

FINANCIAL EDUCATION Trainee's Guide



International
Labour
Organization



G H A N A



Manage your money smartly!

giz

Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



german
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DEUTSCHE ZUSAMMENARBEIT

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INTRODUCTION

1. BACKGROUND

The document you have in your hands is the Trainee's guide on financial education. It targets primarily (potential) migrants and returnees in Ghana who wish to improve their money management.

This Trainee's guide introduces basic knowledge, skills and tools related to earning, spending, budgeting and using financial services such as savings, credit, money transfers and insurance.

It is part of a training package entitled "Financial education for potential and returning migrants in Nigeria and Ghana" aimed at improving the management of finance by people who are affected by migration. This training package equips them with adequate financial knowledge and management skills, strengthens their behaviour that leads to increased saving, and more productive and responsible spending and borrowing, promotes equality between men and women, and strengthens women's role in family decision making on money matters.

The training package was developed by the International Labour Organization (ILO) based various ILO financial education tools created for different target groups and for use in Asia and Africa, and adapted to the migration and country contexts in Ghana and Nigeria.

This Trainee's Guide is intended for use as a workbook during the financial education training and as a quick reference guide thereafter.

This Trainee's Guide was developed in the frame of the ILO Project "Initiative on Labour Migration, Employment and Reintegration" with the support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

2. PRESENTATION OF THE TRAINEE'S GUIDE

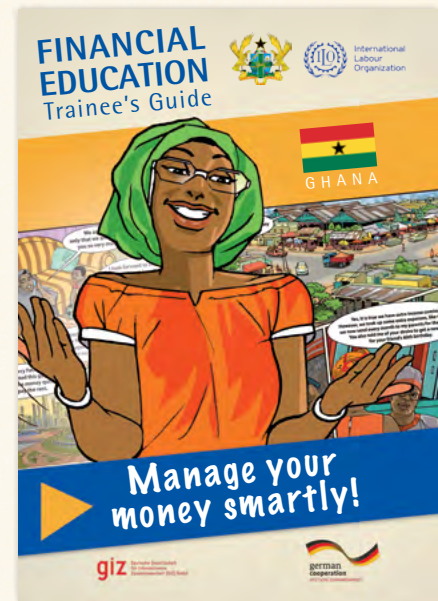
Financial education, what is it about?

Financial education is knowledge, skills and tools that enable us to better manage your money. The training you are going to attend will enable you to plan and prepare for your projects in the future. It offers the opportunity to learn skills related to earning, spending, budgeting, saving, borrowing and ways to make the most of your resources.

It will also give you the opportunity to think about communicating better on money matters with your family, your relatives or your employer and to sort out some challenges when they arise.

You will learn or review some tools to manage well your money.

Financial services such as credit, savings, money transfers or insurance won't have any secret for you.



How to use this Trainee's Guide?

You should use this Trainee's Guide during the training on financial education. The order of the chapter follows the modules and sessions of the training. However, feel free to read any chapters as you please!

This Guide includes many exercises and worksheets that you can fill for yourself.

3. INTRODUCTION TO THE CHARACTERS

The training programme uses the stories and experiences of four main characters:

Here are their profiles.

IDENTITY CARD

NAME: Kofi

Marital status: *Single*

Level of educational attainment: *Senior Secondary (High) School certificate*

Type of occupation and field of study: *He works with his father in a car spare parts sales shop*

Migration status: *He has plans to migrate to Europe to play professional soccer with a club*

Attitude to money: *Thrifty*

Financial characteristics: *He has a savings account*

Financial characteristics of the family:

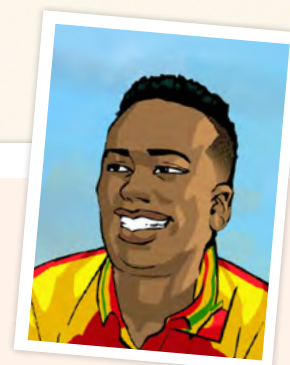
- *His father has a bank account linked to the car spare parts sales business*
- *His mother does not like financial institutions for managing personal money. She keeps her money at home*

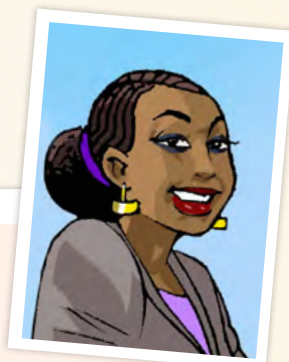
GOALS

- To migrate to Europe to play professional soccer
- To buy a new smart phone
- To buy a suit for his friend's wedding where he is the best man

Secondary characters :

- His parents: His father runs the spare parts shop, while his mother has a small home-based sewing business.
- His friends Appiah and George: Appiah works in a furniture making factory, while George works as a technician in a mobile phone repair shop. George had tried to migrate to Europe but was eventually deported.
- His neighbour Ada, who sells food in the neighbourhood.
- His older sister Akosua is a professional nurse based in the USA.





IDENTITY CARD

NAME: Akorfa

Marital status: *Single mother of two children*

Level of educational attainment: *A first degree in English and German*

Type of occupation and field of study: *She works as a school administrator in town*

Migration status: *Akorfa is a voluntary returnee from Germany where she used to teach English as a foreign language. She received information and support from a German government programme to return to her homeland*

Attitude to money: *Thrifty*

Financial characteristics: *She saves her money in a bank*

Financial characteristics of the family:

- *Akorfa parents have a bank account where they saved the money she used to send them while she was in Germany*
- *Now that she is back in the country, they have continued to use the same bank account for the monthly allowances she sends them*
- *Her mother belongs to an Esusu group*

GOALS

- To set up a language school
- To attend an entrepreneurship training that will equip her to start her own business

Secondary characters:

- Her parents
- Her children
- Her brother Kwame who wants her to help him set up a barbing salon.
- Her younger sister Adwoa also wants her to buy her a new smart phone.
- Her childhood friend Abigail, a returnee from Italy.
- Her cousin Ama who also works in a school.

IDENTITY CARD

NAME: Kyeraa

Marital status: *Married with one child*

Level of educational attainment: *OND (Ordinary National Diploma)*

Type of occupation and field of study: *She runs a shop where she sells clothes*

Migration status: *Her husband Amoah is a migrant worker in the UK where he works as an IT Technician.*

Attitude to money: *Carefree*

Financial characteristics: *Occasionally, she saves some money in a microfinance institution, but most times she just spends up all the income she makes from her shop*

Financial characteristics of the family:

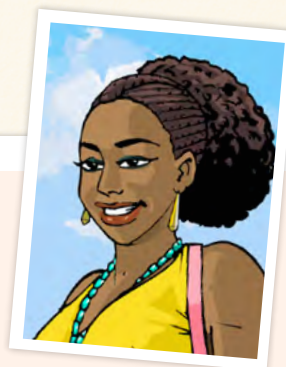
- *Her husband has a bank account in the UK*
- *She receives money from her husband through a money transfer operator*

GOALS

- *To build a shop in front of her house so she stops paying rent.*

Secondary characters:

- Her husband Amoah
- Her friend Mansa
- Her parents in law



IDENTITY CARD

NAME: **Musa**

Marital status: *Married with a son*

Level of educational attainment: *Junior Secondary (High) School*

Type of occupation and field of study: *A construction worker*

Migration status: *He is a migrant worker in Kuwait*

Attitude to money: *Thrifty*

Financial characteristics:

- *He does not use product or service from formal financial institutions*
- *He borrowed money from his family members to migrate to Kuwait*
- *He sends money through friends and acquaintances that are travelling back home and through money transfer operators.*

Financial characteristics of the family:

- *His wife does not use financial institutions*
- *She saves money at home*
- *She occasionally receives money from her husband through people travelling back home and then later on through money transfer operators*

GOALS

- *To work for about 5 years in Kuwait and then return home to start a construction business*
- *To help his wife Fatima set up a shop*

Secondary characters:

- *His wife Fatima*
- *His co-workers*



SET GOALS AND COMMUNICATE WITHIN YOUR FAMILY

A



A1. What does the following proverb mean? *"If a man does not know to which port he's steering, no wind is favourable to him."*

- ☐ a. You need to have wind to be able to sail.
- ☐ b. It is easier to realize your life projects if you know where you go and if you set concrete goals.
- ☐ c. It is easy to steer one's boat when there is wind.

A2. Do you have goals for the future?

- ☐ a. Yes, I have short-term and long-term goals and I save regularly to be able to achieve them.
- ☐ b. Yes, I have goals but there is no need to think about it as I will never have enough money to achieve them.
- ☐ c. I am too young to have goals for the future.

A3. Your parents call you to ask for money again for a ceremony in the village

- ☐ a. I send them money right away as you always do what your parents ask.
- ☐ b. I disagree strongly and refuse to send any money.
- ☐ c. I discuss with them to better understand their needs and see how I can help them keeping in mind my goals and my savings plan.

A4. What is a savings plan?

- ☐ a. A financial product.
- ☐ b. A plan where you can see your goals, their costs, the date by which you want to reach your goals, and the amount that you must save to reach them.
- ☐ c. A moneybox.

A5. What should you do before deciding if you should migrate?

- ☐ a. I should go to the bank and check whether I can borrow money to migrate.
- ☐ b. I should list all advantages and disadvantages, calculate how much it would cost, and make an informed choice.
- ☐ c. I should only listen to and trust people who have migrated.

A6. How can you calculate the financial costs of migrating?

- ☐ a. By listing all preparatory costs, costs during the journey, costs once I arrive, and costs for my family back home.
- ☐ b. By estimating the cost of travel to the destination country.
- ☐ c. By listening to stories of migrants and returnees.

1. SET YOUR GOALS

DEFINITION

A goal is something you want to do. Setting goals helps you to define what you want to do in life and hence to know what you need to do to make it come true.

EXERCISE

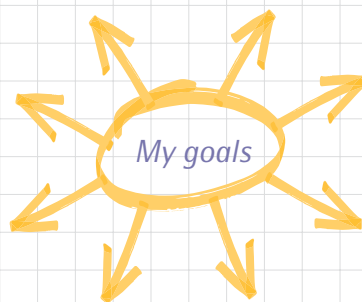
AKORFA'S DREAMS

Akorfa now works in a school as an administrator- a job she got after her return from Germany. When she returns home after work each day, she sometimes sits on her small balcony thinking about her future plans. Since her return with her 2 daughters, she has been thinking of starting a business. She would like to set up a German language school with her cousin Ama. She knows she can rely on her expertise, because she has gained many years of experience working in a school.

Furthermore, Akorfa would like to do some entrepreneurship training by way of preparation and also buy a more modern laptop. At the same time, she is thinking of helping her parents repair their house roof as the raining season is about to begin. Also, her brother Kwame wants her help to set up a barbing salon, and her younger sister wants her to buy a smart phone. Sometimes Akorfa also dreams of buying a plot of land to build a house of her own.

What are Akorfa's dreams? Write them here!

Have you ever thought about your goals? If so, write or draw them here!



2. TALK TO YOUR FAMILY ABOUT YOUR GOALS!



ADVICE TO DISCUSS YOUR GOALS WITH YOUR FAMILY

- Think well about what you want (and the reasons why you want it) before you talk to your family.
- Don't be afraid to talk about your goals. All men and women – young or old – have a right to set their own goals.
- Find allies in your family: persons to whom you would have talked before and who could support you, persons who are respected in the family.
- To talk about your goals to your spouse and/or other family members, choose the right time, set a time when they are available.
- Be confident when you talk about your goals and listen to the opinions of the other people without interruption.
- Be respectful to your family members and flexible on your position.
- If there is a disagreement, examine the issue and look for compromise solutions that will benefit everyone in the family.

3. DECIDE IF MIGRATING IS THE RIGHT CHOICE FOR YOU

Many people decide to migrate to make more money, but reality is much more complex than this. Your decision to migrate or not will affect your whole family. For example, if you work abroad you might be able to send money back to your country, but you would not be able to see your family for one or two years. Is the money worth it?

You might also end up working in a place that is dangerous. If you decide to migrate for work or study reasons, you will be responsible for your own safety and health.

Read the story of Akorfa and her family and answer the questions below:

CASE STUDY NO.1

I am Akorfa's mother. She is my eldest daughter. When she migrated to work in Europe about 5 years ago, I was very delighted that she got the opportunity. However, I was sad that my daughter was going to live abroad, far away from home. Although she sends us money every month for our upkeep and care and this has been very useful in ensuring that we always have three square meals on our table. This has also helped in paying for my younger daughter's schooling.

Since my daughter left for Europe, I have had to employ an assistant to help with my poultry business. Akorfa used to help me in the day to day running of the business, especially when it comes to receiving and attending to customers. She had such a way with people and my customers really loved relating with her! Her presence also gave me so much comfort, especially when I needed to make some family decisions. I miss her very much.

I am happy that she now has two beautiful daughters but at the same time sad that I was not with her when she gave birth and I also do not really know my two granddaughters. I would really like to be more involved in their lives, and play my part as their grandmother.

Discussion of the case study

- 1) What family members are affected by the fact that Akorfa has migrated? How does it affect them?
- 2) What has her going to work abroad enabled them to do?
- 3) What difficulties are they encountering as a result of her leaving?
- 4) Are there other ways, not included in our list, in which the family back home might be affected? If so, what are they?

People often think about the advantages of migrating only. But, migrating also has some disadvantages. Here are some examples of advantages and disadvantages of migrating. Could you add anything to the list?



Advantages of migrating

- Making more money
- Supporting your family to pay basic expenses: food, health, education, electricity...
- Learning new skills
- Discovering new jobs and a new way of life

Disadvantages of migrating

- Migrating could lead to debt that is hard to pay back
- Finding a job in a foreign country may take some time
- High cost of life in the new country
- Fear of being expelled (for migrants in an irregular situation)
- Risk of a dangerous work environment and of harassment



Key messages

- People decide to migrate for multiple reasons: make more money, have a different experience, study, acquire new skills, leave conflicts in their countries of origin...
- You need to understand the benefits of migration, that is, what you can achieve with it. You also need to analyse the disadvantages or costs, that is, what you and your family may lose due to migration.
- These advantages and disadvantages of migration can be linked to money but also to social and family relationships.
- A lot of false information is circulating on migration: unlike what people say, money is not collected on the ground anywhere, neither at home nor abroad!

4. CALCULATE THE FINANCIAL COSTS OF MIGRATING

Migration is expensive, but do you really know how much it costs to migrate? Can you distinguish between different costs? Read George's story and find out how you can be better prepared!

George leaves for Europe

I am George, Kofi's friend and I left for Europe about five years ago for greener pastures.

A friend of mine who had migrated to Europe had encouraged me and invited me to join him. He had promised me that if I could only arrange for my trip to Europe, he would take care of all my living expenses for the first six months of my arrival and that I would be able to secure a good job during this period. He went on to introduce me to an agent who would help facilitate the process for a fee.

The agent told me that I only needed to arrange for some money to cover my passport and transport fare through the Sahara to Europe. He assured me that this was the cheapest and safest way. I was able to raise the huge amount of money from my mother who secured a loan from a rich relative and used our family house as collateral.

As I embarked on the journey, I was faced with the reality that I was ill prepared for the long and tortuous journey. The agent had failed to tell me about other things I would need money for, such as payments to intermediaries, board and lodging during the journey.

After a torturous and dangerous journey through the desert and across the Mediterranean Sea, I eventually arrived in Europe and was reunited with my friend. Unfortunately, my friend had just lost his job and his apartment because he could no longer pay his rent.

I tried to secure a job for weeks in order to fend for myself but met a brick wall in all instances as I was told I needed a work permit. I eventually ended up in a migrant camp and was later deported to my home country. Now, I am back home and well settled in a new job, only that I have to work to pay back the loan my mother took for my trip.

- 1) Did George's friend give him the full picture about his planned trip to Europe?
- 2) What were the other expenses the George had to deal with during his trip and when he eventually arrived in Europe?
- 3) What other difficulties did he face during the trip and when he arrived in Europe?
- 4) What should anyone planning to migrate do in order to do so safely?

What are the main financial costs of migrating?

Make a list of costs and categorize them in the following table!

PREPARATORY COSTS	COSTS IN THE DESTINATION COUNTRY	COSTS UPON RETURN

Calculate your costs of migrating

Fill in the following table and calculate your expenses if you decided to migrate.

I am thinking of migrating. Destination:

	WHAT WILL IT COST?	HOW SHALL I PAY?
Preparatory costs		
Costs during the journey		
Cost in the town or country I am going to		
Costs upon return		
Costs for my family back home		
Total cost of migrating		



KEY MESSAGES

- This table is an important tool that you and your family can use to work out how much it would cost to migrate.
- If you know the cost, you are better placed to assess whether the advantages of migrating outweigh the disadvantages, and whether it would be beneficial for a family member to go and work abroad (or for a migrant to come back home).
- Remember that it is difficult to know exactly how much it would cost for a worker to migrate. To make as accurate an assessment as possible, and for a true picture of the possibilities and drawbacks of going to live and work abroad, families can seek information from various sources: public agencies such as Migrant Resource Centres, trade unions, NGOs and returned migrants.
- Don't listen to everything people say about migrating; there are a lot of tall stories and sometimes people don't tell the whole truth because they want to protect themselves. Contrary to rumour, the streets are not paved with gold, neither at home nor abroad!

5. MAKE A SAVINGS PLAN TO ACHIEVE YOUR GOALS

Do you know the costs of your goals? If you do, write the costs beside the goals you have written or drawn above. If you don't, it is very important that you find out. It is the only way to know how much money you need to achieve your goals. Meanwhile you can indicate an approximate cost that you can correct later. Then, prioritize your goals indicating 1 for the most important, 2 for the second most important and so on.

Savings plan

Kofi has reviewed his projects. He would like to buy a suit for the wedding of his friend Appiah and buy a new smart phone for himself. He also plans to migrate to Europe to play professional soccer with a club.

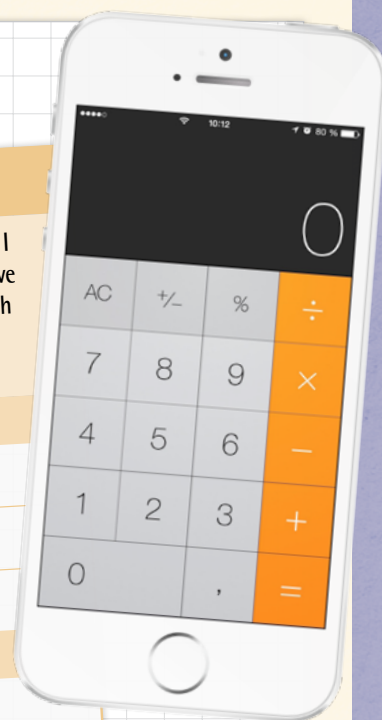
He has been to the Public Employment Centre where he was given adequate information on what it will cost him to migrate. Kofi has assessed the cost of each project and set dates for when he would like to achieve his goals. He has calculated the amount he needs to save each month for this purpose.

Kofi has drawn up what we call a savings plan. This has given him a clearer picture of what he needs to save each month to achieve his goals.

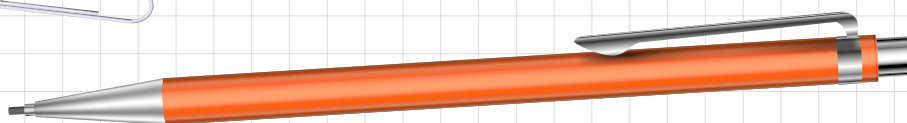
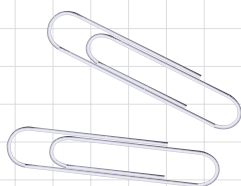


So, let's take a look at Kofi's savings plan!

