



VERSION 2021

# FINANCIAL LITERACY TRAINER MANUAL

Online and classroom training

### Other Training of Trainer (ToT) Publications in the Series

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- Digital Financial Literacy Program (2021)
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## A JOINT PUBLICATION BY CENTRAL BANK OF SRI LANKA (CBSL) AND THE INTERNATIONAL FINANCE CORPORATION (IFC)

The National Financial Inclusion Strategy of Sri Lanka was launched by the CBSL with technical and financial assistance from the IFC in partnership with the Government of Australia. The strategy identified Financial Literacy as an important area of focus.

This module was developed to improve the level of financial literacy among the public.

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# BACKGROUND

In 2021, Sri Lanka launched its first National Financial Inclusion Strategy (NFIS) with the aim of promoting a more effective and efficient process to improve financial inclusion across Sri Lanka. Creating this national strategy was a multi-stakeholder effort led by the Central Bank of Sri Lanka (CBSL), with technical assistance from the International Finance Corporation (IFC), under the IFC-DFAT Women in Work Program, Sri Lanka.

The NFIS is based on a national survey for financial inclusion, in 2018/19 (NFI Survey). The survey paid specific attention to understanding the different financial inclusion opportunities and barriers for women and men. This was invaluable in NFIS formulation.

Four key financial inclusion pillars for Sri Lanka were identified:

- Digital finance and payments
- MSME finance
- Consumer protection
- Financial Literacy

The NFIS Survey provided sex disaggregated data to better understand gender differences across these pillars. While account ownership levels are high in Sri Lanka, usage is low, and women access informal sources of finance more than men. Fostering financial literacy and strengthening consumer protection are both necessary to deepen public trust in formal financial services and increase their usage. The NFI Survey results reinforce the need to strengthen both these core components.

In response, a Financial Literacy Program was designed by IFC to support the CBSL's efforts to improve financial inclusion in Sri Lanka.

This trainer manual captures experience from pilot trainings as well as expert feedback from CBSL and the financial sector. Development Facilitators Pvt Ltd was contracted by IFC as part of this effort and provided inputs.

Given the backdrop of COVID-19, the program has been refined to suit virtual delivery mechanisms with innovative digital tools.

The trainer guide contains course descriptions and outlines for every course offered through the program. It includes modules for financial literacy and digital financial literacy, incorporating consumer protection, with guidance for both face to face and virtual delivery formats.

The modules can be customized to meet the needs of different audiences, with flexibility in language, scheduling needs and education levels. The trainer guide is also one of Sri Lanka's first attempts in the area of financial inclusion to include guidance on gender sensitive delivery.



## OBJECTIVES OF THE PROGRAM

- Update knowledge on new financial services available to consumers.
- Understand the differences in delivering virtual and face to face participatory training for adult learners.
- Appreciate the importance of delivering the training in a gender sensitive manner.



## PRE-REQUISITES FOR TRAINERS

- Trainers should have a background in business and finance.
- Trainers should also be confident in using online platforms to deliver the virtual version of the training.

# BACKGROUND

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## DETAILS OF THE TRAINING OF TRAINERS (TOT) PROGRAM

- This ToT is an interactive learning experience for those engaged in delivering adult learning programs on financial topics.
- Trainers will learn how to deliver targeted training in a classroom setting and online.
- In particular, trainers will become capable in managing a virtual learning environment, guiding group discussions, and giving effective feedback.
- Special attention will be given to ensuring trainers are aware of gender sensitive delivery.
- The trainers will also engage in participatory activities, roleplays, and interactive games when delivering the program.
- During the ToT Program, the trainers will be informed about the need to be flexible in the delivery of the training, for instance, teaching the content over consecutive sessions throughout a single day or in separate workshops spread over days or weeks. The trainer should gauge the setting and absorption capacity of the learners when deciding on the length of the session.
- Trainers will learn to deliver the training in a meaningful way, which can lead to behavioral change for the learners.

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## GENDER INCLUSIVE APPROACH IN TRAINING

The term “gender-inclusive” refers to programs that are open to both men and women but are designed to overcome any barriers to women’s full participation. Implementing gender-inclusive skills building programs is a powerful way to promote gender equality and eradicate gender bias.<sup>1</sup>

- This section aims to support trainers to guide the training in a gender-inclusive manner. This does not mean the training is on a ‘gender approach’ or addresses gender issues or equality. Instead it is about delivering the training in such a way that encourages equitable participation.
- Gender inclusive training requires an appreciation of gender relations and potential barriers to active participation in the training faced by some women and men. The barriers could be related to religion, caste, age, ethnicity, disability, and sexual orientation.
- The ToT program will open the minds of trainers to adopt training and facilitation methods that can overcome these barriers and encourage learning by all participants.
- The requirement to address gender inclusiveness was highlighted by the gender disparities in financial inclusion in the NFI Survey results. For instance, while both men and women lacked knowledge on their rights pertaining to financial services and mechanisms for recourse (Financial Consumer Protection)<sup>2</sup>, in areas like digital financial services there is a gender gap.<sup>3</sup> Aspects of financial consumer protection and digital financial literacy have accordingly been included in the training.

## HOW CAN TRAINERS EFFECTIVELY ADOPT GENDER SENSITIVE TRAINING ?

- Facilitating learning can range in scope from coaching a few people to leading a webinar with hundreds or thousands of participants (IFC, 2020).
- As a reminder, the main objectives of facilitating learning are to:
  - Create an environment that is conducive to learning.
  - Provide an engaging learning experience for all participants.
  - Keep participants on task and accountable for their learning.
  - Optimize opportunities for participants to interact and practice.
  - Tailor learning experiences to the specific needs of individuals and groups.
  - Help participants efficiently achieve the set learning objectives.
- Good training facilitation is important to ensure participants feel confident and at ease to speak about their experiences in dealing with financial matters. This is especially important to be able to make smart financial decisions in the future and to improve knowledge in new areas like digital finance and recourse mechanisms.

# BACKGROUND

- The first step is for a trainer to be aware of their own prejudices or biases. These unconscious biases will influence how a trainer facilitates the training and uses language, humor and examples. This is an important consideration in an Asian patriarchal context, where most trainers are men, and women participants could be self-conscious, limiting their participation in the training.
- Time poverty is also a factor to consider. For women participants, this means the training should not be scheduled when it could coincide with other responsibilities as this could discourage effective participation. In general, the training schedule should take religious observances and community festivals into account. With this in mind, the training program has been developed in a flexible way allowing trainers to deliver the training in flexible modules, spanning over few days if necessary.

## A PRACTICAL GUIDE TO CREATING AN INCLUSIVE TRAINING ENVIRONMENT

CONSIDERATIONS AND TASKS	QUESTIONS	TIPS AND APPROACHES
<b>SOCIAL AND CULTURAL NORMS</b>		
Use appropriate language and examples	1 Is the language used during facilitation appropriate for the target group?	<ul style="list-style-type: none"> <li>● Use relevant examples or analogies to respond to questions or illustrate concepts.</li> <li>● Make sure examples and analogies are sensitive to local gender, political, and religious norms.</li> <li>● Talk at a level equal to the average educational level of the target audience.</li> <li>● Remind facilitators and trainers to use a balanced mix of male and female pronouns.</li> </ul>
Create a gender inclusive learning environment	2 How can you make participants in the program feel more comfortable with the learning environment?	<ul style="list-style-type: none"> <li>● Consider gender-balanced facilitation when offering programs targeted to women.</li> </ul>



CONSIDERATIONS AND TASKS	QUESTIONS	TIPS AND APPROACHES
	<p>3 How can you mitigate disruptive behaviors (of participants or family members) during facilitation?</p> <p>4 What actions need to be taken to create a respectful environment free from bullying and sexual harassment?</p> <p>5 What actions would need to be taken if bullying or sexual harassment occurs?</p>	<ul style="list-style-type: none"> <li>● Communicate that this is a respectful training environment at the beginning of the course.<sup>4</sup></li> <li>● Ask participants for suggestions on how to prevent or resolve disruptive behaviors.</li> <li>● Take action against disrespectful behavior.</li> </ul>

