next sessions.

Conclude the session by telling participants that if they pass the test they will start the next module (Module B2) in the next session.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!

TECHNICAL NOTES

Definition of Savings:
Savings are money put aside by an individual or household for future use. With savings, people can prepare themselves for future plans (education, wedding, retirement, etc.), while protecting themselves should emergencies (death, illness, etc.) arise.
Module B2 Managing Loans

5.1 Introduction

IN THIS module, participants will build their knowledge about how to manage loans in a productive way that can help in them achieve personal goals. This module also discusses how to be a wise borrower and choose the loan products that are within our capacity to repay.

In B2.1, we help participants understand types of loans and identify loan products relevant to personal goals.

In B2.2, we help participants understand how to manage loan products to be beneficial.

This module is a pre-requisite for Module B3 (Modules O1 and O2 are optional).

5.2 Prerequisites

A “C” grade or better in Module A1 or permission from the trainer. If a participant is permitted to progress without a “C” grade or better, an explanatory note must be included in the implementation report (for each case); however, it is not expected that this will occur in a large number of cases. Although participants who have registered and begun the course should be allowed to complete it, no certificate will be awarded to persons with persistent fail grades. Again, it is expected that this would only occur very rarely.

5.3 Training Aids

The training aids that support Module B2, including handouts and overheads, can be found in Appendix 5.
5.4 Tests
Find the tests that support Module B2, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.

5.5 Learning Objectives

<table>
<thead>
<tr>
<th>B2 MANAGING LOANS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
</tr>
<tr>
<td>Understand that loans or credit facilities must be managed prudently to reap a benefit and help achieve personal goals.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Sub-Objectives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B2.1</strong></td>
</tr>
<tr>
<td>Understand the nature of loans and the difference between good and bad loans.</td>
</tr>
<tr>
<td><strong>B2.2</strong></td>
</tr>
<tr>
<td>Understand how to be a wise borrower.</td>
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</tbody>
</table>

**Sub-Objectives B2.1**
Understand the nature of loans and the difference between good and bad loans

**Performance Description**
Understand the nature of loans and the difference between good and bad loans.

**Performance Criteria**
1. Distinguish good from bad loans.
2. Identify loan products relevant to personal goals.

**Sub-objectives B2.2**
Understand how to be a wise borrower

**Performance Description**
Demonstrate willingness to manage loans wisely.

**Performance Criteria**
1. Explain how to manage the loan products to be beneficial.
2. Choose the loan products that are within financial capacity.

5.6 Trainers Guide

**Time to complete the module: 205 minutes**

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.

**Introduction and Pre Test (15 minutes)**

Explain to participants that this module is basically about managing loans and other credit facilities. If not managed well, loans and credit can also cause their own set of problems. However, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge.
Distribute the pre-training test sheet for Module B2. Give the participants 5 minutes to complete the test, then collect the sheets for grading.

Now proceed to the main session.

**B2.1 Understand the Nature of Loans and the Difference between Good and Bad Loans (125 minutes)**

**B2.1a Discussion: Why Do We Need to Get Loans (10 Minutes).**

Start the discussion by stating that many people seem to have a negative perception of loans. Ask the class why this is the case. Give them five minutes to discuss this among themselves. Ask two males and two females to share their feelings with the class.

When participants have had sufficient time to discuss, summarise their main points.

**Note:** It is likely that participants have had a variety of experiences with informal loans and may have seen people lose their assets to loan sharks. These negative experiences are very real for them and are likely to have resulted in entrenched psychological barriers to borrowing. Trying to eliminate these barriers is probably one of the most important aspects of this manual. However, the trainer needs to “tread carefully” when dealing with this matter. The trainer must calmly point out that regardless of past experiences, the only way to really get ahead may be to get a loan from a formal financial services provider. The trainer must explain, however, that taking a loan must be only done after we have carefully planned and thoroughly thought it through. Once we are confident that we have the required levels of discipline and income, the key to success is careful planning and sensible selection of the types of loans and financial products that are most suited to the individual’s situation.

Explain to the participants that the only realistic way to get ahead is to figure out how much money can be saved regularly each month and think in the long term. Can they continue to be save regularly for 30 years? If so, with planning and discipline they can achieve a realistic dream such as owning their own home. Point out how much money they could save if they deposited Rp. 300,000 every month for 30 years (Rp. 108,000,000). Then point out that if they could save Rp. 300,000 every month for 5 years they would then have enough evidence of their capacity to save (a good credit record) and Rp. 18,000,000, which would be enough for a deposit on a loan to build a small house. This means they could then live in the house and pay back Rp. 300,000 per month off the loan. Their life would gradually improve because in 30 years or less they would own their house and land. With this plan, instead of “wasting” money on rent, they could save Rp. 300,000 per month and in a few years, have the extra money that they formerly spent on rent to spend or increase their savings. There are many possibilities that only require discipline and persistence to achieve them. One thing is for sure, if they plan carefully, learn and follow the basic rules, this course can be the start of a new and more successful pathway to prosperity and security for them.
B2.1b Discussion: Where to Get Loans (10 minutes).

Start the discussion by reminding participants about the earlier discussion on financial institutions. Ask them where they can get loans.

Write participants’ answers on the flipchart and summarise the discussion by acknowledging their contribution.

Remind them that there are formal and informal financial institutions, including:

- formal banks
- cooperatives
- microfinance institutions
- informal sources, such as money lenders

In this session, the discussion will focus more on the various advantages and disadvantages of borrowing from the different sources.

B2.1c Exercise: Types of Loans (25 minutes).

Show FLB2 Overhead 1, a summary of the different types of loans. Explain each different type of loan as you present the slide.

Please refer to the Technical Notes (below), which explain the different types of loans.

Continue with the “Types of Loans” exercise:

Distribute FLB2 Handout 1 for the exercise. Ask participants to classify the different loans according to the appropriate uses. Follow the instructions on the exercise sheet. Give them 5 minutes to read the different cases carefully and fill in the answers.

The co-trainer should pick up the completed sheets, mark them as a learning exercise and give each participant a score. Consolidate the results of all the tests into an average score for the whole class.

Present FLB2 Overhead 1 again and leave it on the screen.

Go through each of the FLB2 Handout 1 cases and have the class discuss their answers until they reach a consensus on each answer. They may not get the correct answers, but for now, all that matters is that they are thinking as one.

When this exercise is done, score the group in the same way as the individual tests.

Compare the average individual test score and the group score.

If the class has answered wrongly, go back to the case and explain why it was wrong to the group.
B2.1d  Lending Methods (15 minutes).

Distribute FLB2 Handout 2 to explain the different types of loans based on usage and lending method.

Ask the participants if they have any questions regarding the handout while facilitating a discussion on lending methods. Answer any questions the participants pose.

Note: Please refer to the Technical Notes (below), which explain the different types of loans based on lending methods.

Show FLB2 Overhead 2 and distribute FLB2 Handout 3.

B2.1e  Discussion: Costs of Loans (10 Minutes).

Ask if anybody knows what costs are associated with obtaining a loan.

Let participants answer. It’s okay if they cannot answer.

Explain that financial services providers also have to make a profit so that they can continue to offer people the benefit of their loans, and that they charge other fees and duties to cover costs and administration. Remind them of the discussion in a previous module about financial intermediaries, and of how the formal banking system operates. Formal financial services providers must ask for the following so they can sustain their activities and provide more and more people with financial services.

1. Interest
2. Provisions and commissions
3. Administration fees
4. Stamp duty

Show FLB2 Overhead 3 to help explain the fees imposed on customers. Distribute FLB2 Handout 4 to enhance participants’ understanding of the topic.

Explain also that if loans are not managed carefully they can create problems for the borrower.

The consumer needs to pay careful attention to interest rates that can force the borrower into unending cycles of debt and repayment.

Interest is usually manageable with formal institutions, but the borrower may have to deal with debt collectors and face the risk of confiscation if payments are not made. Not repaying loans can lead to legal action or even imprisonment.

With informal institutions, you may have to deal with another type of money lender that can cause problems. These are often referred to as loan sharks; they charge very high interest rates and want you to be in debt forever so that they can receive constant income. This process can enslave borrowers and is actually designed to keep people in debt. In effect, the borrower becomes a forced
labourer for the loan shark. In some cases, physical abuse may also occur if payments are missed or the loan shark’s business is threatened. If possible, it is always better to use a formal services provider.

**B2.1f Case Study: Toto’s Story (15 minutes).**

Divide participants into groups again according to the same strategy as in A3.1a (Module A3). Distribute case study FLB2 Handout 5 to the groups and give them 10 minutes to read through the case study. Then have them answer the following questions:

- Does it cost you anything to borrow money? Yes. Most lenders charge you something to use their money; it’s like rent. Imagine renting a car or a house: you don’t own it, you are only borrowing it temporarily.
- Do you repay the same amount that you borrow? No, you repay more than you borrowed (see Cost of Loans).
- When borrowing money, what are the borrower’s responsibilities? To pay as agreed and repay on schedule.
- When borrowing money from a bank, why do you have to pay it back? Because the money does not belong to you, you have only borrowed it temporarily (as explained above) and because there are many people who need to borrow money, so when everyone pays back on time, more money becomes available for other people to borrow.
- What are the consequences you face if you don’t repay or fail to repay on time? Pay penalties or late fees for being late. If the payments are not made on time, the bank may try to recover their money by selling the assets that you used as collateral. However, banks don’t like to do this, they prefer to try to help the borrower in order to protect their investment. For this reason, it’s important to always communicate with the bank if payments will be made late.

**B2.1g Discussion: Selecting the Best Loan Deal (10 minutes).**

Ask participants to regroup. Ask if anyone knows how to choose the best loan deal from a number of alternatives. Explain that financial institutions determine the fees, charges and interest rates that customers are required to pay.

Because most participants have probably dealt mainly with informal financial services providers, their focus will likely be on interest rates.

Hang the two samples of loans advertisements (FLB2 M1 and FLB2 M2) on the wall. Ask participants to compare them. Which loan is better and why?

Let participants explain their arguments. Allow them to discuss their responses with their peers in the group.
Ask them which loan they would choose.

There is no right or wrong answer in this case although choosing the “Kebayoran Lama” cooperative loan is probably the best choice based on the information provided in the advertisement.

Mention that these advertisements provide minimal information and that they are designed to attract potential customers to the particular institution. Explain to participants that before making any loan decisions, we need more information. We should take the time to go to the institution and ask for more information about the full cost of the loan before agreeing to anything.

Hang FLB2 M3 and FLB2 M4 on the wall and point out the differences between the repayment schemes of both institutions.

Note: This discussion is meant to highlight the importance of paying careful attention not only to interest rates but to repayment schemes and other costs as well.

B2.1h How Financial Services Providers Determine Repayments (15 minutes).

Distribute FLB2 Handout 6, FLB2 Handout 7, FLB2 Handout 8 and FLB2 Handout 9. Explain that the interest rates are the same for each institution. Ask the participants to carefully examine each repayment schedule. It is important that participants understand the total cost of the loan.

YOU HAVE TO PAY ATTENTION TO THE AMOUNT OF THE INSTALLMENTS AND THE TOTAL AMOUNT THAT YOU HAVE TO PAY BACK OVER THE COURSE OF THE LOAN.

Ask participants to look at FLB2 Handout 7 and FLB2 Handout 9. Ensure that they pay special attention to the amount of installments and the total amount that they have to pay back.

Use the handout examples to explain the two different ways to calculate interest:

**FLAT and DECLINING.**

Ask participants if they have questions about the calculations.

Conclude by asking which loan they would choose based on the amount of installments and the total cost of the loan from the interest perspective.

The most appropriate response given the information provided is:

**Cooperative Tanah Abang.**

However, there are many other bits of information we need to know about the loans before we can make a wise decision:
• Are you eligible for the loans in question: maybe you are eligible for one cooperative but not the other, or maybe you are eligible for both. The point is that we won’t know until we find out and, ultimately, it may mean that we do not have a choice – our options are limited.

• Does the loan require co-lateral or a guarantor?

• Are there any additional fees and charges?

• What is the cooperative’s policy regarding late payments, etc.?

Note: Be mindful of the participants’ level of understanding. Explain the interest calculations and ask the participants to practice doing the calculations themselves. If they have a higher level of education, they should be able to do the calculation. If they are from a lower educational background, they may have trouble with the calculations. Divide the participants into groups and ask those who understand to help those experiencing trouble with the calculations.

There are other methods used by financial institutions to determine the amount of installments based on the interest rate. These two methods are the most popular. However, it is not necessary for the participants to know all of the methods. It is more important for them to know the total amount they will have to pay for a certain loan.

The point is:

Do not be fooled by low interest rates. The borrower must pay attention to the total amount that s/he will pay for the duration of the loan.

Be aware that lower interest rates do not guarantee lower repayment amounts because there are different repayment calculation methods used by different services providers.

B2.1i Group Work: Bad Loans versus Good Loans (15 minutes).

Ask participants to work with their groups and discuss what a good loan will look like. What would be its main features? Ask them to think back to the earlier modules and about everything they have learned so far. What should they take into consideration in order to differentiate a good loan from a bad loan, or to make the decision to take out a loan or not.

Give them 10 minutes to list the necessary criteria. When they are done, ask each group to present their answers.

After they have presented their answers, ensure that they have covered all the important criteria. Discuss anything that they have not considered.
Note: The decision to take out a loan must be based on:

- The need. Is it for productive purposes, something that will help them achieve their future goals?
- Repayment ability. Will the borrower be able to repay? S/he must also consider other needs that will have to be paid for as well.
- Interest rate. Don’t be misled by the interest rate.
- Installment amount. How much the borrower must pay every month; s/he must make sure that s/he will have the required amount by the due date.
- Charges. Other fees that must be paid, including administrative fees and late charges.

Make sure that participants include those items in their lists of criteria.

Emphasise the ability to repay:

- Tell them that they must make sure that they can keep up with the payments. There will be consequences if payments are not made. Debt collectors or other legal actions, which are difficult to deal with and are likely to cause hardship, could ensue.
- When borrowing from informal sources, be wary of loan sharks as they can put you in a debt bondage situation very easily. Don’t accept loans that seem “too easy.”
- The most important point is to make sure that you understand the total cost and if you have difficulty in understanding it, ask a friend for help.

B2.2 Understand How to be a Wise Borrower (70 minutes)

B2.2a Discussion: Who Can Use Loans Successfully/What are the Important Prerequisites to Taking a Loan? (10 minutes).

Ask participants to discuss who can use loans successfully, who can get a loan, and what the person who gets the loan needs to do to pay the loan back as agreed. Ask them to think about what a person will need to utilise a loan successfully and pay it back on time. There are a number of key elements to consider before taking a loan. What are they and why are they important?

Let participants discuss these questions. Ask them to create a list. After they have created their list, ask one male and one female volunteer to read their list to the class.

Show FLB2 Overhead 4 to summarise.

Explain that people who are qualified to get loans from financial services providers are those who need the money and have the ability to pay back in the near future, either in lump sum or by installments. To do this, they need to demonstrate a reliable income or a way to achieve a reliable income.
B2.2b Discussion: Wise Borrowing and the Benefits (10 minutes).

Now that the participants have discussed what make a good loan candidate, the next issue is whether all borrowers pay their debts. Ask participants:

- What has been their experience?
- Has anyone has ever loaned money to friends, siblings, relatives or others?

Ask one or two volunteers to share their experiences; if possible, ask for examples of a good experience and a bad experience.

Conclude the discussion: “We’ve learned from each other that there are good borrowers and bad borrowers. This will be our next topic of discussion.”

B2.2c Group work: Wise Borrowing and the Benefits (15 minutes).

Ask participants to stay with their previous groups and discuss what a good borrower would be like. Hand out flipchart papers to each group. Ask them to identify and record the characteristics of a good borrower. Give them 10 minutes to work on this list. When they are done, ask each group to present their answers to the class.

B2.2d Conclusion: Wise Borrowing and the Benefits (10 minutes).

Show FLB2 Overhead 5, a summary of the characteristics of a good borrower. Then show FLB2 Overhead 6, which explains the benefits of being a good borrower. Distribute FLB2 Handout 10 for further reading.

B2.2e Discussion: Where to Get Loans for Working Capital and Investment (5 minutes).

Start the discussion by asking participants where they can get loans for working capital and investment.

Allow participants to respond and then show FLB2 Overhead 7, a summary of the correct answers.

B2.2f Discussion: Where to Get Consumer Loans (10 minutes).

Next, ask participants where they can get consumer loans.

Let participants answer first, and then show FLB2 Overhead 8. Distribute FLB2 Handout 11 and FLB2 Handout 12 for further reading.

Closing and Post-Training Test (15 minutes)

Ask participants to share what they have learned in this session. Ask one or two volunteers to share. They may refer to the flipcharts.
Post-Training Test (10 minutes).

Distribute the post-training test sheets for Module B2. Tell the participants that this post-training test will help them assess whether they have expanded their knowledge from the training. Explain that this test will be graded and that they have to get a passing grade in order to move on to the next module.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.

**Note:** the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from the this session on the wall for the next sessions.

Close the session by telling participants that if they pass the test they will start the next module (Module B3) in the next session (Modules O1 and O2 are optional).

THANK PARTICIPANTS FOR THEIR PARTICIPATION!

**TECHNICAL NOTES**

**Types of Loans:**

Consumer loans are used for personal purposes, usually for household needs. Examples: to buy television or radio, school necessities, etc.

Working capital loans are used for the purpose of increasing business volume and/or to cover direct costs, such as raw materials and wages.

Investment loans are used for the purpose of buying assets to support business operation. These assets cannot be sold.

**Individual and Group Loans:**

Individual loans are disbursed to one person or organization, and are not affected by groups. In general, with individual loans somebody has the possibility of obtaining a higher amount of loans provided s/he has the necessary collateral.

Group loans are disbursed in small amounts with no collateral. It is the group’s responsibility for repayment problems or arrears. The purpose of group loans is to expand outreach, accelerate procedures (through a collective process), and to find a solution for lack of collateral. A famous group lending method is the Grameen system introduced by Mohammad Yunus in Bangladesh. The clients are predominantly women. Group lending is widespread throughout Indonesia.
Loans under Syariah Banking System:

Charging interest is prohibited under Islamic law. However, earning a good living is mandatory and running honest businesses is highly advisable.

Profit sharing system under Syariah banking:

- **Mudhorobah**: an agreement between the funder (syariah bank) and the business (clients) that profit will be distributed between the two parties using a certain ratio. Risk will be borne solely by the bank with the exception of wrongful acts by the clients (for instance, manipulation or cheating).

- **Musyarokah**: this agreement follows the customary rules as in a joint venture. Profit will be distributed using a certain ratio while risk will be distributed based on the amount of equity from each party.

- **Murobahah**: a partnership under a buy and sell agreement. The bank will buy the goods from the client and the client may purchase it back. The bank will sell it at a pre-determined margin.
Module B3 Create a Personal Budget/Savings Plan

6.1 Introduction

THIS SESSION discusses a savings plan within the context of budgets and budgeting. A budget is a plan that lays out what we will do with our money and is the final essential product of this training programme. In previous modules, participants have identified savings objectives, learned the principles of personal financial management, developed a positive vision for the future, analyzed income and expenditure patterns, and established monthly average income and expenditure. Participants have also examined financial services providers and learned about loans and how to summarily distinguish between good and bad loans. In later optional modules, participants will learn about other financial products and services that also contribute to good financial management. The objective of this module is to help participants bring everything they have learned together and, by preparing a personal savings plan/budget, set some concrete financial goals for the next 12 months.

A budget is a summary of estimated income and how it will be spent over a defined period of time (expenditure). We always remind participants that creating a budget can help them control their expenditure to align with sources of income.

In Unit B3.1, we explain and discuss the correlation between income and expenditure and apply it to each participant’s personal situation (from which a surplus or deficit is derived). It is important for participants to understand the concept of surplus or deficit since good money management stipulates that they always have to ensure that expenditure is less than income. We return to it here to make sure that it is firmly implanted in their minds.
6.2 Prerequisites
A “C” grade or better in Module B2 or permission from the trainer. If a participant is permitted to progress without a “C” grade or better, an explanatory note must be included in the implementation report (for each case); however, it is not expected that this will occur in a large number of cases. Although participants who have registered and begun the course should be allowed to complete it, no certificate will be awarded to persons with persistent fail grades. Again, it is expected that this would only occur very rarely.

6.3 Training Aids
The training aids that support Module B3, including handouts and overheads, can be found in Appendix 6.