MY SAVINGS PLAN					
My goals	Date when I want to achieve my goal	Costs of my goal	Number of months before the date of achievement of my goal	Other sources of financing (if relevant)	How much I need to save each month to achieve my goal
Short-term goals (less than 12 months):					
To buy a suit	March this year	¢300	3 months		¢100
Medium-term goals (1 to 3 years)					
To buy a smart phone	January next year	¢600	12 months		¢50
Long-term goals (more than 3 years)					
To migrate to Europe to play football	January 3 years' time	¢10,500	36 months	Loan from family and friends: ¢400 Personal savings ¢2,500	¢100
Total amount I need to save every month to achieve all my goals (sum of the amounts in the right-hand column):					¢250



Once Kofi reaches his short-term goal, he will need to adjust his savings plan and the money he needs to set aside each month to achieve his other goals

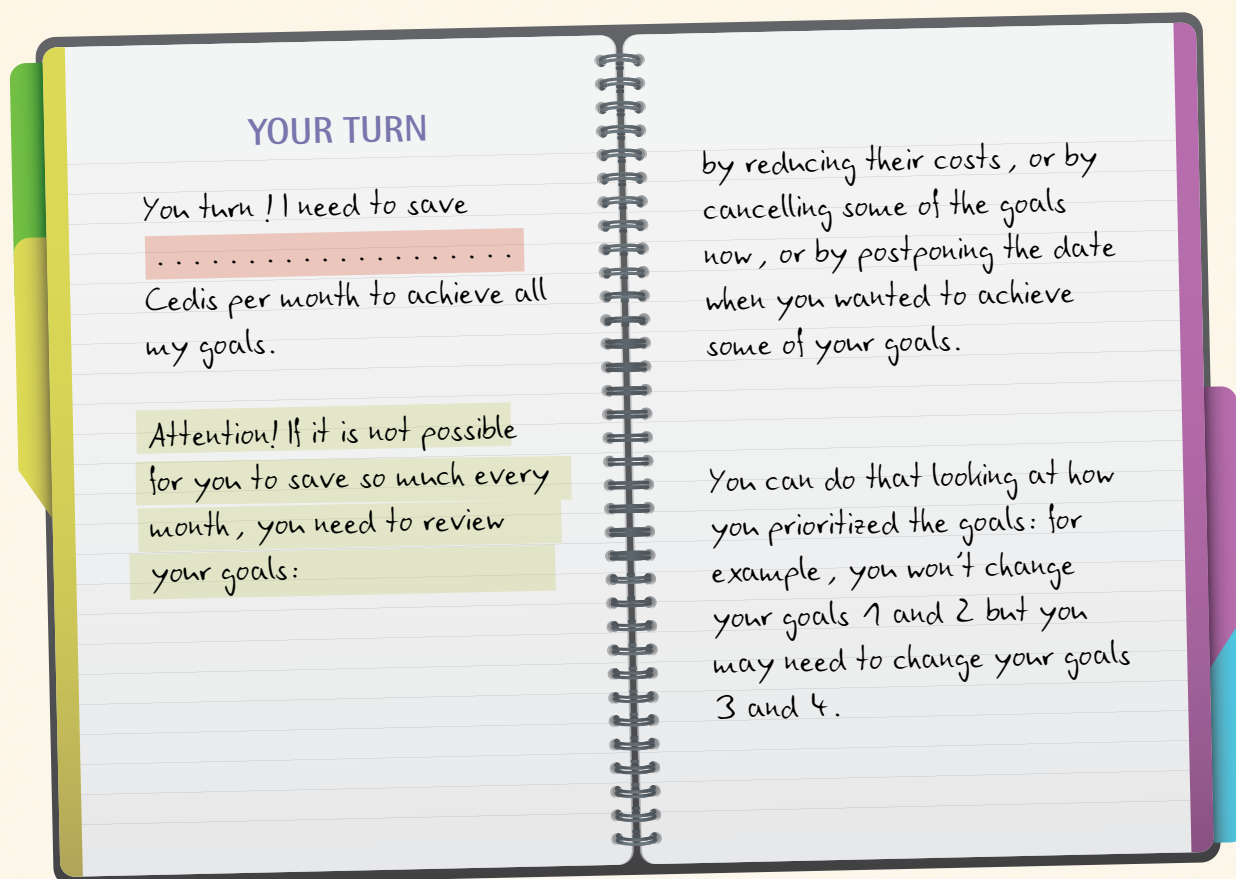


Now it's your turn!

Now let's summarize and fill the table below with all the information you have thought of: goals, priority, costs, date when you want to achieve your goal(s), and other sources of financing.

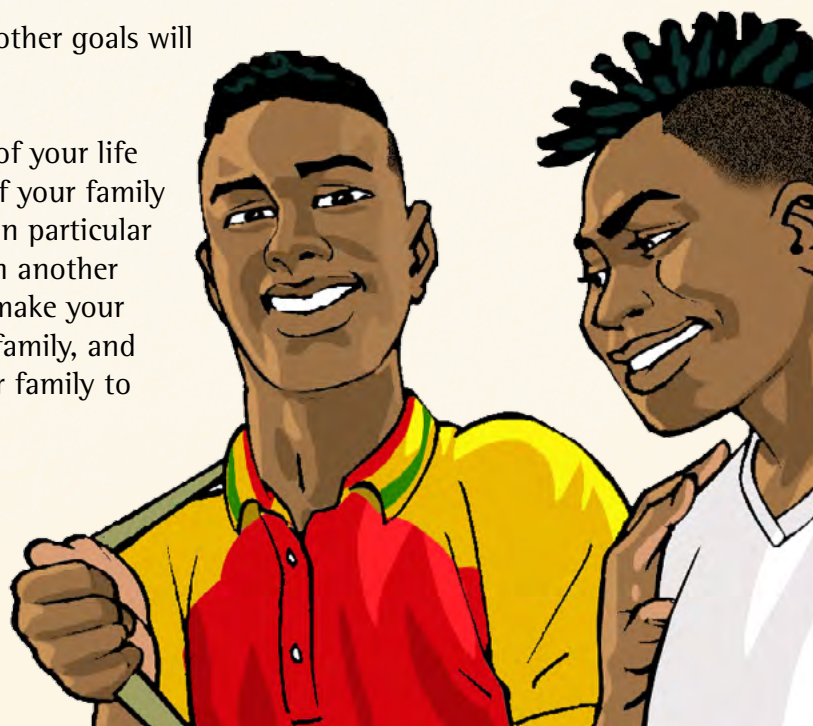


MY SAVINGS PLAN					
My goals	Date when I want to achieve my goal	Costs of my goal	Number of months before the date of achievement of my goal	Other sources of financing (if relevant)	How much I need to save each month to achieve my goal
My short-term personal goals:					
My long-term personal goals:					
My short-term family goals:					
My long-term family goals:					
Total amount I need to save every month to achieve all my goals (total of right column):					

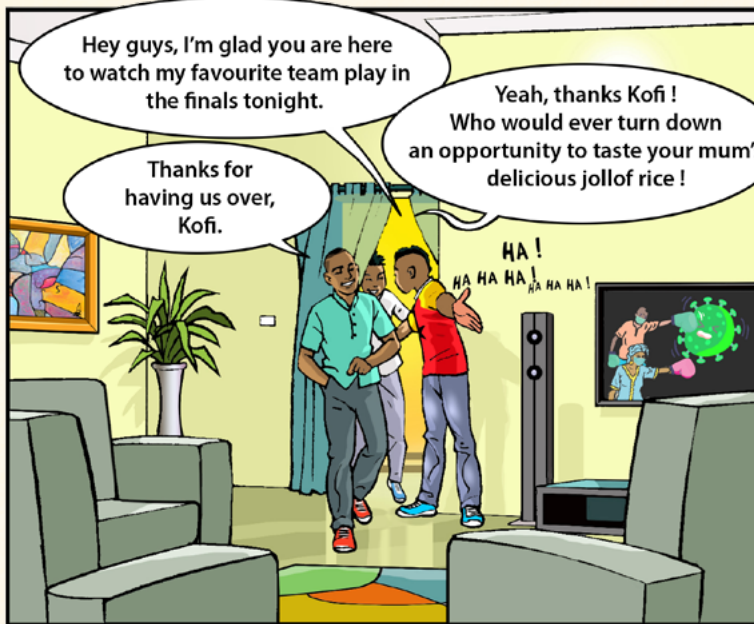


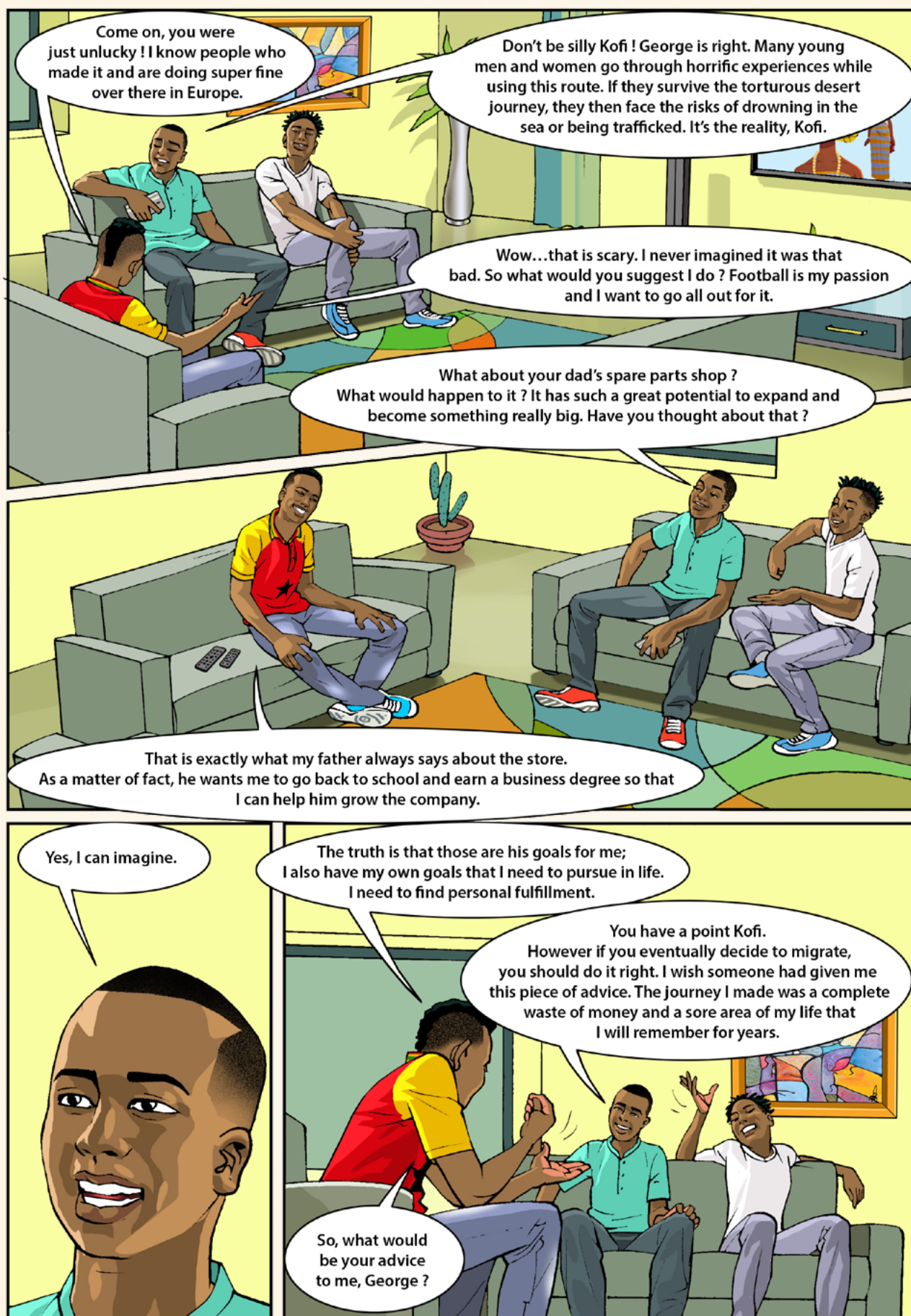
KEY MESSAGES

- It is easier to achieve your life goals if you know where you want to go and if you set concrete objectives to reach them.
- Some goals can be achieved quickly, other goals will require several years or even decades.
- Your goals can change in the course of your life and can be different with the goals of your family members (spouse, parents, relatives), in particular for a family that has relatives living in another region or country. It is important to make your goals compatible with those of your family, and in particular if you must support your family to achieve their goals.



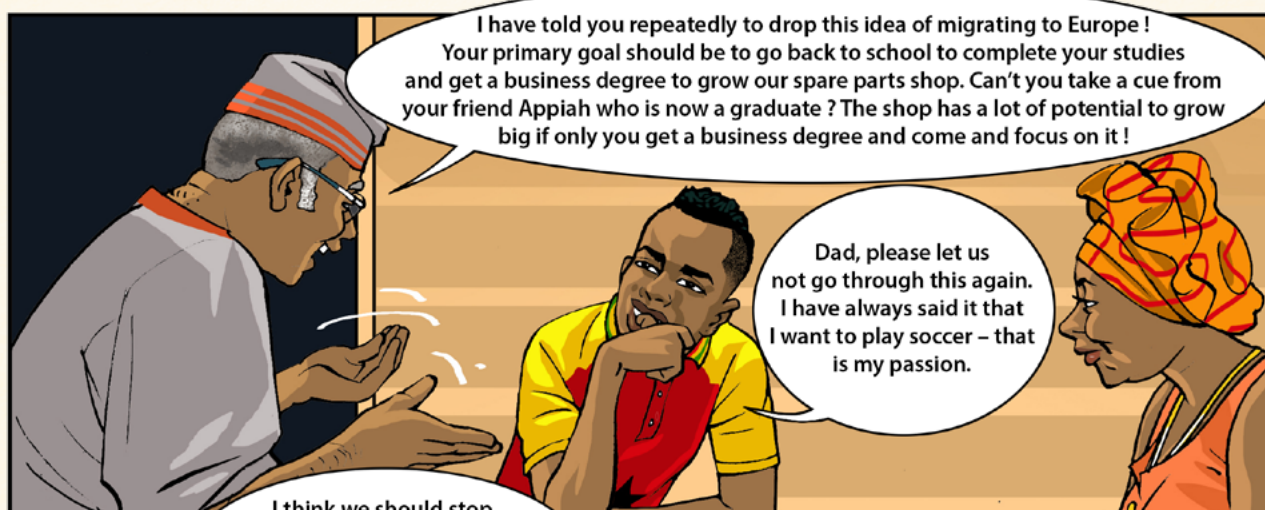
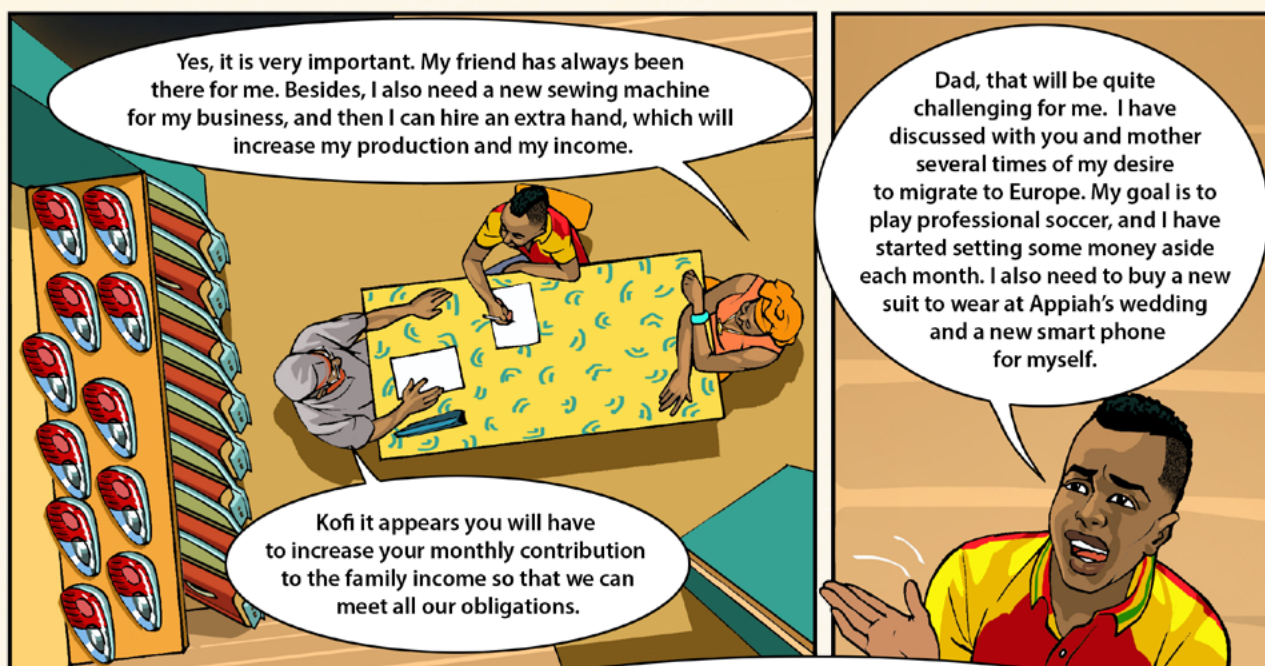
Kofi's friends Appiah and George have paid him a visit in his parent's house.