### CONFIDENCE AND LEADERSHIP

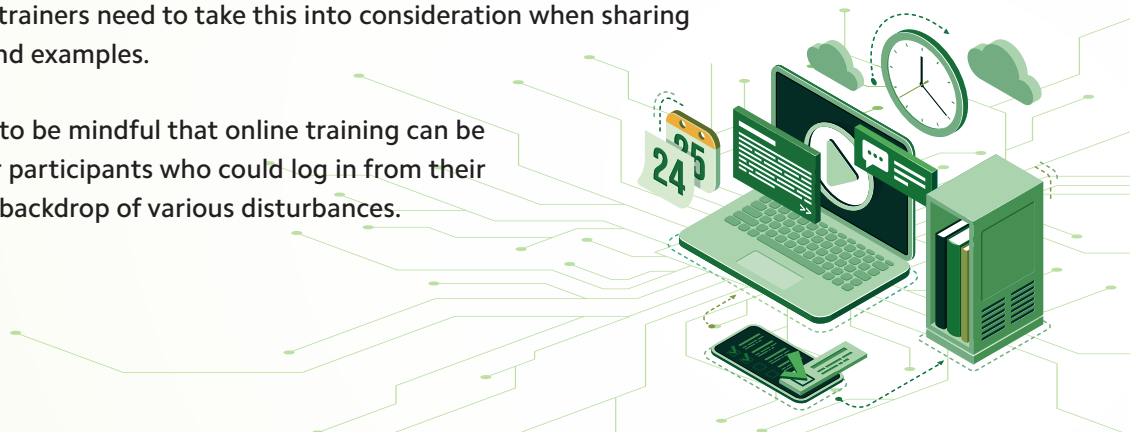
<p>Foster self-confidence and leadership skills into learning as needed</p>	<p>1 How can you reinforce aspects of self-confidence, self-efficacy and error competency as you facilitate learning?</p> <p>2 How can you reinforce aspects of leadership, assertiveness, self advocacy, and resilience as you facilitate learning?</p>	<ul style="list-style-type: none"> <li>● In mixed classes, assign both men and women participants to leadership roles in small group activities so they gain experience and confidence in leading groups.</li> <li>● In mixed classes, assign men as scribes or other “traditional female roles” to break stereotypes.</li> <li>● Encourage open discussion of “appropriateness” of self-confidence and self-efficacy during debriefs and when discussing activities or topics.</li> <li>● Make an extra effort to encourage both men and women to participate in group discussions or to lead their teams.</li> <li>● Strengthen self-efficacy by asking participants to present during class and engage them in peer-to-peer learning activities.</li> <li>● Develop error competency skills by engaging participants in activities where they can safely make mistakes and learn from them.</li> </ul>
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# BACKGROUND

CONSIDERATIONS AND TASKS	QUESTIONS	TIPS AND APPROACHES
NETS		
Include peer-to-peer learning	1 How can you facilitate activities to encourage peer-to-peer learning?	<ul style="list-style-type: none"> <li>Encourage participants to collaborate by creating training assignments that require working in pairs or trios, and to provide peer support and mutual technical support.<sup>5,6</sup></li> </ul>

## IMPORTANT CONSIDERATIONS FOR ONLINE TRAINING

- It is important to be considerate of participants’ different familiarities and access to technology when conducting online training, particularly for adult participants who may not be tech savvy.
- Trainers should be patient when onboarding participants, be prepared to simplify instructions and help to guide participants so they get the most out of the online training. Often these include guiding participants in using ‘show of hands’, chat functions, break out rooms, polls, screen sharing and breaks.
- In virtual training, the participants will connect from geographically dispersed locations and trainers need to take this into consideration when sharing experiences and examples.
- Trainers need to be mindful that online training can be distracting for participants who could log in from their homes with a backdrop of various disturbances.



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## GENERAL CONSIDERATIONS AND REQUIREMENTS

The trainer or training organizer needs to be aware of the facilities required by participants with special needs, including pregnant women, the physically challenged, those with a different first language, and single parents without additional childcare.

Trainers should make conscious efforts to stick to ground rules themselves and limit distractions such as incoming emails and phone calls.

Trainers will need :

- Training module in the interactive presentation format
- Trainer manual
- Internet connection
- Computer and required hardware such as speakers for playing the videos and audio file



# Online Session

## Instructions for using the guide

**This trainer manual is organised to ensure step by step guidance for the trainer with emphasis on how to conduct an online training.**

- The first column explains in detail and provides guidance for delivery of each section of the training module.
- The second column "Reference materials and instructions" specifies the relevant section in the PPT training tool.
- Additional reference material is given as an Annex to this booklet (Annex - "Trainer Note").
- Prior to the session, the trainer should check and be aware of whether the participants have had prior guidance/experience in using the online training platform. If the training is part of a series of trainings, the trainer can use there - I think we should aim to be gender neutral in our guide discretion and skip the introductory section which provides guidance on how to use the online training platform.
- Apart from this trainer guide, the trainers should familiarize themselves with regulations and directions in relation to the topics covered. For instance, deposit insurance limits, credit information etc. While the manual provides the information as at the date of publication, there could be updates introduced per market requirements by the regulator / relevant institution.
- In order to engage the participants effectively, the trainer is encouraged to use functions such as "Poll, Shared whiteboard etc" in the online platform used.





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# Session 1 – Introduction to Financial Literacy & Income and Expense Management

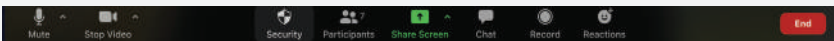


Session Plan:



Duration - 45 minutes

	Session Topics	Duration (mins)	Page No.
A	Welcome and introduction	7	13
B	Defining Financial Literacy	8	14
C	Income and Expense Management Game	20	15
D	Income and Expense Management	10	16



## A. Welcome and introduction (7 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Trainers should join the meeting via the online platform at least 10 minutes prior to the training start time. Trainers must allow participants to access the online meeting.</p>	Reference PPT: 1
<p>➤ Start the session when the minimum required number of participants have joined the meeting.</p>	
<p>➤ Mention that the online training will be a different experience compared to the usual classroom learning environment.</p>	
<p>➤ Ask all participants to ensure their name is on the screen as this makes it easier to get to know one another online.</p>	
<p>➤ Mention that in order to obtain maximum benefits of the session, the participants are encouraged to actively engage in discussions. Lack of familiarity with technology should not be a barrier and the trainer should make the participants feel comfortable.</p>	
<p>➤ Briefly explain some of the features of the online platform. Whilst different platforms offer varied functions, the guidance below pertains to common features found in most online platforms:</p> <ol style="list-style-type: none"> <li>The program coordinator might have already provided the participants with an initial introduction to the platform and how it operates, so this will be a reminder about a few useful features that will help to maintain an interactive training session.</li> <li>Ask the participants to bring their cursor onto the screen.</li> <li>Bring the attention to the strip of icons which includes key functionalities of the platform, and ask the participants to carefully look at those.</li> </ol>  <ol style="list-style-type: none"> <li>For example, using the figure of the microphone  you can mute or unmute your voice. Through this option, one can speak to share ideas with the group. It is also important to mute it when one has finished speaking, so as not to disturb the class.</li> <li>If a participant uses this feature they must click on the microphone icon once they finish speaking, to disable the microphone and keep themselves on mute. Mention that when the participants are not asking questions or expressing their ideas, they must keep themselves on mute (i.e. microphone has a line through it), so as not to disturb the class.</li> <li>Highlight the sign similar to two human figures  on the same bar. This represents the participants and ask the trainees to click on it to see who else is in the class.</li> </ol>	The trainer will be visible to the participants.

Step by step guidance for training delivery	Reference materials / instructions
<p>g. Familiarise the participants with the sign of the hand  and ask them to click on it.</p> <p>h. Explain that when participants want to speak, they can click on this sign to get permission to speak during the session.</p> <p>i. Once they have spoken, they should click on the icon again and the hand sign will disappear.</p> <p>j. Ask the participants to use the square shaped sign  on the top left corner to activate 'Speaker View'.</p> <p>k. Ask everyone to use the raise hand option to show that they have understood how to use the platform.</p> <p>l. Once all participants have successfully demonstrated the use of the hand raise function, the lesson can start.</p>	



## B. Defining Financial Literacy (8 Minutes)

<p>➤ Inform the trainees that the topic discussed today is timely and very important.</p>	Reference PPT: 2
<p>➤ The trainer should engage in an interactive discussion with the participants around the story in the slide.</p>	Reference PPT: 3
<p>➤ The answers provided by trainees should be noted by the trainer. Do not discuss the answers at this point. Simply note them down. Here, the trainer could use any of the following methods to record the answers:</p> <ul style="list-style-type: none"> <li>• type in the answers in the chat function</li> <li>• type in the answers to a PPT/word document</li> <li>• if online chat function or PPT/word cannot be used, then the trainer can use a flipchart or whiteboard, and write the answers clearly.</li> </ul>	
<p>➤ Display 'Scenario 2' as per the slide, and follow the same procedure, i.e. engage in a discussion and note the answers.</p>	Reference PPT: 4
<p>➤ At the end of this discussion, ask the participants why they think people face such issues. Probe few answers. It is likely that "ignorance" is cited as a reason. If not, indicate that "ignorance" is one of the main reasons.</p>	Reference PPT: 5
<p>➤ Use this as an opportunity to state that Financial Literacy is an important tool that can be used to avoid such situations.</p>	
<p>➤ Define Financial Literacy in brief as per the slide.</p>	Reference PPT: 6
<p>➤ Further mention the importance of Financial Literacy per the reference slides which follow, touching upon the definition.</p>	Reference PPT: 7 & 8

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Explain that the objective of the training is for participants to improve their knowledge on financial literacy, to ensure a better tomorrow.</p>	
<p>➤ Very briefly mention the training objectives as per the slide.</p>	Reference PPT: 8B