6.4 Tests
Find the tests that support Module B3, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.

6.5 Learning Objectives

<table>
<thead>
<tr>
<th>B3</th>
<th>CREATE A PERSONAL BUDGET AND SAVINGS PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
<td>Understand the steps to make a budget by using a worksheet to describe estimated income and spending for the next twelve months, and understand how to review the progress by checking the surplus or deficit.</td>
</tr>
<tr>
<td>Sub-Objectives B3.1</td>
<td>Reinforce the correlation between income, expenditure and the meaning of surplus or deficit</td>
</tr>
<tr>
<td>Performance Description</td>
<td>Explain how a budget describes income and expenditure, and how to derive surplus or deficit from the discrepancy.</td>
</tr>
</tbody>
</table>
| Performance Criteria | 1. Describe the elements of a budget.  
2. Explain the difference between surplus and deficit. |

<table>
<thead>
<tr>
<th>Sub-Objectives B3.2</th>
<th>Formulate a personal savings plan/budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Description</td>
<td>By using information from previous modules, demonstrate how to fill in the worksheet under the income and expenditure ledger, and how to calculate the surplus or deficit by preparing a personal budget/savings plan.</td>
</tr>
</tbody>
</table>
| Performance Criteria | 1. Demonstrate how to fill in the worksheet as the income and the expenditure ledger.  
2. Demonstrate how to calculate the surplus or deficit.  
3. Output: each participant will produce a personal budget for the next 12 months. |
6.6 Trainers Guide

Total time to complete the module: 125 minutes

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.

Introduction and Pre Test (15 minutes)

Explain to participants that this module is about defining the steps to create a budget and producing a budget. It also deals with surplus and deficit, key terms in financial management. However, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge and not affect their standing in the course.

Distribute the pre-training test sheets. Give the participants 5 minutes to complete the test, then collect the sheets for grading.

Now proceed to the main session.

B3.1 Reinforce the Correlation between Income, Expenditure and the Meaning of Surplus or Deficit (45 minutes)

B3.1a Discussion: What is a Budget (10 minutes).

Remind participants that we discussed income, expenditure, surplus and deficit briefly in Module A1. Ask participants if they can define a budget. After they have exhausted their guesses, explain that:

*a budget is a summary of estimated income and how it will be spent over a period of time.*

Ask the participants what the three main parts of a budget are. *Income, expenditure and savings.*

Acknowledge those who respond correctly.

B3.1b Lecture: The Elements of a Budget (5 minutes).

Explain what a budget is and what the elements of a budget are.

Explain that a budget is a plan that lays out what a person or entity will do with their/its money. A budget is a summary of estimated income and how it will be spent over a defined period of time (we call that expenditure). A good budget helps us pay for what we need and save up for what we want in life. A budget consists of different expenditure and income items. Use the budget sheet *(FLB3 Handout 3)* to explain the various elements of a budget and to clarify surplus and deficit.
B3.1c Discussion: Planning a Budget (5 minutes).

Start the discussion by asking a hypothetical question: *If you want to buy a bicycle in the next six months, what would you do to pay all the costs?*

Ask participants to write their answer on a piece of paper and share it with the group.

Summarise by stating that the answer is to develop a budget to be able to buy the bicycle. Explain that this is short-term financial planning.

Distribute FLB3 Handout 1 and FLB3 Handout 2.

B3.1d Exercise: Monthly Budget (20 minutes).

In module A2, we identified expenditure and income items. Ask participants to turn back to the pages in their journals where they recorded the information on their monthly expenditure and income. The purpose of this exercise is to identify how much money participants can save in a month if they budget carefully and stick to this budget. Tell participants that they should use the budget to monitor their spending. If they monitor spending, and remain conscious of it, they may be able to find ways to reduce spending more as time goes by. Explain that a few small savings here and there can add up to significant savings over time. Perhaps they can find cheaper sources of expenditure items, such as food, transport, health, education, and family related expenditures. Perhaps they can reduce their leisure expenditure. Distribute FLB3 Handout 3 and ask participants to fill in the form. In this exercise, emphasise the importance of self-discipline and the habit of saving regularly. Explain that the objective is to prepare in order to ensure that there are savings every month. Tell participants to start thinking of this monthly budget as a guideline for filling in their estimated budget for the next 12 months.

B3.1e Group Work: 12 Month Budget Preparation (20 minutes).

Divide participants into groups (you can follow the same grouping as the previous session) and ask them to write down the information they will need to develop a budget. Ask a representative from each group to present this information to the whole class.

Their presentations should include:

- Personal goals and time frame
- Income from all sources for corresponding period
- All known expenditure for corresponding period

Point out that budgets are also estimates, so if they are unemployed or underemployed, they can estimate for the next 12 months based on their past income. Make sure that each participant has completed the monthly budget, which can be used as a guideline.
B3.1f  12 Month Budget Simulation (45 minutes).

Tell participants that we are going to simulate a 12 month budget as a kind of test.

Distribute FLB3 Handout 4 and ask the participants to use this information to fill in all the columns and calculate the budget using FLB3 Handout 5. While they are doing this, walk around and help them use the budget worksheet, as needed.

Give them 30 minutes to complete the task. When participants have finished their budgets, ask who has positive budget and who has negative budget.

Explain that keeping a record of income and expenditure helps you to keep track of where your money goes. If there is extra, or a surplus, it can be saved for future needs. If the budget shows that there will not be enough money to pay for all expenditures, (the budget is in deficit), it is a signal to cut back on some of your less important expenditure items.

Distribute FLB3 Handout 6 and ask participants to check their budgets against this budget. Walk around and offer advice where needed.

B3.1g  Lecture: Steps to Develop and Refine the Budget (5 minutes).

Explain the steps in preparing and refining a budget.

The steps are:

- Review personal savings goals (which were refined in previous modules)
- Compare them with the information that you now have about income and expenditure.
- Update the savings goals according to the income and expenditure information. The goals may be too ambitious and exceed the surplus, or they may have been underestimated and need to be increased. However, it is important to remain conservative.
- Use the information in the monthly budget as a guide to filling in the 12 month budget.
- *Make sure your expenditure does not exceed your income.*
- Decide how much you will save.
- Review and adjust as needed.
- Never adjust your income to meet expenditure, adjust your expenditure to align with income.

Remind the participants that in earlier modules they have covered these steps. Make sure that participants understand these concepts before moving on.
B3.2 Formulate the Refined Personal Savings Plan/Budget (65 minutes)

Distribute another copy of FLB3 Handout 5 to each participant. Ask them to use this sheet to create a personal budget for the next 12 months. Tell them to utilise all of the information that they have learned in this and previous modules to make their budget.

**Income:**
- On the budget worksheet, define your sources of income and write them in the first column under “income.” Some of these sources may provide income every month, day or week and some may provide only during certain periods of the year.
- Estimate the expected income by month from each source and write it in the appropriate box on the worksheet. Some of your income may come infrequently in larger sums. To figure out what this irregular income is on monthly basis, determine how much you receive annually and divide this by 12. Transfer the monthly amount you have calculated for infrequent income to the budget worksheet.

Example: wages 100,000/week, motorcycle taxi 75,000/day (write wages and motorcycle taxi on the income side).

**Expenditure:**
- Write your expenditure for each category of expenditure.
- Estimate your expenditure for each category for each month. You may pay some expenditure only once a year or once every quarter. If you have infrequent expenditure like this, it is useful to spread it across months in your budget. To figure out how much your irregular expenditure would be on a monthly basis, calculate the total expenditure per year and divide by 12 as shown in Module A2.

B3.2a Savings Plan (30 minutes)

When the budget is complete, have participants compare it with the information that they have in their savings goal form (FLB1 Handout 4). Distribute FLB3 Handout 7 and have the participants fill out the savings action plan based on the information in FLB1 Handout 4.

Next, have the participants compare the monthly amounts in the savings action plan with the ending cash balance for each month. If the ending cash balance is enough to cover the monthly amounts in the savings action plan then the plan is sound and applicable. However, if the amounts in the action plan exceed the amounts in the ending cash balance for each month then either the savings plan will need to be reduced, the expenditure reduced, or other sources of income identified and exploited. However, at this stage the savings plan will need to
be reduced or other items of expenditure reduced to create enough surplus to cover the action plan. When the participant identifies and secures additional monthly income, s/he may revise the savings plan again.

TELL PARTICIPANTS THAT THEY HAVE REACHED THE END OF THE EXERCISE and that those are the steps to creating a budget.

Now, they should continue to work on it until they have everything recorded and are satisfied with the end result. If the time is insufficient, they can continue working on this in the next session.

B3.2b Exercise: Develop an Action Plan for Additional Income (15 Minutes).

Ask participants to develop a plan as to how they are going to search for additional income. Suggest income generating ideas such as microenterprises or from assets they might already have.

Note: Remember that some participants may also have shared goals with family members or spouses. The purpose of this training is not to cause conflict in households, so the trainer should make sure that the participants are aware of this. Explain to participants that if they have other family members who will share the goals, they should be included in the budgeting process. Including other family members or spouses in budgets and making sure that they understand this process can make managing finances and achieving goals much easier and faster. Including others in the budgeting process can motivate them to make changes to their consumption habits if they can see clear mutually beneficial goals and a way to reach them. Including other family members and/or spouses can also add more sources of income to the budget. It is important to be transparent and remember to include everyone who is considered a stakeholder or beneficiary of the dreams and goals.

Summary (5 minutes). Summarise the session by asking the participants to review what they have learned. Ask one or two volunteers to share.

Reinforce their learning by asking these questions:

- How is a budget surplus created?
- How is a budget deficit created?
- Why is it important to keep a record of income and expenditure?

Closing and Post-Training Test (15 minutes)

Post-Training Test (10 minutes). Distribute the post-training test sheets for Module B3. Tell the participants that this post-training test will help them assess whether they have expanded their knowledge from the training. Explain that this test will be graded. If they have achieved a grade of “C” or better, they will be awarded with a certificate.
Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.

**Note:** the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!
Optional Modules

Module O1 Insurance Can Help Secure a Better Future

7.1 Introduction

IN THIS module, participants will build a conceptual knowledge of insurance. This module also discusses the selection of insurance products appropriate and relevant to an individual’s personal goals.

This module is complimentary to lessons on money management and financial services available to the poor. There is less understanding of insurance than other types of financial services. Therefore, it is important to emphasise how insurance can be an essential tool in good money management.

In O1.1, participants will learn about the roles, functions, and different types of insurance products.

In O1.2, participants will learn how to choose suitable insurance products.

This module is optional.

7.2 Prerequisites

As an optional module, this module has no prerequisites.

7.3 Training Aids

The training aids that support Module O1, including handouts and overheads, can be found in Appendix 7.

7.4 Tests

Find the tests that support Module O1, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.
7.5 Learning Objectives

**INSURANCE CAN HELP SECURE A BETTER FUTURE**

**Definition**
Understand how insurance protects personal earnings and helps people to save money for the future. Relate insurance to a client’s needs.

**Sub-Objectives**

- **01.1** Identify various types of insurance products and the function they serve.
- **01.2** Choose the suitable kind of insurance

**Sub-objectives 01.1** Identify the roles, functions and different types of insurance products

**Performance Description**
Identify different types of insurance products, the service providers and the coverage they offer. Relate insurance to a client’s needs.

**Performance Criteria**

1. Identify different types of insurance products, the service provider and the coverage they offer. Relate insurance to a client’s needs.
2. Describe what kind of risk a client faces and how insurance can protect his/her future.

**Sub-Objectives**

- **01.2** Choosing suitable insurance

**Performance Description**
Demonstrate willingness to use insurance products

**Performance Criteria**

1. Define needs for insurance based on personal goals.
2. Come up with the list and choose the most appropriate insurance products relevant to personal goals.

### 7.6 Trainers Guide

**Total time to complete the module: 135 minutes**

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.

However, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge and will not affect their standing in the course.

Distribute the pre-training test sheets for Module 01. Give the participants 5 minutes to complete the test, then collect the sheets for grading.

Now proceed to the main session.
O1.1 Identify the Roles, Functions, and Different Types of Insurance products (65 minutes)

O1.1a Discussion: The Concept of Insurance (5 minutes).

Start the discussion by asking the participants if they know anything about insurance. If they respond positively, ask them what they know.

Write down all answers on the flipchart.

Note: Take note of how many participants are not familiar with insurance because it is possible that they have minimum or zero knowledge about insurance. Survey information indicates that not many people living in poverty know about insurance. If that’s the case, make sure that they participate and understand the concepts described in the subsequent discussions.

O1.1b Game: The Roles and Functions of Insurance (15 minutes).

In this session, participants will play the game What Do You Do When Such Things Happen? The goal is to give the participants a better idea of the importance of preparing for emergencies.

Game:

- Prepare small card/meta-papers of the same colours. If you have 20 participants, prepare 12 cards with title “Nothing Happened– You are Safe Today!” (If you have more or less than 20 participants, adjust the “Nothing Happened” cards accordingly) Title 1 card with “Funeral – Rp. 500,000” 2 cards with “Accident – Rp. 300,000” 3 cards with “Hospital – Rp. 200,000” and 2 cards with “Illness – Rp 50,000”.

  SHUFFLE THE CARDS!

- Explain to participants that all cards with a monetary amount on them must be paid for.

- Tell them that at the same time they must treat the fake money (small cards with amounts written on them will suffice) like it is their own real money.

- The fake money represents their income and they might have things they need to spend it on.

- Put the cards face down so that the writing cannot be seen. Ask each participant to take one card and not to look at it until everybody gets one. Ask them not to show the contents of the card to other participants.

- Divide participants into small groups of five people.

- Hand out fake money in a variety of nominal amounts (Rp. 1,000, Rp. 5,000, Rp. 10,000 and Rp. 50,000) for a total of Rp. 100,000 to each participant.
Ask each participant to look at their card. Call participants by the card titles and ask them to raise their hands when called. For example, ask: “Who has the “Nothing happened – You are Safe Today” card? and so on.

Ask participants with the card “Funeral” how they will cover the cost of Rp. 500,000? Let them come up with a group answer.

Participants should come up with how they will cover the costs asked for on their cards.

Point out who has problems.

They may try to get help – such as borrowing the necessary amounts from other participants. The others may decide whether to help or not.

Ask for a solution for each problem, encourage each individual to come up with a solution and to discuss it with the other participants.

Show FLO1 Overhead 1 and FLO1 Overhead 2 and give a brief lecture on what insurance is and why we should prepare for all kind of risks.

Explain that insurance protects people and organizations from risks. State that risk can be anything. It can be financial loss, it can be catastrophic incidents, it can be illness, death, fire, accidents, or other things. In the next discussion, we will learn more about different types of risks covered by insurance.

Note: Insurance is like an umbrella, it protects us during the rainy days. Insurance covers risks that come from financial loss due to unpredictable events. Without insurance, the person has to take the burden all by her/himself. With insurance, the risk is being pooled and people share the burden through a contribution called a premium. Should anything happen, the insurance company will cover the risk and pay the amount lost. If nothing bad happens, people do not claim for the coverage, and their loss can be minimised through the amount of premium they pay.

**O1.1c Lecture: Describe the Risks (10 minutes).**

Show FLO1 Overhead 3 to explain types of risks that can be covered by insurance.

**Note:** In general, insurance covers two types of risk – life cycle risks and idiosyncratic risks. Life cycle risks include unplanned births, education, retirement and death. Idiosyncratic risks include illness, accidents and unemployment. Risk means that people have to spend an extra amount of money in response to those events or incidents. They will need money to pay for hospital expenditure.
or funerals, they have to pay for school fees, and they need money to cover living expenditure when they don't work.

Show **FLO1 Overhead 4** to describe how insurance works. Explain why insurance can be a better way to save for emergencies. Show **FLO1 Overhead 5** to help participants compare between saving for emergencies and insurance.

**Note:** Basically, we save so that we have money for emergencies. However, with regular saving, the amount of money we save will probably not be sufficient should an emergency or the unexpected happen. With insurance we can cover that kind of risk through what we call pooled risk. This means that we share the risk with other people so that we don’t have to carry the burden alone. It means that we will get the coverage anyway even though the premium we put in is much less than the amount of coverage. In this case, the risk is carried by the insurance companies, which is the reason why we take insurance in the first place.

**O1.1d  Lecture: The Purpose of Insurance (5 minutes).**

Show **FLO1 Overhead 6** to help participants get a better understanding of why we need insurance.

**Note:** Again, you have to emphasise that with insurance, the money they claim can be greater than the premium they pay, and that it is especially beneficial when an emergency or the unexpected happens. Therefore, like saving, the purpose of insurance is to secure their future.

**O1.1e  Sharing: The Terms of Insurance (10 minutes).**

Show **FLO1 Overhead 7** to summarise the terms used in insurance.

Then, ask participants who have had experience with insurance to share the process, including what they had to pay and what they received in return. How did they feel when they were covered?

Summarise the discussion by telling the participants that insurance is managed through a contract that should be carefully read to ensure that the risks covered are appropriate for the individual. Basically, the contract provides the details of what is covered and what is not covered in the programme. For example, if coverage is only for health, the policy holder (you) may not be covered if you have an accident. Everything is explained in the contract. The contract also explains the payment scheme, i.e. how much you have to pay, how much you will receive, terms of payment, when, how, etc.

**Note:** Refer to the **Technical Notes** for further explanation of the terms. Participants may not have experience dealing with insurance, in which case no one will share their experiences. Prepare to tell your own story about insurance should that be the case.
If participants still haven’t grasped the meaning of insurance, use the example of government insurance programmes such as Asuransi Kesehatan (Health Insurance - Askes), Asuransi Tenaga Kerja (Employment Insurance - Astek), Jaminan Kesehatan Masyarakat Miskin (Health Insurance for the Poor - Jamkeskin), etc.

Insurance comes in a contract and you have to read the contract very carefully. It gives you details of what is covered and what is not covered in the programme. You have to make sure that the kind of risks you will get the protection for are suitable and sufficient.

**O1.1f Discussion: What Do You Have to Pay for Insurance (5 minutes).**

Ask the participants, if any, who have had insurance how much they had to pay for it. If no participants have had insurance, talk about your own experience.

Write their answers, or your own, on the flipchart.

Show FLO1 Overhead 8 to see the cost elements of insurance

**Note:** An insurance payment is called a premium. Usually, it is a fixed amount that we have to pay regularly (monthly, per semester or yearly) depending on the contract. No other payment will be required for insurance.

**O1.1g Discussion: What Do You Get from Insurance (5 minutes).**

Ask participants if any of them have ever made an insurance claim. Ask those who have what they got. Write the answers on the flipchart. Show FLO1 Overhead 9 to show the benefits that people get from insurance.

**Note:** We get a lump sum amount from insurance with coverage stated in the contract. To get the coverage, we have to make a claim to the insurance company and provide evidence to support our claim. The payment will be given as soon as possible after the covered event has taken place or on the due date.

Payment on the due date is done with such things as education funds, retirement funds and other purpose funds.

Payment upon incidence: life insurance, health insurance, accident insurance, etc.

**O1.1h Lecture: Different Types of Insurance (5 minutes).**

Show FLO1 Overhead 10 to give participants a background as to what kind of institutions are involved in insurance activities.

**Note:** The most popular types of insurance are health and life insurance. For health insurance, claims are to be paid upon illness to cover hospital fees, doctor’s visits and other medical expenses. Life insurance is to be paid upon the
death of the insured and the lump sum amount will be received by the inheritors (usually the family) at some point after the event. Other types of insurance are derived from life insurance, in which they usually have life coverage. Education and retirement funds operate in a kind of forced saving modality. The participant deposits a premium for a certain duration of time in order to receive the lump sum amount when the policy matures.

When comparing insurance products, participants can compare items such as the premium, amount of coverage, time duration and covered items. They should choose those with the lowest premium and the most benefits.

O1.2 Choosing suitable insurance (70 minutes)

O1.2a Discussion: Do you need insurance (10 minutes).
Show FLO1 Overhead 11. Ask the question “Do you think you need insurance?” Allow the class to discuss this amongst themselves for a few minutes.

If participants say no, ask them why and explain the benefits of insurance. If they say yes, ask participants to explain why by elaborating on their insurance needs.

Next, ask “Where can you get insurance?”
Show FLO1 Overhead 12.

Note: We ask these question to encourage the participants to develop the need for insurance. We lead them by asking what they would do in case of an emergency and if the approach was effective. This way, they will form the idea that they have to find a more effective way to deal with emergencies.

The only entity authorised to sell insurance services are insurance companies. However, the insurance companies may use banks, microfinance institutions and independent agencies as their selling agents.

O1.2b Lecture: Application Process for Insurance (5 minutes).
Show FLO1 Overhead 13 to explain the process of applying for insurance.

O1.2c Sharing: Choosing the Insurance (10 minutes).
Ask participants who have dealt with insurance companies to share their application experiences and to explain what they took into consideration when selecting the product. Write their responses on a flipchart.

O1.2d Case Study (30 minutes).
Divide the class into 4 groups (allow the participants to form their own groups for this exercise but make sure there are only 5 members in each group). Give the brochures of three different insurance products to each group (FLB3 Handout 4) and ask them to develop criteria to select the best product for them. Give them
15 minutes to work on the case study. When they are done, ask the groups to present to the class. Give the groups feedback on their plans to encourage them.

**Note:** Bear in mind that there is no right or wrong answer in the case study. The case study is designed to give participants a better understanding of the terms explained during this session. It is a tool to help review the concepts from Module O1. Review the concepts with the class whenever necessary and give positive feedback on the groups’ work.