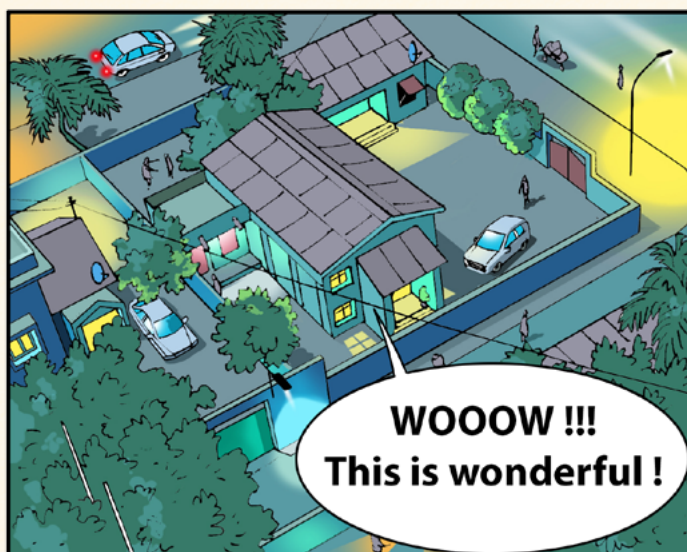






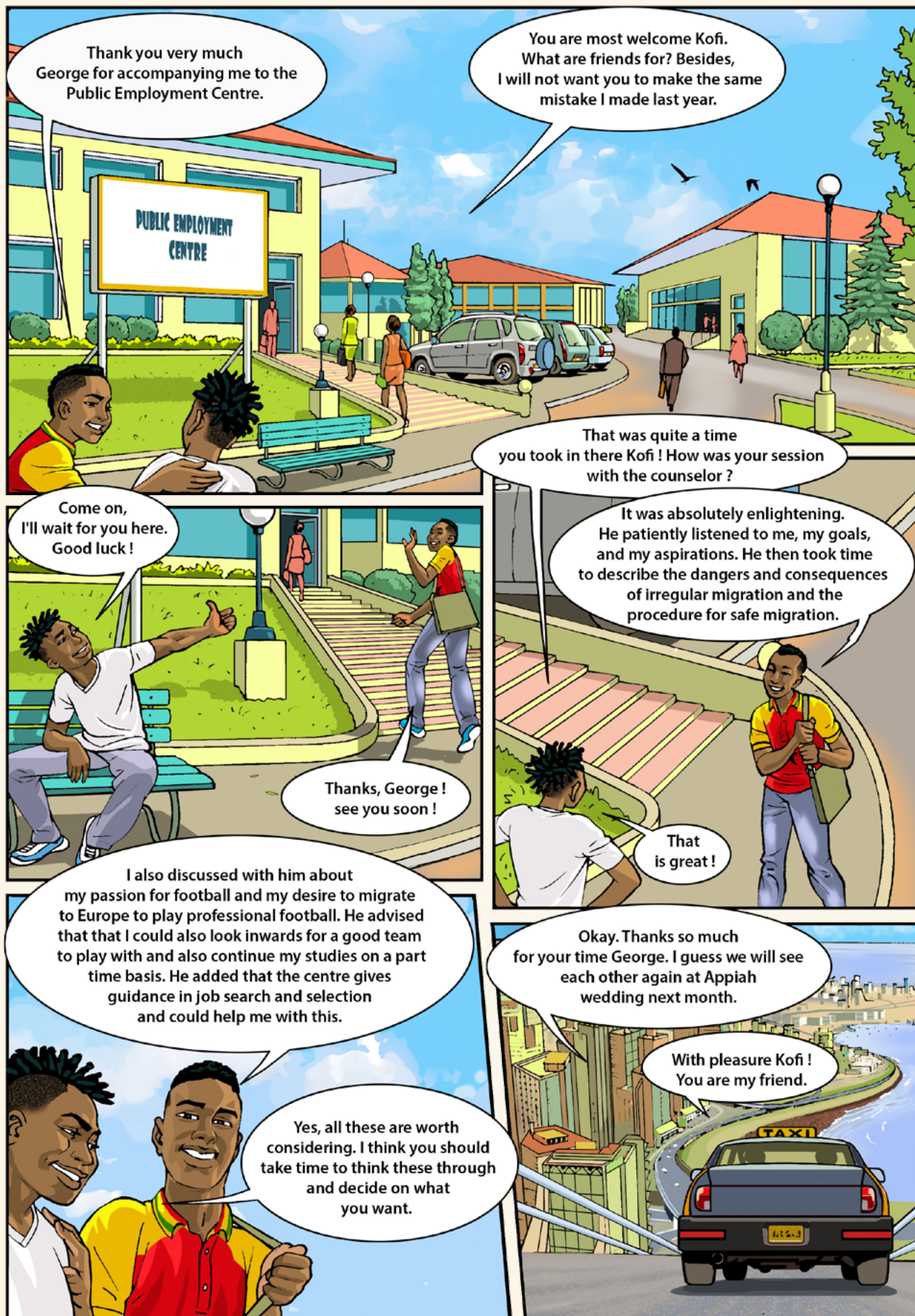


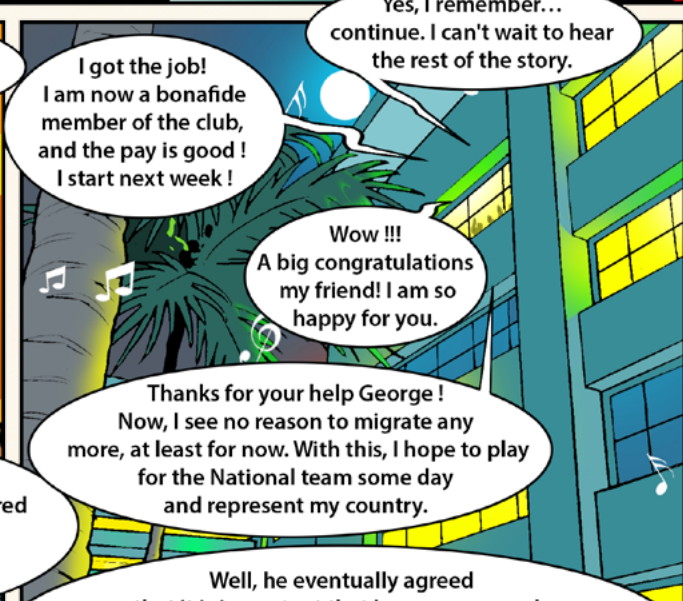




KOFI'S FAMILY BUDGET	
SOURCES OF INCOME	Amount (Cedis)
Fixed income	
Kofi's monthly contribution to the family	200
Remittances from his elder sister living abroad	200
Sub-total fixed income	400
Variable income	
Mother's earnings (from her sewing business)	300
Father's earnings from shop (after all costs)	1,000
Sub-total variable income	1,300
TOTAL INCOME	1,700
EXPENSES	
Essential expenses (needs)	
House rent	200
Utilities (Water, electricity etc)	150
Food	300
Travel and transport (car and public transport)	100
Health care / medicines	150
Communication (telephone bills)	100
Monthly allowance to Kofi's grand parents in the village	100
Sub-total (needs)	1,100
Optional expenses (wants)	
New attire for mother for her friend's 60 th birthday	100
Purchase of new sewing machine for mother (Postponed)	-----
Sub-total (wants)	100
TOTAL EXPENSES (Needs and wants)	1,200
INCOME MINUS EXPENSES (SAVINGS)	500

this is wonderful !
This month we'll save C 500 that will contribute to the purchase of the sewing machine in the future.
Thanks a lot, Kofi !





FND

MANAGE YOUR MONEY SMARTLY

B

B MANAGE YOUR MONEY SMARTLY



B1. It is the end of the month; I've just received my salary:

- ☐ a. I rush to the market to buy this nice jacket I saw the other day.
- ☐ b. I set aside a part of my salary to achieve my goals.
- ☐ c. I buy a big present for my best friend's birthday.

B2. A budget is:

- ☐ a. A tool to decide, plan and use your money to achieve your goals.
- ☐ b. A sheet to record expenditures.
- ☐ c. A table.

B3. What are the three main parts of a budget?

- ☐ a. The date, the income and the expenditures.
- ☐ b. The income, the expenditures and savings.
- ☐ c. The expenditures, the income and the signature.

B4. How shall I do to follow my budget?

- ☐ a. I have so many obligations that it is impossible to follow my budget.
- ☐ b. I don't do any budget because I believe in fate.
- ☐ c. I use tracking sheets to record my expenditures and income.



1. BE A SMART SPENDER!

QUESTIONS

- Are you someone who likes spending or someone who likes saving?
- For example, do you often give up on things that you want?

DEFINITION

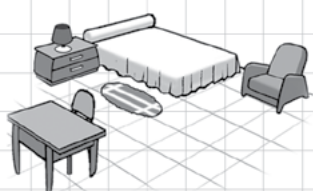
Saving means not spending all your money and setting aside a part for a specific goal in the future. It means setting aside small or large sums of money, regularly or from time to time.

EXERCISE

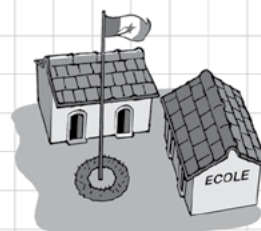
Help Kofi to choose between necessary expenses (we call them needs) and optional expenses (we call them wants)! Circle the words that correspond to needs for Peter to distinguish them from the wants.



Cash withdrawal



An apartment



School



Water



Sim card



Doctor's visit



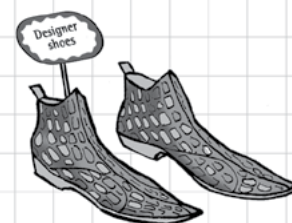
Electricity



Cinema ticket



Ice cream



Expensive shoes



Smartphone



Soda can



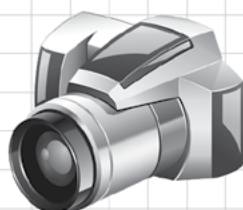
Cigarettes



MP3 player



Flat screen TV



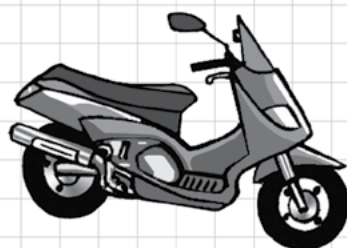
Camera



Sound system



Lottery ticket



Motorbike



Plate of food

I would like to buy...

My needs	How much does it cost?
Total needs	
My wants	How much does it cost?
Total wants	

ATTENTION!

Be careful! Sometimes, something can be a need for someone and a want for someone else. For example, the mobile phone, Joseph needs one for his business, while Peter uses his mobile phone to call his friends and family.

Do I have enough money to buy all the things I listed?

☐ Yes☐ No

If I don't have enough money, I decide to give up the following wants:



TIPS TO SAVE

- Set aside a bit of money every day or every week.
- Do not buy a new item if yours still works or if it can be repaired.
- Buy less presents for your family. Talk to them first and agree with them on your support.
- If possible, spend less on cultural or social ceremonies.
- Keep less cash in your wallet (and leave it in a safe place: at home, on a bank account...).
- If you send money to your parents or other family members, do not send all your money to them and keep part of it for your own needs and emergencies.
- Always keep in mind your long-term goals to remind you why you save!

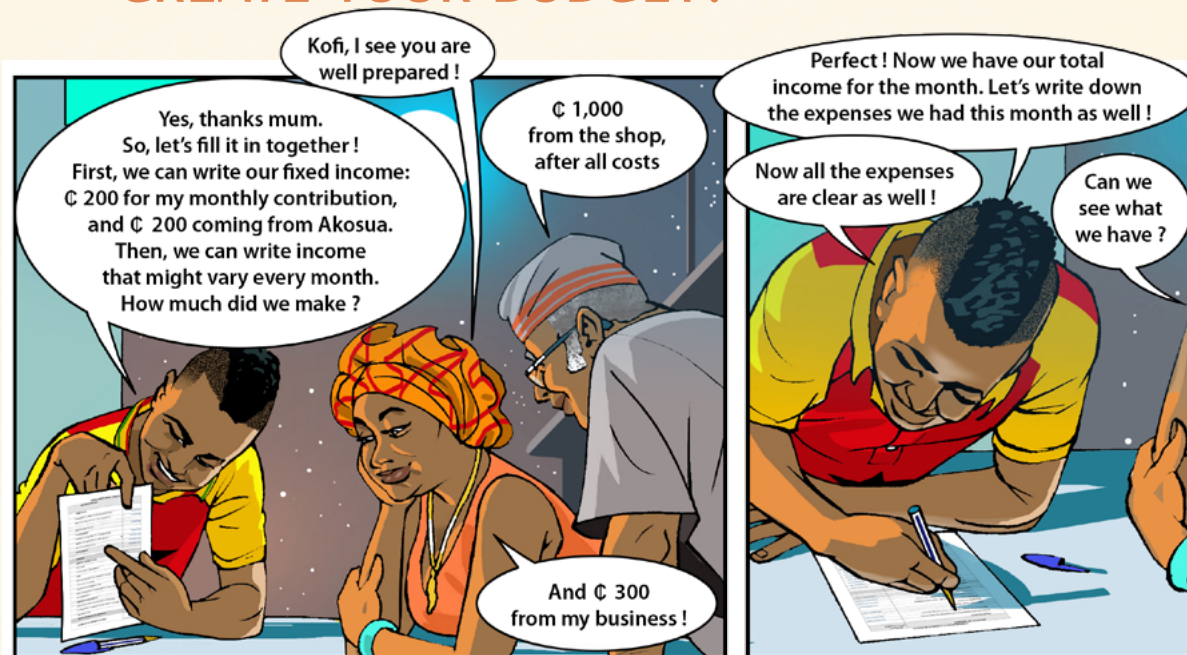


KEY MESSAGES

- You need to differentiate the various expenses: essential expenditures (needs, such as food, water...) and optional expenditures (wants, such as cosmetics, cigarettes...).
- Take good care of the money that was earned by others.
- Saving, it is giving up on an immediate want to achieve a goal in the future.
- Savings is a need; saving is a security for the future.



2. CREATE YOUR BUDGET!



Kofi's family budget

Yesterday Kofi received his salary from his father. That evening, Kofi and his parents decided to review their income and decide how to spend their money during the month of March. Kofi had earned €200 by working overtime, in addition to his net salary of €500 in February. He gives €200 out of his salary to his parents as a contribution to the family expenses, but keeps balance and the overtime pay for himself. Kofi's father's income was €1,000 that was the net income of the car spare parts shop. His mother has earned €300 from her sewing business. His elder sister Akosua phoned to say she had sent €200, as she does monthly.

When Kofi and his family have reviewed their income for the following month, they begin to plan how they will spend this money. First of all, they will make their house rent payment of €200. Then for water, electricity etc, they reckon they will spend €150. For food, they estimate €300, for transport €100 and for medicines/health care €150. His parents' phone bill comes to around €100. They also have to send the monthly allowance to his grandparents back in the village €100. Kofi's mother is planning a trip to attend her close friend's 60th birthday party, and she needs a new attire for this. The family has agreed that the purchase of the new sewing machine she wanted will be postponed.

Kofi keeps his overtime earnings. This month he calculates his expenses for the following: €50 for his phone calls and internet connection. He wants to give his girlfriend a present costing €50. One of his friends is celebrating his promotion, so he plans to spend €100 for going out with his friends. He would have liked to buy a new smart phone, but eventually he decides not to spend money on one because his priorities are to save money to buy a new smart phone and to migrate abroad.

KOFI'S FAMILY BUDGET	
SOURCES OF INCOME	
Fixed income	Amount (Cedis)
Kofi's monthly contribution to the family	200
Remittances from his elder sister living abroad	200
Sub-total fixed income	
Variable income	400
Mother's earnings (from her sewing business)	
Father's earnings from shop (after all costs)	300
Sub-total variable income	1,000
TOTAL INCOME	1,300
EXPENSES	
Essential expenses (needs)	
House rent	200
Utilities (Water, electricity etc)	150
Food	300
Travel and transport (car and public transport)	100
Health care / medicines	150
Communication (telephone bills)	100
Monthly allowance to Kofi's grandparents in the village	100
Sub-total (needs)	1,100
Optional expenses (wants)	
New attire for mother for her friend's 60th birthday	
Purchase of new sewing machine for mother (Postponed)	100
Sub-total (wants)	
TOTAL EXPENSES	100
TOTAL EXPENSES (Needs and wants)	1,200
INCOME MINUS EXPENSES (SAVINGS)	500

QUESTIONS

- Have you already created a budget?
☐ Yes ☐ No
- If you have, have you written it down or only kept it in mind?
☐ Written down ☐ Kept in mind

DEFINITION

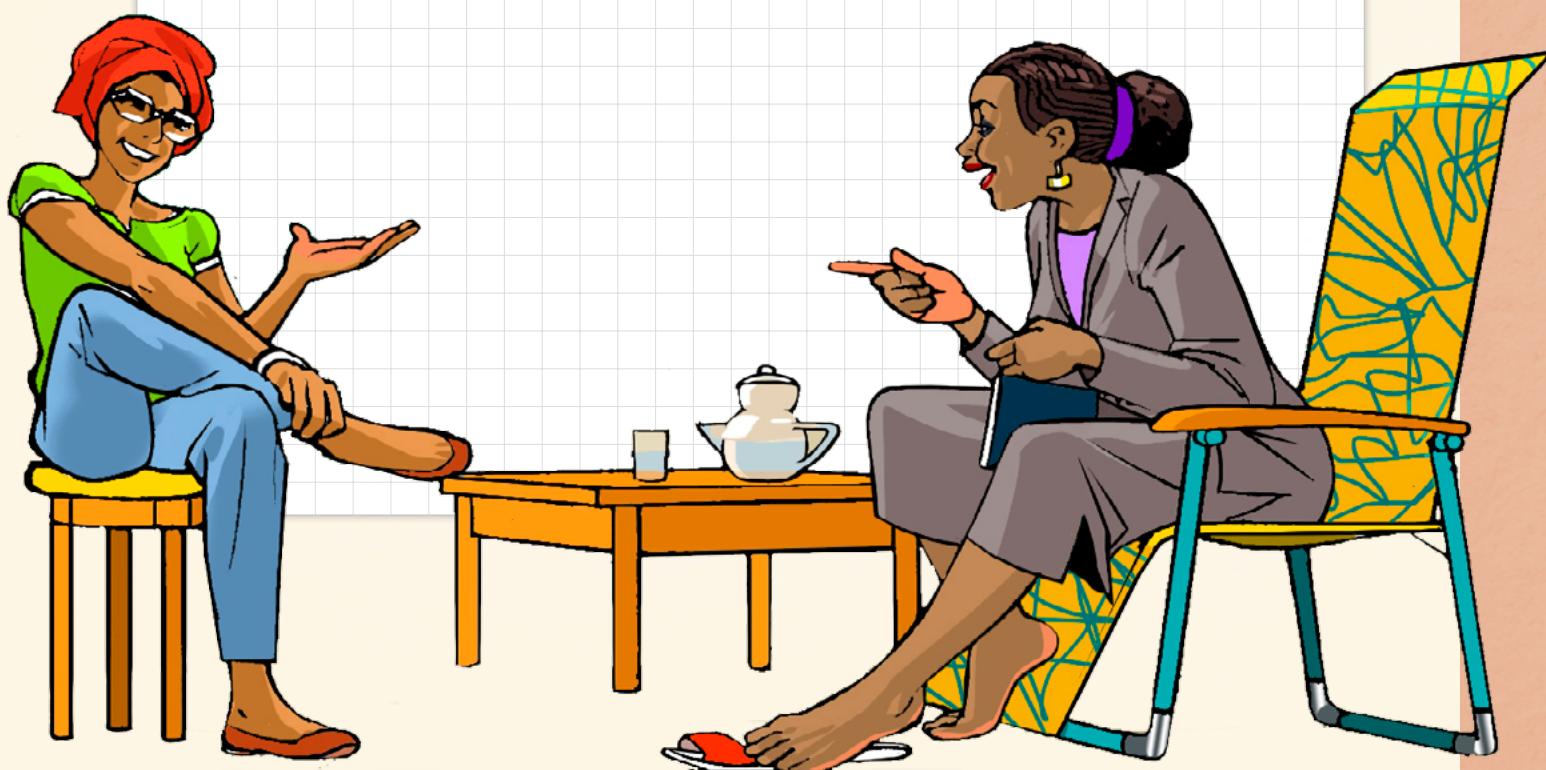
A budget is a tool to decide, to plan and to use your money to achieve your goals.

EXERCISE

You have seen during the training how Kofi and his family create their budget. Now it is your turn! Create your own budget!

Be careful! The line « Income – expenditures » at the bottom of the table must be positive. If it is not, it means that you don't have enough income and not enough money for all your expenses. It also means that you don't have any money to save to achieve your goals.

If you're forecasting big expenses in a few months, start saving some money anytime you can, so that you can afford these big expenses and stay within your budget.



MY BUDGET

SOURCES OF INCOME	Amount (Cedis)
Fixed income	
Sub-total fixed income	
Variable income	
Sub-total variable income	
TOTAL INCOME	

EXPENSES	
Essential expenses (needs)	
Sub-total (needs)	
Optional expenses (wants)	
Sub-total (wants)	
TOTAL EXPENSES	

INCOME - EXPENSES =	
----------------------------	--





KEY MESSAGES

- There is a tool used to manage your income – a budget.
- To create your budget, you need to calculate your income and expenses. With this calculation, you can define your savings capacity, meaning how much you can set aside each month.
- In case of emergencies or changes in your financial situation, you will have to adjust your budget to be able to cover all your expenses and save for your goals.
- A budget can help you to decide how to spend your money and save to reach your goals.