### C. Income and Expense Management Game (20 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Explain that the objective of this session is for participants to gain knowledge on better management of their income and expenses, which can lead to investments.</p>	Reference PPT: 9
<p>➤ Invite the participants to now join in a game. Explain the context of the game - Sunimal and Nimali have to manage their family income and expenses for the month of March. Also refer annex 1. Remind the trainees to use what they learnt thus far as well when making decisions in the game. The game is organised on a 20-day scenario basis. Thus, the trainer can give each trainee a chance to answer the different scenarios.</p>	Reference PPT: 10 & 11
<p>➤ The trainer is expected to have gone through the game prior and be familiar with it.</p>	
<p>➤ The trainer should bring the attention of the participants to the main screen and take them through the scenarios up to March 10.</p>	
<p>➤ Next, the trainer should ask each participant in turn their responses to the decisions to be made on each successive day. The trainer should lock these answers on his/her screen and keep moving thus till the end of the game.</p> <p>At the end, the trainer can refer to the final game screen and highlight the four key amounts (remaining balance in the credit card, additional loans created for the month, cash saved, ownership status of the bicycle).</p> <p>The trainer can engage the participants in a short discussion referring to the outcomes. Here, the trainer should focus on:</p> <ul style="list-style-type: none"> <li>• Cash in hand</li> <li>• Additional amount of loans created during the month. Compare this with the initial loan amount and draw attention to the decisions that led to this increase.</li> <li>• Remaining balance on the credit card.</li> <li>• Management of debt resulting in the ability to retain the motorcycle.</li> </ul> <p>Carry out a discussion to state that the increase/decrease in cash in hand may not necessarily mean that this is the best outcome. See if they have parallelly increased their loan amounts substantially or perhaps lost the motor-cycle or made sub-optimal social decisions.</p>	



## D. Income and Expense Management (10 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Briefly explain the PPT slide. When explaining, use insights gained from the game. Here, the trainer can also use some simple examples as below:</p> <ul style="list-style-type: none"> <li>• Activating Income Sources: Example: If a farmer wants to get an income from his/her paddy cultivation, he or she should actively engage, and put his/her fullest effort i.e. conduct weeding and add fertilizer at the correct times. Otherwise the farmer would not receive the expected income.</li> <li>• Have a reasonable estimate of one's income: Example: if a person is engaged in farming, he/she should be able to assess the income that can be reasonably expected based on the current status of the farm.</li> <li>• Identify alternative income sources: If the income received from the existing income sources is not sufficient to cover your expenses, actively look for alternative income sources or manage expenses better.</li> <li>• Continuously review your income sources: Be informed so that you plan better to manage the expenses you may meet.</li> </ul>	Reference PPT: 12
<p>➤ Identifying and planning for expenses are important. The trainer should explain that while some are recurrent expenses, others are unexpected.</p>	Reference PPT: 12B
<p>➤ The trainer should urge the participants to consider expenses under four criteria – whether they are important and not, as well as urgent or not (Adopted from the Eisenhower matrix).</p>	
<p>➤ Highlight the importance of record keeping for a proper management of income and expenses. As a starting point, ask the trainees to use the given format to keep records. Give adequate time for them to note down the format.</p>	
<p>➤ Monitor your expenses and ensure they are as per plan. Take swift action in case of any deviations.</p>	Reference PPT: 13 & 14
<p>➤ The financial decisions we make each day must be done in a proper manner, so that we could save and optimise our returns.</p>	
<p>➤ Briefly mention the benefits of saving and making investments.</p>	Reference PPT: 15 & 16
<p>➤ Conclude the session by taking the participants through a brief recap of the importance of managing their or their family's income and expenses. This is particularly important as it can affect financial stability and thus social stability.</p>	
<p>➤ Mention to participants that if interested, they can join other sessions which will cover savings and credit at a later date.</p>	Reference PPT: 17



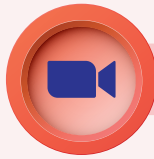
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## Session 2 – Savings

**Session Plan:**

**Duration - 50 minutes**

	<b>Session Topics</b>	<b>Duration (mins)</b>	<b>Page No.</b>
<b>A</b>	Welcome and introduction	10	18
<b>B</b>	Savings	40	19



## A. Welcome and introduction (10 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
➤ Trainers should join the online platform for the session at least 10 minutes prior to the training start time. Trainers must admit the participants into the meeting.	Reference PPT: 18
➤ Start the session when the minimum required number of participants have joined.	The trainer will be visible to the participants
<b>ATTENTION:</b> <ul style="list-style-type: none"><li>• If there is a new trainer for this second session, they should introduce themselves before starting the training.</li><li>• If this second session is done on a separate day or to a new audience, the trainer is required to take the trainees through the instructions on how to use the online platform as given under 'Welcome and Introduction'. If not, as a "test" ask the participants to raise hand via the platform. If most of the trainees raise their hands correctly, appreciate their efforts and instruct them to use the raise hand function only to share ideas.</li></ul>	
➤ Recap the topics discussed during the previous session/day. The trainer can be interactive here and ask the participants what they recall per the slides. If there are no volunteers, the trainer should briefly recap.	Reference PPT: 19 to 22





## B. Savings (40 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Inform that this session will focus on savings and link it to financial literacy.</p>	Reference PPT: 23
<p>➤ As per the slide, briefly mention the scope of today's session.</p>	Reference PPT: 24
<p>➤ The purpose of this slide is to invite participants to share their views on the subject. The trainer should probe the participants awareness of the formal financial institutions where one can save. Where possible, the answers should be obtained from the participants. These responses will help the trainer link to the next slide.</p>	Reference PPT: 25
<p>➤ As depicted in the slide, there are numerous instances where the wrong decision has led people astray i.e. losing their savings.</p>	
<p>➤ The trainer should engage in an interactive discussion with the participants around the question "What are the available institutions and options to save money?"</p>	Reference PPT: 26
<p>➤ The answers provided by trainees should be noted by the trainer. Do not discuss the answers at this point. Simply note down. Here, the trainer could use any of the following methods to record the answers:</p> <ul style="list-style-type: none"> <li>• type in the answers in the chat function</li> <li>• type in the answers to a PPT/word document</li> <li>• if online chat function or PPT/word cannot be used, then the trainer can use a flipchart or whiteboard, and write the answers clearly.</li> </ul>	
<p>➤ Bring the attention of the participants as per this slide. Provide an introduction into institutions that can accept savings legally using insights gained from the participants' answers and the slide.</p>	Reference PPT: 27
<p>➤ Explain the importance of saving in an institution regulated and supervised by CBSL.</p>	

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Inform the participants that financial institutions outside the listed institutions have no legal right to accumulate savings and that having savings in such financial institutions is risky and unsafe.</p>	
<p>➤ Further inform that banks and financial institutions that are subject to Central Bank of Sri Lanka's regulation receive a certification attesting that they are qualified to hold savings accounts. Urge the participants to look for such certification before they save.</p>	
<p>➤ Now the trainer should engage in another interactive discussion with the participants around the question "What factors should be considered when selecting a savings institution?"</p>	Reference PPT: 28
<p>➤ Thank the participants for their contribution and discuss factors that need to be considered when choosing an institution for Savings using insights gained from trainees' answers.</p>	Reference PPT: 29
<p>➤ Here, highlight the deposit insurance scheme by the Central Bank of Sri Lanka, and use this also to stress the importance of saving at an institution regulated by the Central Bank.</p>	Reference PPT: 30 and 31
<p>➤ Now the trainer should direct the participants' attention to other factors which need to be considered when saving.</p>	Reference PPT: 32
<p>➤ The first such element is the interest rate. Draw the attention of the trainees to the reference slide and provoke a discussion around the importance of paying attention to interest rates demonstrated in notices used by institutions to promote savings.</p>	
<p>➤ Here, emphasize "Effective Interest Rate (EIR) for saving" as one of the key factors that should be focused in selecting a savings institution. Annex 2 provides more details on the concepts.</p>	
<p>➤ Describe the relationship between the nominal interest rate (interest rate at maturity) and the effective interest rate as per the slide bringing attention to the importance of time duration of the deposits when comparing the two concepts. Several examples are given on the reference slide, to make the concepts clear to the participants. For instance, take the participants through the examples where the time period is less than a year and more than a year. At this point, the trainer should make it clear that the participants should always compare the interest rate together with the time period across the different institutions when making a decision to save.</p>	Reference PPT: 33 to 39