**Closing and Post-Training Test (15 minutes)**

Summarise the session by asking the participants to review what they have learned. Ask one or two volunteers to share. They may refer to lessons written on the flipcharts.

**Post-Training Test (10 minutes).**

Distribute the post-training test sheets for Module O1. Explain that this test will be graded, but as Module O1 is optional, the test will only assess their learning and determine whether the training has expanded their knowledge.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Finally, distribute the evaluation form. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete it, then collect the forms.

**Note:** the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall for the next session.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!

**Note:** Module O1 and O2 are optional. Participants do not have to pass these modules to take Module B3.
Module O2 Remittances

8.1 Introduction
IN THIS module, participants will learn about remittances. This module also discusses the benefits of using remittance services.

Remittance is a type of financial service that is not commonly understood. It is important to emphasise remittance as part of good financial management.

In O2.1, participants will learn the definition of remittance and how remittance services work.

In O2.2, participants will learn how to use available services when the needs arise.

This module is optional.

8.2 Prerequisites
As an optional module, this module has no prerequisites.

8.3 Training Aids
The training aids that support Module O2, including handouts and overheads, can be found in Appendix 8.

8.4 Tests
Find the tests that support Module O2, including the pre- and post-training test sheets in Appendix 9 and the test answers in Appendix 10.
8.5 Learning Objectives

<table>
<thead>
<tr>
<th>02 REMITTANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
</tr>
<tr>
<td>Understand how to send or receive money using transfer services.</td>
</tr>
</tbody>
</table>

**Sub-Objectives**

**B4.1** Identify various types of remittance services.

**B4.2** Show willingness to use formal services.

**Sub-Objectives O2.1**

**Identify remittance services**

**Performance Description**

Identify existing remittance services and is able to use the services.

**Performance Criteria**

1. Identify different remittance services, formal and informal, and understand how to use the services.

2. Identify needs for remittance services.

**Sub-Objectives O2.2**

**Show willingness to use formal services**

**Performance Description**

Demonstrate willingness to make use of available services when the need arises.

**Performance Criteria**

1. Compare the advantages and disadvantages of formal versus informal services.

2. Explain the benefits of using formal services.

8.6 Trainers Guide

**Total time to complete the module: 70 minutes**

The estimated total time to complete the module includes comprehension of in-class materials, completion of activities, and administration of the pre- and post-training tests.

**Introduction (15 minutes)**

Explain to participants that this module is basically about remittances, which can help in money management. However, in line with the course structure and as with previous modules, it is necessary to take the pre-training test. This pre-training test will only assess their current level of knowledge and will not affect their standing in the course.

Distribute the pre-training test sheets for Module 02. Give the participants 5 minutes to complete the test, then collect the sheets for grading.

Now proceed to the main session.
O2.1 Identify Remittance Services (35 minutes)

O2.1a Game: What are Remittance Services (10 minutes).

What problems might arise and what would you do in such a situation? Ask the participants to form 3 groups. Diversity should be the theme to support group formation. Use the line up strategy described in Module 2, if necessary.

**Game:**

Write down three different scenarios on separate meta-papers (see below). Ask a volunteer from each group to pick a card and take it back to their group. Ask the questions:

- “What problems might arise in this situation?”
- “What would you do in such a situation?”

Ask the volunteers to read the scenario written on the card to their group.

**Scenarios**

You are working in Saudi Arabia as an oil rig maintenance assistant/nurse and you have just received your first month’s salary. Your contract is for 12 months in Saudi Arabia. Yesterday you spoke with your mother on the phone and she said that your father was sick and needs to go to the doctor in Jakarta. The bus ticket is expensive and they need money. You want to send them some money.

- **Scenario 1:** you ask a friend who is going home to Jakarta next week to take the money to your parents. He has a wife and 5 children is very busy and sometimes forgetful.
- **Scenario 2:** you ask your parents to borrow the money from the local money lender and offer to pay it back when you return home next year.
- **Scenario 3:** you decide to put the cash in an envelope and send it through the post wrapped in a letter. The cash is in Saudi Riyals.

Ask participants to discuss these scenarios in their group. Ask them to try to identify all the problems that might occur in each scenario. After they have had sufficient time to discuss, ask a volunteer from each group to present the challenges they have identified to the class. Write them on a flipchart.

Comment on the challenges that the groups identified. Mention any that were not identified by the participants. Elaborate where possible.

O2.1b Discussion: How Remittance Works (15 minutes).

Show FLO2 Overhead 1 to FLO2 Overhead 7. Give a brief lecture on what remittance is and how remittance services works. Explain that financial services
are available in the market to help you send money safely and fast. Ask participants what they have learned from the earlier game. Emphasise the security and speed and ask whether it is worth a small fee to make the transaction reliable and secure.

Continue the discussion on how to claim the money received. Ask “Do you have to pay to claim your money?” Tell participants that we cannot forget this part because it is important. Ask participants with remittance experience to share with the class.

Explain how to claim the money on the receiving end. There are two ways: if participants have an account, the money will go directly to the account and they can just check the balance. If they don’t have an account, they will receive the money in cash but they will have to go to the counter at the bank and present their ID.

**Note:** You need to emphasise to participants that they don’t have to pay to receive their money. Often people who don’t fully understand the remittance process end up asking for help from middle men who charge a fee.

### O2.1c Exercise: Identify Different Remittance Services (10 minutes).

Distribute **FLO2 Handout 1** and ask participants to fill in the name of the institutions that provide remittance services and whether they can send or receive money (or both) in these institutions. Allow them to discuss it amongst themselves.

Discuss the responses with the class.

Show **FLO2 Overhead 8**. Ask participants to note down these remittance services providers in their journals.

**Note:** Make sure that participants understand that remittance services incur a fee. Don’t assume that all fees are the same. Some transfer fees in banks are quite expensive. The key to successfully using this type of service is to ask for all the information before committing to any course of action.

### O2.2 Show Willingness to Use Formal Services (40 minutes)

#### O2.2a Exercise and Simulation (30 minutes).

Ask participants what products are available out there, and how they differ from each other. Let them work together and discuss with their neighbours.

**Simulation.** Form groups of 3 people each. Distribute **FLO2 Handout 2**. Ask participants to come up with a scenario and decide which product is best for that situation. Then, ask them to fill in the appropriate application form.
Conclusion and Post-Training Test (15 minutes)

Post-Training Test (10 minutes).

Distribute the post-training test sheets for Module O2. Explain that this test will be graded, but as Module O2 is optional, the test will only assess their learning and determine whether the training has expanded their knowledge.

Give them 5 minutes to complete the test, then collect their sheets for grading.

Distribute the evaluation forms. Ask the participants to fill in the form as thoughtfully as possible.

Give them 5 minutes to complete the evaluation, then collect the forms.

Note: the co-trainers can mark the tests while the evaluation is in progress. Meanwhile, stick the important flipcharts from this session on the wall for the next session.

THANK PARTICIPANTS FOR THEIR PARTICIPATION!

Note: Module O1 and O2 are optional. Participants do not have to pass these modules to take Module B3.
Appendix 1

Handouts

1.1 FLA1 Handout 1

Training Module A1:

Managing money is important because it helps you:

- decide what you want to buy and set up spending priorities for the future
- build self-discipline for spending and saving
- avoid unexpected money shortages
- feel less financial stress
- plan to ensure that you have enough money for the things you want

In general, you need to manage your money for you to make sure that you have enough resources to cover your future needs and accomplish your life goals.

There are three steps to managing money:

1. Keep track of income and expenses
2. Make sure not to spend more than what is earned
3. Create a surplus - Save for the future

A lot of us do not make a habit out of tracking our income and expenses. For instance, most people do not know how much they spend in one particular month. But it’s important to know exactly how much money we have available so that we don’t overspend.
When we don’t have enough money to cover our expenses, most likely, we will borrow the money from various sources. When expenses exceed income, we will start living in debt to compensate for the shortage. If we are not careful, it can be very difficult for us to get out of debt.

It is important for us to make sure that expenses are less than income so that we can save. We need to save because we want to make sure that we will have the money to cover our needs in the future. Saving is the key to a better future.

Problems in tracking income and expenses have a lot to do with self discipline. We need self discipline to keep track of our money in and money out. We need self discipline to make sure that we spend less, and we need self discipline to save.

To help build self discipline, we can:

• Use a dedicated book to write down our income and expenditure
• Clarify the amount of money we are going to save on a regular basis
• Invent something to remind us to be diligent
Appendix 2

Handouts

2.1 FLA2 Handout 1

Needs: something of basic necessity you can’t do without.
Food, water, shelter, transport, etc.

Wants: something nice to have but is not needed for everyday survival
Car, stereo, air conditioner
2.2 FLA2 Handout 2

<table>
<thead>
<tr>
<th>Car</th>
<th>Motorcycle</th>
<th>Truck</th>
<th>Bicycle</th>
<th>Plane Ticket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reflexology</td>
<td>Massage</td>
<td>Panadol</td>
<td>Vitamin</td>
<td>Fruit</td>
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<tr>
<td>Reflexology</td>
<td>Potatoes</td>
<td>Bread</td>
<td>Chili</td>
<td>Chicken</td>
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<td>Primary School</td>
<td>Junior Secondary School</td>
<td>Senior Secondary School</td>
<td>Vocational School</td>
<td>University</td>
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<td>Water</td>
<td>Hot Water</td>
<td>Fan</td>
<td>Air Conditioner</td>
<td>Heater</td>
</tr>
<tr>
<td>Rice Cooker</td>
<td>Books</td>
<td>Shoes</td>
<td>Socks</td>
<td>Watch</td>
</tr>
</tbody>
</table>
Appendix 3

Handouts

3.1 FLA3 Handout 1

FINANCIAL SERVICES, DEFINITION

Financial Services are the products and services offered by the finance industry. The finance industry encompasses a broad range of organizations that deal with the management of money. Financial services include various financial transactions and other related activities, such as savings, loans, insurance, credit cards, money transfers, and money management. Financial services providers also provide information on the stock market, investment opportunities and market trends. Examples of financial services providers are banks, credit unions, and cooperatives, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises.

In general, there are two types of suppliers of financial services which are referred to as formal and informal services providers. **Formal services providers** are regulated by the government. They include banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds, and remittance agencies.

**Informal financial services providers** are unregulated private enterprises and individuals who offer financial services – money lenders, money changers, traders, ROSCA (Arisan), landlords, friends and relatives who lend money generally out of their own group or personal resources.
3.2 FLA3 Handout 2

FINANCIAL SERVICES PROVIDERS

Financial services providers collect money from the public and place the money in financial assets such as savings and other deposits. They then lend the money to the public. Financial services providers have the financial intermediary role, which means they link savers with the borrowers in a way that provides a benefit to both.

Financial services providers:

- Banks: government banks, private banks, syaria banks, savings banks
- Microfinance institutions: BPR/s, Cooperatives, Credit Unions, syaria cooperatives (BMT)
- Other financial services providers such as: insurance companies, central banks

There are other institutions offering financial services. However, they do not provide the full services of saving and lending; thus, they do not fall into the formal category of financial services providers. We call them non financial services providers. Examples:

- Post office
- Remittance agency
- ROSCA (Rotating Savings and Credit Association), in Indonesia is also known as Arisan

FINANCIAL INTERMEDIARY FUNCTION

Financial services providers have an intermediary function, they provide a link between people who deposit their money in the institutions (savers or investors) and people who borrow money from the institutions (borrowers).

As intermediaries, financial services providers should be trustworthy because they have the responsibility to ensure the security of the client’s (depositors and investors) deposits (money). To keep the client’s money safe, financial services providers:

- Keep the money in a cash vault, and in a strong, fire proof room
- Insure the money against theft and fire
- Manage the money with prudence

FACILITATION OF SAVINGS AND ASSETS ACCUMULATION

In addition to keeping the money safe and secure, financial services providers also help increase customer’s assets through interest income. Clients will receive interest income from the money that they deposit in the financial services providers.
3.3 FLA3 Handout 3

A BANK is a financial institution that accepts deposits, makes business loans, and offers related services. Banks provide a variety of deposit accounts, such as chequing, savings, and time deposit. These institutions are run to make a profit and are usually owned by a group of individuals or the public.

Banks are licensed by the government and their primary activity is to lend money. Banks are important players in financial markets and offer other financial services such as investment funds.

Types of banks:

- **Commercial Banks:**
  - Private banks: Bank Danamon, Bank BTPN, Bank NISP, Bank Permata, Bank of Central Asia (BCA),
  - Government Banks: Bank Mandiri, Bank Rakyat Indonesia, Bank Nasional Indonesia
  - Foreign Banks: Citibank, Chase Manhattan Bank, Standard Chartered Bank.

- **Municipal Banks:** Bank BPD Nusa Tenggara Barat, Bank DKI, Bank Nagari, Bank Sulut, Bank Sumut.

- **Joint Venture Bank:** Bank UOB Indonesia, Bank DBS Indonesia.

- **Rural Bank:** Bank Perkreditan Rakyat

**BANK PRODUCTS AND SERVICES include:**

- **Chequing Account.** A chequing account allows individuals and businesses to deposit money and withdraw funds from a bank account. In general, a chequing account holder can use personal cheques in place of cash to pay debts, which is convenient because a cheque can be written out at anytime.

- **Savings Account.** A customer opens a saving account to accumulate funds over a period of time. Customers may have unlimited access to the funds in the account and they will receive earnings in the form of interest.

- **Time Deposit Account.** A deposit held at a bank that has a fixed term. These are generally short-term with maturities ranging anywhere from a month to a few years. Interest is only paid if the money is left in the deposit until it matures.

- **Commercial loan.** A loan from a commercial bank to a business. Commercial loans are usually for a short-term (from 30 days to one year), and secured (backed by collateral).

- **Consumer Loan.** A loan for personal use, usually unsecured and based on the borrower’s integrity and ability to pay.
- **Money Transfer.** Money transfer services are used to move funds from one bank account either to another bank account or to a cash office.

- **Automated Teller Machine (ATM)** is a computerised device that allows the customers of a financial institution to access financial transactions in a public space without having to go to the bank. ATMs are also convenient because they are usually open 24 hours a day. The customer will be provided with an ATM card and a personal identification number (PIN) for security to access her/his bank accounts.
3.4 FLA3 Handout 4

SOME PEOPLE FACE PROBLEMS WHEN TRYING TO ACCESS FINANCIAL SERVICES

Microfinance institutions refer to the financial services providers that provide unusually small loans, savings, and other basic financial services that cater to the lower income segment of society. People with lower incomes need a diverse range of financial instruments to run their businesses, build assets, stabilise consumption, and shield themselves against risks. Financial services needed by people with lower incomes include working capital loans, consumer credit, savings, pensions, insurance, and money transfer services. Financial services for people with lower incomes have proved to be a powerful instrument for improving their economy and enable people with lower incomes to build assets, increase incomes, and reduce their vulnerability to economic stress.

People with lower incomes face difficulties in accessing formal financial services. They obtain credit from informal commercial and non-commercial money lenders, and usually the interest rates are very high. Savings services are available through a variety of informal relationships like savings clubs, rotating savings and credit associations, and mutual insurance societies. However, those channels are usually erratic and insecure.

Various institutions provide financial services to help people with lower incomes. They include donor-supported, non-profit non-government organizations (NGOs), cooperatives; community-based development institutions like self-help groups and credit unions; commercial and state banks; insurance and credit card companies; wire services; post offices; and other points of sale. NGOs and other non-bank financial services providers, in particular, have led the way in developing workable credit methodologies and reaching out to a broader base of people with lower incomes.

There are two ways to save with microfinance institutions

- **Compulsory saving**: compulsory saving means that a minimum amount must be contributed by the borrower as a condition of receiving a loan, sometimes the amount is expressed as a percentage of the loan, sometimes a nominal amount. Compulsory saving can be considered part of a loan product rather than an actual saving product.

- **Voluntary saving**: voluntary saving is not compulsory and not part of accessing credit services. Clients can deposit or withdraw according to their needs and wishes.

There are also group loans and individual loans

- **Group loans** use regular group meetings as the point of service. This type of loan requires joint accounts, fixed loan ceilings, frequent installments, and fixed loan periods. Collateral for loans is not required; risk is minimised through social pressure or compulsory savings. Group lending was made famous through the Grameen system introduced by Mohammad Yunus's
Grameen Bank in Bangladesh. The clients are predominantly women entrepreneurs. Group lending systems are widespread in Indonesia.

- **Individual Loans** are given to an individual outside of the group lending process. Amounts are higher and repayments are less frequent. Applicants must complete a strict business appraisal process.

**Note:**

Most other financial services mentioned above, in accordance with Bank Indonesia regulations, do not provide current or chequing accounts. Some cooperatives might provide current or chequing accounts but they are not regulated by Bank Indonesia.
### 3.5 FLA3 Handout 5

**BANKS COMPARED TO MICROFINANCE INSTITUTIONS**

<table>
<thead>
<tr>
<th></th>
<th>Bank</th>
<th>Microfinance Institutions</th>
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</thead>
<tbody>
<tr>
<td><strong>Examples</strong></td>
<td>Commercial banks such as:</td>
<td>Cooperatives</td>
</tr>
<tr>
<td></td>
<td>• Private banks: Bank Danamon, Bank Permata, BCA</td>
<td>Credit Unions</td>
</tr>
<tr>
<td></td>
<td>• State owned banks: Bank Mandiri, BRI</td>
<td>Rural banks</td>
</tr>
<tr>
<td><strong>General Characteristics of Products</strong></td>
<td>Savings and loans for larger amounts</td>
<td>Smaller savings and loans packages</td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
<td>Offers a broader variety of products &amp; lower interest rate</td>
<td>Some loans do not require collateral</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Requires collateral or some form of guarantee for loans</td>
<td>Products are of limited scope &amp; higher interest rates</td>
</tr>
</tbody>
</table>
3.6 FLA3 Handout 6

OTHER FINANCIAL SERVICES

Money transfer/remittance: a service for transferring money, mainly from overseas but also domestic, to family or friends. Money transfers without opening current accounts are performed by a number of commercial banks through international money transfer.

Remittance Agency: provides customers with a service for sending money to, or receiving money from, other countries. They do not provide other forms of financial services normally provided by banks, e.g. savings, cheques and loan accounts.

Examples of remittance agencies:
- Western Union
- Money Gram

Post office: provides financial services to the public such as: money transfer, phone bill payment, electricity bill payment, savings, etc.
3.7 FLA3 Handout 7

INFORMAL SERVICES

ROSCA (Arisan)

Rotating Savings and Credit Associations (ROSCAs) are a group of individuals who come together and make regular cyclical contributions to a common fund, which is then given as a lump sum to one member in each cycle. For example, a group of 12 persons may contribute Rp. 100,000 per month for 12 months. The Rp. 1,200,000 collected each month is given to one member each month. Thus, a member will lend money to other members through her/his regular monthly contributions. After having received the lump sum amount when it is her/his turn (i.e. borrowed from the group), s/he then pays back the amount in regular/ monthly contributions. This offers both saving and borrowing advantages. For people who receive the monthly lump sum early in the process, it is like a loan. For the person who receives the 12th lump sum payment, it is like a savings account.

MONEY LENDERS

A money lender offers small personal loans at high rates of interest, higher than the market rate charged on credit cards or on bank overdrafts. Money lenders become an important source of credit for borrowers who are not qualified for credit by most financial services providers because their income may be at or below the poverty threshold, and/or they may not have any collateral or regular employment and income.

CREDIT UNIONS

A credit union is a cooperative financial institution that is owned and controlled by its members and operated for the purpose of promoting thrift, providing credit at reasonable rates, and providing other financial services to its members. Many credit unions exist to support community development or economic development.

COOPERATIVES

A co-operative financial services provider belongs to its members, who are both the owners and the customers. Co-operative banks are created by people who belong to the same local or professional community or who share a common interest. Co-operatives provide their members with a wide range of banking and financial services (loans, deposits, banking accounts).

The goal of a co-operative bank is not to maximise profit but to provide the best possible products and services to its members. Some co-operatives only operate with their members but most of them also serve non-member clients to
benefit from their banking and financial services. Co-operatives are owned and controlled by their members, who democratically elect the board of directors. Members usually have equal voting rights, according to the co-operative principle of “one person, one vote”. In a co-operative bank, a part of the yearly profit is distributed to the co-operative members.

Co-operative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities.
3.8 FLA3 Handout 8

Role Play 1 (Scenario 1)

One person should assume the role of Dalia and the other the client.

Early one morning, when Dalia, a Bank Officer, was starting her day, she saw a young man entering the bank and greeted the person.

**Officer**  Good Morning, may I help you?

**Client**  Good Morning. Yes, I am a motorcycle cab driver and for a long time I've been saving my money in my house. I am worried about my money so I want to deposit it in this bank.

**Officer**  Have you previously had a relationship with a bank or know how to save in a bank?

**Client**  No. I have never had any dealings with a bank; this is the first time I've ever been in a bank.

**Officer**  Good! You can save your money in our bank and we will guarantee the safety of your money.

**Client**  Sorry, but may I ask you a question?

**Officer**  Of course, please go ahead.

**Client**  My money will be kept in that box (pointing his finger at the box behind the teller); how many boxes should be prepared for keeping my money?