3. KEEP TRACK OF AND STAY WITHIN YOUR BUDGET



Kofi is on his guard

Kofi had to spend a lot of money over the summer. There were several football tournaments, which he just could not miss! He had allowed for the price of the tickets in his budget, but of course there were some “extras”. From time to time, Kofi reviews his expenses to see how much money he still has left, using an expense spreadsheet. If he realizes he has spent more than he planned, he takes a careful look at his budget. He had put money aside to buy a new pair of training shoes. So, he decided to spend less on the training shoes to make up for his additional expenditure.

QUESTIONS

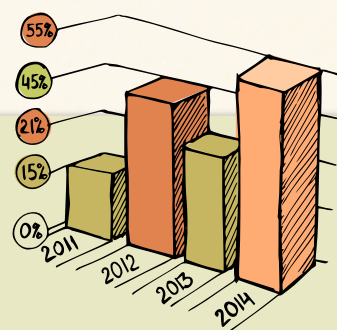
- What did Kofi do to stay within his budget?

There are many ways to make sure you stay within your budget. You can use a spreadsheet, like Kofi, or an app, like Mansa!



TIPS TO STAY WITHIN YOUR BUDGET

- Remind yourself often what you planned to spend.
- Put in the budget something for unexpected spending needs.
- Keep savings out of reach so you do not spend them.
- Keep track of what you spend.
- Make sure you do not spend more than is budgeted.
- If you spend more on one item, spend less on something else.
- Make a list of ways to cut planned expenses.
- Get the family to participate in developing and sticking to the budget.



Look at Kofi's personal budget:

LOOK AT KOFI'S PERSONAL BUDGET

SOURCES OF INCOME

Fixed income	Amount (Cedis)
Kofi's monthly salary agreed with his father (net)	500
Sub-total fixed income	
Variable income	500
Kofi's overtime earnings	200
Sub-total variable income	
TOTAL INCOME	700

EXPENSES

Essential expenses (needs)

Contribution to the family budget	200
Kofi's phone and internet charges	50
Sub-total (needs)	
Optional expenses (wants)	250
Present for the girlfriend	
Going out with friends/entertainment	50
Purchase of a new smart phone (Postponed)	100
Sub-total (wants)	
TOTAL EXPENSES	150

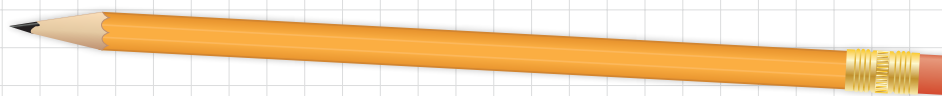
TOTAL EXPENSES (Needs and wants)

INCOME MINUS EXPENSES (SAVINGS)	400
	300

MY INCOME TRACKING SHEET

Name:
Month:
Year:

DATE	INCOME	AMOUNTS
TOTAL	INCOME	



MY EXPENSE TRACKING SHEET

Name: _____

Month: _____

Year: _____

DATE	EXPENSES	AMOUNTS	PLANNED	
			YES	NO
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
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TOTAL EXPENSES

TOTAL INCOME

SAVINGS (= INCOME - EXPENSES)



KEY MESSAGES

- Remind yourself often what you planned to spend.
- Put in the budget something for unexpected spending needs.
- Get the family to participate in developing and sticking to the budget.
- You need to know your total income. Knowing how much you earn is an important step to take control of your money and allow you to plan ahead for expenses. You also need to know the amount of your total expenses. It is important to control your budget. You can adjust your expenses when you see that you spent more than expected.
- Attention! If you have irregular income, meaning that every month you earn a different amount, you can create your budget using an average income and in saving when you earn more to balance the times when you earn less.

4. KEEP YOUR FINANCIAL RECORDS

« I assure you that I have paid this bill!
You must believe me! »

When Kyeraa receives the electricity bill for her apartment at the end of each month, she goes to the electricity company to make the payments.

One day, she discovered that their power supply has been cut off! Very angry, she goes to the company office to complain. While there, an employee tells her that she has not paid for the past 2 months. She is sure she has paid the bills. However, when they asked her for proof of payment (the bill stamped "PAID"), she realizes she has thrown the document away. Kyeraa however still insists that she has paid for the last two months, but the employee replies that sometimes the computer system fails, and the only solution is to produce the receipted bill (the bill stamped "PAID"). Now she has to pay not only for the past two months, but for the reconnection of the electricity supply. She had not made any provision for this additional expense. She's very worried and does not see any other option than calling her husband abroad and ask him to send more money this month, so she can pay this bill.



QUESTIONS:

- What happened to Kyeraa?
- What could Kyeraa have done to avoid this problem?

EXERCISE

Match the following important documents with the information that they provide:

		Projected income and allocation to different expenditures.	
Budget		Deposits, withdrawals, interest earnings, fees on bank accounts.	Employment contract
		Insurance premiums, terms and conditions.	
Loan agreements		Amount and date of savings withdrawals and deposits.	Monthly tracking sheets
		Amount of loan, repayment schedule, time period.	
Savings passbook		Employee's and employer's rights and responsibilities.	Bank statement
		Insurance premium, terms and conditions.	
Insurance agreement		Amount of wages earned and date.	Pay slips

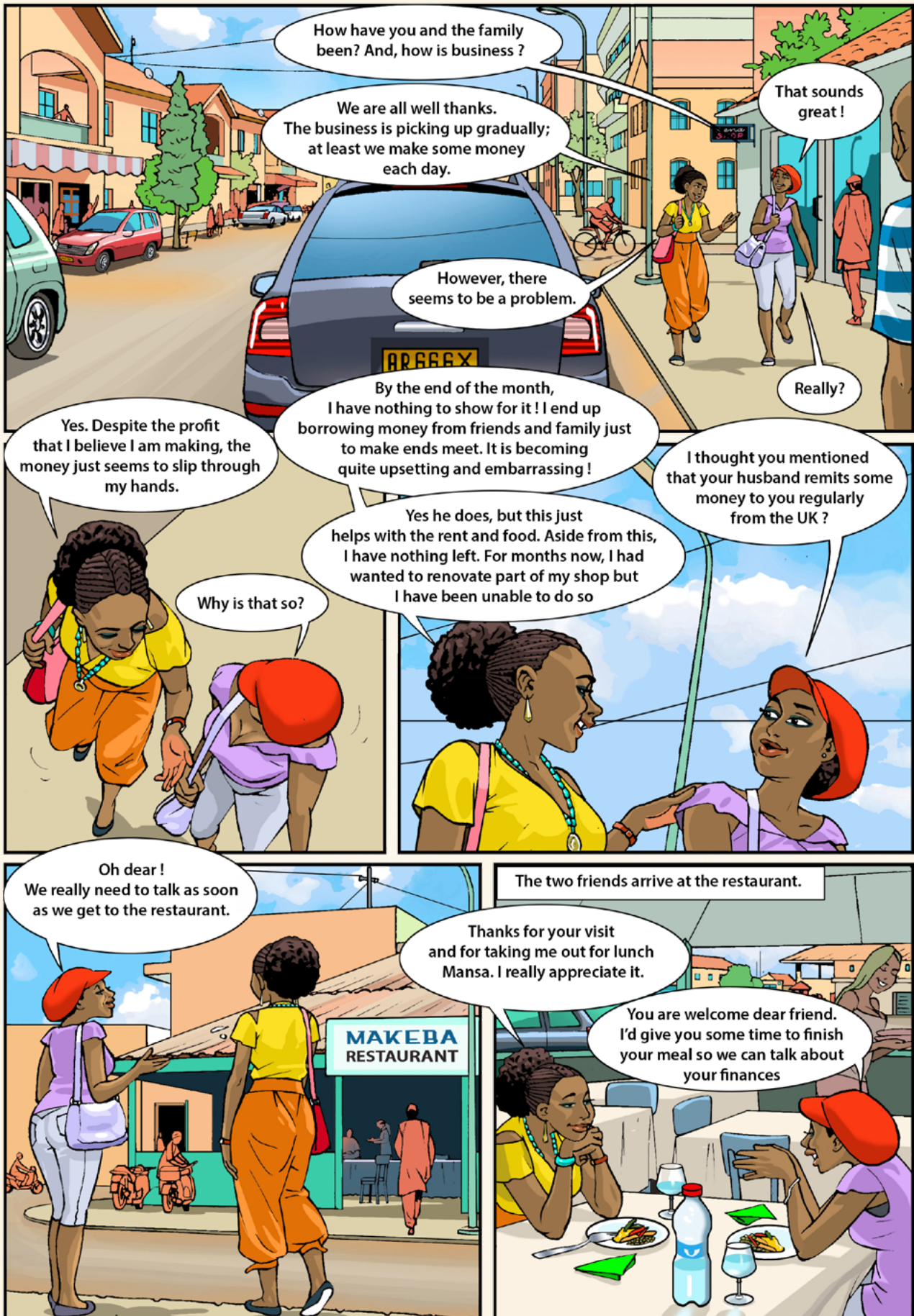


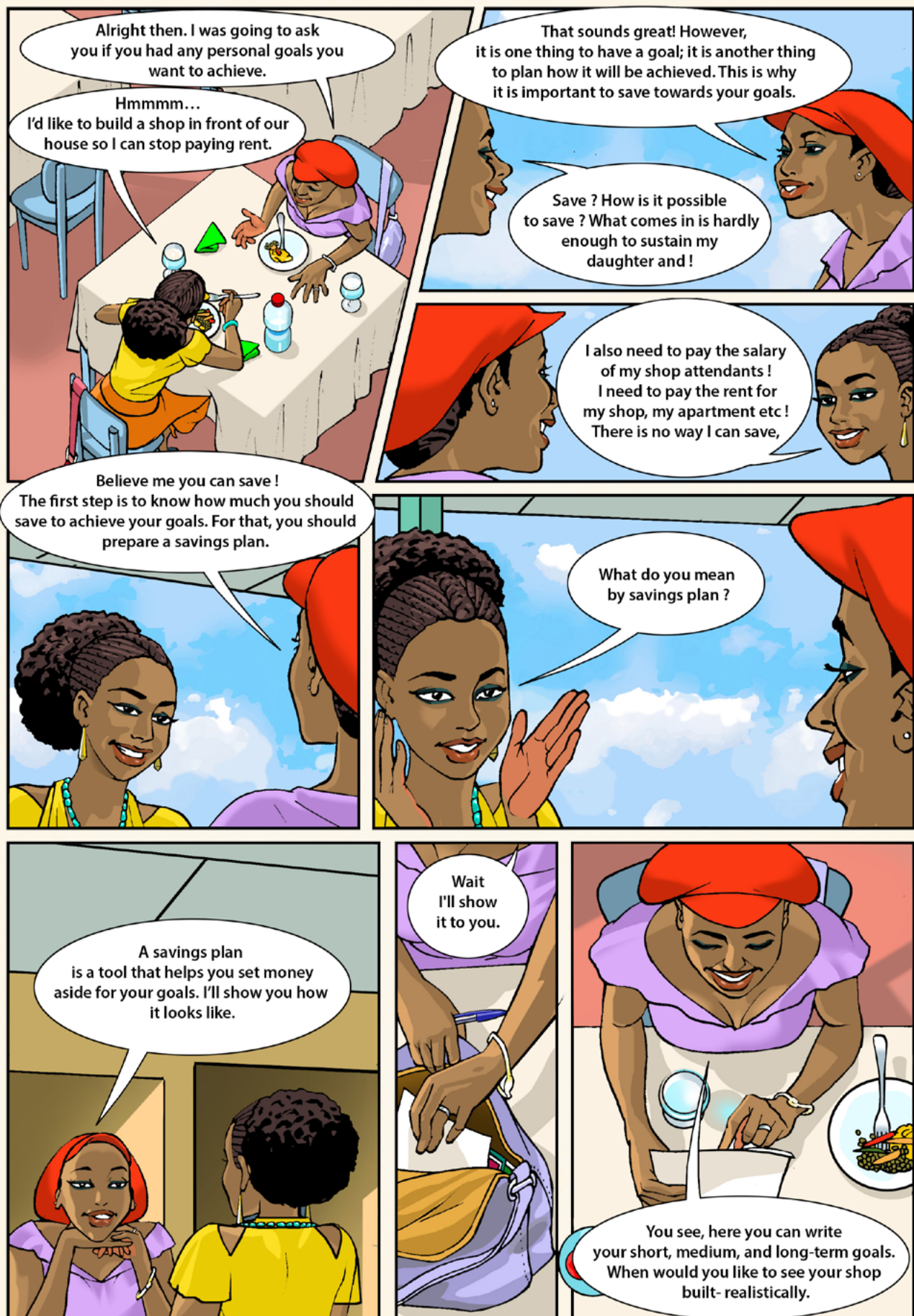
KEY MESSAGES

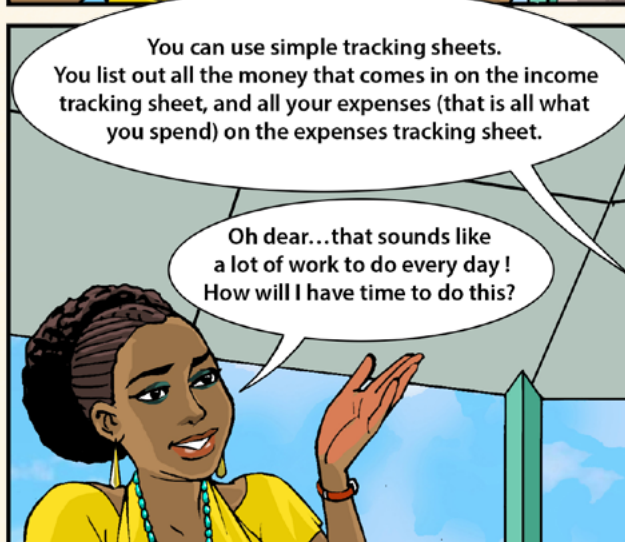
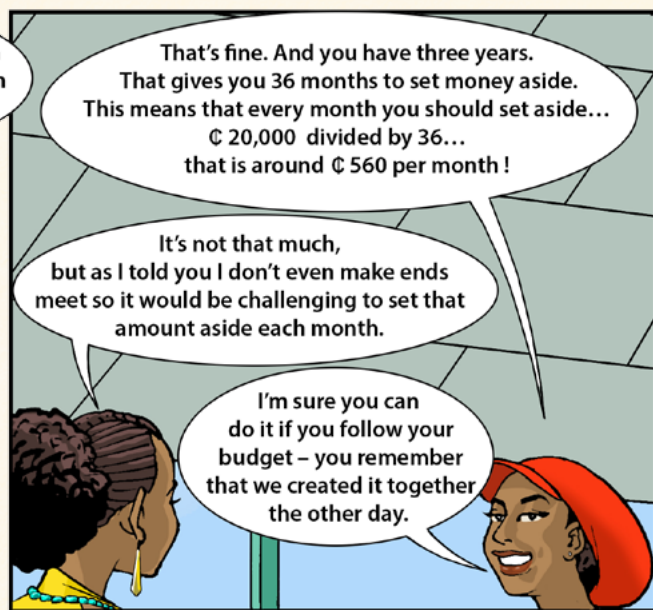
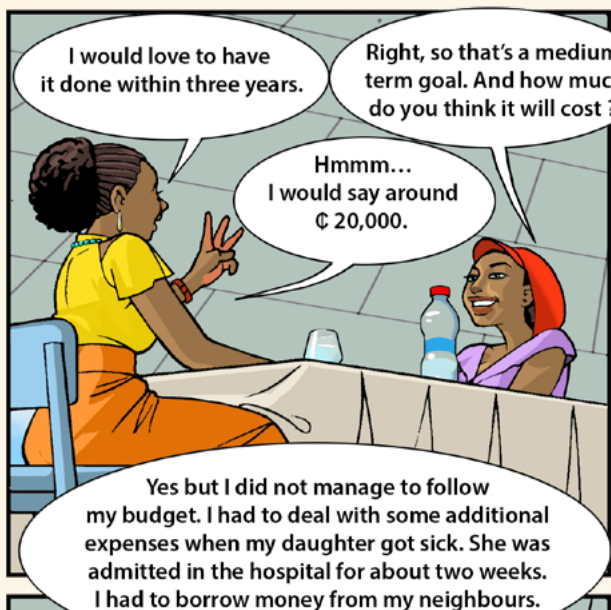
- Good records help you manage your income and expenses. The budget form, income and expense tracking sheets are records.
- Good records provide the specific amounts of past expenses that will help you develop a budget for the future.
- Documents like your contract and loan agreement are important in case you have a conflict with your employer.
- A copy of your insurance card is important because it will show proof that you are covered, if you have insurance.
- A copy of your passport or ID card is important if you misplace your passport or ID card. It will help you get a replacement.

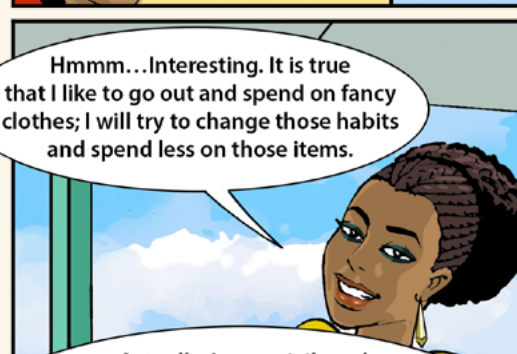
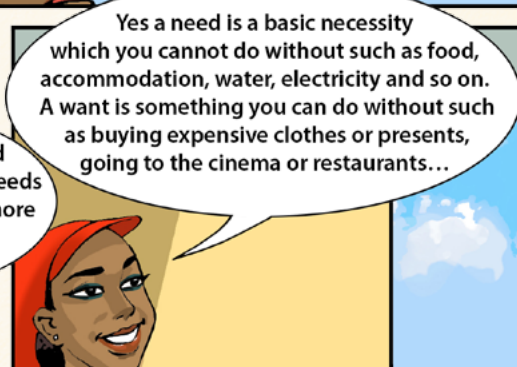
KYERAA

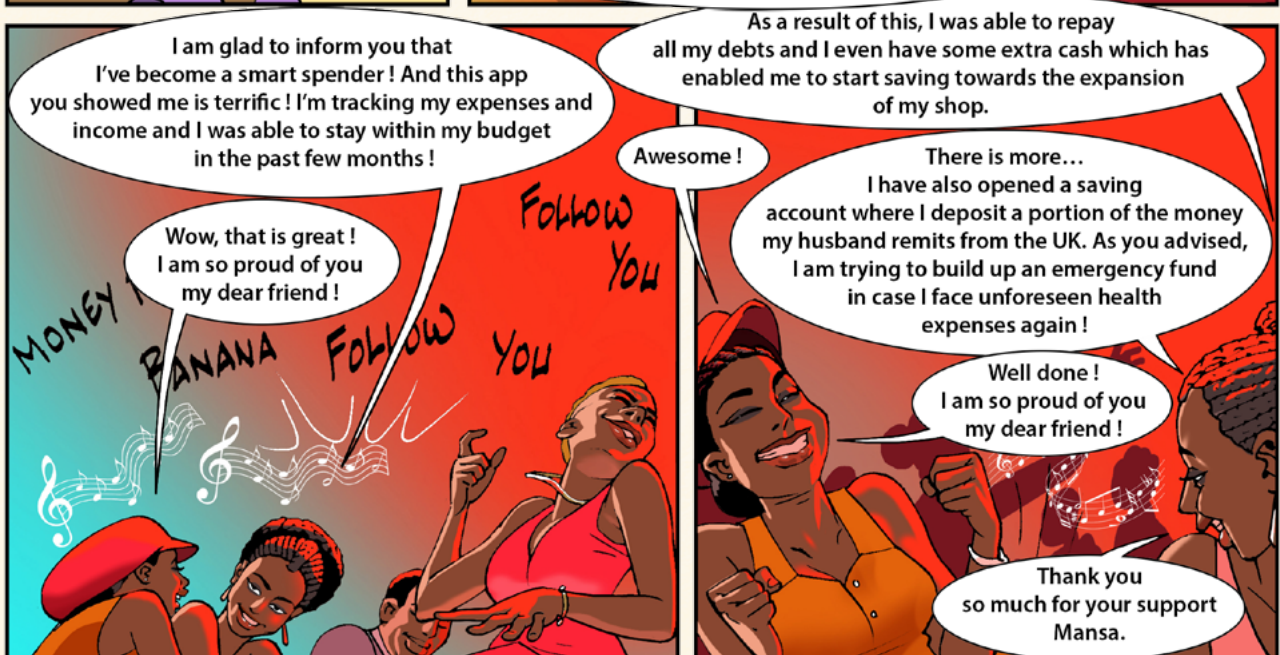
Kyeraa walks down the street with her friend Mansa who has just paid her a visit in her shop. They are on their way to a nearby eatery for lunch.