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ Now the trainer will take the participants through other elements that need to be considered prior to making a savings decision.</li> </ul>	Reference PPT: 40
<ul style="list-style-type: none"> <li>➤ Using the cartoon in the reference slide, provoke a discussion. Inform them that they will be divided into groups/chat rooms via the online platform. Ask the participants to discuss among themselves in each group what they think about the advertisement displayed.</li> </ul>	Reference PPT: 41
<ul style="list-style-type: none"> <li>➤ Explain to the trainees that each group will get three minutes and they should note down their thoughts in relation to what each person would do given the situation and why?</li> </ul>	
<ul style="list-style-type: none"> <li>➤ The trainer should proceed to allocate the participants into groups via the training platform.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ When the allocated time is over, the trainer shall probe the facts discussed by each group. Likewise, discuss ideas of both groups. Provide each group 1.5 minutes to present the findings.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Here the trainer may have to help the participants with the training platform functions to facilitate a smooth discussion.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ The trainer should draw the attention of the participants to the next two slides and summarise that prior to any savings decision (or any financial decision) one should carefully evaluate all aspects and should not be swayed or misled by the wordplay.</li> </ul>	Reference PPT: 42 & 43
<ul style="list-style-type: none"> <li>➤ Likewise, display the next cartoon and follow the same procedure.</li> </ul>	Reference PPT: 44
<ul style="list-style-type: none"> <li>➤ Afterwards, using PPTs displayed, the trainer shall inform the participants that it is in fact both easier and less costly to withdraw money through ATMs. The trainer should be aware of the prevailing ATM rates, limits, and cost differences via interoperable ATMs and should be able to inform the trainees of these facts.</li> </ul>	Reference PPT: 45 & 46
<ul style="list-style-type: none"> <li>➤ Next, the trainer should play the video on PPT.</li> </ul>	Reference PPT: 47
<ul style="list-style-type: none"> <li>➤ Then display the next slide and engage a few trainees to discuss their views on the video.</li> </ul>	Reference PPT: 48
<ul style="list-style-type: none"> <li>➤ Draw the attention of the trainees to the subsequent slide which summarise the discussion and display the benefits of SMS facilities.</li> </ul>	Reference PPT: 49



Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ Take the trainees through the next slide which sets out the various samples of SMS messages.</li> </ul>	Reference PPT: 50
<ul style="list-style-type: none"> <li>➤ The trainer should wrap up this section by emphasising that knowing how to manage ones savings is an important aspect of financial literacy. The trainer should also mention that in instances where the participants face issues or are unsure of any facts in relation to their savings, it is best to be prudent and check with their bank manager or the bank’s designated officer for disputes, to obtain clarifications.</li> </ul>	Reference PPT: 51
<ul style="list-style-type: none"> <li>➤ If they cannot find a solution via the manager/ officer, the trainer should also inform the trainees that there is a newly established department at Central Bank of Sri Lanka dedicated to financial consumer protection. The contact details are on the slide.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ The trainer should also inform of the Ombudsman service available to trainees.</li> </ul>	Reference PPT: 52
<ul style="list-style-type: none"> <li>➤ Thank the trainees for their participation and inform them that they are encouraged to join the session on Loans and if interested to inform the facilitator.</li> </ul>	



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# Session 3 – Loans

**Session Plan:**

**Duration - 60 minutes**

	<b>Session Topics</b>	<b>Duration (mins)</b>	<b>Page No.</b>
<b>A</b>	Introduction and recap of previous lesson	<b>7</b>	24
<b>B</b>	Loans	<b>35</b>	25
<b>C</b>	CRIB & Session Summary	<b>8</b>	29



## A. Introduction and recap of previous lesson (7 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
➤ Trainers should join the meeting via the online platform at least 10 minutes prior to the training start time. Trainers must admit the participants into the meeting.	Reference PPT: 53
➤ Start the session when the minimum required number of participants have joined.	The trainer will be visible to the participants
➤ <b>ATTENTION:</b> <ul style="list-style-type: none"><li>• If there is a new trainer for this session, they should introduce themselves before starting the training.</li><li>• If this third session is done on a separate day or to a new audience, the trainer is required to take the trainees through the instructions on how to use the online platform as given under 'Welcome and Introduction'. If not, as a "test" ask the participants to raise hand via the platform. If most of the trainees raise their hands correctly, appreciate their efforts and instruct them to use the raise hand function only to share ideas.</li></ul>	
➤ If the training is conducted on a day separate to the "Savings Lesson" or after a break, the trainer can spend a few minutes to briefly recap the importance of Financial Literacy per the reference slides. When recapping, the trainer can be interactive here and ask the participants what they recall per the slides. If there are no volunteers, the trainer should briefly recap. The trainer should exercise discretion as to the participant's capacity and ability to recall and extend the recap accordingly.	Reference PPT: 54 to 57





## B. Loans (35 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Inform that today's session will focus on loans and link it to the definition of financial literacy mentioned at inception of the training.</p>	Reference PPT: 58
<p>➤ As per the slide, briefly mention the scope of today's session.</p>	Reference PPT: 59
<p>➤ Probe the participants awareness of the different credit facilities one can obtain for different purposes. The trainer can engage in an interactive brief discussion.</p>	Reference PPT: 60
<p>➤ Take the participants through the different types of credit facilities available in the market today as per the slide.</p>	Reference PPT: 61
<p>➤ For the next exercise the trainer should use the poll option in the training platform. The objective of this exercise is to get the participants to think through critical factors that should be considered prior to borrowing. There are six questions structured around this aspect.</p>	Reference PPT: 62 to 65
<p>➤ Inform the trainees that you will be displaying few questions on the screen. They are required to vote their answer via the poll function. The trainer may have to take a minute to make the participants feel at ease about how to use the poll function. Then proceed to display the first question. Give the trainees a few seconds to go through and display the poll function. Once they have looked into their answers, go back to the question and discuss the answers. The trainer should then explain the correct response. For the 3rd question, there is a specific slide giving the explanation to break the monotony.</p>	
<p>➤ Continue the next two questions in the same manner. In case of the 5th question which talks about personal loans and housing loans, the trainer should draw the attention of the trainees to the following slide which summarizes the key points that should be considered in that situation.</p>	Reference PPT: 66 to 68
<p>➤ Use the next slide to recap and briefly summarize all points discussed with the five question slides so far.</p>	Reference PPT: 69
<p>➤ The objective of question six is to make the audience think about the issues of over indebtedness and the need to prudently manage one's borrowings. Accordingly, the trainer can use the next slide to summarize the answers the trainees provide to this question.</p>	Reference PPT: 70 to 71

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ The next section focuses on interest rates. Inform the trainees that interest rates are an important factor for both savings and borrowings. However, this can be a confusing area as there are several terminologies involved. What you need to consider under each term can vary. Draw the attention of the trainees to some key terms as per the slide. (The trainer is expected to be conversant with the terms and be confident in taking the participants through varied definitions. Annex 2 has some further information). Ask the trainees whether they have come across these interest rate terms before. If there are any volunteers, invite them to explain the difference. Do not spend more than 1-2 minutes on this. Inform the participants that this is a bit technical, but the concept is something which is taught in secondary school as well.</p>	Reference PPT: 72
<p>➤ Introduce the 'flat' and 'reducing balance' interest rates as the nominal interest rate i.e. the rate you hear normally. Inform the participants that these are in fact two different methods of calculating interest rates and it is important for them to understand the difference between these two interest rates. Urge the trainees to be engaged. Draw their attention to the relevant slide and explain the concepts.</p>	
<p>➤ Inform the participants that when taking a loan, it is prudent to compare interest rates from different institutions. In doing so, it is important to use comparable rates (to draw this point home, the trainer could mention that comparing the price of mandarins with oranges is incorrect. One should compare mandarins with mandarins).</p>	
<p>➤ Following the example in the slides, the trainer should explain how to convert the flat interest rate to the reducing balance rate as per the slide.</p>	Reference PPT: 73 & 74
<p>➤ Acknowledge that the exact conversion may be difficult. Share with the participants a general rule of thumb followed as per the slide.</p>	Reference PPT: 75
<p>➤ The trainer can check the trainees' understanding of this rule of thumb formula by asking them two numerical questions.</p>	
<p>➤ Next, explain that the real interest expense will change if there are additional fees charged by the financial institutions. This real interest expense as a percentage of the loan value is called the "Effective interest" rate.</p>	Reference PPT: 76