**Officer**  (smiling), Well not necessarily in that box, but you can rest assured that we will keep your money in a safe place and your deposit is guaranteed with us.

**Client**  Good then! But, if I'm saving my money in this bank, how am I going to withdraw it?

**Officer**  We have several products that you find might useful. May I know, how much do you want to save in our bank and what exactly you need?

**Client**  (he takes out the cash) I have been saving for a year. Here is my money: Rp. 350,000. I want this money to be kept safely and I also want to be able to use it for my daily needs.

**Officer**  We have several saving products that match your request. You can deposit and withdraw anytime you like, or we also have saving time deposits that can only be withdrawn after 6 months of deposit.

**Client**  What is your requirement to become your saving client in this bank?
Officer (taking out a form from the “opening savings account drawer”) 
Sir, please fill in this form and prepare your ID card, stamp duty is Rp. 6,000. After you sign this form you can deposit your money through that teller over there.

Questions:
- Are there any requirements to be a bank client?
- What should you do after you finish filling in the application form?
- Is it possible to be a bank client? Why or why not?
3.9 FLA3 Handout 9

Role Play 2 (Scenario 2)

Banker : How can I help you today?

Customer : I would like to apply for a loan.

Banker : Oh, what kind of loan? We have several types.

Customer : I just need some money to buy supplies for my kiosk. What kind of loan is that?

Banker : That would be a working capital loan. Usually our working capital loans start at Rp. 5,000,000. And the interest is 3% per month. Do you have something valuable that you can offer to back up the loan, as collateral?

Customer : Um, I have a bicycle.

Banker : Hmm, in that case, you will need someone to co-sign the loan with you, someone who agrees to repay the loan if you cannot. This person is called a guarantor. Both of you must complete this loan application and pay a fee of Rp. 50,000 to apply. The fee is non-refundable. The application provides all the information about interest, loan term and late fees. Bring your completed applications to the loan office during office hours on Mondays and Thursdays.

Questions:

1. What does the bank require of the borrower?

2. Why do you think that the banker is not willing to accept the borrower’s bicycle as collateral? What is collateral?

3. What does s/he require instead?

4. How does applying for a loan in a bank differ from lending between friends?
3.10 FLA3 Handout 10

BANK CHARGES

When using bank services, you’ll be charged by the bank in accordance with bank policy and services. There are many kinds of charges depending upon the type of services that you are using, e.g. loan, ATM, transfer, etc.

Bank Charge: The amount charged to a customer by a bank, usually for a specific transaction.

Types of charges:

• Interest charge: the amount a borrower pays in addition to the principal of a loan to compensate the lender for the use of the money

• Provision and fee: the amount a borrower pays in advance when s/he gets a loan from the bank

• Administration fee: the amount a bank charges to a borrower to cover processing costs.
3.11 FLA3 Handout 11

ACCESS TO FINANCIAL SERVICES

If you want to be a bank client, you should comply with bank requirements which are as follows:

- Identity Card (KTP, Passport)
- Follow the correct procedure for opening an account and depositing money
- Maintain a minimum balance in your account
- Have a steady income stream

Things to consider when choosing a financial services provider:

- Ease of access to the office
- Opening deposit requirements
- Security
- Interest earned on savings
- Interest rate on loans
- Collateral requirements

BENEFITS TO THE INDIVIDUAL

There are various benefits that you will receive by becoming the client of a bank, which include financial and non-financial benefits.

Interest Income:

- Earnings on savings accounts
- Certificates of deposit
- Other interest-bearing accounts

Non Financial Benefits:

- Access to other bank services such as transfers and insurances
- Bank references
- Privacy in managing deposits
- Security
3.12 FLA3 Handout 12

Informal Savings Institutions

ROSCA (Rotating Credit and Saving Associations)

In Indonesia, ROSCA is also known as arisan. It is usually formed by a group of friends or relatives from the same community. Members deposit the same amount each month into a group account. The money collected then goes to a different member each month.

Self-Help Groups

Groups of usually 6-20 people collect and manage their own savings. Savings are often linked to loans. The group regulates the frequency and amount of deposit to encourage saving. Deposits are usually regular, fixed and inaccessible and are lent to group members or are stored in a bank that may provide the group with a loan.

Savings Club

Friends or family save as a group. They will have one account for all members at a bank. Each member will have a record of deposits in to the group account. Club members then set rules for withdrawal of money.

Formal Savings Institutions

Formal saving institutions include post offices, credit unions, cooperatives, syaria cooperatives (BMT) and rural banks in addition to the commercial and syaria banks.

They share the same features when it comes to saving:

- Saving generates interest income
- Money is held safely by the institution
- Fees are charged for most transactions (for example: withdrawals)
- Offers different types of savings accounts to choose from
- Regulated by the government

They differ from each other in terms of the products and the terms for the products.

Savings Terms

Financial institutions apply different terms for saving accounts. Here are some issues to keep in mind when opening a saving account:
• Interest rate: An income we will receive and add to the account, calculated based on annual percentage.

• Time duration: For time deposit and contractual savings, we need to know the time duration because we cannot withdraw the money until the date is due.

• Opening deposit: the minimum amount required to open a savings account. If we don’t meet the requirement, we cannot open the savings account.

• Minimum deposit: the minimum amount we have to leave in the savings account. It is especially important to know the minimum deposit when we withdraw money so that the withdrawal amount does not exceed the remaining balance available for withdrawal.

• Frequency of withdrawal: is important to know so that we don’t withdraw money too frequently. Usually institutions will charge a penalty when we withdraw more than the allotted frequency.

• Charges are usually linked to an administrative fee when opening an account or maintaining a balance (sometimes, we have to pay a monthly administrative fee for the account). There are also charges for withdrawing money before a certain date or more often than the number of withdrawals allowed for the account.
Appendix 4

Handouts

4.1 FLB1 Handout 1

MINI CASE STUDY

Dina has been in relationship with Doni since high school and last week he asked her to marry him. Dina is very excited and wants to prepare something nice for her wedding. For that purpose, she has to save for the wedding next year. She has nothing in her savings right now but if she puts aside Rp. 300,000 per month for a year, she will have some money to cover part of her wedding expenses. She might receive additional money from her groom as well as from their families to cover the remaining balance.

For the purpose of saving, Dina becomes a member of a cooperative with an opening deposit of Rp. 200,000. She enrolls into a one-year contractual savings plan. The cooperative gives her 6% per annum for her savings. No administrative fees are charged for the lifetime of the savings, but the minimum amount in the account has to be Rp. 500,000. If the full value of the deposit is below Rp. 500,000, an administration fee of Rp. 5,000 per month is charged.

Questions:
- How much saving will Dina have by the end of the one year term?
- Calculate how much interest income she will get from the saving account.
- Calculate how much Dina has to pay on the charges.
4.2 FLB1 Handout 2

MINI CASE STUDY: HOW TO CALCULATE INTEREST RATES AND CHARGES

Answer sheet

How to calculate:

- **Interest**: Let’s look at the 6% annual rate of interest. To calculate, multiply 6% by the total deposit amount, for example Rp. 1,000,000. If we deposit a lump sum of Rp. 1,000,000 for one full year, the interest at the end of the year will be Rp. 60,000.

  - \( \frac{6}{100} \times \text{Rp. } 1,000,000 = \text{Rp. } 60,000 \). The easiest way to remember this is to use the decimal equivalent; 6/100 expressed as a decimal is 0.06. So \( 1,000,000 \times 0.06 = 60,000 \).

- **Charges**: the administrative fee charged to the account. In this case study, there is no administrative fee. However, tell participants that there are instances of administrative fees in other situations and they should learn how to calculate them. An example of how to calculate administrative fees should there be a case:
  - One off account opening fee Rp. 10,000. This can be included in the calculation or we might accept it and not include it in the calculation because the account will probably be used for a long time, even after the wedding (however, for this purpose we will include it in the calculation).
  - Rp. 5,000 monthly for the administrative fee. This means you will need to pay Rp. 5,000 per month until the deposit exceeds Rp. 500,000; and anytime money is withdrawn and the deposit shrinks to below Rp. 500,000, a Rp. 5,000 fee will be charged for each month that the deposit remains below Rp. 500,000.
  - From the example above, we see that we have to be really careful with administrative fees so as not to end up having our deposit reduced. The key is to always make sure a minimum of Rp. 500,000 is in the account. This way, the account will increase with interest even if no further deposits are made. If it drops below Rp. 500,000, it will gradually be eaten away by monthly administration fees.

Now back to Dina’s case.

In her case, she has one year to save. The opening amount is Rp. 200,000, mandatory for anybody joining the cooperative and she cannot take it out unless she decides to discontinue her membership. Assuming that she opens the account on her first payday with the Rp. 200,000 and pays her next monthly
payment of Rp. 300,000 on her next payday (next month) and diligently deposits Rp. 300,000 each month thereafter, it means that she will be charged an administration fee only for the first month. However, she will receive interest on her deposit that will accumulate and increase as the deposit grows. Since the amount of Rp. 200,000 cannot be withdrawn, she has to subtract this from the final balance that she can withdraw.

Under normal circumstances if interest is paid at 6% per annum flat rate she would get Rp. 216,000 for a deposit of Rp. 3,600,000 after 12 months. But she would only get this amount if she made the deposit of Rp. 3,600,000 at the beginning of month 1. This means after 12 months she would have Rp. 3,816,000.

However, in this case she does not have the initial deposit of Rp. 3,600,000. She starts with Rp. 0. She has entered into a savings contract and the advantage is that interest is 6% per annum but it is paid monthly at a rate of 0.5%. This means she can start with a small deposit and grow the deposit over a 12 month period to more or less the same amount (See table below).

Her total principal saving amount for the one year then becomes Rp. 300,000 multiplied by 12, or Rp. 3,600,000. With the mandatory saving of Rp. 200,000, the amount that she can take out for her wedding is Rp. 3,400,000 plus interest income and minus Rp. 5,000 admin fee for the first month. So in the end she will have Rp. 3,395,000 plus interest for the wedding. She can get the full amount if she decides to discontinue her membership, which would be 3,595,000 plus interest.

To have a precise result, the interest income is usually calculated based on average amount (see example below). The average amount calculation will depend on the method adopted by the institution; usually they have special software or a spreadsheet for the purpose.

For the initial amount of Rp. 200,000 deposited at the beginning of month 1 or end of month “0” when she opened the account, she will get Rp. 1,000 interest. At this point, when she deposits her first Rp. 300,000, her total principle will be Rp. 300,000 + Rp. 200,000 + Rp. 1,000 = Rp. 501,000. At the end of month 1 when she deposits her second payment of Rp. 300,000, she will get interest on Rp. 501,000 + the Rp. 300,000 to bring her deposit to Rp. 501,000 + Rp. 300,000 + Rp 2,505 = Rp. 803,505 and so on.

We can continue the process to get the entire amount for one year. If Dina doesn’t take any amount out of the savings account, and remains diligent with her payments, she doesn’t have to pay any more administrative charges. So at the end of the 12 months she will have Rp. 3,822,523 – Rp. 5,000 = Rp. 3,817,523. She can withdraw Rp. 3,600,000 for the wedding and still have Rp. 217,523 in her account.
Interest earned on Dina’s deposits if bank pays compounding interest monthly

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4.3 FLB1 Handout 3

CASE STUDY

Didi plans to work in the city upon completion of junior high school and hopes to pursue higher education there if possible. Working as a motorcycle taxi driver in the city seems to be the most feasible option, for which he intends to buy a motorbike. For the motorbike, he will have to pay Rp. 500,000 for the down payment and Rp. 450,000 for the monthly installments of a three year term. Working toward the plan, these are the steps that Didi is going to take:

• Save for the down payment for the motorbike (Rp. 500,000). He will pay the installments while operating a motorcycle taxi in the city.
• Save for the first week or two living expenses in the city.
• Leave some money for his parents and younger siblings in the village so that they can get by until he is able to send them some money from his work in the city.

He will do some carpentry and occasional field labour to work toward these goals. He starts by putting Rp. 100,000 mandatory saving in to a cooperative near the village. Then he plans to put Rp. 10,000 to Rp. 50,000 per week toward his contractual saving for a year. The cooperative does not charge a fee in order to open a savings account, but he cannot withdraw the money until the end of the contract, one year from now. Otherwise they will charge a fee of Rp. 5,000 for each withdrawal. Didi believes he can keep the money for his plan.

However, one day Didi accidentally fell and sprained his ankle. He couldn’t work for a week and had to pay for massage therapy every week for three months (Rp. 30,000 per week), which he could hardly afford from his irregular wages. His ability to save was greatly impaired.

Questions:

• What do you think about Didi’s plan?
• How much do you think Didi should save and what is the amount of money he needs to accumulate a year from now in order to achieve his goal?
• What does Didi have to do regarding the accident?
• Can you recommend a better strategy for Didi?
## 4.4 FLB1 Handout 4

### Personal Goals

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</table>
Handouts

5.1 FLB2 Handout 1

EXERCISE: TYPES OF LOANS

Read carefully through the exercise below. Indicate your answer by placing a letter in the right hand column. Mark ‘C’ if you think a consumer loan is appropriate, ‘W’ if you think working capital is appropriate and ‘I’ if investment is appropriate.

1. Budi wants to have his own bicycle for his daily work routine.

2. Tono is a street vendor selling prepared food. He needs a motorcycle for his daily routines such as taking his children to school, taking his wife to community activities and others. He doesn’t intend to use the motorcycle for grocery shopping.

3. Lisa is a cake and pastry businesswoman. To increase her sales she needs a loan from the cooperative to buy raw materials such as flour, sugar, salt, rice and so forth.

4. Iwan is a collective trader of agricultural products such as rubber, coffee and clove. In order to accelerate his business, he needs a truck to transport the agricultural products that he’s bought. He proposes a credit to the bank.

5. Dini is a poor young widow who does not have any relatives that can help her. At this moment she is sick and unable to work to earn money for her everyday needs such as food, clothes and others.

6. Yanto has a meatball street vendor. To increase his sales he wants to buy a motorcycle to help him reach a wider area. He receives credit from his local cooperative.

7. Rudi is unemployed. He lost his job 3 months ago since the automotive company where he worked as a mechanic was experiencing bankruptcy. Rudi now only has a small amount of money from his dismissal, using which he plans to open an auto repair shop. But the money seems to be insufficient to implement his plan. Therefore, he plans to submit a credit proposal to local BPR to buy workshop tools.
8. Ari is an employee at a state-owned company. The distance to work is around 20 km from home. For efficiency, Ari wants to buy a motorcycle on credit.

9. Agus has been a used-motorcycle dealer for two years. There is an increase in demand but Agus does not have the funds to meet the demand. He intends to submit a credit proposal to the bank.

10. Rizal is a vegetable seller who has three school-aged children. In a month's time his eldest children will graduate to elementary school but Rizal does not have enough money to pay the entrance fees. He doesn't have savings. What kind of loan does Rizal need?

The answer sheet can be found at the end of Appendix 10.
5.2 FLB2 Handout 2

TYPES OF LOANS

We can classify types of loans based on usage and lending methods:

1. Based on the usage, types of loans are classified into:
   a. Working Capital
      Loans used for the purpose of increasing business volume.
   b. Investment
      Loans used for the purpose of buying assets to support business. The assets are not for sale.
   c. Consumer
      Loans used for personal purposes.

2. Based on lending methods, loans are classified into:
   o INDIVIDUAL
      Loans given to one person, in which the person has the full responsibility for the repayment.
   o GROUP LOANS
      Loans given for people in a group and the group will be responsible for one another should there be repayment problem.
5.3 FLB2 Handout 3

BENEFITS FROM RECEIVING LOANS

1. An alternative source of funds for certain purposes:
   • Loans can help someone gain the fulfillment of certain needs without having to wait for the accumulation of money. For instance, someone wants to buy a motorcycle but he does not have enough money. With the help of loans, he can accomplish his goal of buying a motorcycle and fulfill his needs without waiting.
   • Loans can be used to get extra money to increase business volume.
   • Loans can be used to buy necessary equipment or machines to support or expand business operations.

2. Available in large amounts:
   Despite the availability of funding from various sources, financial services providers can provide large funds. This is useful if large funds are needed immediately, much preferable compared to the length of time required to accumulate saving or profit from business, which might cause a businessperson to miss a good opportunity. This is important in today’s competitive atmosphere.

3. Quick process:
   If a borrower has received financing/credit a few times from the financial institution, the customer builds a good credit record, which will make the next application process faster. This will be especially useful when facing emergency needs such as hospital medical treatments, children’s school fees, etc.

4. Access to other services through linked programmes:
   Financial institutions have an interest in assisting customers to develop their businesses since the ability to repay is closely related to business growth. With a good credit record, customers have the potential to receive other financing and services such as bank guarantee, money transfer, savings, electricity bill payment, telephone and others at reduced rates.
5.4 FLB2 Handout 4

COSTS OF LOANS

1. Interest

Conventional financial services providers such as Banks, Cooperatives and other service providers would charge interest on a loan principal. There are many methods of calculating interest but the most popular are flat and declining balance/annuity.

2. Provision and Commission Fees

Financial services providers generally impose provision and commission fees at the time of fund disbursement at the rate of 1 to 3%. These fees are charged one time for the duration of the financing period.

3. Administration

Administration fees representing the cost of operational expenses (such as replacement of paper, printer ink, telephone and facsimile) used in business arrangements that take place, through the duration of the disbursement process, are charged to customers. This administration fee is generally a one-time expense. However, if there are changes to loan conditions such as rescheduling and restructuring, there is a possibility that the financial institution will charge additional fees.

4. Stamp Duty

Stamp Duty is a tax levied on legal documents including loan agreements and is normally charged to customers. Other documents requiring stamp duties are financing/credit agreements, power of attorney, official receipts and other, legally-binding documentation.
5.5 FLB2 Handout 5

Toto’s Story: Borrowing money

Toto is a business owner in need of funds for business expenses. He applies for a loan from a microfinance institution. The institution agrees to lend him Rp. 5,000,000 for his business over a 6 month period. In this agreement, the bank charges a flat interest rate of 2% per month, administration and a 2% provision fee in advance. Therefore, in this agreement, after the deduction of Rp. 100,000 as provision fees, Toto receives Rp. 4,900,000 from the bank and is obligated to pay Rp. 933,333 every month (representing the principal amount and interest) for the duration of the 6 months. Toto’s failure to pay the loan on time will result in a bank penalty charge of 2% from the outstanding installment for the month.

Questions:
- What does it cost to borrow money? Do you repay the same amount that you borrow?
- When borrowing money, what are the borrower’s responsibilities?
- When borrowing money from a bank, what are the consequences of not paying back the loan?
- What are the consequences you face if you don’t repay or fail to repay on time?

(adapted from Microfinance Opportunities)
5.6 FLB2 Handout 6

INTEREST AND REPAYMENT CALCULATION

In calculating interest, a financial institution uses various methods such as the sliding, flat, annuity, and effective models. However, out of the many methods of interest determination, FLAT interest rates and ANNUITY or declining interest rate are the most popular methods. Below are calculation samples of the two methods.

FLAT RATE

Calculation using this method is the simplest, where interest is determined by the financing amount at the time of disbursement.

The following formula can be used:

\[
P = \text{Credit Principal at the time of Disbursement}
\]
\[
i = \text{Loan Interest}
\]
\[
n = \text{Term (month)}
\]
\[
I = \text{Amount of Interest Charged}
\]
\[
A = \text{Repayment}
\]
\[
I = P \times i \times n
\]
\[
A = \frac{(I+P)}{n}
\]

For example the credit principal is Rp. 10 Million, interest 2% per month with a 24 month term.

\[
I = \text{Rp. 10 Million} \times 0.02 = \text{Rp. 200,000}
\]
\[
A = \frac{(4,800,000 + 10,000,000)}{24}
\]
\[
A = \frac{14,800,000}{24}
\]
\[
A = \text{Rp. 616,667}
\]

With this calculation, the amount of repayment will be Rp. 616,667 per month over 24 month.

The Repayment amount consists of:

| Principal | = | 10,000,000/24 | = | Rp. 416,667 |
| Interest Repayment | = | 4,800,000/24 | = | Rp. 200,000 |
| Total Repayment | = | = | Rp. 616,667 |

\(1\) Please note that 2% is 0.02 in decimal notation and this amount can be used directly in the calculation, it is the same as 2/100.
5.7 FLB2 Handout 7

**REPAYMENT SCHEDULE AND INSTALLMENT AMOUNT WITH FLAT RATE METHOD**

Principal : Rp. 10,000,000  
Interest : 2% per month  
Term : 24 months

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</tr>
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</table>
5.8 FLB2 Handout 8

DECLINING INTEREST RATE

Interest calculation using the method of a sliding balance, interest is calculated based on the outstanding balance of the principle.