GET TO KNOW SAVINGS METHODS AND PRODUCTS

C



C1. What is in your view the best way to save?

- ☐ a. I keep my money home as it is more convenient.
- ☐ b. I deposit my money at the bank as it is safer.
- ☐ c. I put my money in the merry-go-round as I have many friends there.
- ☐ d. Each method has advantages and disadvantages. I review them carefully before choosing the method that is the most appropriate for my needs.

C2. You would like to set up your business in a few years, what savings account is the most appropriate for you?

- ☐ a. A passbook savings account.
- ☐ b. A contractual savings account.
- ☐ c. A time deposit account.

C3. What is in your view the best way to fund a project?

- ☐ a. Borrow money.
- ☐ b. Use your savings.
- ☐ c. Borrow money and use your savings.
- ☐ d. Assess your financial needs and your own resources and choose the best option.

C4. What is the most important criteria to select a credit product?

- ☐ a. The interest rate.
- ☐ b. The repayment conditions.
- ☐ c. There is no criteria more important than the others, you need to review them all and choose the credit product and the lender that correspond the best to your needs and your personal situation.
- ☐ d. The geographic proximity of the lender.

C5. What is in your view the best way to fund a project?

- ☐ a. Interest rate.
- ☐ b. Collateral.
- ☐ c. Budget.
- ☐ d. Penalties.

C6. One of the criteria to consider when choosing a savings method is safety.

- ☐ a. True
- ☐ b. False

1. CHOOSE A SAVINGS METHOD!

Now that you have created your personal budget (or your family budget), you know how much you can save every month and how much you must save for each of your goals.

METHODS OF SAVING



Kofi prefers to keep his savings in an account at the bank nearby the car spare parts shop, so that he will not be tempted to spend the money he has put aside.



Akorfa prefers to keep her savings in a savings account at a microfinance institution. In this way, she is not tempted to spend the money she has saved for her language school project.



Akorfa's mother belongs to an Esusu group, in which she and the other members set aside a small amount of money each week.



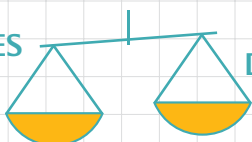
Musa does not trust anyone to manage his money and he prefers to keep it in a hiding-place in his room.

QUESTIONS

- What are the savings methods used by the characters above?
- Are they formal or informal?
- And you? What savings methods do you use?
- ...

EXERCISE

ADVANTAGES



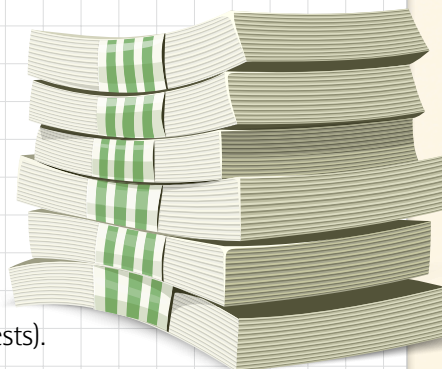
DISADVANTAGES

Each method has its advantages and disadvantages.

Fill the columns “Advantages” and “Disadvantages” of the table below to better know them. In the last column on the right side, you will indicate how safe this method is for you. Use a scale of 1,2,3 to rate each service. “1” is low safety. “2” is average safety— “sort of” safe. “3” is very safe.

To fill the table, think about:

- The safety of your money there.
- The possibility to withdraw your money when you want.
- The possible delays to withdraw your money.
- The possibility to save a lot or a just a little bit of money.
- The possibility to avail a credit against your savings.
- The possibility that your savings generate some money (interests).



SAVINGS METHODS	ADVANTAGES	DISADVANTAGES	RISK RATING
FORMAL • Bank • Savings and credit cooperative • Regulated microfinance institution (MFI) • Mobile money			
SEMI-FORMAL • Women's savings group • Village bank • Savings and credit association • Self-help group • Non-regulated microfinance institution • Non-regulated savings and credit cooperative			
INFORMAL • At home (in cash) • In kind (gold, jewellery, cattle, land, house, etc.) • Keep money with a friend/relative or trader			

YOUR TURN!

I know the advantages and disadvantages of several savings methods. Looking at my goals and my budget again, I think the best savings method for my projects is:

My goals	Savings method



KEY MESSAGE

There are different savings methods. You need to know them so that you can choose the one that is most adapted to your needs and your goals

2. SELECT YOUR SAVINGS PRODUCTS WISELY

A savings product is for example, a regular savings account that generates 4% interest or a time (fixed) deposit account for five years.

DEFINITION

A savings product is a savings method for which we know the characteristics, such as:

- Interest rate
- Access to savings / flexibility of withdrawal
- Convenience and ease of use
- Requirements for opening a savings account
- Safety
- Cost of savings (fees to open, manage or close an account, to do transactions)
- Liquidity

Here are the three main savings products offered by financial institutions:

- The **regular savings account** is adapted for when you want to make deposits or access your money any time.
- The **targeted/contractual savings account** is adapted when you want to save a set amount each month for a specified period of time to reach a specific goal (housing, education, marriage, business...). Remember that early withdrawals are either prohibited or penalized.
- The **time (fixed) deposit account** is adapted if you want to make your money grow for longer-term goals (you deposit a lump sum which you promise not to touch for a specific period of time).

Each type of product has advantages and disadvantages (for example, the different interest rates).

QUESTION

After her return from Germany, Akorfa is dreaming about buying a plot of land to build a house of her own.

What savings method should she use?

Answer: a homebuyer savings account, which lets her set aside money little by little for a specific goal, usually in the long term.



TIPS

Each type of product has its advantages and disadvantages (for example, a different interest rate). To choose a savings product, you must not only know the characteristics of different products. You should also know yourself well by asking the following:

- **Your personal situation:** what is your income? Your expenses (including the repayment of a debt)? How much did you save? How much do you put aside when all is well? How much could you set aside by managing your money better? If you are an immigrant or a citizen living abroad, can you to open a savings account in a financial institution?
- **Your goals:** for what purpose do you want to save? For emergencies? To study? To invest in creating a business? For your return home? For accommodation? For retirement?
- **Your horizon:** for how long do you want to save / block your money?
- **Your behaviour:** do you want to take risks or not? Don't go into risky investments if you are not familiar with financial markets!



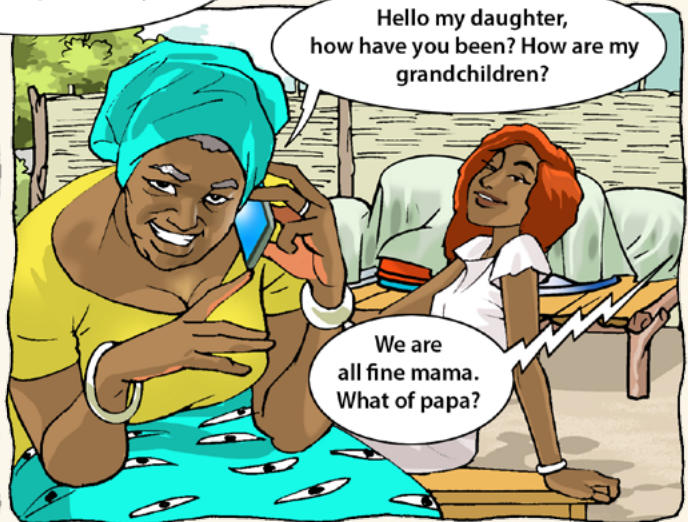
Beware of false advertisements! Remember that no savings product can assure you high returns without risk, especially in a short time.

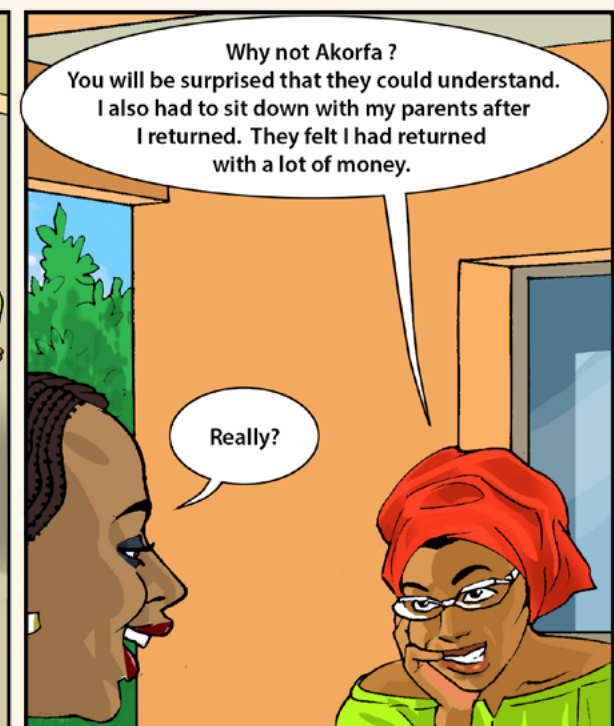
What questions to ask a financial institution before selecting your savings product?

- Can I make withdrawals when I want?
- What is the interest rate?
- Do I need to pay taxes on the interest rate? If so, how much?
- May I take out loans against my savings?
- Is the savings schedule flexible? (In other words, do you have to deposit certain amounts at a fixed date?)
- Is there a minimum deposit when I open the savings account or a minimum amount that should always be on the account?
- Will I be charged for making anticipated withdrawals? If yes, how much?
- How would people normally use this type of account?
- As a citizen living abroad, can I open an account here? What documents do you ask for?

AKORFA

Akorfa is seated in the courtyard of her house on a Saturday evening. She is lost in her thoughts concerning her goals and plans. The phone rings and it is her younger sister- Adwoa on the line.









Two years later, Akorfa is in her office with her friend Abigail.



D

USE CREDIT PRODUCTS WISELY



D1. What do you think is the best way to finance a project?

- ☐ a. Borrow money.
- ☐ b. Use your savings.
- ☐ c. Borrow money and use your savings.
- ☐ d. Analyse your needs and resources and choose the best option accordingly.

D2. What most important when choosing a loan?

- ☐ a. The interest rate.
- ☐ b. Refund conditions.
- ☐ c. No criteria is more important than others, we must study them all and choose the loan and the lender which correspond to our needs and our personal situation.
- ☐ d. The lender's geographic proximity.

D3. What is the term that does not belong to credit terms?

- ☐ a. Interest rate.
- ☐ b. Bail.
- ☐ c. Budget.
- ☐ d. Penalties.

Answers: D.1 : d ; D.2 : c ; D.3 : c



1. COMPARE DIFFERENT METHODS TO FINANCE YOUR PROJECT



YERAA'S BUSINESS

You are Kyeraa and you run a clothes store. Today you are going to visit your friend, Mansa, who also sells the same kind of clothes. You ask your friend a lot of questions about how she funds her business. Your friend also wants to know how you go about it.

This is how you have set up and expanded your business:

You started out your business with €1,500 taken from your savings and a gift of €2,000 from your husband, which he sent through a money transfer operator. Although your business is very small, you plan to expand it little by little. After a series of challenges, you initially had with your finances, you were advised to attend a course on Personal Finance.

You have now realized the importance of saving regularly and avoiding over indebtedness. Since then, every week you now set aside €50 in a savings account dedicated to your business, which you opened at the microfinance institution nearest to your premises. This discipline allows you to gather every three or four months enough money to improve your business (buying more materials and equipment, improving the outlook of the shop...) and expand it.

Now you can buy larger quantities of stock to get better price and diversify the cloth items you offer in the shop. You have also been able to buy a nice sign for the shop, which made the shop more visible and attracted new clients. The more profit you make, the more you now save and the bigger the investments you can now make in the business.



MANSA'S BUSINESS

You are Mansa and you run a small business selling clothes. Your friend Kyeraa also has a similar shop in another city. Today she is going to pay you a visit. You would like to know how your friend funds and expands her business. Your friend also wants to know how you go about it.

This is how you have set up and expanded your business: You started out with €1,000 you had saved up and a loan of €2,500 from your bank. This loan enabled you to rent a small shop in a quiet street, buy some equipment (desk, chair, curtain for the changing room...) and clothes.

You pay all your weekly expenses on time each week, including the repayments on the loan. But you are able to save only €25 each week.

One day, a bigger shop became up for rent in the busiest avenue of the city. This looked like a good business opportunity: you calculated that your turnover would double if you rented the shop. So, you took a quick decision, in case someone else rented it before you.

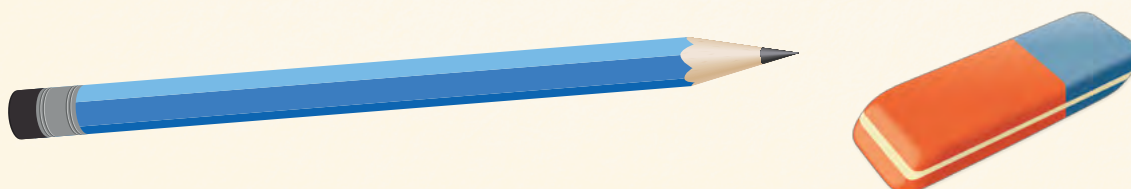
You therefore borrowed €2,000 from your brother-in-law to cover the six-month-advance rent payment requested by the owner.



QUESTIONS

- How did Kyeraa and Mansa expand their business?
- Which of the two businesswomen is more likely to succeed? Why?
- Which person takes most risks?
- What advice would you give to Kyeraa and Mansa?
- If you were Kyeraa or Mansa, what would you do differently?

ADVANTAGES AND DISADVANTAGES OF BORROWING OR USING YOUR OWN MONEY		
	ADVANTAGES	DISADVANTAGES
Borrowing	• Access to a larger amount of money. • Quick access to money and quick achievement of your project.	• Costs of borrowing (interest...). • Obligation to pay off the debt and facing the penalties if you do not comply with the planned repayment schedule. • If you borrow through a group, the obligation to respond to the conditions of group membership and to respect the group's regulations. • Access to credit is difficult for migrants.
Using your own money (savings)	• Avoiding the costs of borrowing (interest...). • The freedom to use your money as you want. • The investment risks are lower if you finance them with your own money as you will probably have less money available. • Avoid having to make loan repayments in the future.	• Access to a limited amount of money. • Your project is developing more slowly. • Impossibility to respond to business opportunities. • Risk: you should not use your emergency fund, even if you're using your own money to finance your project.



YOUR TURN!

Looking at my goals and budget, I think the best option to finance my goals is:

My goals	Best financing option



KEY MESSAGES

- There are several options to finance your goals.
- Each option has pros and cons. It is important to understand and review them carefully to select the option that matches the best your needs and your personal situations.
- You can also combine several financing options (borrowing and savings).
- Talk about the financing options to your family, in particular the members of your family who are involved in your goals (spouse, parents, children, siblings...).

2. SELECT YOUR CREDIT WISELY!



Akorfa has calculated that she will need ₦10,000 to set up a language school. She has found some financial products specially designed for medium-term projects like hers. She is trying to work out which is the most adapted to her needs.

QUESTIONS

- Akorfa has a clear goal. She's gathering information to find the credit that is the most adapted to her situation.

Have you ever done the same thing? How did it go?

Have you ever obtained a credit? For what project?

How did you determine the amount of money you needed?

DEFINITION

Loan: The act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges.

Credit: A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest.

Interest: It is the price for the use of the money of the lender over a certain period.

EXERCISE

Match each term credit with its definition.

INTEREST

COLLATERAL

LOAN TERM

PRINCIPAL

GUARANTOR

GRACE PERIOD

RETHINK

EARLY REPAYMENT

An item of value that the borrower will have to give to the lender in case the borrower is unable to repay the loan (could be land, vehicle, savings, etc.).

The period of time that the borrower has to use the loan money and repay it.

The original amount of the loan, without interest.

Cancellation of the credit contract. In some countries the loan agreement is not legally binding until several days or weeks after signing. During this period no payment can be made from the lender to the borrower. It ensures an efficient protection against impulse buying.

The amount of money that the borrower pays to the lender, in addition to the loan amount, for use of the money of the lender.

Period after receiving a loan and before the first payment is due.

A person who will repay your loan in case you cannot pay; this person may be required to co-sign your loan agreement with the lender.

The borrower is always free to repay all or part of his/her debt before the expiration of the loan agreement, and that without incurring penalties.

QUESTION

- In your opinion, what shall you analyse when selecting a lender?

Important features to consider when selecting a lender

- Goal.
- Interest rate (fixed or variable).
- Effective interest rate (EIR), in other words, the true cost of taking the loan (including administrative charges, compulsory insurance...).
- Loan amount.
- Amount of personal money as contribution.
- Ease of access to credit (for example the savings amount required for such credit amount, collateral value).
- Penalties in case of late repayments.
- Distance from my home.
- Methods of recovery in case of delays (legal, intimidation, threats...)
- Compulsory use of credit for a particular asset (house/land, productive investment...)
- Option of grace period before making the first repayment.
- Access to other financial services: current account, money transfer, bank card, mobile or internet services.

3. CALCULATE THE COST OF YOUR CREDIT

Repayment capacity

Suppose after thinking well, you decided to take a loan to finance your project. Congratulations! You know how much you need and you feel ready to go and see the financial institutions to find the right product for you. Before you go to see them, you will need to take the time to calculate your ability to repay a credit.

According to the laws in force in many countries, a person cannot repay beyond a percentage of his/her monthly income. In Ghana, a worker cannot use more than 30% of his/her net income to repay a loan. If he/she exceeds this percentage, there is a high risk of over-indebtedness. Moreover, a financial institution giving credit to a person who will have to pay back more than the percentage of his authorized income can be sued.

As an example, we are going to calculate Kofi's repayment capacity.

If we look at Kofi's budget, his fixed monthly salary is 500 Cedis (Please note! Variable income, such as overtime payments, which vary from month to month, is not considered for the purposes of this calculation).

Kofi's repayment capacity	
Monthly income:	500 Cedis
Monthly capacity to make repayments:	150 Cedis

100%

30% of monthly income

On the basis of this calculation, then, Kofi may not undertake to repay more than 150 Cedis per month (on all the loans he may have contracted).

PERSONAL CAPACITY

Now, over to you! Calculate your own capacity to repay a loan.

Monthly income: Cedis	100%
Monthly capacity to make repayments: Cedis	30% of monthly income

Exercise: cost of credit

Akorfa has figured that she will need €10,000 to set up the language school from her calculations. She has found the following financial products specially designed for medium-term projects like hers. She is trying to work out which is the least expensive of the offers.