Step by step guidance for training delivery	Reference materials / instructions
<p>➤ The next section explains the difference between nominal and effective interest rates. If the trainees are the same as those who followed the “Savings” session – remind them that this is not a new concept. The trainer can ask the audience to quickly recap the key differences. If this is a new audience, the trainer may have to take more time to explain the concept. Describe that usually the effective interest rate is given in commercial advertisements on savings. However, at times, loan related advertisements may not show this. Therefore, inform that it is important to consider the effective interest rate even for loans. Please refer to Annex 2 for further information.</p>	
<p>➤ Next, start explaining the effective rate calculation process using the example given.</p>	
<p>➤ Get the trainees attention to PPT 77 and inquire as to which institution they would choose for their saving needs. Use the “poll” function to show their preference or alternatively ‘raise hand’.</p>	Reference PPT: 77
<p>➤ Though Isura bank seems more attractive, tell the trainees that we need to look closely to confirm this.</p>	
<p>➤ Next take the trainees through the PPT , which shows a situation where bank charges affect the real interest payable. Briefly show, the difference in loan instalments between the two institutions given in PPT 78 is a function of the different interest rates used.</p>	Reference PPT: 78
<p>➤ Using the next PPT slide, drive home the point that it is the additional fees charged by Diriya Bank which contributed to the different loan expenses between the two banks.</p>	Reference PPT: 79
<p>➤ The real cost on the loan is called the effective interest. Next, take the trainees on how to identify this ‘real cost’ or the ‘effective interest’ - use the next PPT to illustrate.</p>	Reference PPT: 80
<p>➤ When calculating the effective interest rate using the formula, Diriya bank’s nominal rate is higher than its effective rate. But, Isura bank’s nominal and effective interest rates are the same. Remind the trainees that the additional charges of Diriya bank is the reason behind this.</p>	
<p>➤ The average principal outstanding balance can be a new and a complex concept for most of the trainees. Since this concept may not be very important for all trainees, trainer should very briefly describe this using the PPT (do not spend more than two minutes). For those trainees who are keen to learn more on this – invite them to discuss at the end of the session.</p>	Reference PPT: 81 to 83



Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ Sum up by asking the trainees whether they have ever considered the effective interest rate prior to taking any loan. Most may answer no. Thus, reiterate that having learnt this concept now, whether they realize its importance.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Discuss with the participants that the effective interest rate can be influenced by other hidden factors like an upfront deposit or having arrears in repayments.</li> </ul>	Reference PPT: 84
<ul style="list-style-type: none"> <li>➤ The trainer should now take the trainees through other important factors which need to be considered when making informed financial decisions. Here the trainer should inform the participants that they have the right to request the loan instalment schedule from their bank when deciding on a loan, as this will help make better decisions.</li> </ul>	Reference PPT: 85 & 86
<ul style="list-style-type: none"> <li>➤ Show the cartoon in the slide. Give them 30 seconds to read through. Initiate a discussion around the cartoon. Ask the trainees whether they have faced such situations and how they would advise the customer.</li> </ul>	Reference PPT: 87
<ul style="list-style-type: none"> <li>➤ Draw the attention of the trainees to the slide. Use this slide to take them through the important financial consumer protection principle stated there.</li> </ul>	Reference PPT: 88



### C. CRIB & Session Summary (8 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ This section of the training is focused on educating the audience about the Credit Information Bureau (CRIB) and helping them overcome any negative perceptions.</li> </ul>	Reference PPT: 89
<ul style="list-style-type: none"> <li>➤ The trainer should continue to explain factors that trainees need to be aware of regarding CRIB using the relevant slides.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ At the end of the session the trainee should have an understanding as to the services provided by the CRIB, explained via the relevant slides. The trainer is urged to refer the CRIB website for latest updates in services provided (<a href="http://www.crib.lk/">http://www.crib.lk/</a>).</li> </ul>	Reference PPT: 90 to 92
<ul style="list-style-type: none"> <li>➤ The trainer should wrap up the session by emphasizing that while debt can enhance one's economic situation, if misused, can be dangerous. Thus, when in doubt or in the face of a dispute, the trainees should be aware of the channels for help. For those who attended the session on "Savings" (if this session was conducted prior), the trainer can inform that this aspect was mentioned. However, when it comes to credit, there are additional channels available for help as per the slide. The trainer should briefly take the trainees through the different channels.</li> </ul>	Reference PPT: 93 to 95
<ul style="list-style-type: none"> <li>➤ Take the trainees through the summary slide to recap. Thank the trainees for their participation and encourage them to use the concepts learnt when they engage in financial transactions.</li> </ul>	Reference PPT: 96

# **Classroom Session**

## Preparatory instructions and welcoming of participants

To ensure efficiency and time management during the training, please follow these guidelines.

- The trainer should ensure that the necessary equipment/tools for the training as per the Checklist (Annex 3) are ready prior. Ensure that the Ground Rules Poster and the Welcome slide of the PPT are on display.
- Ensure that the pre-test questionnaires are ready for the participants.
- Prior to the participants' arrival, the trainer should ensure the seating is arranged in groups. The groups should display a number, say from 1 to 5, based on the number of participants.
- The trainer should manage the breaks between sessions as well as timing of refreshment breaks in consultation with the training organiser. If the day's program commences with refreshments, this should be informed to the participants, to ensure the session starts on time.
- When the participants arrive at the session, make sure that at least one participant with a smart phone is allocated to each group. Before the training, share the income and expenditure game link with the selected participants and ask them to check whether the link is working. Request them not to play the game. If a selected participant faces issues due to poor data/wi-fi connectivity, select another participant instead. In the event, none of the participants can access the game link, the trainer should show this on the screen and proceed with the game as explained in the relevant section.
- Apart from this trainer guide, the trainer should familiarize oneself with regulations and directions in relation to the topics covered. For instance, deposit insurance limits, credit information etc. While the manual provides the information as at the date of publication, there could be updates introduced per market requirements by the regulator / relevant institution.



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# Session 1- Introduction

**Session Plan:**

**Duration - 35 minutes**

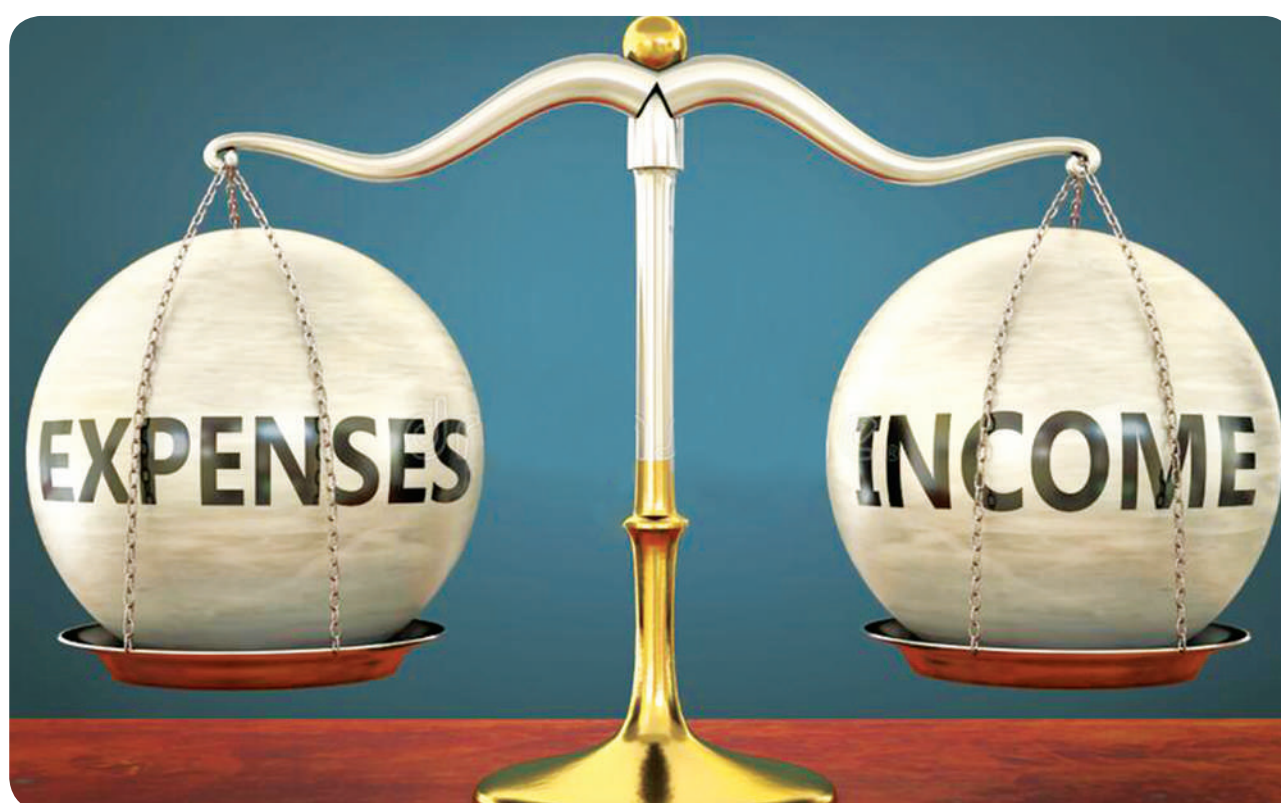
	<b>Session Topics</b>	<b>Duration (mins)</b>	<b>Page No.</b>
<b>A</b>	Welcome and Pretest	<b>15</b>	<b>33</b>
<b>B</b>	Defining Financial Literacy	<b>20</b>	<b>34</b>





### A. Welcome and Pretest (15 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ Commence the training by welcoming the participants. The trainer should introduce themselves briefly.</li> </ul>	Reference PPT S1-1
<ul style="list-style-type: none"> <li>➤ Tell the participants that this is a safe environment where no answer is wrong as they can feel free to clarify any aspects they don't understand in today's session.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Distribute the pre-test questionnaires to the participants. Mention that the aim of the test is to check their current knowledge.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Move to the next session after collecting completed pre-test questionnaires at the end of five minutes.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Take the participants through the ground rules as per the poster.</li> </ul>	Ground rules poster