Using the formula below:

\[ A = \frac{P \times i \times (1 + i)^n}{(1 + i)^n - 1} \]

For example, a principal of Rp. 10 Million with 2% interest per month and financing term of 24 months.

\[
A = \frac{10,000,000 \times 0.02 \times (1+0.02)^{24}}{(1+0.02)^{24} - 1}
\]

\[
A = 10,000,000 \times 0.032168 \div 0.608437
\]

\[
A = 10,000,000 \times 0.0528711
\]

\[
A = \text{Rp. 528,711}
\]
## 5.9 FLB2 Handout 9

**REPAYMENT SCHEDULE AND AMOUNT OF INSTALLMENT WITH DECLINING INTEREST RATE**

Principal : Rp. 10,000,000  
Interest : 2% per month  
Term : 24 Months

<table>
<thead>
<tr>
<th>Month</th>
<th>Installment</th>
<th>O/S Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
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<td>478,870</td>
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</tr>
<tr>
<td>24</td>
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<td>10,367</td>
</tr>
</tbody>
</table>

**Total**  
10,000,008  
2,689,063  
12,689,063
IMPORTANT NOTE:

DO NOT BE MISLED BY LOW INTEREST RATES. PAY ATTENTION TO THE TOTAL AMOUNT A BORROWER SHOULD PAY.

LOWER INTEREST RATES DO NOT GUARANTEE LOWER AMOUNT TO BE REPaid. THE METHOD OF CALCULATING INTEREST CAN RESULT IN A BIG DIFFERENCE TO THE CLIENT.

FOR EXAMPLE, AN INTEREST RATE OF 2% SOUNDS LOW BUT IF IT IS CHARGED PER MONTH IT IS VERY HIGH (24%).

YOU MAY NOTICE THAT OFTEN LOANS ARE OFFERED THROUGH SMS MARKETING ON CELL PHONES. THEY CLAIM A LOW INTEREST RATE OF 2% TO ATTRACT CUSTOMERS, BUT THEY DON’T MENTION THAT IT IS CHARGED MONTHLY.
WHO CAN GET A LOAN?

Good borrowers are those who need loans and have the willingness and ability to comply with terms, conditions and a schedule for repayment.

GOOD BORROWERS:

1. Use loans for their intended purpose
2. Are able to pay on time as per the schedule
3. Give accurate information to the lender
4. Do not run away from creditors when financial problems occur (always maintain good communications with creditors)

THE BENEFITS OF BEING A GOOD BORROWER:

Good Borrowers:

1. Maintain a good credit rating and a create positive credit history
2. Have the potential to receive loans of higher amounts in the future
3. Have the possibility of receiving other financial services through associated programmes
4. Should there be financial problems due to an unfavorable business situation, a creditor may offer assistance in finding solutions
5. Have the possibility of receiving discounts on fees or other rewards from lenders
WHERE TO GET LOANS

1. WORKING CAPITAL AND INVESTMENT LOANS
   a. Bank: Commercial Banks and Rural Banks (BPR);
   b. Cooperatives: Cooperative Banks and Savings and Credit Cooperatives (unit simpan pinjam);
   c. Regional House of Financing: LPD (in Bali), Lumbung Piti Nagari (in West Sumatera), Subdistrict House of Financing (in West Java);
   d. Other Institutions: Social Institution, NGO, Governmental Institutions.

2. CONSUMER LOANS
   a. Banks: Conventional Commercial Banks such as Bank Central Asia/Sharia BPR/BPRS
   b. Cooperative: Cooperative Bank and Saving and Credit Cooperatives (unit simpan pinjam);
   c. Regional House of Financing: LPD (in Bali), Lumbung Piti Nagari (in West Sumatera), Subdistrict House of Financing (in West Java);
   d. Credit Cards: Banks in cooperation with merchants who develop sales programs on certain goods.
Loan cooperative: **KEBAYORAN LAMA**

PROVIDING LOANS FOR:

1. **PURCHASING GOODS**: MOTORCYCLE, HOUSEHOLD SUPPLIES AND OTHERS.

2. **MULTIPURPOSE LOANS**: EDUCATION, WEDDING, CIRCUMCISION AND OTHERS.

3. **BUSINESS**: INCLUDING INVESTMENT OR WORKING CAPITAL.

INTEREST RATE OF 2% PER MONTH

24 MONTH MAXIMUM REPAYMENT TERM

WITH FLAT RATE OF INTEREST PAYMENT

---

2 Print as big as possible and attach to the wall.
Loan Cooperative: **PASAR TANAH ABANG**

**PROVIDING LOANS FOR:**

1. **CONSUMPTION:** MOTORCYCLE, HOUSEHOLD SUPPLIES, EDUCATION, WEDDING, CIRCUMCISION AND OTHERS.

2. **BUSINESS:** INCLUDING INVESTMENT OR WORKING CAPITAL.

**INTEREST RATE OF 3% PER MONTH**

**24 MONTH MAXIMUM REPAYMENT TERM**

**WITH DECLINING METHOD OF INTEREST PAYMENT**

---

3 Print as big as possible and attach to the wall.
### 5.15 FLB2 M3

**Installment schedule COOPERATIVE KEBAYORAN LAMA**

Principal: Rp. 10,000,000  
Interest: 2% per month  
Term: 24 months

**WITH FLAT METHOD**

<table>
<thead>
<tr>
<th>Month</th>
<th>Installment</th>
<th>O/S Principal</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Principal</td>
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<td>Total</td>
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*Print as copy for each participant.*
### Installment Schedule COOPERATIVE TANAH ABANG

Principal: Rp. 10,000,000  
Interest: 3% per month  
Term: 24 Months

**DECLINING METHOD**

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</table>

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5 Print as copy for each participant.
### 5.17 FLB2 M5

**GAME 6: WHO IS ELIGIBLE FOR LOANS?**

1. Adi wants to open his own business selling mobile phone vouchers. To start this business, Adi needs extra working capital. **[Suitable]**

2. Herman is an employee who wants to buy a motorcycle for his day to day work. **[Suitable]**

3. Dedi is an elderly person who has retired and will not likely work again. He lives below the poverty line and needs money for his daily needs. **[Not Suitable]**

4. Susi graduated from Vocational High School majoring in culinary arts and plans to open a cake shop. However, she does not have enough money to rent a shop. **[Suitable]**

5. Theresia is a tailor who needs one extra sewing machine to meet demand, but at this time, does not have the money to purchase it. **[Suitable]**

6. Maryati is a High School graduate who does not have her own income. Her daily routine consists of her spending time with friends. Maryati wants to apply for a loan to buy a new mobile phone. **[Not Suitable]**

7. Deasy is an employee in a supermarket near her house. She will apply for a loan to buy a new radio. **[Suitable]**

8. Rio runs a motorcycle taxi and needs extra cash to pay school tuition fees for his son. **[Suitable]**

9. Nanang is unemployed and doesn’t have any marketable skills. He needs money for his daily consumption purposes. He is the only child in his family that has a house and land. **[Not Suitable]**

10. Hadi owes money to a creditor and is unable to pay. He intends to make a loan application for daily needs from a cooperative near his house. **[Not Suitable]**

---

*Print a copy for each participant. However, do not distribute until the game has been played.*
Appendix 6

Handouts

6.1 FLB3 Handout 1

HOW TO DEVELOP A BUDGET

Goal: a goal is a projected situation that a person plans or intends to achieve—a desired end-point achieved after going through a process of making progress. People strive to reach goals within a certain time frame by setting deadlines.

Setting Goals:

In order to achieve future goals we need to do the following:

a. Figure out the amount of money we earn
b. Figure out how much money we spend on basic needs
c. Determine the costs to achieve goals
d. Make decisions about how much to save, how to pay off debt and how much to invest in business
e. Decide on the timing for doing these things

Budget: a budget is a plan that lays out what you will do with your money. A budget is a summary of estimated income and how it will be spent over a defined period of time (we call this “expenditure”). A good budget helps you pay for what you need and save up for what you want. A budget consists of different expenditures and sources of income.

Steps to develop a budget:

1. Review your personal goals
2. Estimate the amount of income from different sources
3. List all expenditures and amounts needed
4. Make sure your expenditure is not more than your income
5. Decide how much you will save
6. Review and adjust as needed

Surplus or Deficit:

- Surplus is the amount of money or quantity of goods that remain when use or need is satisfied.
- Deficit is a shortfall in the amount of money or other good that is needed.
Note:

Make sure that the following things are included in the budget if applicable:

- Contributions for festivals and community rituals
- Obligation to help family when they are in need
- Obligation to support family

This encourages saving for these purposes and reduces unpredictability.
6.2 FLB3 Handout 2

Steps to Create a Budget

Income (Money In)

- On the budget worksheet, define your sources of income and write them in the first column under “income.” Some of these sources may provide income every month, day or week and some may provide only during certain periods of the year.

- Estimate the expected income by month from each source and write it in the appropriate box on the worksheet. Some of your income may come infrequently in larger sums. To figure out what this irregular income is on a monthly basis, determine how much you receive annually and divide this by 12. Transfer the monthly amount you have calculated for infrequent income to the budget worksheet.

Expenses (Money Out)

- Write your spending for each category of expenditure.

- Estimate your expenses for each category for each month. You may pay some expenses only once a year or once every quarter. If you have infrequent expenses like this, it is useful to spread it across the months in your budget. To figure out how much your irregular expenses would be on a monthly basis, calculate the total expenses per year and divide by 12.
## Monthly Budget

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<th>Items</th>
<th>Amount</th>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Irregular:</td>
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</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>B. TOTAL INCOME</strong></td>
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<tr>
<td><strong>C. EXPENDITURE</strong></td>
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<td>-Health</td>
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<td>-Education</td>
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<td>-Family</td>
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<td>Discretionary</td>
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<td>-Entertainment</td>
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<tr>
<td><strong>C. TOTAL EXPENDITURE</strong></td>
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<tr>
<td>Savings</td>
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</tr>
<tr>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
6.4 FLB3 Handout 4

Exercise

Sources of income:
- Wage from coffee shop: Rp. 75,000,- every week
- Selling news papers: Rp. 75,000,- a day (25 days per month)

Expenditure:
- Transport: Rp. 2,500,- per day (25 days per month)
- Meals: Rp. 12,500,- per day (30 days per month)
- Entertainment: Rp. 25,000,- per month
- Cell phone voucher: Rp. 10,000,- per week
- Buy newspaper: Rp. 10,000,- per day

Assumption

1 month = 4 weeks

Please calculate the budget (Income, Expenditure and Surplus/Deficit). Don’t forget to calculate how much money you keep in savings.
## 6.5 FLB3 Handout 5

### Family Budget Worksheet

<table>
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<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
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<th>Month 9</th>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>INCOME/MONEY IN</td>
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<td>Wage from coffee shop</td>
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### Family Budget Worksheet

#### Description

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<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
<th>Month 8</th>
<th>Month 9</th>
<th>Month 10</th>
<th>Month 11</th>
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<td><strong>SISA PENGHASILAN</strong></td>
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<td>284,997</td>
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### ACTION PLAN: SAVING

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</table>

**Note:** Amounts are placeholders and need to be filled in according to the personal goals.
### Appendix 7

### Handouts

#### 7.1 FLO1 Handout 1

**GAME: WHO CAN CLAIM?**

<table>
<thead>
<tr>
<th>Cases</th>
<th>Can the Person Claim Insurance? (Yes or No) If no, please explain why.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denny fell off his bike. He has life insurance.</td>
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<tr>
<td>Mita’s father passed away last week. Mita has life insurance.</td>
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</tr>
<tr>
<td>Wenny is a teacher and she has health insurance with family coverage. Her husband is sick and yesterday he went to see a doctor.</td>
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<tr>
<td>Indah has health insurance. She didn’t feel well yesterday and her mother gave her a traditional herbal medicine.</td>
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</tr>
<tr>
<td>Nita has a life insurance. Her son had to undergo surgery in the hospital.</td>
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</tr>
<tr>
<td>Adi has to have knee surgery in the hospital. He has health insurance.</td>
<td></td>
</tr>
<tr>
<td>Dini’s son is entering high school next year. Martha has been putting money in an education saving plan insurance with a 10 year term, which can only be withdrawn upon completion of the term. She has been paying the premium for seven years.</td>
<td></td>
</tr>
<tr>
<td>Doni wants to send his daughter to university. She will graduate from high school in five years. Doni has a 10 year education saving plan insurance, which can only be withdrawn upon completion of the term. He has been paying the premium for 5 years.</td>
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</table>
### GAME: MATCH PRODUCTS WITH INSTITUTIONS

Please fill in the institutions that provide the following products. The name of the institutions are listed at the bottom.

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<th>Products</th>
<th>Institutions</th>
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<td>General Insurance</td>
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<td>Life Insurance</td>
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</tr>
<tr>
<td>Health Insurance</td>
<td></td>
</tr>
<tr>
<td>Property Insurance</td>
<td></td>
</tr>
<tr>
<td>Auto-Insurance</td>
<td></td>
</tr>
</tbody>
</table>

**List of institutions**

- AIG
- Bank Mandiri
- PT Asuransi Wahana Tata
- Adira Insurance
- Allianz
- Manulife
- Garda Oto
- Sinar Mas
- Jasindo
- BCA
- Ikrar Lloyd
- Prudential
- Zurich
- PT Bringin Sejahtera
- PT Asuransi Jasa Raharja
- Pt Tugu Pratama
- Sunlife
- CIGNA
### 7.3 FLO1 Handout 3

#### Answers

<table>
<thead>
<tr>
<th>Products</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Insurance</td>
<td>PT Asuransi Wahana Tata PT Tugu Pratama ACA</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>AIG Allianz Jasindo Zurich CIGNA</td>
</tr>
<tr>
<td></td>
<td>Manulife Sinar Mas PT Asuransi Jasa Raharja Sunlife Prudential</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>AIG Allianz Jasindo Zurich CIGNA</td>
</tr>
<tr>
<td></td>
<td>Manulife Sinar Mas PT Asuransi Jasa Raharja Sunlife Prudential</td>
</tr>
<tr>
<td>Property Insurance</td>
<td>PT Asuransi Wahana Tata PT Tugu Pratama ACA</td>
</tr>
<tr>
<td>Auto-Insurance</td>
<td>Adira Insurance Garda Oto</td>
</tr>
</tbody>
</table>

**Note:**

- Bank Mandiri is not an insurance company but it provides insurance in cooperation with insurance companies (AXA).
- BCA is not an insurance company either. However, BCA Group owns an insurance company called ACA.
7.4 FLO1 Handout 4

EXAMPLE INSURANCE BROCHURES

**Program Dana Investasi Berbasis Syariah**

Maximalkan hasil investasi anda dengan keuntungan lebih tinggi serta manfaat lebih banyak

<table>
<thead>
<tr>
<th>Investasi Tunggal</th>
<th>Hasil Investasi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selama 3 Tahun</td>
<td>12 Juta 17.647.000, 20 Juta 26.678.000, 25 Juta 37.197.000, 50 Juta 74.795.000, 75 Juta 112.393.000, 100 Juta 149.991.000, 250 Juta 375.078.000, 500 Juta 751.557.000, 1 Milyar 1.503.514.000, 5 Milyar 7.519.173.000</td>
</tr>
<tr>
<td>Selama 5 Tahun</td>
<td>12 Juta 24.156.000, 20 Juta 40.626.000, 25 Juta 50.920.000, 50 Juta 102.307.000, 75 Juta 163.855.000, 100 Juta 205.323.000, 250 Juta 514.129.000, 500 Juta 1.028.806.000, 1 Milyar 2.056.161.000, 5 Milyar 10.202.965.000</td>
</tr>
<tr>
<td>Selama 10 Tahun</td>
<td>12 Juta 32.862.000, 20 Juta 49.071.000, 25 Juta 111.639.000, 50 Juta 224.478.000, 75 Juta 337.319.000, 100 Juta 540.158.000, 250 Juta 1.127.201.000, 500 Juta 2.255.694.000, 1 Milyar 4.512.410.000, 5 Milyar 22.566.858.000</td>
</tr>
<tr>
<td>Selama 15 Tahun</td>
<td>12 Juta 52.116.000, 20 Juta 95.283.000, 25 Juta 244.762.000, 50 Juta 492.158.000, 75 Juta 729.955.000, 100 Juta 1.078.031.000, 250 Juta 2.471.230.000, 500 Juta 4.945.295.000, 1 Milyar 9.893.225.000, 5 Milyar 49.476.683.000</td>
</tr>
<tr>
<td>Selama 20 Tahun</td>
<td>12 Juta 264.577.000, 20 Juta 428.147.000, 25 Juta 536.628.000, 50 Juta 1.078.031.000, 75 Juta 1.621.436.000, 100 Juta 2.163.830.000, 250 Juta 5.418.263.000, 500 Juta 10.842.302.000, 1 Milyar 21.690.381.000, 5 Milyar 108.475.012.000</td>
</tr>
</tbody>
</table>

**Program Dana Pensiuni Berbasis Syariah**

Hanya dengan menabung Rp. 33.000/hari atau Rp. 1.000.000/bulan selama 10 Tahun menabung

| Dana pada usia 60 tahun | Rp. 1,338.693.000,- |
| Memenuhi kriteria 1 dan 34 | Rp. 200.000.000,- |
| Kondisi kritis, setelah 90 hari (Ajianlung, stroke, kanker, dll) | Selanjutnya STOP selberan dan kamuulah dalam 6 bulan |
| Rawat Inap Rumah Sakit | Sipadang dan kesehatan dalam 6 bulan |
| Kunjungan Dokter Umum | Sipadang dan kesehatan dalam 6 bulan |
| Kunjungan Dokter Spesialis | Sipadang dan kesehatan dalam 6 bulan |
| Pembedahan | Sipadang dan kesehatan dalam 6 bulan |
| Obat-obatan | Sipadang dan kesehatan dalam 6 bulan |
| Biaya lain-lain | Sipadang dan kesehatan dalam 6 bulan |
| Perawatan Kanker | Sipadang dan kesehatan dalam 6 bulan |
| Cuci Darah | Sipadang dan kesehatan dalam 6 bulan |
| Rawat Jalan Karena Kecelakaan | Sipadang dan kesehatan dalam 6 bulan |
| Meninggal Dunia | Sipadang dan kesehatan dalam 6 bulan |
| Meninggal Dunia Karena Kecelakaan | Sipadang dan kesehatan dalam 6 bulan |
| Cacat Tetap Total | Sipadang dan kesehatan dalam 6 bulan |
| Pengambilan dana | Sipadang dan kesehatan dalam 6 bulan |

**Keuntungan**

- Kertan Khatun
- Cari yang baik dalam bidang kesehatan, serta perawatan kesehatan selalu disesuaikan dengan kemampuan Anda.
- Kondisi kritis ditentukan oleh Sarana dan Perawatan, Kematian, Kanker, Kecelakaan, Gagal Ginjal, dll.
Program Dana Pendidikan Berbasis Syariah

Hanya dengan menabung Rp. 16.000/hari atau Rp. 500.000/bulan selama 10 Tahun menabung

<table>
<thead>
<tr>
<th>Alternatif Investasi</th>
<th>Tabungan Pendidikan di Bank</th>
<th>PAA Syariah</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dana pada usia 18 tahun</td>
<td>Rp. 124.408.377,-</td>
<td>Rp. 179.172.000,-</td>
</tr>
<tr>
<td>fasilitas rawat inap ICU untuk anak</td>
<td>Tidak tersedia</td>
<td>Rawat inap ICU</td>
</tr>
<tr>
<td>jika Ayah/Ibu terkena sakit jantung, stroke, kanker, dll.</td>
<td>Tidak tersedia</td>
<td>Stop setoran &amp; Tabungan dibatalkan sampai usia anak 25 Tahun</td>
</tr>
<tr>
<td>jika Ayah/Ibu meninggal dunia</td>
<td>Tidak Tertutup</td>
<td>Stop setoran &amp; Tabungan dibatalkan sampai usia anak 25 Tahun</td>
</tr>
<tr>
<td>surplus sharing</td>
<td>Tidak Tertutup</td>
<td>Jika tidak ada claim dalam 1 tahun</td>
</tr>
<tr>
<td>Jangka Waktu Menabung</td>
<td>Panjang</td>
<td>Minimal 2 Tahun</td>
</tr>
</tbody>
</table>

Berbagi Berkah dengan Mewujudkan Impian Anda

Merupakan program yang mengkombinasikan investasi jangka panjang berbasis Syariah dengan manfaat perlindungan finansial yang menyeluruh. Sekaligus membantu sesama yang membutuhkan bantuan Anda melalui premi yang Anda keluarkan dari juga menambah jalan kebaikan untuk mencapai kebahagiaan dunia dan akhirat.
“Manusia berencana, Tuhan yang menentukan. Dalam kehidupan banyak tahapan yang akan Anda lalui. Dapatkan kepastian dan keamanan dalam mengarungi setiap tahapan kehidupan tersebut untuk Anda dan keluarga di jalan yang berkah.

1. **Masa kerja produktif**
   Prestasi gemilang dan keberhasilan usaha adalah tujuan Anda di masa kerja produktif.

2. **Pernikahan**
   Pernikahan yang berkah, salah satu saat penting dalam hidup yang Anda damankan.