NAME OF PRODUCT	BETTER YOU MICRO FINANCE INSTITUTION	UPWARD BANK	XYZ COOPERATIVE SOCIETY
Annual Percentage Rate (APR)	30% Per annum	25% Per annum	10% Per annum
Term of the loan	3 years (36 months)	5 years (60 months)	1 year (12 months)
Amount repayable each month (monthly instalments)	424.51 Cedis	293.51 Cedis	879.16 Cedis
Total amount repayable (Term of a loan x monthly instalment)	15,282.56 Cedis		
Real cost of loan (Total amount repayable less amount of capital requested by Akorfa)	5,282.56 Cedis		

Over to you! What is the real cost of the loan offered by UPWARD BANK? ²

And the real cost of XYZ Cooperative Society? ³

Which, then, is the least expensive loan Akorfa is being offered? ⁴

 **Attention!** The cheapest credit is not necessarily the most suitable for Akorfa's needs. For example, it may be more difficult and riskier to reimburse a large sum each month. It depends on how much Akorfa expects to earn each month.

YOUR TURN!

Looking at my goals, my budget, and my repayment capacity, do I need a credit product?

☐ Yes ☐ No

If yes, for what goal?

What amount?

2. ₦17,610.60
3. ₦10,549.92
4. The one by XYZ Cooperative Society

Now, look for information at financial institutions around you and fill in Akorfa's table, but for the goal you have decided you need a credit.



Warning! To be able to compare credit products, you need to ask how much the loan will cost you overall (that is, how much you will pay back in addition to the amount that you borrowed). This includes the interest rate on the capital borrowed, but also the administrative costs, insurance, other services offered. Beware of low interest rates, which over a long period of time can actually be very expensive!

NAME OF PRODUCT			
Annual Percentage Rate (APR)			
Term of the loan			
Amount repayable each month (monthly instalments)			
Total amount repayable (term of a loan x monthly instalment)			
Real cost of loan (Total amount repayable less amount of capital requested by)			

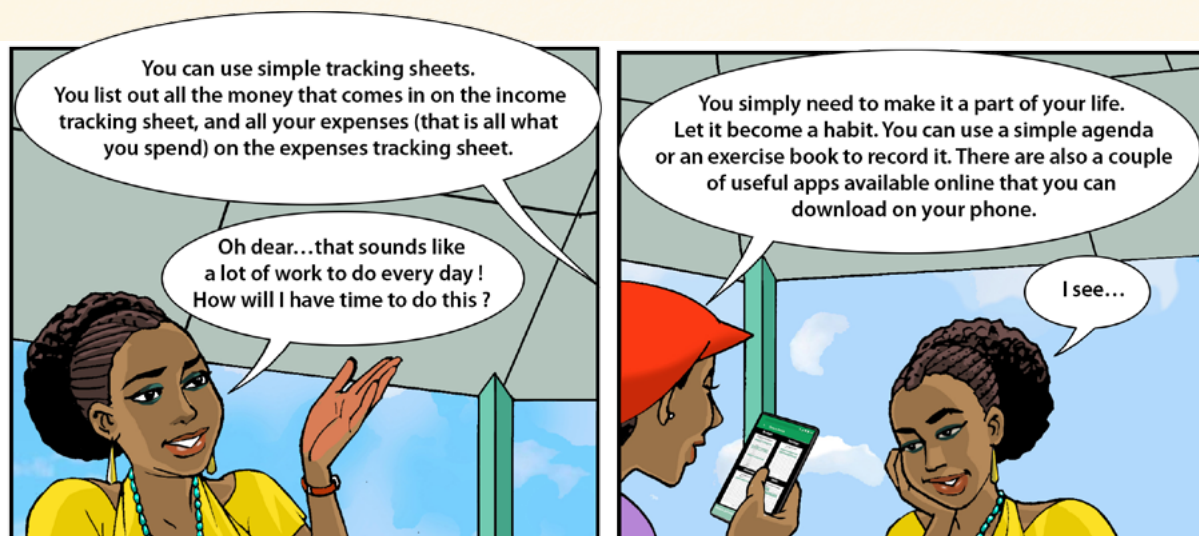
The best product for my needs is:



KEY MESSAGES

- In order to use well a credit product, you should understand well all the credit terms.
- Borrowing comes with the responsibility to repay, and to repay on time.
- Borrowing is a serious business. Do not take it lightly!
- In order to select your credit product, you need to know the different products, gathering information on the characteristics of each of them. With the information, you will be able to select the credit product that is the most adapted to your needs

4. WATCH OUT! DO NOT GET OVER-INDEBTED!



Kyeraa falls into over-indebtedness

Kyeraa has finally been able to borrow ₡5,000 from the bank to buy materials for a second changing room for her shop. The changing room materials and its assembly cost exactly ₡2,500. Her initial idea was to use the additional ₡2,500 to buy t-shirts and jeans in bulk for her shop and save enough money to meet the first three loan repayments. However, one of her friends persuaded her to lend her the ₡2,500 promising she would pay back the whole amount before Kyeraa's first loan repayment fell due. Now her friend has disappeared with the money and is not picking her calls. What could Kyeraa have done differently?

Option A: Kyeraa could have lent the money in exchange for an asset of equal or greater value (e.g. a gold necklace or a sheep).

Option B: Kyeraa could have discussed with her friend and agreed to give her a smaller amount (for example, ₡1,250) to help her..

Option C: Kyeraa could have lent ₡2,500 to her friend and invested the remaining ₡2,500 in her business by purchasing the materials as planned. In parallel, she could have borrowed money from a close friend to buy the clothes in bulk. Her business would then generate enough money to make the repayments to the bank.

QUESTIONS

- How could Kyeraa have avoided falling into over- indebtedness (what could she have done BEFORE to avoid this situation?) Choose from options A, B, C.
- How can Kyeraa cope now (what to do AFTER, once she's already over indebted?)

DEFINITION

Over-indebtedness is the inability for a person to cope with his or her personal debts.

TIPS TO STAY AWAY FROM OVER-INDEBTEDNESS

- Only borrow the amount of money that you can manage to pay back.
- Calculate your debt-to-income ratio. Calculate your total monthly income and the monthly payments you have to make to pay back your loans (monthly debt obligations). Compare these two figures and calculate the ratio. Usually, if your repayments reach 30 per cent of your monthly income, you should not take an additional loan.
- If you can't make the loan repayment on time, be honest with your lender and explain the reasons for such challenge.
- Listen to the advice of your lender, friends and family on how to pay back your loan.
- Reduce some of your daily life expenses in order to pay off the debt.
- Always keep some emergency savings so that you can cope with emergencies without affecting your loan repayments.
- Act! Go and see your account manager at the financial institution. Do not wait until it is too late to ask for assistance.

YOUR TURN!

Are you over-indebted?

Are your monthly debt obligations over 30 per cent of your monthly income? ☐ Yes ☐ No

Do you often take revolving credits (renewable credit)? ☐ Yes ☐ No

Do you use your loans more and more to cover your daily living expenses? ☐ Yes ☐ No

Do you ask more and more frequently for a delay to pay for recurrent expenses (rent, electricity bills...)? ☐ Yes ☐ No

If you answered YES to at least one of these questions, you must pay attention! You may be over-indebted or at risk of becoming over-indebted. Act right away by making a budget and talking to your lenders to repay your debts as soon as possible and avoid falling into a vicious circle.

Some solutions

If you are already over-indebted, here are the solutions that can be offered by your credit institution:

- Reschedule the debt, i.e. reduce the amount repaid each month and lengthen the term of the loan.
- Interrupt payments for a given period.
- Sell a property to repay the debts that cost the most.

Do not hesitate to inquire about your credit institution's mediation services!



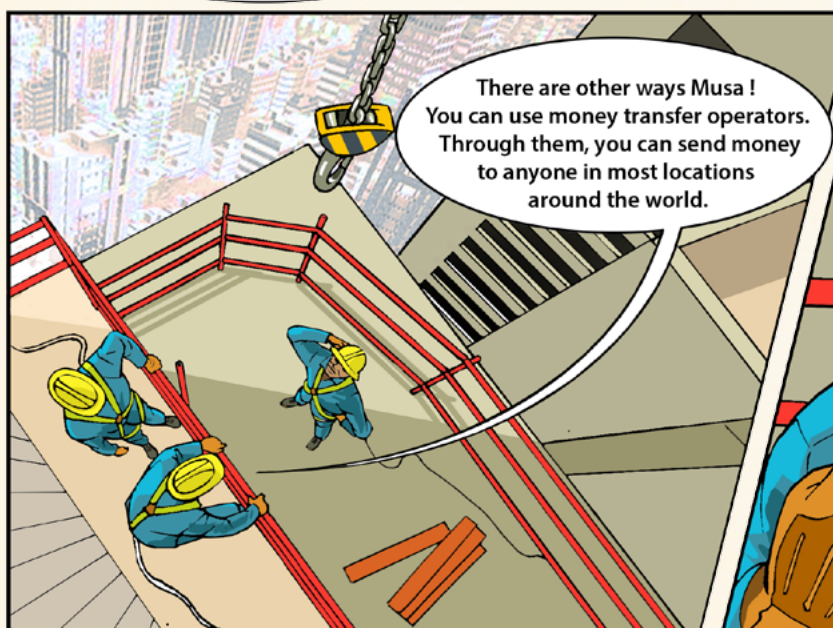
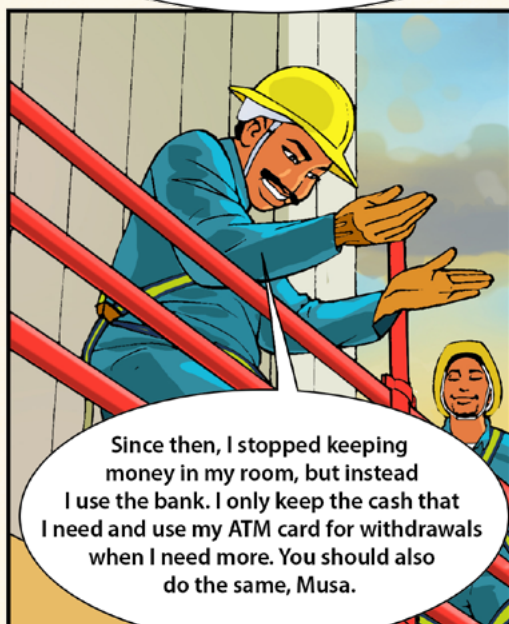
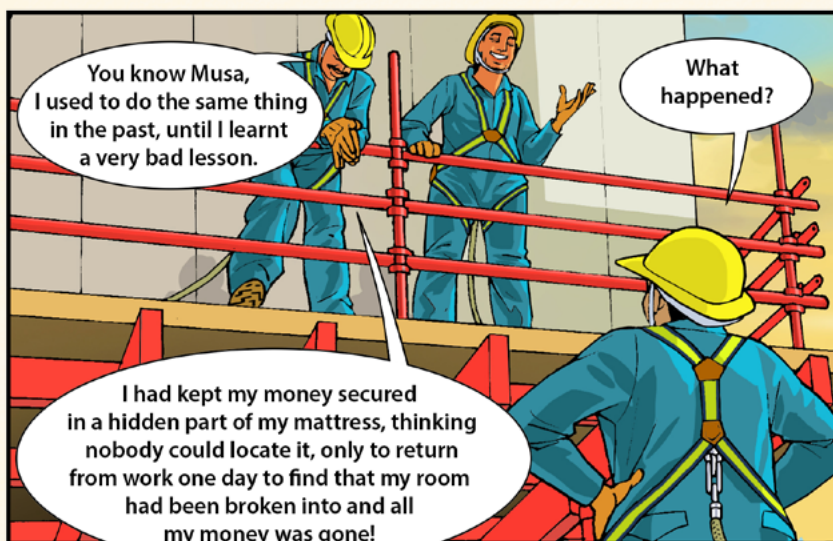
KEY MESSAGES

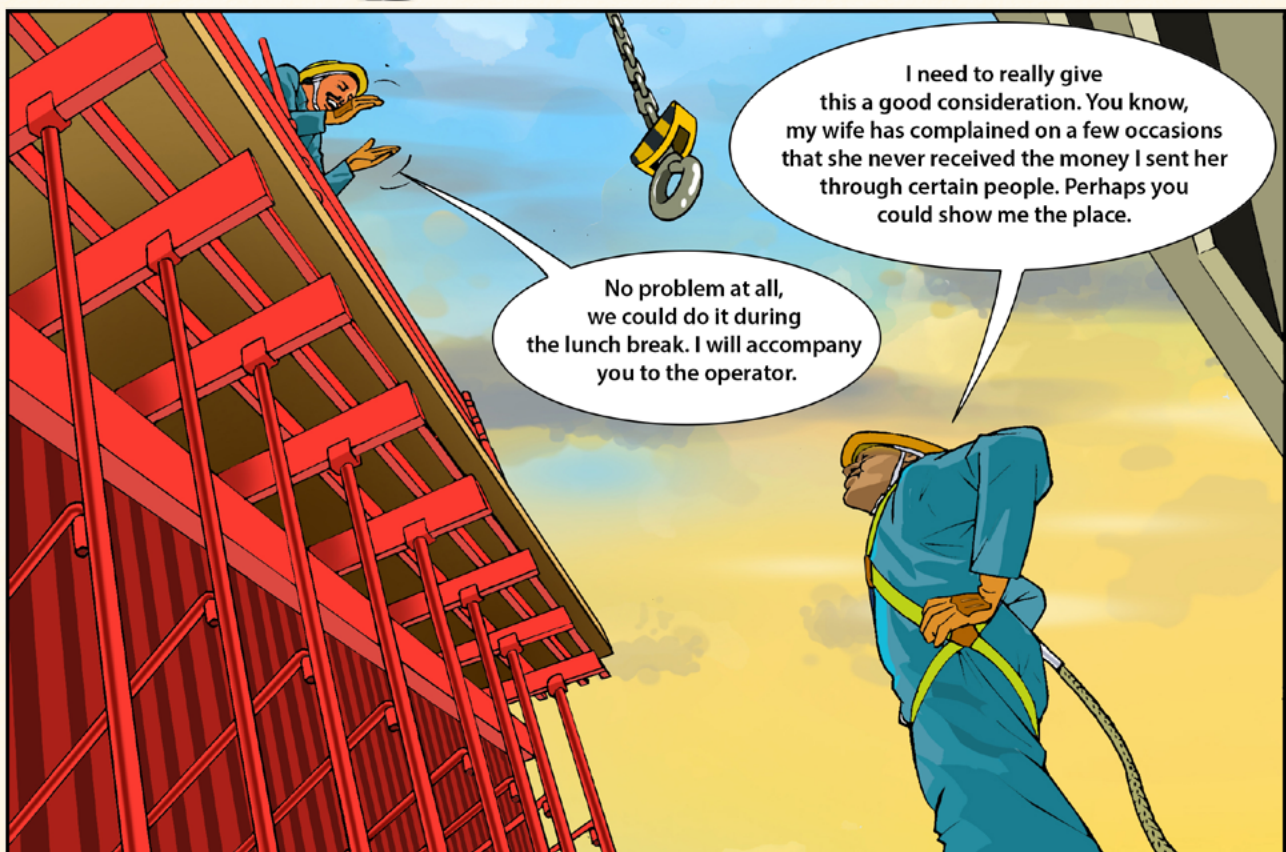
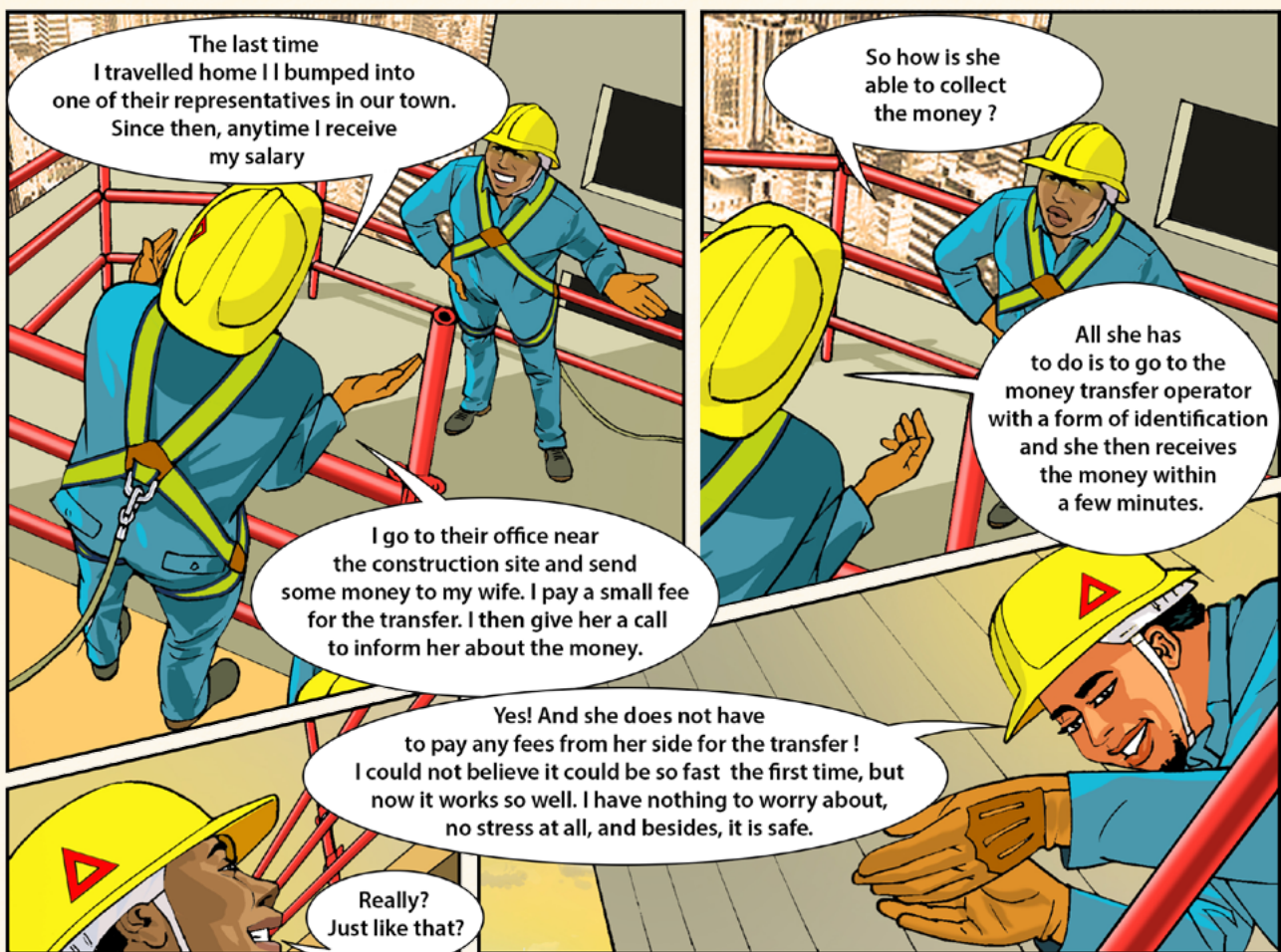
- Repaying is a decision that shall be taken when you decide to borrow.
- Avoid borrowing to repay a loan!
- Money from a credit is not yours!