## B. Defining Financial Literacy (20 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
➤ Inform the participants that the topic discussed today is timely and very important.	
➤ Without further explanations, as an ice-breaker, show 'Scenario 01' in the reference slide, and engage in an interactive discussion with the participants around the incident.	Reference PPT SI-2
➤ The answers provided by participants should be noted by the trainer. Do not discuss the answers at this point. Simply note them down. Here, the trainer could use a flipchart or whiteboard, and write the answers clearly.	
➤ Display 'Scenario 2' as per the slide, and follow the same procedure, i.e. engage in a discussion and note the answers.	Reference PPT SI-3
➤ At the end of this discussion, ask the participants why they think people face such issues. Probe a few answers. It is likely that "ignorance" is cited as a reason. If not, indicate that "ignorance" is one of the main reasons.	Reference PPT SI-4
➤ Use this as an opportunity to state that Financial Literacy is an important tool that can be used to avoid such situations.	
➤ Define Financial Literacy in brief as per the slide.	Reference PPT SI-5
➤ Further mention the importance of Financial Literacy per the reference slides which follow, touching upon the definition.	Reference PPT SI-6 to SI-8
➤ Briefly explain training objectives.	Reference PPT SI-9
➤ Explain that the objective of the training is for participants to improve their knowledge on financial literacy, to ensure a better tomorrow.	
➤ Very briefly mention that today's session will cover points 1 to 2, and the rest will be covered in another session. Invite the participants to take a three minute break before commencement of the next session.	Reference PPT SI-10

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# Session 2: Income and Expense Management

**Session Plan:**

**Duration - 45 minutes**

	<b>Session Topics</b>	<b>Duration (mins)</b>	<b>Page No.</b>
<b>A</b>	Introduction	<b>3</b>	<b>36</b>
<b>B</b>	Income and expense management	<b>40</b>	<b>36</b>
<b>C</b>	Session Summary	<b>2</b>	<b>38</b>



## A. Introduction (3 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Explain that the objective of this session is for participants to gain knowledge on better management of their income and expenses, which can lead to investments.</p>	Power point S2-1 and S2-2



## B. Income and expense management (40 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Invite the participants to now join in a game. Ensure that one participant with the game link, is in each group. Remember, these participants were identified at inception. In the event, there are technical issues (poor signal/ connectivity etc), and the game cannot be played on the participants' smart phones, the trainer should revert to displaying the game on the screen and conducting this as per the virtual delivery method.</p>	Power point S2-3
<p>➤ The trainer should clearly mention not to start the game until he announces.</p>	
<p>➤ Explain the context of the game - Sunimal and Nimali have to manage their family income and expenses for the month of March. Each group would be asked to play the role of this family.</p>	
<p>➤ The game is organised on a 20-day scenario basis. As you move along the game each day, they should be advised to lock in their answer for each day's financial decision into the game on their phone. The trainer should mention that finally, he/she will see each group's outcome, and the winning team is the one that will manage their finances efficiently (i.e. the team who ensures family needs are met, whilst saving money and managing debt).</p>	

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ The trainer should bring the attention of the participants to the main screen and take them through the scenarios up to March 10. Here, the trainer should ask three random groups for their responses to the decisions to be made on March 4, 6 and 10. The trainer should lock these answers on his/her screen. Then the trainer should distribute the record sheet among the groups and ask each group to tick the option they selected under each scenario, to record their decisions for reference later. Inform that they are given three minutes to complete the rest of the game. Remind them that a winner will be selected based on how the financials are managed. Using a flipchart, the trainer should display the four key amounts (remaining balance in the credit card, additional loans created for the month, cash saved, ownership status of the bicycle) of each team using Table 1 in Annex 1. This should be on display throughout the training, so that the trainer can revisit the example of Sunimal and Nimali, as each section is taught.</p>	
<p>➤ The trainer can engage the participants in a short discussion on the outcomes using the completed Table. Here, the trainer should focus on:</p> <ul style="list-style-type: none"> <li>• Cash in hand</li> <li>• Additional amount of loans created during the month. Compare this with the initial loan amount and draw attention to the decisions that led to this increase</li> <li>• Remaining balance in the credit card</li> <li>• Management of debt resulting in the ability to retain the motorcycle</li> </ul>	
<p>➤ Refer the final result of each group per the table and check which group has made the best decisions. For instance, just because there is more cash in hand, that may not necessarily mean they have managed the best. They could have parallelly increased their loan amounts substantially or perhaps lost the motor-cycle, or made sub-optimal social decisions.</p>	
<p>➤ The trainer should inform the participants that this training aims to help participants make sound financial decisions, when faced with issues like Sunimal and Nimali, in their day to day lives.</p>	

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Briefly explain the PPT slide. When explaining, use insights gained from the game. Here, the trainer can also use some simple examples as below:</p> <p><b>Activating income sources:</b> Example: If a farmer wants to get an income from his/her paddy cultivation, he or she should actively engage, and put his/her fullest effort i.e. conduct weeding and add fertilizer at the correct times. Otherwise farmer would not receive the expected income.</p> <p><b>Have a reasonable estimate of one's income:</b> Example: if a person is engaged in farming, he/she should be able to assess the income that can be reasonably expected based on the current status of the farm.</p> <p><b>Identify alternative income sources:</b> If the income received from the existing income sources is not sufficient to cover your expenses, actively look for alternative income sources or manage expenses better.</p> <p><b>Continuously review your income sources:</b> Be informed so that you plan better to manage the expenses you may meet.</p>	Power point S2 -4
<p>➤ Identifying and planning for expenses are important. The trainer should explain that while some are recurrent expenses, others are unexpected.</p>	
<p>➤ The trainer should urge the participants to consider expenses under four criteria – whether they are important and not, as well as urgent or not (Adopted from the Eisenhower matrix).</p>	
<p>➤ Highlight the importance of record keeping for a proper management of income and expenses. As a starting point, ask the trainees to use the given Format to keep records. Give adequate time for them to note down the format.</p>	Power point S2 -12B
<p>➤ Monitor your expenses and ensure they are as per plan. Take swift action in case of any deviations.</p>	
<p>➤ The financial decisions we make each day must be done in a proper manner, so that we could save and optimise our returns.</p>	Power point S2 -5 to 8



### C. Session Summary (2 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Conclude the session by taking the participants through a brief recap of the importance of managing their or their family's income and expenses. This is particularly important as it can affect financial stability and thus social stability.</p>	
<p>➤ Also mention that, as seen, with proper financial management, we can even invest our savings. Mention that we will cover savings in detail in the next session and invite the participants to take a three minute break.</p>	

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# Session 3 – Savings

**Session Plan:**

**Duration - 45 minutes**

	<b>Session Topics</b>	<b>Duration (mins)</b>	<b>Page No.</b>
<b>A</b>	Introduction	<b>4</b>	40
<b>B</b>	Group activity on savings	<b>38</b>	40
<b>C</b>	Session Summary	<b>3</b>	41





## A. Introduction (4 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
➤ Inform that this session will focus on savings and link it to financial literacy	Power point S3 -1
➤ As per the slide, briefly mention the scope of this session.	Power point S3 -2



## B. Group activity on savings (38 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
➤ The trainer is expected to have gone through the game prior and be familiar with it. The trainer should distribute the three questions of the game among the group at the start. The same question can be given to more than one group, depending on the number of groups.	
➤ Each group should get a topic as listed below. a. What are the available institutions and options to save money? b. Which factors should be considered when selecting a savings institution? c. What are the benefits expected from saving?	
➤ Advise participants to brainstorm and the trainer should mark their answers in the flip chart. At the end, give them an opportunity to present their ideas. At the end of each topic, trainer should engage in a discussion with the participants.	
➤ Bring the attention of the participants as per this slide. Provide an introduction into institutions that can accept savings legally using insights gained from the participants' answers and the slide.	Power point from S3-3 and 04
➤ Explain the importance of saving in an institution regulated and supervised by CBSL.	
➤ Inform the participants that financial institutions outside the listed institutions have no legal right to accumulate savings and that having savings in such financial institutions is risky and unsafe.	