3. **Kelahiran Anak**
   Keberadaan buah hati Anda, titipan Allah SWT, adalah kebahagiaan yang tidak terlalu.

4. **Pendidikan Anak**
   Pendidikan buah hati Anda mewujudkan impian hari depan mereka.

5. **Masa Pensiun**
   Nikmati masa pensiun Anda yang telah Anda persiapkan sejak dini.

Always Listening, Always Understanding
### Appendix 8

**Handouts**

#### 8.1 FLO2 Handout 1

**EXERCISE: WHERE CAN YOU GET REMITTANCE SERVICES?**

Fill in the table below.

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Send Money</th>
<th>Receive Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal Institutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 8.2 FLO2 Handout 2

#### EXERCISE: PRODUCT COMPARISONS

**Horizontal Row:** Products  
**Vertical Row:** Items being compared (for instance, fee, speed of delivery, convenience of location, etc.)

<table>
<thead>
<tr>
<th>Products</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Services Providers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 8.3 FLO2 Handout 3

**APPLICATION FORM**

<table>
<thead>
<tr>
<th><strong>DATA NASABAH</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alamat (kesetaraan pengenalan):</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Kota:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Kode Pos:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>No. Telepon:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>No. Faksimile:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>NPWP:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tanda Pengenalan:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Jenis Kelamin:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tempat Lahir:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tanggal lahir:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Status Perkawinan:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Agama:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Pekerjaan:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Penghasilan/Gaji:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Keterangan:</strong></td>
<td></td>
</tr>
</tbody>
</table>

| **Nama Kantor/Perusahaan Tempat Bekerja:** |  |
| **Alamat Kantor/Perusahaan Tempat Bekerja:** |  |

| **PRODUK YANG DINGINKAN** |  |
| **Tipe Kartu Paspor BCA yang dinginkan:** |  |
| **FASILITAS YANG DINGINKAN** |  |

| **FASILITAS YANG DINGINKAN** |  |
| **Produk (atau cabang Bank)** |  |

| **No. Pelanggan / Customer** |  |

---

**Pesan:** Bimbingan kecil dengan bimbingan media untuk fasilitas yang Anda inginkan.
## Appendix 9

### Pre- and Post-Training Test Sheets

#### 9.1 A1 – Principles and Attitude for Sound Financial Management

**PRE-TRAINING TEST SHEET**

<table>
<thead>
<tr>
<th>Participant’s Name: ____________________</th>
<th>Location: _____________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: ____________________</td>
<td>Trainer: _____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = V Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What do you need money for? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. To buy things</td>
<td></td>
</tr>
<tr>
<td>b. To save for future needs</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
</tbody>
</table>

| 2. The advantage of managing money: (please circle correct answer) |  |
| a. To keep track of money in (income) and money out (expenses) |  |
| b. To be able to spend money anytime |  |
| c. a) and b) are correct |  |

| 3. Name three goals that you want to accomplish in the next five years: |  |
| 1. _____________________________________________ |  |
| 2. _____________________________________________ |  |
| 3. _____________________________________________ |  |

| 4. Do you know how much money you will need to accomplish those goals? (please circle correct answer) |  |
| Yes | No |

| 5. Explain, in your own words, what you know about managing money: |  |

| 6. What do you have to do for a better future? (please circle correct answer) |  |
| a. I don’t know |  |
| b. Go with the flow and see what happens |  |
| c. Plan for it |  |

| 7. Why do you need to save: (please circle correct answer) |  |
| a. I don’t have money to save |  |
| b. To prepare for emergencies |  |
| c. To prepare for the future |  |

**Grading system:**

A = 7 correct answers, B = 6 correct answers, C = 5 correct answers, D = 4 correct answers
# A1 – Principles and Attitude for Sound Financial Management

## POST-TRAINING TEST SHEET

<table>
<thead>
<tr>
<th>Participant’s Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Trainer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TEST QUESTIONS

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = V Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What do you need money for? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. To buy things</td>
<td></td>
</tr>
<tr>
<td>b. To save for future needs</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>2. The advantage of managing money: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. To keep track of money in (income) and money out (expenses)</td>
<td></td>
</tr>
<tr>
<td>b. To be able to spend money anytime</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>3. Name three goals that you want to accomplish in the next five years:</td>
<td></td>
</tr>
<tr>
<td>1. ___________________________________________</td>
<td></td>
</tr>
<tr>
<td>2. ___________________________________________</td>
<td></td>
</tr>
<tr>
<td>3. ___________________________________________</td>
<td></td>
</tr>
<tr>
<td>4. Do you know how much money you will need to accomplish those goals? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>5. Explain, in your own words, what you know about managing money:</td>
<td></td>
</tr>
<tr>
<td>6. What do you have to do for a better future? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. I don’t know</td>
<td></td>
</tr>
<tr>
<td>b. Go with the flow and see what happens</td>
<td></td>
</tr>
<tr>
<td>c. Plan for it</td>
<td></td>
</tr>
<tr>
<td>7. Why do you need to save: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. I don’t have money to save</td>
<td></td>
</tr>
<tr>
<td>b. To prepare for emergencies</td>
<td></td>
</tr>
<tr>
<td>c. To prepare for the future</td>
<td></td>
</tr>
</tbody>
</table>

Grading system:
A= 7 correct answers, B= 6 correct answers, C= 5 correct answers, D= 4 correct

<table>
<thead>
<tr>
<th>Grade</th>
</tr>
</thead>
</table>
## 9.2 A2 – Making Wise Spending Decisions

**PRE-TRAINING TEST SHEET**

| Participant’s Name: ________________ | Location: ________________ |
| Date: ________________ | Trainer: ________________ |

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = V Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. From what sources do you receive your money? Tick all that applies:</td>
<td></td>
</tr>
<tr>
<td>□ Parents</td>
<td>□ Work</td>
</tr>
<tr>
<td>□ Others: ______________ (please explain)</td>
<td></td>
</tr>
<tr>
<td>2. What are expenses?</td>
<td></td>
</tr>
<tr>
<td>a) The amount of money you pay for something you need or want</td>
<td></td>
</tr>
<tr>
<td>b) A place where you can save money</td>
<td></td>
</tr>
<tr>
<td>c) A plan to spend money</td>
<td></td>
</tr>
<tr>
<td>3. How do you spend your money?</td>
<td></td>
</tr>
<tr>
<td>a) I spend whenever I have money</td>
<td></td>
</tr>
<tr>
<td>b) I spend whenever I have urgent matters</td>
<td></td>
</tr>
<tr>
<td>c) I plan my spending</td>
<td></td>
</tr>
<tr>
<td>4. What are needs?</td>
<td></td>
</tr>
<tr>
<td>a) Basic necessities you can’t do without</td>
<td></td>
</tr>
<tr>
<td>b) Something that is not needed for everyday life</td>
<td></td>
</tr>
<tr>
<td>c) a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>5. If you cut your spending so that you can save a little:</td>
<td></td>
</tr>
<tr>
<td>a) You will reach saving goals that are important to you</td>
<td></td>
</tr>
<tr>
<td>b) You can buy what you want</td>
<td></td>
</tr>
<tr>
<td>c) a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>6. What do you know about prioritizing:</td>
<td></td>
</tr>
<tr>
<td>___________________________________________</td>
<td></td>
</tr>
<tr>
<td>___________________________________________</td>
<td></td>
</tr>
<tr>
<td>___________________________________________</td>
<td></td>
</tr>
<tr>
<td>7. Do you have a plan to save:</td>
<td></td>
</tr>
<tr>
<td>a) Yes</td>
<td></td>
</tr>
<tr>
<td>b) No</td>
<td></td>
</tr>
</tbody>
</table>

**Grading system:**
A= 9-10 correct answers, B= 8 correct answers, C= 7 correct answers, D= 5-6 correct answers, E= 4 correct answers, F= 3 correct answers or less

<table>
<thead>
<tr>
<th>Grade</th>
<th></th>
</tr>
</thead>
</table>
### A2 – Making Wise Spending Decisions

**POST-TRAINING TEST SHEET**

<table>
<thead>
<tr>
<th>Participant’s Name:</th>
<th>Location:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
<td>Trainer:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = V Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 From what sources do you receive your money? Tick all that applies:</td>
<td></td>
</tr>
<tr>
<td>□ Parents</td>
<td></td>
</tr>
<tr>
<td>□ Work</td>
<td></td>
</tr>
<tr>
<td>□ Others: __________ (please explain)</td>
<td></td>
</tr>
<tr>
<td>2 What are expenses?</td>
<td></td>
</tr>
<tr>
<td>a) The amount of money you pay for something you need or want</td>
<td></td>
</tr>
<tr>
<td>b) A place where you can save money</td>
<td></td>
</tr>
<tr>
<td>c) A plan to spend money</td>
<td></td>
</tr>
<tr>
<td>3 How do you spend your money?</td>
<td></td>
</tr>
<tr>
<td>a) I spend whenever I have money</td>
<td></td>
</tr>
<tr>
<td>b) I spend whenever I have urgent matters</td>
<td></td>
</tr>
<tr>
<td>c) I plan my spending</td>
<td></td>
</tr>
<tr>
<td>4 What are needs?</td>
<td></td>
</tr>
<tr>
<td>a) Basic necessities you can’t do without</td>
<td></td>
</tr>
<tr>
<td>b) Something that is not needed for everyday life</td>
<td></td>
</tr>
<tr>
<td>c) a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>5 If you cut your spending so that you can save a little:</td>
<td></td>
</tr>
<tr>
<td>a) You will reach saving goals that are important to you</td>
<td></td>
</tr>
<tr>
<td>b) You can buy what you want</td>
<td></td>
</tr>
<tr>
<td>c) a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>6 What do you know about prioritizing:</td>
<td></td>
</tr>
<tr>
<td>__________________________________________</td>
<td></td>
</tr>
<tr>
<td>__________________________________________</td>
<td></td>
</tr>
<tr>
<td>__________________________________________</td>
<td></td>
</tr>
<tr>
<td>7 Do you have a plan to save:</td>
<td></td>
</tr>
<tr>
<td>a) Yes</td>
<td></td>
</tr>
<tr>
<td>b) No</td>
<td></td>
</tr>
</tbody>
</table>

Grading system:
A= 9-10 correct answers, B= 8 correct answers, C= 7 correct answers, D= 5-6 correct answers, E= 4 correct answers, F= 3 correct answers or less

**Grade**
### 9.3 A3 – Roles of Different Financial Services Providers

**PRE-TRAINING TEST SHEET**

**Participant’s Name:** ________________  **Location:** ________________

**Date:** ________________  **Trainer:** ________________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = V Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What is a financial institution? (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. A place you can borrow money</td>
</tr>
<tr>
<td></td>
<td>b. A place you can save money</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>2</td>
<td>Types of financial service providers: (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Informal providers</td>
</tr>
<tr>
<td></td>
<td>b. Formal providers</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>3</td>
<td>Which ones are formal financial services providers? (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Post office, banks, cooperatives</td>
</tr>
<tr>
<td></td>
<td>b. BPRs, remittance agent, arisan</td>
</tr>
<tr>
<td></td>
<td>c. Credit unions, money lenders</td>
</tr>
<tr>
<td>4</td>
<td>What kind of products are offered by financial institutions? (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Savings, loans, money transfer, bill payments</td>
</tr>
<tr>
<td></td>
<td>b. Micro-insurance and pawn shop</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>5</td>
<td>Financial service provider that remits money is a: (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Remittance agent</td>
</tr>
<tr>
<td></td>
<td>b. Pawn shop</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>6</td>
<td>What is interest charge? (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Amount of money charged to lender</td>
</tr>
<tr>
<td></td>
<td>b. Amount of money charge to saver</td>
</tr>
<tr>
<td></td>
<td>c. Interest income</td>
</tr>
<tr>
<td>7</td>
<td>Other charges on financial products: (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Loan provision and administration</td>
</tr>
<tr>
<td></td>
<td>b. Fees in money transfer</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>8</td>
<td>Interest income is; (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Payment by bank to saver</td>
</tr>
<tr>
<td></td>
<td>b. Fees in money transfer</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>9</td>
<td>Definition of Non Financial Benefits: (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Access to other bank services</td>
</tr>
<tr>
<td></td>
<td>b. Financial intermediary</td>
</tr>
<tr>
<td></td>
<td>c. a) and b) are correct</td>
</tr>
<tr>
<td>10</td>
<td>If you want to be a bank client, you should; (please circle correct answer)</td>
</tr>
<tr>
<td></td>
<td>a. Comply with bank requirements</td>
</tr>
<tr>
<td></td>
<td>b. Receive loan from bank</td>
</tr>
<tr>
<td></td>
<td>c. Open a saving account</td>
</tr>
<tr>
<td></td>
<td>d. All are correct</td>
</tr>
</tbody>
</table>

**Grading system:**

A= 9-10 correct answers, B= 8 correct answers, C= 7 correct answers, D= 5-6 correct answers, E= 4 correct answers, F= 3 correct answers or less

**Grade**
## POST-TRAINING TEST SHEET

### Participant’s Name: ___________________  Location: _____________

### Date: ___________________  Trainer: _____________

### TEST QUESTIONS

<table>
<thead>
<tr>
<th></th>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
</table>
| **1** | What is a financial institution? (please circle correct answer)  
   a. A place you can borrow money  
   b. A place you can save money  
   c. a) and b) are correct | Correct = V  Incorrect = X |
| **2** | Types of financial service providers: (please circle correct answer)  
   a. Informal providers  
   b. Formal providers  
   c. a) and b) are correct | |
| **3** | Which ones are formal financial services providers? (please circle correct answer)  
   a. Post office, banks, cooperatives  
   b. BPRs, remittance agent, arisan  
   c. Credit unions, money lenders | |
| **4** | What kind of products are offered by financial institutions? (please circle correct answer)  
   a. Savings, loans, money transfer, bill payments  
   b. Micro-insurance and pawn shop  
   c. a) and b) are correct | |
| **5** | Financial service provider that remits money is a: (please circle correct answer)  
   a. Remittance agent  
   b. Pawn shop  
   c. a) and b) are correct | |
| **6** | What is interest charge? (please circle correct answer)  
   a. Amount of money charged to lender  
   b. Amount of money charge to saver  
   c. Interest income | |
| **7** | Other charges on financial products: (please circle correct answer)  
   a. Loan provision and administration  
   b. Fees in money transfer  
   c. a) and b) are correct | |
| **8** | Interest income is; (please circle correct answer)  
   a. Payment by bank to saver  
   b. Fees in money transfer  
   c. a) and b) are correct | |
| **9** | Definition of Non Financial Benefits: (please circle correct answer)  
   a. Access to other bank services  
   b. Financial intermediary  
   c. a) and b) are correct | |
| **10** | If you want to be a bank client, you should; (please circle correct answer)  
   a. Comply with bank requirements  
   b. Receive loan from bank  
   c. Open a saving account  
   d. All are correct | |

### Grading system:

A= 9-10 correct answers, B= 8 correct answers, C= 7 correct answers, D= 5-6 correct answers, E= 4 correct answers, F= 3 correct answers or less

<table>
<thead>
<tr>
<th></th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 9.4 B1 – Saving for a Better Future

**PRE-TRAINING TEST SHEET**

**Participant’s Name:** ________________  **Location:** _____________  
**Date:** ________________  **Trainer:** _____________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Correct = V</td>
</tr>
<tr>
<td></td>
<td>Incorrect = X</td>
</tr>
</tbody>
</table>

1. **Why do we need to save? (please circle correct answer)**  
   a. To secure our money  
   b. To build and accumulate our assets  
   c. Both a) and b) are correct

2. **Who can help you achieve your saving plan? (please circle correct answer)**  
   a. Your teacher  
   b. Your friend  
   c. Your self

3. **We can open a saving account by: (please circle correct answer)**  
   a. Understanding the requirements and filling in the application  
   b. Earning money  
   c. Living near the bank

4. **Interest in savings is (please circle correct answer)**  
   a. money earned by deposited funds  
   b. a fee paid on borrowed assets  
   c. both a) and b) are correct

5. **Where can you save? (please circle correct answer)**  
   a. BPR and cooperatives  
   b. Bank Indonesia  
   c. Money lender

6. **What is minimum balance: (please circle correct answer)**  
   a. Minimum amount to save  
   b. Minimum amount to withdraw  
   c. Minimum amount left in an account

7. **What do you usually have to pay when you have a savings account: (please circle correct answer)**  
   a. Administrative charges  
   b. Penalty  
   c. Withdrawal fee

8. **What do people do in Arisan – ROSCA (Rotating Savings and Credit Association)? (please circle correct answer)**  
   a. Someone collect money from various sources  
   b. Members deposit same amount each month into a group account  
   c. Members open a group saving account in a bank

9. **Which of the following is a formal financial institution where you can save? (please circle correct answer)**  
   a. Money lender  
   b. Bank and cooperative bank  
   c. ROSCA

**Grading system:**  
A= 8-9 correct answers, B= 7 correct answers, C= 6 correct answers, D= 5 correct answers,  
E= 4 correct answers, F= 3 correct answers or less

**Grade**
<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING Correct = Incorrect = X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Why do we need to save? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. To secure our money</td>
<td></td>
</tr>
<tr>
<td>b. To build and accumulate our assets</td>
<td></td>
</tr>
<tr>
<td>c. Both a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>2 Who can help you achieve your saving plan? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Your teacher</td>
<td></td>
</tr>
<tr>
<td>b. Your friend</td>
<td></td>
</tr>
<tr>
<td>c. Your self</td>
<td></td>
</tr>
<tr>
<td>3 We can open a saving account by: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Understanding the requirements and filling in the application</td>
<td></td>
</tr>
<tr>
<td>b. Earning money</td>
<td></td>
</tr>
<tr>
<td>c. Living near the bank</td>
<td></td>
</tr>
<tr>
<td>4 Interest in savings is (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. money earned by deposited funds</td>
<td></td>
</tr>
<tr>
<td>b. a fee paid on borrowed assets</td>
<td></td>
</tr>
<tr>
<td>c. both a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>5 Where can you save? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. BPR and cooperatives</td>
<td></td>
</tr>
<tr>
<td>b. Bank Indonesia</td>
<td></td>
</tr>
<tr>
<td>c. Money lender</td>
<td></td>
</tr>
<tr>
<td>6 What is minimum balance: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Minimum amount to save</td>
<td></td>
</tr>
<tr>
<td>b. Minimum amount to withdraw</td>
<td></td>
</tr>
<tr>
<td>c. Minimum amount left in an account</td>
<td></td>
</tr>
<tr>
<td>7 What do you usually have to pay when you have a savings account:</td>
<td></td>
</tr>
<tr>
<td>(please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Administrative charges</td>
<td></td>
</tr>
<tr>
<td>b. Penalty</td>
<td></td>
</tr>
<tr>
<td>c. Withdrawal fee</td>
<td></td>
</tr>
<tr>
<td>8 What do people do in Arisan – ROSCA (Rotating Savings and Credit Association?) (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Someone collect money from various sources</td>
<td></td>
</tr>
<tr>
<td>b. Members deposit same amount each month into a group account</td>
<td></td>
</tr>
<tr>
<td>c. Members open a group saving account in a bank</td>
<td></td>
</tr>
<tr>
<td>9 Which of the following is a formal financial institution where you can save? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Money lender</td>
<td></td>
</tr>
<tr>
<td>b. Bank and cooperative bank</td>
<td></td>
</tr>
<tr>
<td>c. ROSCA</td>
<td></td>
</tr>
</tbody>
</table>

Grading system:
A= 8-9 correct answers, B= 7 correct answers, C= 6 correct answers, D= 5 correct answers, E= 4 correct answers, F= 3 correct answers or less

Grade
### 9.5 B2 – Saving for a Better Future

**PRE-TRAINING TEST SHEET**

Participant’s Name: ________________  
Location: ________________  
Date: ________________  
Trainer: ________________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correct =</td>
<td>Incorrect = X</td>
</tr>
</tbody>
</table>

**1.** Please name different types of loans based on their purposes.

**2.** What are the benefits of loans for borrower.

**3.** Is a loan with 3% interest better than a loan with 4% interest? Why? Please explain your answer.

**4.** Name the characteristics of a good borrower.

**5.** Who can get a loan, what kind of qualifications have to be met?

**Grading system:**

- A = 5 correct answers
- B = 4 correct answers
- C = 3 correct answers
- D = 2 correct answers
- E = 1 correct answers
- F = 0 correct answers

**Grade**
**B2 – Saving for a Better Future**

**POST-TRAINING TEST SHEET**

Participant’s Name: ____________________  Location: ______________

Date: ____________________  Trainer: ______________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Please name different types of loans based on their purposes.</td>
<td></td>
</tr>
<tr>
<td>2  What are the benefits of loans for borrower.</td>
<td></td>
</tr>
<tr>
<td>3  Is a loan with 3% interest better than a loan with 4% interest? Why? Please explain your answer.</td>
<td></td>
</tr>
<tr>
<td>4  Name the characteristics of a good borrower.</td>
<td></td>
</tr>
<tr>
<td>5  Who can get a loan, what kind of qualifications have to be met?</td>
<td></td>
</tr>
</tbody>
</table>