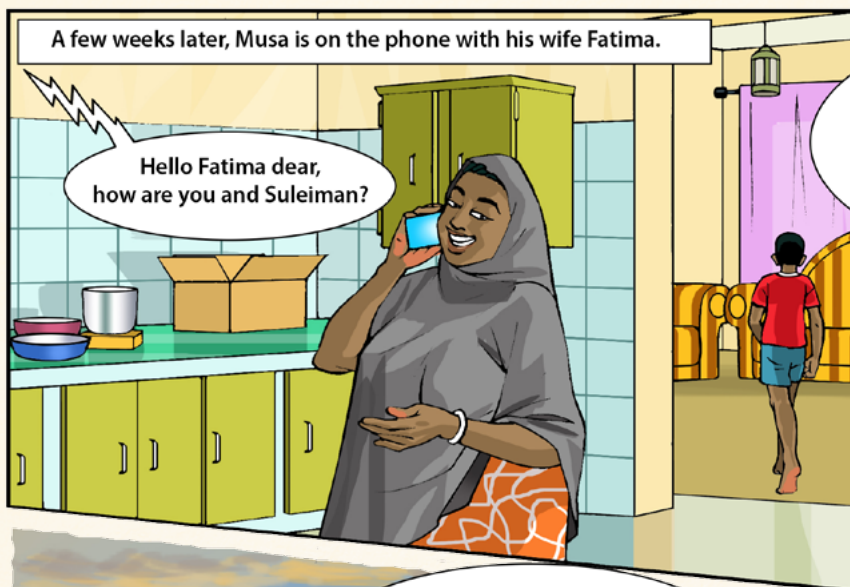


Musa is a migrant worker based in Kuwait who remits money monthly to his wife Fatima for her upkeep and that of their son.









Hello Fatima dear,
how are you and Suleiman?

We are fine thank you!
I just received the money you sent !
I went to that money transfer operator
that you suggested. It was so quick
and simple, I just had to show my ID.
I managed to pay the rent! I feel
so much better !



I feel relieved too,
I don't want you to have troubles
while I'm away.



Thank you very much
my dear husband. By the way,
I was wondering... whether you
could help me with opening
a shop – you remember that
it is one of my desires.



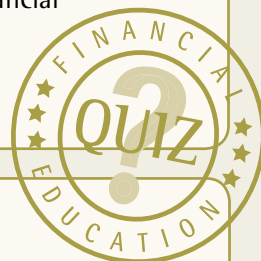
Of course
I remember ! Now that we know
of this safe way to get the money
across to you, I can plan to send
you a bit more money
every month.



Thank you
once again my dear
and please take care
of yourself.

FINANCIAL INSTITUTIONS, PAYMENT METHODS, AND MONEY TRANSFER OPERATORS

E



E1. A financial institution is a public or private service that deals with financial operations such as savings, credit and payments.

- ☐ a. True
- ☐ b. False

E2. I've noted that there are more and more banks in this region:

- ☐ a. I should go and ask information; they may have attractive savings or credit products for me.
- ☐ b. What is the use, these banks are only interested in rich people and large companies.
- ☐ c. I would like to go and check but I'm afraid they tell me off as I don't have a lot of money.

E3. What is the sentence that is not a principle of client protection that financial institutions are required to respect?

- ☐ a. Prevention of over-indebtedness.
- ☐ b. Fair and respectful treatment of clients
- ☐ c. Transparency
- ☐ d. Offering presents to the customers
- ☐ e. Responsible pricing
- ☐ f. Mechanisms of complaint resolution

E4. A withdrawal card is a card with which I can:

- ☐ a. Make withdrawals and payments.
- ☐ b. Make withdrawals only.
- ☐ c. Make withdrawals, even when I have no money in my account.

E5. Someone just stole my bank card, what should I do?

- ☐ a. The thief does not have my password, so I am not worried. I won't do anything.
- ☐ b. I immediately contact my bank to block the card.
- ☐ c. I immediately contact my bank to issue a new card.

E6. A money transfer allows:

- ☐ a. To open a bank account.
- ☐ b. To move money from one place to another.

E7. What is the safest method to send money?

- ☐ a. Ask a taxi or a minibus driver.
- ☐ b. Ask a formal money transfer operator.
- ☐ c. Ask a relative.

1. GET TO KNOW FINANCIAL INSTITUTIONS

Musa

Musa would like to save more money to send home to his wife Fatima. After talking to some colleagues, he was persuaded to ask some financial institutions for information about opening a bank account. Before deciding, though, he read through documents of various banks and microfinance institutions.



QUESTION

- What did Musa do before opening an account in a financial institution?

DEFINITION

Financial institution: Public or private service that deals with financial operations such as savings, credit and payments.

TIPS

To choose your financial institution well, you need to consider:

- *The financial institution's characteristics*
- *The characteristics of the products you need according to your goals that this institution might offer: type of account, payment methods, savings and credit products, transfer products...*



EXERCISE

Think about questions to ask to financial institution before making your choice:

CHARACTERISTICS TO THINK ABOUT WHEN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Proximity	
Reputation and trust in financial institution	
Availability and quality of non-financial services (training...)	
Access to mobile banking (internet, mobile phone...)	
Quality of services (waiting time, customer care...)	
If needed, requirements for joining the institution (membership fee, frequency of meetings, decision-making power of members...)	
Transparency of price and conditions of financial services and quality of information provided	
Availability of specific products adapted to my status (student, wage-employed, self-employed, retired...)	
Corporate social responsibility (philanthropic actions...)	
FEATURES OF FINANCIAL INSTITUTION'S PRODUCTS (SUCH AS SAVINGS)	
Access to savings, flexibility of withdrawals	
Convenience and ease of use	

Requirements for opening a savings account	
Safety	
Interest rate	
Access to other products and services	
Costs of saving (fees, penalties)	
Liquidity	
Ethical values of product (socially and environmentally responsible finance, Islamic finance...)	

YOUR TURN

According to my goals, my personal situation, and my financial needs, I choose a financial institution with the following characteristics:

Example: close to my home

1.
2.
3.



KEY MESSAGES

- To select a financial institution, you need to review its characteristics and products and choose those which best suit your needs.
- You can find the information on brochures of financial institutions and you can also ask questions to the institutions' employees.
- When you choose savings or credit products, keep in mind that the interest rate is only one aspect to consider among many others.

2. GET TO KNOW MONEY TRANSFER OPERATORS

Different ways of sending money

Akorfa sends money from her bank account to that of her mother.

Kofi sends money from his mobile phone to his friend Appiah's mobile phone.
George sends money to his parents via a transfer operator: his parents collect it in cash from the same operator's local agent.

After losing some money to people through whom he had sent money to his wife Fatima, Musa now uses a money transfer operator in Kuwait to send money to his wife. She then collects it in cash from the operator's local agent where she lives.

QUESTIONS

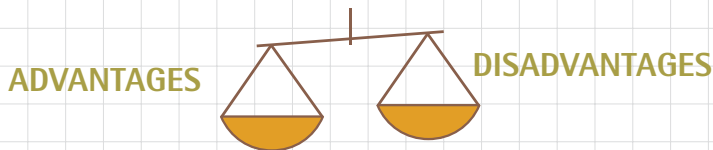
- And you? Do you send money to people, or abroad?

☐ Yes ☐ No

- If yes, for what reason?

- What method do you use?

EXERCISE



Indicate in the table below the advantages and disadvantages of each money transfer method.

[illegible]

DEFINITIONS

Formal money transfer service providers are organizations that are regulated or supervised by the government. This type of provider includes money transfer operators (MTOs), banks, microfinance institutions, savings and credit cooperatives, and mobile phone providers.

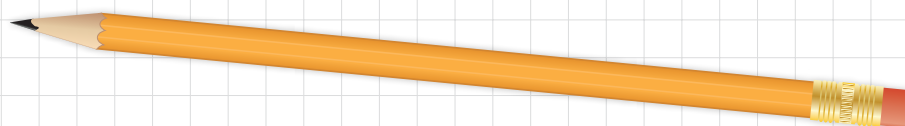
Informal money transfer service providers are organizations that are not regulated or supervised by the government. This type of provider includes retail shops, friends and couriers.

Whatever the provider you choose to make a money transfer, be it formal or informal, you need to look at a series of criteria before making your choice:

- Costs of sending money (paid by the sender).
- Costs to receive money (paid by the receiver).
- Geographic proximity (for the sender and the receiver).
- Safety.
- Speed.
- Money exchange commission (if relevant).

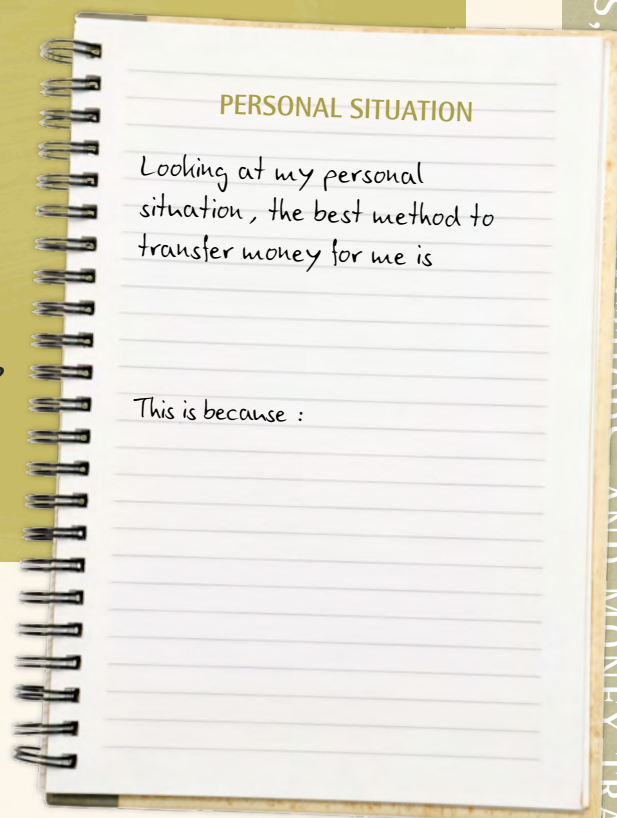
EXERCISE

- What questions should you ask a money transfer operator?



Questions to ask a formal money transfer operator

- *How can I send money to a relative?*
- *What forms do I need to fill out to send money?*
- *What forms must the person receiving my money fill out?*
- *What ID is required to send money?*
- *What ID is required to receive money?*
- *Do I need to have a bank account in your bank in order to send money?*
- *How long does it take for the receiver to get the money?*
- *How much does a transfer cost?*
- *Does the receiver get the full amount I send, or will they pay additional costs at reception?*
- *How can I check if the receiver has received the money?*
- *Can I cancel or modify my transfer?*
- *Do I have to come in person to the bank or is there a remote service to transfer money (Internet, mail, app ...)?*
- *Do you have branches or agents of your bank located in _____ (place of residence of relatives to whom I want to send money)?*
- *What exchange rate is used in converting my money into the currency of the receiving country? What are the exchange fees?*
- *If I send money in euros, in what currency will the receiver have my money?*



KEY MESSAGES

- It is important to be familiar with the procedure for transferring money (documents to be provided, costs, operator's network ...).
- There are several ways to transfer money: cash to cash, bank account to cash, cash to bank account, bank account to bank account, cell phone to cell phone ...
- Choose your transfer method and your operator according to your situation and of that of the person you are sending money to. Looking at characteristics such as the cost of sending, the exchange commission, the cost of receiving, the geographic proximity, etc.) enables you to take a decision that is best suited to your needs.
- Send money in a safe way, prefer the formal channels and facilitate the withdrawal for your relatives!

3. USE FINANCIAL INSTITUTIONS WITH CONFIDENCE

You must know that as a customer of a financial institution, you have responsibilities, but you also have rights! Let's learn about these rights!

EXERCISE

Find a solution or give an answer to each of the following cards.

Then, link them to the corresponding client protection principle.

CARD 1

I own a chicken farm. I have just contracted a farm loan with a nearby microcredit institution. The amount is exactly the amount I needed. In three months' time, I shall be selling my chickens and shall have a large sum of money. However, I now have to pay back the loan to the microcredit institution in monthly instalments and I have no current income from my business to make the payments. It now seems to me that the loan was not suited to my needs. Is this normal?

CLIENT PROTECTION PRINCIPLE

Appropriate product design and delivery.

CARD 2

I have already contracted two loans with the bank: one for a house purchase, the other to cover the costs of a religious ceremony last year. I'd now like to buy a small motorbike so I can get around more easily. My bank is refusing to give me a third loan. Is this normal? What can I do about it?

CLIENT PROTECTION PRINCIPLE

Transparency.

CARD 3

I am a customer of a financial institution. I have tried to make sense of the terms and conditions and charges associated with a savings product, but the brochure they have given me is in very small print and I do not understand all the terms used. What should I do?

CLIENT PROTECTION PRINCIPLE

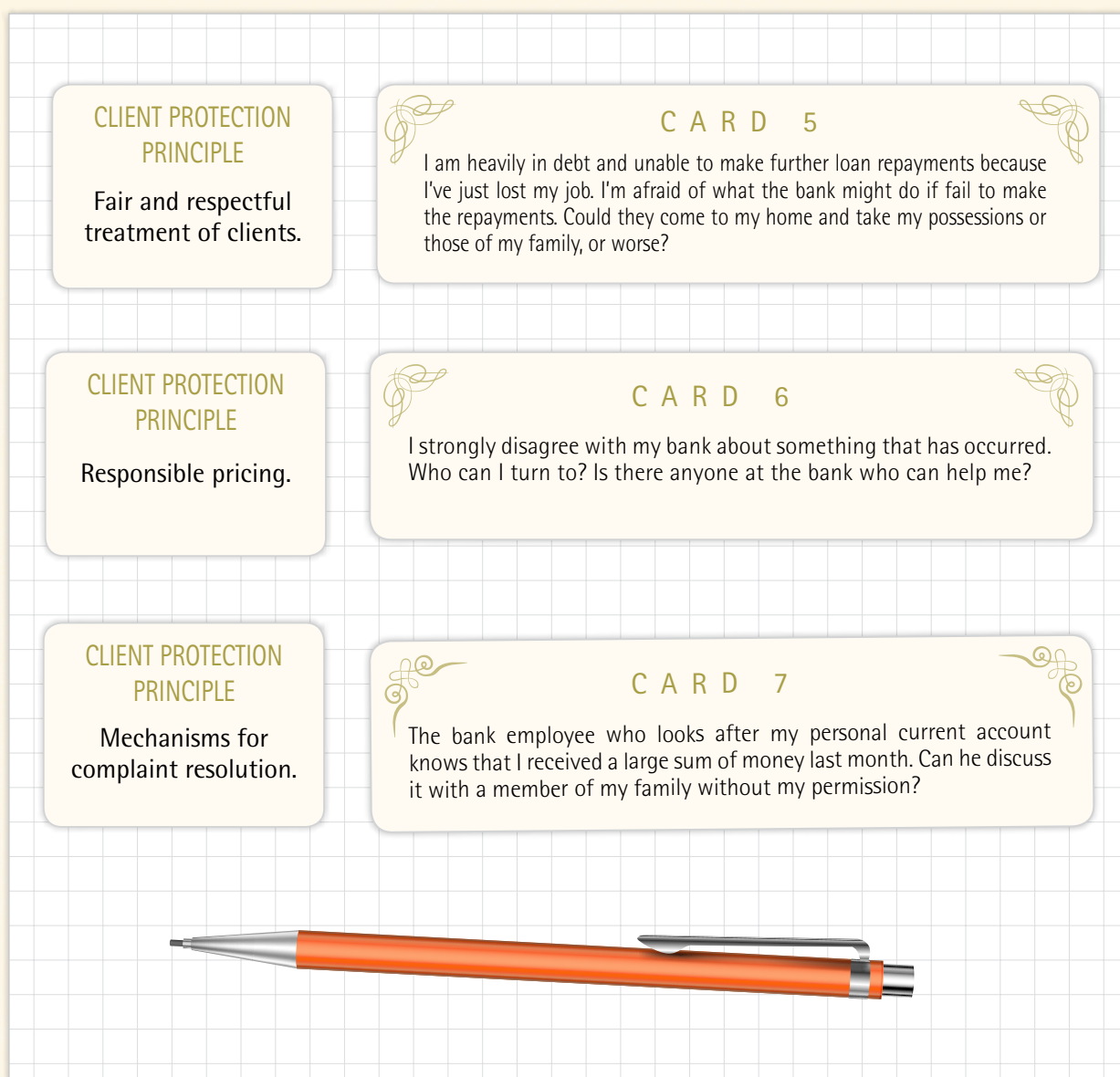
Privacy of client data.

CARD 4

I have a current account and a savings account with a financial institution. I am unhappy because I have to pay high management charges for my current account, whereas my deposit account pays only a very low rate of interest. This seems to me unfair. Is this normal?

CLIENT PROTECTION PRINCIPLE

Prevention of over-indebtedness.



These cards present the seven main principles of client protection that financial institutions have agreed to respect¹:

- Appropriate product design and delivery.
- Prevention of over-indebtedness.
- Transparency.
- Responsible pricing.
- Fair and respectful treatment of clients.
- Mechanisms for complaint resolution.
- Privacy of client data.



KEY MESSAGES

- In order to select a financial institution, you need to review its characteristics and its products and choose the ones that are the most adapted to your needs.
- To review the characteristics and the products of a financial institution, it is important to review the brochures, leaflets as well as ask the right questions to the staff: feel free, it is their job to answer your questions!
- Entering a bank or another financial institution does not mean you have to commit to open an account; you can start by gathering information.
- Everyone can, in theory, access services from financial institutions (if you can provide the required documentations!): you need to find the institution that meets your needs the most.
- As a customer of a financial institution, you have rights!



RISK MANAGEMENT AND INSURANCE



F1. Which of the following sentences do not related to a risk?

- ☐ a. Run into bankruptcy.
- ☐ b. Be sad.
- ☐ c. Have a work accident.
- ☐ d. Be victim of a fire.

F2. The list below shows protection measures against risks, except one, which one?

- ☐ a. Have savings.
- ☐ b. Subscribe to an insurance.
- ☐ c. Send money.
- ☐ d. Use a mosquito net.

F3. Insurance offers a protection against the possibility of a loss.

☐ True ☐ False

F4. What is an exclusion?

- ☐ a. Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.
- ☐ b. Specific condition, circumstance, or situation usually listed in a contract as being not covered.
- ☐ c. A request for payment for a loss that is covered by the policy.

Answers: G.1 : b ; G.2 : c ; G.3 : a ; G.4 : b



1. UNDERSTAND RISKS AND HOW TO PROTECT YOURSELF AND YOUR FAMILY



Appiah breaks his toe

One day at work, Kofi's friend Appiah dropped a chair on his foot and broke his toe. He did his best to stop the bleeding and bound up the wound. He tried to ignore the pain, but that evening his toe was badly swollen. He went to work next day but was in a lot of pain.

He did not say anything to his supervisor for fear of losing his job (his manager gets very angry when workers ask for time off). He was also afraid that, if he went to hospital, he would not be able to pay for the X-rays, bandages and medicines. He thought he had an insurance policy but was not sure if he could use it for a minor injury like a broken toe. He was worried. What would happen if he needed expensive medicines or had to pay to see the doctor? What should he do? Fortunately, his father lent him some money and he was able to get treatment. He would like to avoid having to borrow money if something similar were to happen again.

QUESTIONS

- In what ways did the accident affected Appiah? Why?
- What do you think Appiah could have done to make sure this situation does not happen?
- What other types of risks can happen in life?

[*Answers: Theft, illness, death, unemployment, disability, natural disasters...]

DEFINITION

A risk is a more or less foreseeable danger that can have damaging impact on us or on our family



Risks have different probabilities to happen and their consequences are different, from minor to very serious, depending on the nature of the risk and of the characteristics of people or places that are affected.

EXERCISE

Write the risks in the boxes according to their frequency (probably to happen) and their costs. As an example, death is something that happens very rarely (once!) but it has very high costs for the family.

		COSTS		
		Low	Medium	High
FREQUENCY	Frequent			
	Medium			
	Rare			Example: death

EXERCISE

Choose one risk and identify the measures you can take to protect yourself and your family against this risk. Write these measures under an umbrella!

RISK:



YOUR TURN!

How much should I put aside for emergencies?

To be prepared when emergencies strike, it is recommended to set aside three times your average monthly income!