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Further inform that banks and financial institutions that are subject to Central Bank of Sri Lanka's regulation receive a certification attesting that they are qualified to hold savings accounts. Urge the participants to look for such certification before they save.</p>	
<p>➤ Here, highlight the deposit insurance scheme by the Central Bank of Sri Lanka, and use this also to stress the importance of saving at an institution regulated by the Central Bank</p>	Power point from S3-5 to 8
<p>➤ Now the trainer should direct the participants' attention to other factors which need to be considered when saving</p>	Power point from S3-09 and 10
<p>➤ Here, emphasize "Effective Interest Rate (EIR) for saving" as one of the key factors that should be focused in selecting a savings institution. Annex 2 provides more details on the concepts.</p>	
<p>➤ Describe the relationship between the nominal interest rate (interest rate at maturity) and the effective interest rate as per the slide bringing attention to the importance of time duration of the deposits when comparing the two concepts. Several examples are given on the reference slide, to make the concepts clear to the participants. For instance, take the participants through the examples where the time period is less than a year and more than a year. At this point, the trainer should make it clear that the participants should always compare the interest rate together with the time period across the different institutions when making a decision to save.</p>	
<p>➤ Now the trainer will take the participants through other elements that need to be considered prior to making a savings decision.</p>	Power point from S3-11



### C. Session Summary (3 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Quickly summarize the discussion covered in the session and inform participants that two other important aspects on saving will be discussed next. Allow three minutes for a quick break.</p>	

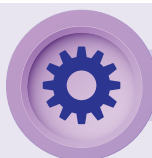
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# Session 4 – Further tips to be considered

Session Plan:

Duration - 25 minutes

	Session Topics	Duration (mins)	Page No.
A	Introduction	5	43
B	Group activity	20	43



### A. Introduction (5 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Utilising the three minute break, the trainer should place the bus stop activity posters on two flip charts and position as appropriate. Under each poster, divide the rest of the flipchart into two sections so that each group can write their answer. The trainer should commence this session by mentioning other elements that need to be considered prior to making a savings decision, as well as when maintaining any financial account.</p>	Reference PPT S4-1



### B. Group activity (20 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Engage the participants in the bus stop activity and provoke a discussion on the two posters displayed. Divide the participants into groups. Tell the participants to think that they are at a bus stop and commenting on a poster they see there. Ask each group to find answers to the following questions taking two minutes each, and note their answer in the space provided in the flipchart:</p> <ul style="list-style-type: none"> <li>• What is the message to the general public/ society given by the cartoon?</li> <li>• What actions could be taken to overcome the situation shown?</li> </ul>	Cartoon poster 1 and 2
<p>➤ Each group should note their ideas on the shared flipchart in the space provided per group.</p>	
<p>➤ When the allocated time is over, thank the participants for their active engagement and ask them to take their seats.</p>	
<p>➤ Trainer should then start discussing the facts marked by each group. Provide each group 1.5 minutes to present the findings using the flip charts. Message related to ATM Card should be selected first for the discussion. Afterwards, using PPTs displayed, the trainer shall inform the participants that it is in fact both easier and less costly to withdraw money through ATMs. The trainer should be aware of the prevailing ATM rates, limits, and cost differences via interoperable ATMs and should be able to inform the participants of these facts.</p>	Reference PPT S4-2 to S4-5
<p>➤ Discuss the next cartoon using the slides. The trainer should mention that prior to any savings decision (or any financial decision) one should carefully evaluate all aspects and should not be swayed or misled by the wordplay.</p>	Reference PPT S4-6 to S4-8

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# Session 5 – Loans

Session Plan:

Duration - 40 minutes

	Session Topics	Duration (mins)	Page No.
A	Introduction	5	45
B	Quiz	30	45
C	Session Summary	5	47



### A. Introduction (5 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ If the training is conducted on a day separate to the “Savings Lesson” or after a break, the trainer can spend a few minutes to briefly recap the importance of Financial Literacy per the reference slides. When recapping, the trainer can be interactive here and ask the participants what they recall per the slides. If there are no volunteers, the trainer should briefly recap. The trainer should exercise discretion as to the participant’s capacity and ability to recall and extend the recap accordingly.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Inform that today’s session will focus on loans and link it to the definition of financial literacy mentioned at inception of the training.</li> </ul>	Reference PPT S5-1
<ul style="list-style-type: none"> <li>➤ As per the slide, briefly mention the scope of today’s session.</li> </ul>	Reference PPT S5-2
<ul style="list-style-type: none"> <li>➤ Probe the participants’ awareness of the different credit facilities one can obtain for different purposes. The trainer can engage in an interactive brief discussion.</li> </ul>	Reference PPT S5-3
<ul style="list-style-type: none"> <li>➤ Then take the participants through the different types of credit facilities available in the market today as per the slide.</li> </ul>	Reference PPT S5-4



### B. Quiz (30 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ This session will be conducted as an interactive quiz game.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ The objective of this exercise is to get the participants to think through critical factors that should be considered prior to borrowing.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Divide the class into two teams. Inform the group that this is a competitive activity and that the winning team will get a prize.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Ask each group to select three participants to represent their groups. Others can encourage the representatives.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ The six representatives (three from each group) should sit facing each other. The rest of their group members can be seated behind them.</li> </ul>	

Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ Then, trainer should explain the rules for the quiz.</li> </ul>	Reference PPT S5-5 and S5-6
<ul style="list-style-type: none"> <li>➤ There are three rounds of questions.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ There are six questions in total for the first round. Each contender will be asked a question in the first round, where each team will get a turn. Each correct answer gets 10 marks. If a contender does not know the answer himself/herself, then he/she could seek help from the teammates, failing which the opposition will be given a chance to answer. In round one, there are no marks awarded for the opposition's attempt.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Time allocation is 30 seconds per question. The trainer can use the stop-watch function on the screen. Once the contestant has given the answers, go back to the question and discuss the answer. The trainer should explain the correct response to ensure the audience understands the concept behind it.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ In the sequence, similar questions are asked consecutively. Therefore, the trainer should follow the order of the questions given. At the end of each similar question, the trainer should step in and discuss the main concept around which the questions revolved. Hints are provided here.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ At the end of question 2, proceed to discuss the principle covered by Questions 1 and 2. Explain the negative relationship between loan tenure and instalment value and the positive relation between loan tenure and total loan repayment value.</li> </ul>	Reference PPT S5 -7 and S5 -8
<ul style="list-style-type: none"> <li>➤ Similarly, at the end of question 4, discuss the principle covered using the reference slide.</li> </ul>	Reference PPT S5 -09 to S5 -11
<ul style="list-style-type: none"> <li>➤ At the end of question 6, the trainer should briefly explain that a financial institution does not extend loan facilities against the full value of an asset i.e. the loan to value ratio is less than 100 percent as the marketability of the asset in case of a loan default is considered here. For example: specialized machinery as collateral would obtain a lower loan amount than a more marketable asset.</li> </ul>	Reference PPT S5 -12 and S5 -13



Step by step guidance for training delivery	Reference materials / instructions
<ul style="list-style-type: none"> <li>➤ In the second round, five marks will be awarded to teams who successfully answer a failed attempt by the opposition.</li> </ul>	Reference PPT S5 -14
<ul style="list-style-type: none"> <li>➤ At the end of question 1 in round two, the trainer can summarize the correct answers as displayed in the relevant slide. Follow the same method for question 2 in round two.</li> </ul>	Reference PPT S5 -15 to S5 -18
<ul style="list-style-type: none"> <li>➤ The third round is an open round for the six contenders i.e. the first person who raises his/her hand will be given the chance to answer. Each successful attempt receives 10 marks. However, if there is a wrong answer, five marks will be deducted.</li> </ul>	Reference PPT S5 -19
<ul style="list-style-type: none"> <li>➤ In round three, the trainer can follow the same format as for round 2 and summarize the answers as per the relevant slide.</li> </ul>	Reference PPT S5 -20 to S5 -23
<ul style="list-style-type: none"> <li>➤ At the end of round three the winning team should be announced. Award the winning team a small prize.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ At each failed attempt or where there seems doubt, the trainer should step in to explain the concept/answer briefly.</li> </ul>	
<ul style="list-style-type: none"> <li>➤ Thank the participants for their engagement and request them to go back to their original seating. Give the participants a three minute break prior to the next session.</li> </ul>	



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# Session 6 – Let's understand interest rates better

Session Plan:

Duration - 60 minutes

	Session Topics	Duration (mins)	Page No.
A	Introduction	5	49
B	Group activity	50	49
C	Session Summary	5	51



### A. Introduction (5 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ The focus of this section is interest rates. Inform the participants that interest rates is an important factor for both savings and borrowings. However, what you need to consider under each circumstance can vary.</p>	<p>Reference PPT S6-1 and S6-2</p>



### B. Group activity (50 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Inform the participants this session will also be an interactive role play session. The objective of this session is to familiarize the participants about interest rate calculations and bank charges when obtaining loans. This activity revolves around four families and the banks they transact with. The trainer should spend no more than five minutes for the preparation and roll out detailed below.</p>	<p>Reference PPT S6-3 to S6-6</p>
<p>➤ Assign four volunteers to play the 'Bank Manager' role. The trainer should explain that the Bank Manager should manage the lending process and give them the specific instruction sheet. Here, ask the Bank Managers to read through their instructions giving special attention to the loan that needs to charge documentation fees as well as the loan that needs to take in mandatory savings. For the manager that administers savings alongside the loan, he/she needs to issue a savings certificate to the family. Give each family a loan record sheet.</p>	
<p>➤ Each Bank Manager and family should be given their allocated 'cash'. The cash notes are colour co-ordinated per each family – bank group.</p>	
<p>➤ Now, the trainer should draw the attention of the participants to the loan features as well as the record sheet given to each group.</p>	
<p>➤ Ask the Bank Managers to commence the game by 'disbursing' the loans per loan characteristics.</p>	