**Grading system:**
- **A** = 5 correct answers, **B** = 4 correct answers, **C** = 3 correct answers, **D** = 2 correct answers, **E** = 1 correct answers, **F** = 0 correct answers

**Grade**
9.6 B3 – Create a Personal Budget/Savings Plan

**PRE-TRAINING TEST SHEET**

Participant’s Name : ________________ Location : _____________  
Date : ________________ Trainer : _____________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> What do you know about budgets: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Consists of different expenses and sources of income</td>
<td></td>
</tr>
<tr>
<td>b. A summary of estimated income and spending over a defined period of time</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong> Do you have a budget of your own: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Yes, Please explain _________________</td>
<td></td>
</tr>
<tr>
<td>b. No</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Deficit occurs when: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. You don’t have enough money to pay for all expenses</td>
<td></td>
</tr>
<tr>
<td>b. Total income is below total expenses</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong> Discrepancy is: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Money left over after paying for all expenses</td>
<td></td>
</tr>
<tr>
<td>b. Insufficient income to pay for all expenses</td>
<td></td>
</tr>
<tr>
<td>c. Expenses subtracted by income</td>
<td></td>
</tr>
<tr>
<td>d. All are correct</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong> When income is greater than expenses, it is: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. A surplus</td>
<td></td>
</tr>
<tr>
<td>b. A deficit</td>
<td></td>
</tr>
<tr>
<td>c. A discrepancy</td>
<td></td>
</tr>
</tbody>
</table>

Grading system:  
A= 5 correct answers, B= 4 correct answers, C= 3 correct answers, D= 2 correct answers, E= 1 correct answers, F= 0 correct answers  

Grade
B3 – Create a Personal Budget/Savings Plan

POST-TRAINING TEST SHEET

Participant’s Name: ________________ Location: ________________
Date: ________________ Trainer: ________________

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 What do you know about budgets: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Consists of different expenses and sources of income</td>
<td></td>
</tr>
<tr>
<td>b. A summary of estimated income and spending over a defined period of time</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>7 Do you have a budget of your own: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Yes, Please explain ________________</td>
<td></td>
</tr>
<tr>
<td>b. No</td>
<td></td>
</tr>
<tr>
<td>8 Deficit occurs when: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. You don’t have enough money to pay for all expenses</td>
<td></td>
</tr>
<tr>
<td>b. Total income is below total expenses</td>
<td></td>
</tr>
<tr>
<td>c. a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>9 Discrepancy is: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Money left over after paying for all expenses</td>
<td></td>
</tr>
<tr>
<td>b. Insufficient income to pay for all expenses</td>
<td></td>
</tr>
<tr>
<td>c. Expenses subtracted by income</td>
<td></td>
</tr>
<tr>
<td>d. All are correct</td>
<td></td>
</tr>
<tr>
<td>10 When income is greater than expenses, it is: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. A surplus</td>
<td></td>
</tr>
<tr>
<td>b. A deficit</td>
<td></td>
</tr>
<tr>
<td>c. A discrepancy</td>
<td></td>
</tr>
</tbody>
</table>

Grading system:
A= 5 correct answers, B= 4 correct answers, C= 3 correct answers, D= 2 correct answers, E= 1 correct answers, F= 0 correct answers

Grade
### 9.7 O1 – Insurance Can Help Secure a Better Future

**PRE-TRAINING TEST SHEET**

<table>
<thead>
<tr>
<th>Participant’s Name</th>
<th>Location</th>
<th>Date</th>
<th>Trainer</th>
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</thead>
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<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What is the purpose of insurance? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. To protect your money</td>
<td></td>
</tr>
<tr>
<td>b. To accumulate assets</td>
<td></td>
</tr>
<tr>
<td>c. To diversify products</td>
<td></td>
</tr>
<tr>
<td>2. Please name different types of insurance: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Business</td>
<td></td>
</tr>
<tr>
<td>b. Education</td>
<td></td>
</tr>
<tr>
<td>c. Saving</td>
<td></td>
</tr>
<tr>
<td>3. The cost of insurance is: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Administrative charges</td>
<td></td>
</tr>
<tr>
<td>b. Installment</td>
<td></td>
</tr>
<tr>
<td>c. Premium</td>
<td></td>
</tr>
<tr>
<td>4. The pitfall of insurance: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Exclusion</td>
<td></td>
</tr>
<tr>
<td>b. Delay in payments</td>
<td></td>
</tr>
<tr>
<td>c. Settlements</td>
<td></td>
</tr>
<tr>
<td>5. Payment scheme for insurance: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Premium</td>
<td></td>
</tr>
<tr>
<td>b. Claim</td>
<td></td>
</tr>
<tr>
<td>c. Both a) and b) are correct</td>
<td></td>
</tr>
<tr>
<td>6. What is lapse: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Failure of payment on due dates</td>
<td></td>
</tr>
<tr>
<td>b. Failure of payment in settlements</td>
<td></td>
</tr>
<tr>
<td>c. Dispute of payment</td>
<td></td>
</tr>
<tr>
<td>7. What insurance covers fire hazards? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Life</td>
<td></td>
</tr>
<tr>
<td>b. Accident</td>
<td></td>
</tr>
<tr>
<td>c. Property</td>
<td></td>
</tr>
<tr>
<td>8. Name one of the advantages of insurance compared to other financial services: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Unclaimed payment</td>
<td></td>
</tr>
<tr>
<td>b. Long term duration</td>
<td></td>
</tr>
<tr>
<td>c. Lump sum amount</td>
<td></td>
</tr>
<tr>
<td>9. Name one of the disadvantages of insurance compared to other financial services: (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Unclaimed payment</td>
<td></td>
</tr>
<tr>
<td>b. Long term duration</td>
<td></td>
</tr>
<tr>
<td>c. Lump sum amount</td>
<td></td>
</tr>
<tr>
<td>10. What institutions are managing insurance services? (please circle correct answer)</td>
<td></td>
</tr>
<tr>
<td>a. Banks</td>
<td></td>
</tr>
<tr>
<td>b. Cooperatives</td>
<td></td>
</tr>
<tr>
<td>c. Savings club</td>
<td></td>
</tr>
</tbody>
</table>

**Grading system:**

- A = 9-10 correct answers
- B = 8 correct answers
- C = 7 correct answers
- D = 5-6 correct answers
- E = 4 correct answers
- F = 3 correct answers or less

**Grade**
## POST-TRAINING TEST SHEET

**Participant’s Name:** ________________  
**Location:** ________________  
**Date:** ________________  
**Trainer:** ________________  

<table>
<thead>
<tr>
<th>TEST QUESTIONS</th>
<th>MARKING</th>
</tr>
</thead>
</table>
| **1** What is the purpose of insurance?  (please circle correct answer)  
  a. To protect your money  
  b. To accumulate assets  
  c. To diversify products | Incorrect = X |
| **2** Please name different types of insurance:  (please circle correct answer)  
  a. Business  
  b. Education  
  c. Saving | Incorrect = X |
| **3** The cost of insurance is:  (please circle correct answer)  
  a. Administrative charges  
  b. Installment  
  c. Premium | Incorrect = X |
| **4** The pitfall of insurance:  (please circle correct answer)  
  a. Exclusion  
  b. Delay in payments  
  c. Settlements | Incorrect = X |
| **5** Payment scheme for insurance:  (please circle correct answer)  
  a. Premium  
  b. Claim  
  c. Both a) and b) are correct | Incorrect = X |
| **6** What is lapse:  (please circle correct answer)  
  a. Failure of payment on due dates  
  b. Failure of payment in settlements  
  c. Dispute of payment | Incorrect = X |
| **7** What insurance covers fire hazards?  (please circle correct answer)  
  a. Life  
  b. Accident  
  c. Property | Incorrect = X |
| **8** Name one of the advantages of insurance compared to other financial services:  (please circle correct answer)  
  a. Unclaimed payment  
  b. Long term duration  
  c. Lump sum amount | Incorrect = X |
| **9** Name one of the disadvantages of insurance compared to other financial services:  (please circle correct answer)  
  a. Unclaimed payment  
  b. Long term duration  
  c. Lump sum amount | Incorrect = X |
| **10** What institutions are managing insurance services?  (please circle correct answer)  
  a. Banks  
  b. Cooperatives  
  c. Savings club | Incorrect = X |

**Grading system:**  
A= 9-10 correct answers, B= 8 correct answers, C= 7 correct answers, D= 5-6 correct answers, E= 4 correct answers, F= 3 correct answers or less  
**Grade:**  

### Appendix 10

**Answers to Test Questions**

#### Module A1

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>What do you need money for?</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>16</td>
<td>The advantage of managing money:</td>
<td>A To keep track of money in (income)</td>
</tr>
<tr>
<td>17</td>
<td>Name three goals that you want to accomplish in the next five years:</td>
<td>Open answers</td>
</tr>
<tr>
<td>18</td>
<td>Do you know how much money you will need to accomplish those goals?</td>
<td>No at beginning Yes at the end of module</td>
</tr>
<tr>
<td>19</td>
<td>Explain, in your own words, what you know about managing money:</td>
<td>Open answer</td>
</tr>
<tr>
<td>20</td>
<td>What do you have to do for a better future?</td>
<td>C Plan for it</td>
</tr>
<tr>
<td>21</td>
<td>Why do you need to save?</td>
<td>C To prepare for the future</td>
</tr>
</tbody>
</table>

#### Module A2

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>From what sources do you receive your money?</td>
<td>Participants should identify sources other than parents</td>
</tr>
<tr>
<td>16</td>
<td>What is expenditure?</td>
<td>A The amount of money you pay for things you need or want</td>
</tr>
<tr>
<td>17</td>
<td>How do you spend your money?</td>
<td>C I plan my spending</td>
</tr>
<tr>
<td>18</td>
<td>What are needs?</td>
<td>A Basic necessities you can’t do without</td>
</tr>
<tr>
<td>19</td>
<td>If you cut your spending so that you can save a little:</td>
<td>A You will reach saving goals that are important to you</td>
</tr>
<tr>
<td>20</td>
<td>What do you know about prioritizing?</td>
<td>Spend on important things</td>
</tr>
<tr>
<td>21</td>
<td>Do you have a plan to save?</td>
<td>A Yes</td>
</tr>
</tbody>
</table>
### Module A3

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>What is a financial institution?</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>12.</td>
<td>Types of financial service providers:</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>13.</td>
<td>Which ones are formal financial services providers?</td>
<td>A Post office, banks, cooperatives</td>
</tr>
<tr>
<td>14.</td>
<td>What kind of products are offered by financial institutions?</td>
<td>A Savings, loans, money transfer, bill payments</td>
</tr>
<tr>
<td>15.</td>
<td>Financial services provider that remits money is a:</td>
<td>A Remittance agent</td>
</tr>
<tr>
<td>16.</td>
<td>What is an interest charge?</td>
<td>A Amount of money charged to lender</td>
</tr>
<tr>
<td>17.</td>
<td>Other charges on financial products:</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>18.</td>
<td>Interest income is:</td>
<td>A Payment by bank to saver</td>
</tr>
<tr>
<td>19.</td>
<td>Definition of Non Financial Benefits:</td>
<td>A Access to other bank services</td>
</tr>
<tr>
<td>20.</td>
<td>If you want to be a bank client, you should:</td>
<td>D All are correct</td>
</tr>
</tbody>
</table>

### Module B1

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.</td>
<td>Why do we need to save?</td>
<td>C Both a) and b) are correct</td>
</tr>
<tr>
<td>11.</td>
<td>Who can help you achieve your saving plan?</td>
<td>C You</td>
</tr>
<tr>
<td>12.</td>
<td>We can open a saving account by:</td>
<td>A Understanding the requirements and filling in the application</td>
</tr>
<tr>
<td>13.</td>
<td>Interest in savings is:</td>
<td>A Money earned by deposited funds</td>
</tr>
<tr>
<td>14.</td>
<td>Where can you save?</td>
<td>A BPR and cooperatives</td>
</tr>
<tr>
<td>15.</td>
<td>What is minimum balance?</td>
<td>C Minimum amount left in an account</td>
</tr>
<tr>
<td>16.</td>
<td>What do you usually have to pay when you have a saving account:</td>
<td>A Administrative charges</td>
</tr>
<tr>
<td>17.</td>
<td>What do people do in Arisan – ROSCA (Rotating Savings and Credit Association)?</td>
<td>B Members deposit the same amount each month into a group account</td>
</tr>
<tr>
<td>18.</td>
<td>Which of the following is a formal financial institution where you can save?</td>
<td>B Bank and cooperative bank</td>
</tr>
</tbody>
</table>
Module B2

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name different types of loans based on their purposes.</td>
<td>C 1. Working capital 2. Investment 3. Consumer loans</td>
</tr>
<tr>
<td>2.</td>
<td>What are the benefits of loans for the borrower?</td>
<td>C 1. Alternative source of funds 2. Available in large amount 3. Access to other services</td>
</tr>
<tr>
<td>3.</td>
<td>Is a loan with 3% interest better than a loan with 4% interest? Why?</td>
<td>A Not necessarily, depends on the calculation methods – flat or declining. Flat method will result in higher installment rate even though the interest rate is lower</td>
</tr>
<tr>
<td>4.</td>
<td>Name the characteristics of a good borrower.</td>
<td>A Plans well Uses loans according to purpose Able to pay on time Give correct information to the lender Do not “run away” when financial problems occur</td>
</tr>
<tr>
<td>5.</td>
<td>Who can get a loan, what kind of qualifications have to be met?</td>
<td>A Those who need money and have the ability to pay it back in line with requirements</td>
</tr>
</tbody>
</table>

Module B3

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>What do you know about budgets:</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>12.</td>
<td>Do you have a budget of your own?</td>
<td>C a) and b) are correct</td>
</tr>
<tr>
<td>13.</td>
<td>Deficit occurs when:</td>
<td>A Post office, banks, cooperatives</td>
</tr>
<tr>
<td>14.</td>
<td>Discrepancy is:</td>
<td>A Savings, loans, money transfer, bill payments</td>
</tr>
<tr>
<td>15.</td>
<td>When income is greater than expenses, it is:</td>
<td>A Remittance agent</td>
</tr>
</tbody>
</table>
### Module O1

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>What is the purpose of insurance?</td>
<td>A To protect your money</td>
</tr>
</tbody>
</table>
| 12. | Name different types of insurance:                                       | B a) Business  
b) Education  
c) Saving |
| 13. | The cost of insurance is:                                                | C Premium      |
| 14. | The pitfall of insurance is:                                             | A Exclusion    |
| 15. | The payment scheme for insurance is:                                     | C Both a) and b) are correct |
| 16. | What is lapse?                                                           | A Failure of payment on due dates |
| 17. | What insurance covers fire hazards?                                       | C Property     |
| 18. | Name one of the advantages of insurance compared to other financial services: | C Lump sum amount |
| 19. | Name one of the disadvantages of insurance compared to other financial services: | A Unclaimed payment |
| 20. | What institutions are managing insurance services?                       | A Banks        |

### Module O2

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Correct Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Remittance is:</td>
<td>A A transfer of money by a foreign worker to his or her home country</td>
</tr>
<tr>
<td>2.</td>
<td>Where do people usually transfer money?</td>
<td>C Both a) and b) are correct</td>
</tr>
<tr>
<td>3.</td>
<td>What is the purpose of remittance service?</td>
<td>C Both a) and b) are correct</td>
</tr>
<tr>
<td>4.</td>
<td>What do you have to pay when transferring money?</td>
<td>B Fee</td>
</tr>
<tr>
<td>5.</td>
<td>What do you have to pay when receiving money from remittance?</td>
<td>C Nothing</td>
</tr>
<tr>
<td>6.</td>
<td>Where can you transfer money?</td>
<td>B Post Office</td>
</tr>
<tr>
<td>7.</td>
<td>Where can you receive money from remittance?</td>
<td>B Post Office</td>
</tr>
</tbody>
</table>
### Answer Sheet: Types of Loans

#### Answers to Exercise FLB2 Handout 1.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>Consumer Loan</td>
</tr>
<tr>
<td>M</td>
<td>Working Capital</td>
</tr>
<tr>
<td>I</td>
<td>Investment</td>
</tr>
</tbody>
</table>

1. Budi wants to have his own bicycle for his daily work routine.  
   - **K**

2. Tono is a street vendor selling prepared food. He needs a motorcycle for his daily routines such as taking his children to school, taking his wife to community activities and others. He doesn’t intend to use the motorcycle for grocery shopping.  
   - **K**

3. Lisa is a cake and pastry businesswoman. To increase her sales she needs a loan from the cooperative to buy raw materials such as flour, sugar, salt, rice and so forth.  
   - **M**

4. Iwan is a collective trader of agricultural products such as rubber, coffee and clove. In order to accelerate his business, he needs a truck to transport the agricultural products that he’s bought. He proposes a credit to the bank.  
   - **I**

5. Dini is a poor young widow who does not have any relatives that can help her. At this moment she is sick and unable to work to earn money for her everyday needs such as food, clothes and others.  
   - **-**

6. Yanto has a meatball street vendor. To increase his sales he wants to buy a motorcycle to help him reach a wider area. He receives credit from his local cooperative.  
   - **I**

7. Rudi is unemployed. He lost his job 3 months ago since the automotive company where he worked as a mechanic was experiencing bankruptcy. Rudi now only has a small amount of money from his dismissal, using which he plans to open an auto repair shop. But the money seems to be insufficient to implement his plan. Therefore, he plans to submit a credit proposal to local BPR to buy workshop tools.  
   - **I & M**

8. Ari is an employee at a state-owned company. The distance to work is around 20 km from home. For efficiency, Ari wants to buy a motorcycle on credit.  
   - **K**

9. Agus has been a used-motorcycle dealer for two years. There is an increase in demand but Agus does not have the funds to meet the demand. He intends to submit a credit proposal to the bank.  
   - **M**

10. Rizal is a vegetable seller who has three school-aged children. In a month’s time his eldest children will graduate to elementary school but Rizal does not have enough money to pay the entrance fees. He doesn’t have savings. What kind of loan does Rizal need?  
    - **K**
Appendix 11

The Certification Process

The certification process is based on a grading system with a range of pass/fail levels from A to F. The learning modules are sequential, which means that one must pass one level before moving up to the next level. Therefore, to take one particular course, participants must first make sure that they have taken the prerequisite courses. The required passing grade is a “C,” which means that participants have to be able to answer a minimum of 70% of the test questions correctly in order to move on to the next course.

Learning Modules, sequential

<table>
<thead>
<tr>
<th>No</th>
<th>Unit of Competencies</th>
<th>Prerequisites</th>
<th>Passing Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Principles and Attitude for Sound Financial Management</td>
<td>None (EAST project beneficiary)</td>
<td>C</td>
</tr>
<tr>
<td>A2</td>
<td>Making Wise Spending Decisions</td>
<td>A1</td>
<td>C</td>
</tr>
<tr>
<td>A3</td>
<td>Roles of Different Financial Services Providers</td>
<td>A1, A2</td>
<td>C</td>
</tr>
<tr>
<td>B1</td>
<td>Saving for a Better Future</td>
<td>A1, A2, A3</td>
<td>C</td>
</tr>
<tr>
<td>B2</td>
<td>Managing Loans</td>
<td>A1, A2, A3, B1</td>
<td>C</td>
</tr>
<tr>
<td>B3</td>
<td>Create a Personal Budget/Savings Plan</td>
<td>A1, A2, A3, B1, B2,</td>
<td>C</td>
</tr>
</tbody>
</table>

Learning Modules, optional

<table>
<thead>
<tr>
<th>No</th>
<th>Unit of Competencies</th>
<th>Prerequisites</th>
<th>Passing Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>O1</td>
<td>Insurance Can Help Secure a Better Future</td>
<td>A1, A2, A3, B1, B2</td>
<td>C</td>
</tr>
<tr>
<td>O2</td>
<td>Remittances</td>
<td>A1, A2, A3, B1, B2</td>
<td>C</td>
</tr>
</tbody>
</table>
The certificate for each participant who passes the course will contain the minimum information as follows (the actual format is up to the sponsor):

**Front of certificate**

*This is to certify that*

*(name of participant)*

*has taken the course*

**Pocket Full of Change: Financial Education for Youth**

*held at* ___(name of the place)___

*and completed the learning modules*

*as recorded on the reverse of this certificate*

*and is considered competent to manage her/his personal finances*

Signed by: __________________

Date: ______________________

Approved by: __________________

Date: ______________________
### Reverse of certificate

<table>
<thead>
<tr>
<th>Unit of Competencies</th>
<th>Date of Completion</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Principles and Attitude for Sound Financial Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2 Making Wise Spending Decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3 Roles of Different Financial Services Providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1 Saving for a Better Future</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2 Managing Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B3 Create a Personal Budget/Savings Plan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Optional learning modules

<table>
<thead>
<tr>
<th>Optional learning modules</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>O1 Insurance Can Help Secure a Better Future</td>
<td></td>
</tr>
<tr>
<td>O2 Remittances</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 12

Ways of Forming Groups

The following information was developed by the Child and Youth Network, Denmark. It was accessed from their website:

http://www.redbarnet.dk/Workshop/Facilitation_Techniques/Forming_Groups.aspx

Groups can be formed in many ways and with many purposes. Groups can be formed before a workshop. They can be randomly formed during a session, they can be self-selected, structured and sequenced.