Complete the exercise below:

Amount for emergency savings =

Average monthly income:

$$\begin{array}{r} \text{Total} \quad \times \quad 3 \\ \hline \end{array}$$

This is the amount you should have put aside for emergencies.

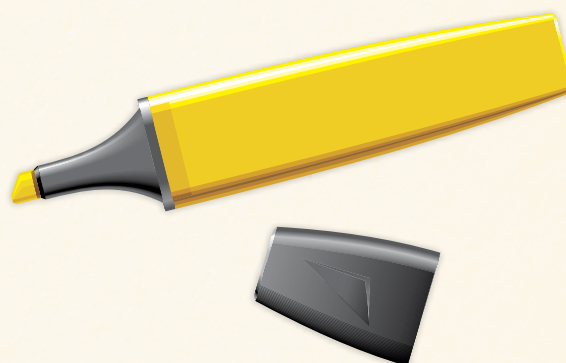
Attention! It may seem to be a large sum but do not worry, you can save little by little to reach this amount.

Do not forget that the amount needs to be available; so, do not deposit it in time deposit or contractual savings accounts.



KEY MESSAGES:

- Risks are inherent to life.
- Some risks can be foreseen, and you need to take measures so that their impact will be lower.
- It is essential to have an emergency fund so that minor emergencies do not affect you too much; saving is key to reducing your vulnerability.
- For other emergencies, personal savings might not be enough: you need to use insurance.
- You need to take measures to protect yourself and your family.



2. UNDERSTAND INSURANCE

Kofi injures his back

Kofi had an accident at work yesterday. He got injured while carrying some heavy spare parts. At first, his back did not hurt much, but that evening it was very painful. His father then told him that as a formally registered employee, he has an insurance policy that covers accident-related expenses, such as medicines, consultations with the doctor and hospital visits. A small sum is deducted from his monthly salary to pay for this. Kofi was relieved - he could go to the hospital to get a treatment and would not have to pay the bills himself.



INSURANCE: What is the idea?

The principle of insurance is to defend ourselves against a risk we may face (accident, illness, theft...) and to set aside some money to receive a compensation the day the event will occur.

DEFINITION

Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of an accidents or of any event covered by the insurance.

Example: when you own a car, you need to have an insurance contract. If you run into an accident, the insurance pays for damages you may cause to other people, and for repairs.



Mutual benefit association (cooperative)

A mutual benefit association (cooperative) is a non-for-profit organization that is owned collectively by its members. It provides insurance to its members and acts in their best interest.

Insurance company

An insurance company is a business that provides insurance services. Its goal is to make profits.

THE TREASURE POT GAME

You never know when or how much you will have to pay for your health. Sometimes the health expenses are so large that they go beyond our financial capacity.

This is the reason why it is important to pool risks through a subscription to insurance.

The secret of risk pooling lies on the fact that we all contribute with a part of our resources to a common pot. We do not need to draw from this pot all at the same time. However, insurance works only if all contribute together.

You need to pay in advance to be sure to have access to healthcare services, those covered by the insurance.

The extent of the healthcare services you can access depends on the level of your contribution. The more you contribute, the more services you have access to.





KEY MESSAGES

- Insurance: a tool for income preservation and social protection.
- To be insured is to prevent risks.
- Insurance: pooling of risks.
- Ask your employer or union representative if you are covered by insurance, and how this insurance works.

⚠ Attention: Some workers, especially workers who receive a salary from formal enterprises (i.e. from a company registered with the State services and who pays taxes), have insurance coverage but often they don't know what it covers or how to use it. Sometimes, insurance company employees do not clearly explain insurance mechanisms, and they use complicated terms.

Remember: knowledge is power. You should know what insurance is (events covered, payment, how to make a claim). Always keep your insurance card with you, if you have one.



3. USE YOUR INSURANCE POLICY

People face many different risks in the course of their life and each period of their lives come with a number of different risks. Some risks are general and may happen to anyone. Other risks may be specific to categories of people.

Let's look at the specific risks faced by migrants and their families!

GENERAL RISKS	RISKS SPECIFIC TO MIGRANTS AND THEIR FAMILIES
• Risk of death • Risk of illness • Risk of accident • Risk of theft	• Risk of depression from being away from your loved ones • Risk of being fired • Risk of physical, psychological and/or sexual abuse/harassment, especially for irregular migrants • Risk of unpaid wages for irregular migrants • Risk of death, illness, accident in a foreign country

QUESTIONS

- Do you have an insurance policy? If you don't, would you like to have one? ☐ Yes ☐ No
- Do you know the key insurance terms? ☐ Yes ☐ No



EXERCISE

Match these terms to their definitions:

POLICY

A request for payment for a loss that is covered by the policy.

PREMIUM

Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.

BENEFITS

The person who receives the insurance money when an insured event occurs.

CLAIM

The money a policyholder pays to the insurance company to activate the insurance policy and keep it valid.

BENEFICIARY

Card issued by the insurance provider as proof that the policyholder has paid a premium.

INSURANCE CARD

The money that the insurance company pays to either the person who submits the claim or to his or her beneficiary.



KEY MESSAGES

- In order to find the insurance product that best meets your needs, you first need to identify the risks you and the persons you want to insure face.
- Insurance uses specific terms - You should learn them well in order to understand the available insurance products and make informed choice.
- Each insured risk may require different documentation when making a claim.

4. WHAT YOU NEED TO KNOW ABOUT HEALTH INSURANCE

QUESTIONS

- Do you have a health insurance policy?
- Is it provided by your employer and included in your employment contract?
- Who is usually the beneficiary for a health insurance policy?
- What kind of things might be excluded from a health insurance policy?

EXERCISE

CASE N.1: KOFI'S FATHER

Kofi's father has signed up to a health insurance policy for his family and uses the interest earned from his savings account to pay the premiums.

During the first year, no one in the family suffered any health problems.

Kofi's father thought he should get a refund of at least some of his premiums, as he had not used the policy to obtain health care.

Is Kofi's father entitled to a refund? Why?

CASE N.2: AKORFA

Akorfa has taken out health insurance. During the harmattan season, her cousin comes to live with them. She breaks down after a bad case of flu and malaria fever and is hospitalised.

Will Akorfa's insurance cover the costs of her cousin's health care? Why?

CASE N.3: KYERAA

Kyeraa fears that she will not be able to pay the premiums for the new health insurance policy she has been offered for herself and her family.

But she knows that her daughter will need eye surgery next year.

Even though the premium provides health cover for a year, Kyeraa wants to subscribe to the policy for just three months, beginning one month before her daughter's eye surgery and ending two months after the operation.

Can Kyeraa purchase an insurance policy for just three months? Why?



KEY MESSAGES

- Insurance may look complicated. But, now that you understand the basics, you can evaluate if the protection your insurance offers is worth the cost.
- If you want to purchase a health insurance policy, you will have to decide which family members to include in the policy. Some policies charge extra premiums for each family member you add to the policy. Some offer a basic package for a family of four and charge extra for any more family members.
- It is very important to learn the rules that each policy uses to calculate the premiums for insuring your family.
- Insurance policies are not all the same. It is important to understand the policy and its conditions before subscribing to it. Be confident to talk to an insurance agent, your employer or your trade union representative if you have any doubts.
- If you're interested in buying an insurance policy, or if you have any question, immediately talk about it to an insurance agent, your employer, or your union representative.

DEFINE AND FINALISE YOUR PROFESSIONAL GOAL OR YOUR RETURN HOME

G

Akorfa came back home after working in Germany as a teacher of English as a foreign language. She would like to set up a language school.

She has thought well about her professional projects and her plan to return to the country. She already has taken steps to complete her project.



YOUR TURN!

And you? Where are you at? Think about the following questions:

- What is your professional project, or your plan to return home?
- In which sector would you like to work?
- Would you rather be an employee or an entrepreneur?
- Do you know yourself? What are your strengths and your weaknesses?
- Do you have the adequate skills to finalise your professional project, or your plan to come back to your country?
- What training exists to help you acquire the necessary skills to finalise your professional project, or your plan to come back to your country?
- Is your professional project, or your plan to come back to your country, suitable for the environment of the city or area where you want to live?

SUM UP

Your professional project, or your plan to come back to your country:

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Your strengths:

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Your weaknesses:

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The strengths of the area where you want to live:

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The weaknesses of the area where you want to live:

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Your action plan: what do you need to complete your professional project, or your plan to come back to your country? A training course? A degree? An experience? A business partner? Technical support? Funding?

.....

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THREE THINGS THAT I LEARNED DURING THIS TRAINING:

1.
2.
3.

Keep in mind three pieces of advice for good money management:

- Spend smartly,
- Save regularly,
- Borrow wisely.



ANNEXES

SUGGESTIONS OF QUESTIONS TO ASK A LENDER BEFORE CHOOSING A CREDIT PRODUCT

- What types of loans are available to finance my projects (housing, business, studies, car...)?
- What is the interest rate?
- What fees are charged?
- What is the effective interest rate?
- What are the collateral requirements?
- Is there a minimum personal contribution required? How much?
- How often must the loan principal and interest be paid?
- What is the amount of each instalment?
- What penalties are charged for late payments?
- Where are loan payments made?
- How long does it take to get a loan?
- How many times do you have to actually go to the loan office to complete the application?
- What documents do you have to provide to the lender to get a loan?



SUGGESTIONS OF QUESTIONS TO ASK AT A FINANCIAL INSTITUTION BEFORE MAKING YOUR CHOICE

CHARACTERISTICS TO THINK ABOUT WHEN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Proximity	• Is there a branch nearby (My home, my workplace or another convenient location)? • If I have a bank card is there an ATM nearby (My home, my workplace or another convenient location)?
Reputation and trust in financial institution	• What is the reputation of the institution? To ask to yourself: • Have I heard any problems related to this financial institution in the papers or on the radios? • Do I know anyone who has had a problem with the financial institution? What kind? How was it solved?

CHARACTERISTICS TO THINK ABOUT WHEN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
Availability and quality of non-financial services (training...)	• Do you provide non-financial services to your clients, such as training services? • Do you offer investment advisory services to your clients?
Access to mobile banking (internet, mobile phone...)	• Is it possible to do transactions from a distance (Internet, mobile phone)? • Which transactions? • How much does it costs?
Quality of services (waiting time, customer care...)	• How long does a staff member spend with a client on average? • What is your customer care policy?
If needed, requirements for joining the institution (membership fee, frequency of meetings, decision-making power of members...)	• For some MFIs and SACCOs: • Are there any requirements to access your services? If so which ones? • Is there a subscription fee? If so, how much is it and is it to be paid weekly, monthly or yearly? • As a member/client, do I have to attend any meetings? Are they compulsory? How often are they held? Any sanction in the case of absence? • How do the members/clients participate in the decisions made with regards to the institution's structure, governance, and operations?
Transparency of price and conditions of financial services and quality of information provided	• Are the price and conditions of financial services clearly made available to the clients? • Does the financial institution have communication materials for their products and services (Brochures, websites...)? If yes, do they provide the required information? • Is the information easy to understand?
Availability of specific products adapted to my status (student, wage-employed, self-employed, retired...)	• Are there any specific products or financial services for me? (Youth, student, retired, wage-employed, self-employed, women)
Corporate social responsibility (philanthropic actions...)	• Does the financial institution support any philanthropic actions? If so, what kind of actions?



CHARACTERISTICS TO THINK ABOUT WHEN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
FEATURES OF FINANCIAL INSTITUTION'S PRODUCTS (SUCH AS SAVINGS)	
Access to savings, flexibility of withdrawals	• How often can I make withdrawals? • Is there a minimum amount I must withdraw? • What withdrawal penalties do your savings account have? • Do you have a national network of ATMs?
Convenience and ease of use	• What are your opening hours? • How long is the wait to be served? • Do clients receive account statements? How often? • Are there any fees if I use an ATM in another region or abroad, or of another financial institution? • Can I do transactions on my account using my phone or the internet? (Checking balance, transferring money...)
Requirements for opening a savings account	• What is the minimum deposit for opening an account? • What documentation do I need to provide?
Safety	• What insurance or guarantees safeguard clients' funds?
Interest rate	• What is the interest rate on savings? • How does it compare to other institutions? • How often is interest paid? • How is the interest rate calculated? For example, is it a compound rate? (Is interest paid on both principal and accrued interest?)
Access to other products and services	• If I get a financial product, do I get access to other financial services? If yes, which ones? At a preferential rate?
Costs of saving (fees, penalties)	• What fees are charged? (Transfers, ATM withdrawal fee, mobile banking fee) • What administrative fees are charged on the (savings) accounts?
Liquidity	• How easy is it to withdraw funds from the account? • Will the full amount be available? • Are fees charged if the funds are withdrawn before a specified date?
Ethical values of product (socially and environmentally responsible finance, Islamic finance...)	• Do your financial products live up to ethical standards? Which ones?



DEFINITIONS

GENERAL

GOAL

- A goal is something you want to do in the future.

FORMAL/INFORMAL

- In general, something that is formal respects the forms, meaning that it fits into a framework, a structure, or a law. It is also something that is legitimate and recognized by an authority.
- Unlikely, something that is informal will not be subject to strict and official rules or framework. For example, the informal sector gathers businesses that are not registered and do not pay taxes.

BUDGET

- A budget is a tool to decide, to plan and to use your money to achieve your goals.

EMPLOYMENT CONTRACT

- A (legal) agreement between employer and worker that specifies the duties and responsibilities and benefits for both parties.
- A contract should include a description of duties, responsibilities and rights. It specifies employment and working conditions, such as pay, hours of work.
- A contract is an agreement between two parties that both parties sign of their own free will. An employment contract should preferably be in written form, in a language understandable to both parties, signed by both parties and a copy given to each party.

FINANCIAL INSTITUTION

- A financial institution is a public or private service that deals with financial operations such as savings, credit and payments.

SAVINGS AND CREDIT COOPERATIVE

- A Savings and Credit Cooperative is a democratic, unique member driven, self-help cooperative that strive to meet the financial needs of its members. It is owned, governed and managed by its members.

SAVINGS ACCOUNTS

A PASSBOOK SAVINGS ACCOUNT:

- A regular or passbook savings account (also known as demand deposit account) in a financial institution allows the account holder to make deposits or withdrawals at any time. The amount and timing are not set in advance. The savings are remunerated according to an interest rate (usually annual). This savings account usually cannot be used to make direct payments.

CONTRACTUAL SAVINGS ACCOUNT:

- A contractual savings account in a financial institution allows the account holder to link his/her deposits with the achievement of specific goals. The account holder deposits a set amount on a regular basis for a specified period of time. After the maturity date the client can withdraw the entire amount plus interest (interest rate is set in advance). Early withdrawal is either prohibited or penalized.

TIME DEPOSIT ACCOUNT:

- A time deposit account in a financial institution allows the account holder to deposit a lump sum, which he/she promises not to touch for a specific period of time. The client can choose from a range of possible terms. Since this type of account presents constraints (duration and amount blocked) for the client, it usually pays the highest interest of any savings product.

CREDIT

INTEREST RATE

- The amount of money that the borrower pays to the lender, in addition to the loan amount, for use of the money of the lender.

PRINCIPAL

- The original amount of the loan, without interest.

LOAN TERM

- The period of time that the borrower has to use the loan money and repay it.

COLLATERAL

- An item of value that the borrower will have to give to the lender in case the borrower is unable to repay the loan (could be land, vehicle, savings, etc.).

GRACE PERIOD

- Period after receiving a loan and before the first payment is due.

RETHINK

- Cancellation of the credit contract. In some countries the loan agreement is not legally binding until several days or weeks after signing. During this period no payment can be made from the lender to the borrower. It ensures an efficient protection against impulse buying.

EARLY REPAYMENT

- The borrower is always free to repay all or part of his/her debt before the expiration of the loan agreement, and that without incurring penalties.

GUARANTOR

- A person who will repay your loan in case you cannot pay; this person may be required to co-sign your loan agreement with the lender.

OVER-INDEBTEDNESS

- The inability for a person to cope with his or her personal debts.

PAYMENT METHODS

CASH CARD

- A cash card is given to you by your bank and allows you to get cash from your account using a special machine called an Automated Teller Machine (ATM) or cash dispenser. In addition to withdrawing cash from your account, you can use an ATM to find out your account balance, transfer money from one account to another, and make deposits into your account. Some ATMs also sell postage stamps or airtime credits or allow you to pay some invoices (electricity...). Each bank has its own network of ATMs but often you can use your bank card to withdraw from any ATM whether the ATM belongs to your bank or not. However, your bank may charge you a fee each time you use an ATM that is part of another bank's network.

DEBIT CARD

- A debit card is another way to make banking transactions electronically. In addition to using it to withdraw money from ATMs, you can use a debit card to pay for goods you purchase in many stores. You must have the money in your account at the time of purchase. The amount of your purchase is deducted immediately from your account. You will regularly receive a regular statement from the bank, showing the total amount deducted from your account and your remaining balance.

CREDIT CARD:

- In general, a credit card allows you to carry out the same transactions as cash and debit cards. The major difference is that it also enables you to access instant credit. In other words, if you do not have money in your account, you can still make the purchase by taking out a loan from the institution that sold you the credit card (financial institutions but also supermarkets, department stores, others).
- Depending on the features of your credit card contract, the amount of your purchase will be deducted from your account (in one or more instalments, at an interest rate that is often much higher than standard credit products...). You will receive a regular statement from the institution that issued the credit card, showing the total amount to be repaid, the amount already paid off and the interest rate.

MONEY TRANSFERS**INFORMAL MONEY TRANSFER SERVICE PROVIDERS:**

- These organizations are not regulated or supervised by the government. This type of provider includes retail shops, friends and couriers.

FORMAL MONEY TRANSFER SERVICE PROVIDERS:

- These organizations are regulated or supervised by the government. This type of provider includes money transfer operators (MTOs), banks, microfinance institutions, savings and credit cooperatives, and mobile phone providers.

RISK AND INSURANCE**RISK:**

- A risk is the possibility of a loss or injury.

INSURANCE:

- Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of accidents or any event covered by the insurance.

INSURANCE COMPANY:

- An insurance company is a business (profit oriented) that provides insurance services.

MUTUAL BENEFIT ASSOCIATION (COOPERATIVE):

- A mutual benefit association (cooperative) is a non-for-profit mutual organization, which provides insurance to its members.

POLICY:

- Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.

PREMIUM:

- The money a policyholder pays to the insurance company to activate the insurance policy and keep it valid.

BENEFITS:

- The money that the insurance company pays to either the person who submits the claim or to his or her beneficiary.

BENEFICIARY:

- The person who receives the insurance money when an insured event occurs.
- CLAIM: A request for payment for a loss that is covered by the policy.

INSURANCE CARD:

- Card issued by the insurance provider as proof that the policyholder has paid a premium.

EXCLUSION:

- Specific condition, circumstance, or situation usually listed in a contract as being not covered.

PERSONAL NOTES

PERSONAL NOTES

TRAINEE'S GUIDE

FINANCIAL EDUCATION

GHANA

The training programme on financial education "Manage your money smartly", gives participants the opportunity to acquire skills on how to earn, spend, budget, save, borrow and manage own resources wisely. It targets each person aiming at better managing her money, in particular, potential and returning migrants in Ghana.

The training material is composed of 2 manuals

- **This trainee's guide** encloses key messages on financial education as well as the main tools to use and manage money. The guide is given to the potential or returning migrants who participate in the training on financial education. It is used as an exercise booklet during the training and as a reference guide after.
- **The trainer's manual** includes training sessions and detailed information on how the financial education training should be organised. The manual targets trainers affiliated with institutions supporting or serving potential and returning migrants, in particular Public Employment Centres, vocational training centres, business development service providers, financial institutions, etc...



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