Pre-formed groups

Groups that are formed before the workshop or a particular session are useful when group composition matters, e.g. where there are difficult group members and where groups have to work together over a longer period of time. Pre-formed groups can assure diversity, an appropriate mix of gender, age, experience, organization, language, etc. Peer groups are, in contrast, groups of equals determined by a certain criteria.

Steps

1. Mapping of participants can be a way of working out the composition of diverse or peer groups.

2. Write names on cards and sort them out on the ground or a table. Coloured marks can indicate characteristics that need to be matched or mixed.

3. Announce or display the groups

   - Name plates or tags can be used to indicate which group the participants belong to. Colours or numbers, perhaps combined with a list of group members, can be indicators.

   - Letters or lists can be sent out beforehand, handed out at the workshop or displayed on a list.

   - Find and fit is a more fun and participatory way of finding the right group. Write the participant’s name on the back of picture postcards of animals, for example. An animal, e.g. a zebra, indicates which group the person belongs to. Another way can be to cut up postcards and write the names of the group members on each piece of the card. Hand out the pieces randomly and let participants fit the missing pieces of the puzzle together. That way the group is already working together.

Be aware

- Pre-formed groups can cause participants to speculate on the criteria used and they might wish to be members of other groups.
• Pre-formed groups can lead to resentment and requests for change. To refuse change can be difficult and to allow change can upset the careful balance in the group composition.

Random groups
Groups where participants are together entirely or largely by chance. They can be used for rapid group discussions, buzz group, ice-breakers or small exercises. They are good as mixers early in a workshop. The forming of random groups can be used as small energizers to wake people up.

Numbering groups
1. Decide on the size or number of groups you want to form before starting the counting.
2. Ask people to number themselves up to the number of groups needed. The 1s form one group, the 2s another group and so on. Make sure that the counting is quick, or help people by pointing to the next person, or do the counting yourself.
3. People with the same numbers form groups.

Personal characteristics
1. Choose a personal characteristic such as:
   - The first letter of their name
   - Birth date or month
   - Colour of clothes
   - Distance from home to the place of the workshop, etc.
   Be careful with personal characteristics such as age, height, weights. These can be sensitive.
2. Ask people to stand in straight lines or circles together with people who share the same characteristics. These can be the groups or you can use the lines to number new groups.

Neighbours
1. Ask participants to discuss with their neighbours. Good for short buzz groups. Boring if the same people are paired several times.
2. To mix people randomly use an energizer like fruit salad.

Structured groups
Groups that contain a deliberate mix based on types of people, not the individuals. This can ensure a range of views and it is more participatory than pre-formed group.
Team up
1. Ask similar people to stand together: gender, age, profession, seniors, juniors, language, nationality, etc.
2. Ask them to divide themselves into smaller groups. They then find and bond with others from other groups.

Tip
→ To make the group division more participatory, ask the participants to brainstorm on the group criteria and categories for diversity. List those in each category and let the participants decide on how many and who should be in each group.

Share the expert
1. Ask those with special knowledge, expertise, experience or skills to raise their hands.
2. Others then cluster around them so that each group has one or more experts with whom to share knowledge.

Common interest groups/peer groups
1. People with a common interest in a topic form groups.
2. Common interest groups are often useful towards the end of the workshop to work out implications, actions and support mechanisms. (For support mechanism, see the section on “peer learning groups”)

Home groups
This is a way of creating a safe space for participants by letting them get to know a small group of other participants quickly. Home groups are normally formed at the beginning of the workshop. Their size can vary, but 5 to 6 is the ideal number. They can serve different purposes:
• Group work (the facilitator does not have to form groups).
• Practical chores during the workshop, e.g. assisting in the kitchen, setting up the workshop room, etc.
• Doing energizers, facilitating check in or out, reporting back to facilitators.
• Sharing learning points after the session or the day, clarifying language and discussing concepts used during the sessions.
Steps

1. **Decide** on the criteria for forming the groups, diverse groups, peer groups or random groups.

2. **Make** a list of responsibilities for the groups. Place it somewhere visible. Alternatively, ask participants to draw up a list of responsibilities.

3. **Introduce** the groups during the introduction phase of the workshop. Make a few group dynamics exercises with the groups.

Tip

 Allocate a day or a session for each home group. Remember to use the groups and the expertise within them.
Appendix 13

Evaluation Form

Pocket Full of Change

MODULE EVALUATION FORM

Date : ..............................................................
Module : ..............................................................

The following is a scale of satisfaction, in general how did you feel about the module. Circle the number that best reflects how you feel.

<table>
<thead>
<tr>
<th></th>
<th>Very Good</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Unsatisfactory</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trainer performance</td>
<td>5</td>
<td>4</td>
<td>3</td>
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<tr>
<td>Training method</td>
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</tr>
<tr>
<td>Module content</td>
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<tr>
<td>Venue (Layout)</td>
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<td>Training aids</td>
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<tr>
<td>Training time</td>
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</tbody>
</table>

In a few lines, explain why you feel this way. ..............................................................
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Were there any specific weaknesses or strong points, how did you feel about the training? Choose a category that best reflects how you felt about each item. Put an “x” in the column that corresponds to the way you feel about it. Insert additional items, if you wish.

<table>
<thead>
<tr>
<th>Item</th>
<th>Very Good</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Unsatisfactory</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
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<td>Trainer performance</td>
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<td>4</td>
<td>3</td>
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<td>Training method</td>
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<td>Training time</td>
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</tbody>
</table>

In a few lines, explain any issues or suggestions you may have about the training (anything unclear, confusing, could be improved, not included but should be, etc.).
...........................................................................................................................................
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INTRODUCTION

Pocket Full of Change

Financial Education for Youth

Course Content

The module consists of three main competencies in relation to:

1. Principles of financial management
2. Financial products
3. Personal budgets

The first main competence “Understanding the principles of sound financial management, the role of the financial institutions, and the importance of controlling spending,” is broken down into three units of competencies:

a. Understanding the principles and developing the positive attitude required for the sound management of income and expenses
b. Making wise spending decisions
c. Distinguishing between the roles of available financial institutions
The second main competence “Selecting financial products according to specific criteria and personal needs,” entails further elaboration into four units of competencies:

a. Defining the principles of saving. How saving can help achieve a better future, and building the commitment to start saving

b. Understanding how to manage loans in a productive way

c. Understanding how insurance can secure a better future

d. Understanding how to make remittances faster and more reliably

The third main competence “Establishing a personal budget in line with goals and forecasted income,” focuses on creating a personal budget.

Modules

Module A1 Principles and Attitudes for Sound Financial Management
Module A2 Making Wise Spending Decisions
Module A3 Roles of Different Financial Services Providers
Module B1 Saving for a Better Future
Module B2 Managing Loans
Module B3 Create a Personal Budget/Savings Plan

Optional Modules:

Module O1 Insurance Can Help Secure a Better Future
Module O2 Remittances
## Suggested Agenda

### Day 1

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>0830-1000</td>
<td>Introduction &amp; Opening Ceremony</td>
</tr>
<tr>
<td>1030-1100</td>
<td>Break</td>
</tr>
<tr>
<td>1100-1200</td>
<td>Module A1 Envision a positive future and set initial financial goals</td>
</tr>
<tr>
<td>1200-1300</td>
<td>Break</td>
</tr>
<tr>
<td>1300-1500</td>
<td>Module A1 Principles of personal financial management</td>
</tr>
<tr>
<td>1500-1515</td>
<td>Break</td>
</tr>
<tr>
<td>1515-1700</td>
<td>Module A1 Principles of personal financial management</td>
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</table>

### Day 2

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>0830-1000</td>
<td>Module A2 Expenditure – needs &amp; wants</td>
</tr>
<tr>
<td>1000-1015</td>
<td>Break</td>
</tr>
<tr>
<td>1015-1100</td>
<td>Module A2 Average monthly income/wise spending decisions</td>
</tr>
<tr>
<td>1100-1200</td>
<td>Module A3 Roles of different financial services providers</td>
</tr>
<tr>
<td>1200-1300</td>
<td>Break</td>
</tr>
<tr>
<td>1300-1500</td>
<td>Module A3 Financial intermediary role/Choosing a financial services provider</td>
</tr>
<tr>
<td>1500-1515</td>
<td>Break</td>
</tr>
<tr>
<td>1515-1700</td>
<td>Module B1 Saving for a better future</td>
</tr>
</tbody>
</table>

### Day 3

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>0830-1000</td>
<td>Module B1 Identify savings products and services</td>
</tr>
<tr>
<td>1000-1015</td>
<td>Break</td>
</tr>
<tr>
<td>1015-1110</td>
<td>Module B1 Select appropriate savings methods and products</td>
</tr>
<tr>
<td>1110-1200</td>
<td>Module B2 Understand the nature of loans</td>
</tr>
<tr>
<td>1200-1300</td>
<td>Break</td>
</tr>
<tr>
<td>1300-1405</td>
<td>Module B2 Cost of loans/selecting loans/good loans vs bad loans</td>
</tr>
<tr>
<td>1405-1500</td>
<td>Module B2 Wise borrower/who can get loans</td>
</tr>
<tr>
<td>1500-1515</td>
<td>Break</td>
</tr>
<tr>
<td>1515-1700</td>
<td>Module B2 Where to get loans</td>
</tr>
</tbody>
</table>

### Day 4

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>0830-1000</td>
<td>Module B3 Create a personal budget/savings plan</td>
</tr>
<tr>
<td>1000-1015</td>
<td>Break</td>
</tr>
<tr>
<td>1015-1050</td>
<td>Module B3 Savings plan/ACTION plan</td>
</tr>
<tr>
<td>1050-1200</td>
<td>Module O1 Role and functions of insurance</td>
</tr>
<tr>
<td>1200-1300</td>
<td>Break</td>
</tr>
<tr>
<td>1300-1415</td>
<td>Module O1 Selecting suitable insurance</td>
</tr>
<tr>
<td>1415-1500</td>
<td>Module O2 Remittances</td>
</tr>
<tr>
<td>1500-1515</td>
<td>Break</td>
</tr>
<tr>
<td>1515-1545</td>
<td>Module O2 Remittances exercise and simulation</td>
</tr>
<tr>
<td>1545-1700</td>
<td>Revision/Wrap up</td>
</tr>
</tbody>
</table>

FLA1 Sound Management
FLA1 OH5.1

FLA1 Sound Management
FLA1 OH5.2
PRINCIPLES AND ATTITUDES FOR SOUND FINANCIAL MANAGEMENT

Financial Education for Youth

Principles

• To gain a vision and formulate goals for the future in financial terms
• To understand the simple concept of personal financial management
• To understand the benefits of personal financial management and the importance of self-discipline
• Explore some ways to maintain discipline and remember to record finances
Types of Income

• Regular:
  – Predictable, certain
  – Fixed amount
  – Received within a certain time frame (every week or every month or every year)

• Irregular:
  – Unpredictable, uncertain
  – Amount cannot be determined in advance
  – Received occasionally or rarely
Needs versus Wants

• **Needs** are something of basic necessity that you can’t do without
  – For example: food, water, shelter and clothing

• **Wants** are something not needed for everyday survival
  – For example: vacations, air conditioners and iPods

FINANCIAL INSTITUTIONS

Financial Education for Youth
• An institution which accepts deposits, provides loans, and offers related services.
• An institution which is regulated by a government. Its primary activity is to lend money and provide a venue for investment.

Banks are important players in financial markets and offer financial services such as investment funds.

• BRI, Bank Danamon, Bank Permata, BCA
An institution that supplies loans, savings, and other basic financial services to the poor.

They have proved to be a powerful instrument for poverty reduction that enable the poor to build assets, increase incomes, and reduce their vulnerability to economic stress.

Cooperative Bank, Credit Union, BRI Unit Desa
Banks versus Microfinance Institutions

<table>
<thead>
<tr>
<th></th>
<th>Bank</th>
<th>Microfinance Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Requirements</strong></td>
<td>Higher amount for saving and loans</td>
<td>Lower amount for saving and loans</td>
</tr>
<tr>
<td><strong>Advantages</strong></td>
<td>Offers a broader variety of products &amp; lower interest rate</td>
<td>Some loans do not require collateral</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Requires collateral for loans</td>
<td>Products are more limited &amp; higher interest rate</td>
</tr>
</tbody>
</table>

FLA3 Financial Services
FLA3 OH6
SAVING

Financial Education for Youth
Why Save?

- Personal use (clothes, entertainment, etc.)
- Emergencies
- Future opportunities (education, business investments, assets, wedding, retirement, etc.)
- Others….

Types of Savings:

**Voluntary**
- Liquid passbook (demand deposit)
- Time deposit
- Savings Clubs or Contractual products (for instance: deposit on call)
- Retirement or children’s education fund
- Account for children / youth

**Compulsory**
- Membership requirements (cooperative)
- Tied to a loan
- Group lending
Where to Save:

- At home or in kind
- Self help group (savings club)
- Post office
- Cooperative
- Bank
- MFIs
- Others: .....

How to Calculate Interest:

- Interest income:
  \[ \text{% (annual percentage)} \times \text{average amount for the year} \]
- Charges:
  - administrative fees
  - penalty, if applicable
- How much you make from the account
  \[ \text{interest income} - \text{charges} \]
Opening a Savings Account:

Savings Institutions

Formal
- Credit Union
- Cooperative
- MFI’s
- Banks
- Post Offices

Informal
- Savings club
- ROSCA
What you Have to Know about Saving

- Interest Rate
- How long the saving contract is for (time duration)
- Opening Deposit
- Minimum Deposit
- How often can you take the money out (frequency of withdrawal)
- What do you have to pay when saving (charges)
- Other terms of use
- Access/convenience
MANAGE LOANS IN A PRODUCTIVE WAY

Financial Education for Youth

Types of Loans Based on Lending Method

• Individual Loan
  Loans given to one person, in which the person has the full responsibility for the repayment.

• Group Loan
  Loans given for people in a group and the group will be responsible for one another should there be a repayment problem.
Benefits of Taking Loans

1. An alternative source of funds
2. Available in large amounts from some institutions
3. Quick process, especially if the borrower has received financing/credit a few times already from the financial institution
4. Access to other services through linked programmes

Costs of Loans

1. Interest
2. Provision and commissions
3. Administration
4. Stamp duty
5. Notary
The Danger of Loans

- Risk of getting over-indebted
- Not having a good repayment source
- Not understanding loan terms

Who is a Good Borrower?

- Anyone who needs the loan and has the willingness and ability to repay in compliance with terms, conditions and the payment schedule.
Good Borrowers

1. Plan well and have a good business plan
2. Use loans according to their purpose
3. Pay on time
4. Give correct information to the lender
5. Do not run away from creditors when financial problems occur
6. Communicate with the creditor when unplanned problems occur

The Benefits of being a Good Borrower

1. Credit trustworthiness increases
2. The potential to receive loans of higher amounts in the future
3. The possibility to receive benefits of other products through linked programmes
4. Should there be financial problems due to an unfavourable business situation, the creditor may offer assistance in finding solutions
5. The possibility to get discounted fees or other rewards
Where to Find Working Capital and Investment Loans

1. Banks: Commercial Banks, Rural Banks (BPR)
2. Cooperatives: Cooperative Banks, Lending and Borrowing Units
3. Regional Savings and Loans Organizations: LPD (in Bali), Lumbung Piti Nagari (in West Sumatra), Badan Kredit Kecamatan (in Central Java);
4. Others: NGOs, Government (PNPM)

Where to Get Consumer Loans

1. Banks: Commercial Bank, Rural Bank (BPR)
2. Cooperatives: Cooperative Banks, Lending and Borrowing Units
3. Regional Savings and Loans Organizations: LPD (in Bali), Lumbung Piti Nagari (in West Sumatra), Badan Kredit Kecamatan (in Central Java);
4. Credit Cards: Bank in cooperation with merchants develop sales programmes on certain goods.
5. Others: NGOs, Government (PNPM)
INSURANCE

Financial Education for Youth

What is Insurance?
Insurance ...

protects people from financial loss due to an unpredictable event or risk, through risk pooling and the payment of a premium

Two Types of Risks

• Life Cycle Risk
  Unplanned Births, Education, Retirement, Death

• Idiosyncratic Risk
  Illness, Accidents, Unemployment
How Insurance Works:

- It is like saving for emergency or future use, and the money is released in the case of the event we are insured for (death, disease, etc.)
- Pooled risks. Clients share the risk, the costs of which (the premium) are lower than what they would otherwise be
- Money is retained for a certain duration of time – usually for a long term
- The amount people have to set aside is smaller as a result than if they were not covered
- People may benefit from much a bigger lump sum amount than if they save on their own

Saving for Emergencies versus Insurance

**Saving**
- The total amount is only ever equal to the amount we save based on our financial capacity; an emergency can cost much more than we have saved for

**Insurance**
- The total claim can be much greater than the total premiums we pay
- Especially useful when emergencies or the unexpected happens
The Purpose of Insurance

- The purpose of insurance is to provide the highest possible protection to the client against unpredictable events that cause loss at the lowest cost to the client
- To secure the future and improve sustainability by reducing the risk of loss, especially catastrophic loss

Terms Used in Insurance:

- Premium
- Claim
- Amount of coverage
- Time duration
- Penalty
- Lapse
What You Pay for: The Cost Elements of Insurance

• Premium
  • the amount that you have to pay over a certain period of time (monthly, quarterly or yearly) to get coverage for a pre-defined amount

What You Get from Insurance: Benefits

• Claims during a given period based on agreed coverage
• Claims can be paid to the person insured, or in case of death, paid to a third person (e.g. a family member)
Different Types of Insurance:

- Credit Life
  - eg. Pensions, funeral
- Disability
  - eg. Temporary, permanent, partial, total,
- Health
  - eg. Outpatient, hospitalization, dental surgical, optical
- Property
  - eg. Fire, floods, theft, livestock, agriculture

Do You Need/Want Insurance?

- What risks do you currently face?
- How do you address them now?
- What could be more effective?
Where Can You Get insurance:

- Insurance Company
- Bank
- Microfinance Institutions
- Independent Insurance Agent

Insurance Application Process:

- Product promotion and product selection
- Data completion: - Filling in the application form - Copying supporting documents
- Due diligence by insurance company
- Approval – issuing underwriting
REMITTANCES

Financial Education for Youth

What is Remittance?

• A remittance is a transfer of money by a foreign worker to his or her home country
• Sending money home
  Or
• Receiving money from a relative, a friend or an employer.
## Where to Go for Remittance Services?

<table>
<thead>
<tr>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Banks</td>
<td>• Friends</td>
</tr>
<tr>
<td>• Community Banks</td>
<td>• Relatives</td>
</tr>
<tr>
<td>• Cooperatives</td>
<td>• Employers</td>
</tr>
<tr>
<td>• Post Offices</td>
<td></td>
</tr>
<tr>
<td>• Western Union</td>
<td></td>
</tr>
<tr>
<td>• Money Gram</td>
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</tbody>
</table>

### Formal Remittance Process:

1. Sender requests service using application form
2. The institution wires the money to correspondent institution
3. The correspondent institution informs the recipient
4. Recipient comes to the correspondent institution to claim the money
5. Recipient informs sender of the receipt
Formal Remittance Process:

- You request the service using an application form
- The institutions uses wire or cheques to send the money through their correspondent/partner institutions in the destination city of the intended recipient
- The correspondent institution informs the recipient
- The recipient comes to the correspondent institution to claim for the money

What You Need to Know about Remittance:

- How to use the service – the application process
- Fees
- Exchange rate
- Other costs, if any
- Safety
- Speed
- Convenience (Proximity)
What You Have to Pay to Use Remittance Services:

To send money:
• Fee by the originating bank
• Fee for the correspondent bank, if any

To receive money:
• None

How to Claim the Money Received:

If the recipient has a bank account:
• You can remitt directly to the account
• Check the balance

If recipient doesn’t have an account:
• Go to the bank counter to claim the money

What to bring:
• ID
• password
Where You Can Receive the Money

• Banks
• Rural banks
• Post office
• Informal agents: …..

Application Process for Remittance:

How to fill in the form
• The name and address of recipient, telephone number if any
• The name and address of sender, telephone number if any
• The amount to be received
• Other information: __________

Please look at the sample forms provided by the Trainer
This Trainer’s Manual contains comprehensive guidelines to help youth develop the positive attitude required for the sound management of their income and expenses; improve their financial situations by making smart spending decisions; learn about the benefits of saving, being a wise borrower and taking calculated loans; and ultimately, produce a personal budget and savings plan that will help them accomplish their short and long-term financial goals. This manual provides trainers with up-to-date and hands on reference materials to support young people and furnish them with the relevant knowledge and skills to manage their own finances responsibly and independently.