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Then the trainer should commence the game. Display the first month for repayment – ‘February’ in the calendar. Instruct the families to pay their respective loan instalment to their bank. Here, the families should handover the dummy cash and obtain the Bank Managers’ signature on their sheet – confirming the payment. Similarly, follow for March. Once the trainer sees that the participants have got familiar with the game, next ask the participants to pay the instalments for April – January (Year two) in one go. Here, announce that the family to pay the correct amount (April-Jan Year two) quickly to the bank, will win a prize.</p>	
<p>➤ At the end of the twelfth month, the families should count the money in hand. The trainer should check this amount to cross check whether the bank has been paid the correct amount. The trainer should then ask each family to read out their cash in hand and note it on the flipchart. Similarly, the trainer should record the relevant details on the flipchart.</p>	
<p>➤ In case of the loan with the mandatory savings component, ensure that the bank manager has repaid the savings + interest and collected the savings certificate. Now draw the attention of the participants to the varied amounts of cash balances in each family’s hand. Highlight that though interest rate was the same, the amounts remaining differ, and probe why this could be.</p>	
<p>➤ Then tell the participants that now you would take them through the rationale for this difference and introduce Effective Interest Rates (EIR).</p>	
<p>➤ Explain to the participants that similar to savings, EIR is important in loans as well. Therefore, ask them to look for it even if it is not mentioned in loan related advertisements.</p>	
<p>➤ Use the formula per reference slide and calculate the EIR for each loan and record it on the flipchart.</p>	Reference PPT S6-7
<p>➤ Based on the calculations and the explanatory reference slides, the trainer should explain the difference between the nominal and effective interest rates. Make families aware that their actual interest rates i.e. the ‘effective interest rates’ are higher than the initially agreed interest rates.</p>	Reference PPT S6-8

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ After calculating the EIR as per the slide, the trainer should go back to the slide which summarises the loan terms to reiterate the explanation. Here, the trainer should explain how factors that influence the actual cost of the loan are not only the interest rate advertised, but other charges which we often ignore, as well as the compulsory saving which we saw in the activity. Ask the participants whether they can think of any other factor that can influence the final cost of the loan. Here, the trainer should direct the conversation to the importance of timely repayments to avoid fines/penalties. Emphasize this fact using the example from the activity.</p>	Reference PPT S6-5
<p>➤ The trainer should summarize the key points when taking a loan using the next slides. Explain that saving a rupee via good loan management is as important as keeping that rupee in a savings account.</p>	Reference PPT S6-9 & 10
<p>➤ Next, the trainer should ask whether anyone in the audience has heard of the “CRIB”. If there are volunteers, ask in what context. Then state that this section of the training is focused on educating the audience about the Credit Information Bureau (CRIB) and helping them overcome any negative perceptions.</p>	Reference PPT S6-11
<p>➤ At the end of the session, the participants should have an understanding as to the services provided by the CRIB, explained via the relevant slides. The trainer is urged to refer the CRIB website for latest updates in services provided (<a href="http://www.crib.lk/">http://www.crib.lk/</a>).</p>	Reference PPT S6-12 to 14
<p>➤ The trainer should wrap up the session by emphasizing that while debt can enhance one’s economic situation, if misused, can be dangerous. Thus, when in doubt or in the face of a dispute, the participants should be aware of the channels for help, which will be covered in the next session. Give the participants a short three minute break.</p>	

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# Session 7 – Financial Consumer Protection: points to consider

Session Plan:

Duration - 45 minutes

	Session Topics	Duration (mins)	Page No.
A	Introduction	5	53
B	SMS facility and document signing	20	53
C	Other financial consumer protection aspects	5	54
D	Session summary	15	54



### A. Introduction (5 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ The trainer should mention that most of us would have heard of financial frauds in the media. You may know of a person or have become victims yourself. Or, it could simply be, that we are unhappy with a product or service that we got from a financial institution. In this session, we will learn some of the basic steps we can follow to protect ourselves when dealing with financial products and services.</p>	Reference PPT S7 – 1



### B. SMS facility and document signing (20 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Play the video on the reference slide and engage a few participants to discuss their views on the video.</p>	Reference PPT S7 – 2 & S7 – 3
<p>➤ Draw the attention of the participants to the next slides which summarise the discussion and displays the benefits of SMS facilities.</p>	Reference PPT S7 – 4
<p>➤ Take the participants through the slide which sets out the various samples of SMS messages</p>	Reference PPT S7 – 5
<p>➤ Next show the cartoon relevant to document signing. Ask the participants whether they have come across a similar situation.</p>	Reference PPT S7 – 6
<p>➤ Using the next slide, stress the importance of reading the documentation clearly before signing on for anything. Here, mention that as per the Central Bank of Sri Lanka's Customer Charter, a person is entitled to request for documentation in their preferred language. They can also request for any clarifications pertaining to same from the financial institution.</p>	Reference PPT S7 – 7





### C. Other financial consumer protection aspects (5 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Next, the trainer should also mention that in instances where the participants face issues or are unsure of any facts in relation to their savings, it is best to be prudent and check with their bank manager or the bank's designated officer for disputes, to obtain clarifications.</p>	Reference PPT S7 – 8
<p>➤ If they cannot find a solution via the manager/officer, the trainer should also inform the participants that there is a newly established department at Central Bank of Sri Lanka dedicated to financial consumer protection or reach out to the Financial Ombudsman.</p>	
<p>➤ The trainer should inform that the financial institutions which are covered by the Financial Ombudsman service, are only those who are regulated by the CBSL. Re-emphasizing the need to be careful of where one carries out financial transactions.</p>	
<p>➤ Similarly, in case of loan related issues, the trainer should mention the additional avenues/ support desks as per the reference slide. In case of issues arising from credit products as well as overall guidance on managing credit, there is a Credit Counselling Centre available at the CBSL Training Center in Rajagiriya.</p>	Reference PPT S7 – 9
<p>➤ The next two slides provide the contact details for these institutions.</p>	Reference PPT S7 – 10 & S7 – 11



### D. Session summary (15 Minutes)

Step by step guidance for training delivery	Reference materials / instructions
<p>➤ Thank the participants for their participation and encourage them to put into practice what they learnt from the training.</p>	Reference PPT S7 – 12
<p>➤ Ask the trainees to fill the post training questionnaire and Training evaluation form. Give them five minutes to complete.</p>	Post training questionnaires and evaluation forms



**For the Trainer's  
Attention**

# For the Trainer's Attention

## Annex 1 – Game structure

### Game 1

<http://game.geoedge.lk/>

#### Form 1- Family decision

Date	Question	Incident	Selection (X)
4 March	Being a holiday, Nimali suggested to go shopping for the upcoming new year. Sunimal wanted to take the children for an outing.	Shop for children's clothes for the new year Rs. 7,500	
		Buy clothes when the salary advance for the festival becomes available. Go to the park today with the children Rs. 1,800	
		Go shopping and also visit the park	
6 March	Visited the leasing company. At least 2 instalments out of the 3 due (Rs. 48,000) need to be settled to prevent the bike being confiscated. If all three instalments are paid, Sunimal is eligible for an interest rebate of Rs. 5,000.	Pay one instalment	
		Pay two instalments	
10 March	Today is Nimali's 45th birthday.	Buy a ring using the credit card offer of 0% instalment payment. Rs. 24,500	
		Arrange a surprise party Rs. 7,000	
		Have a party and also buy the ring	
13 March	Sunimal's elder son has got fever. He was in school when the school closed, due to COVID.	Consult a doctor at a private hospital, Rs. 1900	
		Start home remedies and herbal medicine. Isolate the child	

Date	Question	Incident	Selection (X)
21 March	The elder son has online classes. Usually he uses Sunimal's phone for this, but is now unable to do so.	Nimali will help him with his work instead of online classes	
		Buy a new router. Rs. 3,850	
24 March	The curfew will be temporarily lifted tomorrow. There is possibility of the curfew being re-imposed. Thus, would be good to have some cash in hand.	Borrow Rs. 10,000 from Nimal at 5% interest with the promise to repay once Seettu money is received	
		Obtain a cash advance of Rs. 10,000 from the credit card at a monthly interest rate of 1.5%	
25 March	You have to pay the electricity bill of Rs. 4,800 which includes last month's arrears.	Pay from home using the bank app	
		Withdraw money from the ATM and pay via the CDM machine	
27 March	It's hard to do school work without a printer at home. Nimali is proposing to buy a printer - Rs. 12,500	Buy a printer paying in cash	
		Buy a printer using the credit card	
29 March	Credit card payment is due today. Total balance outstanding is Rs. 36,000. The minimum payment due is Rs 2,150	Pay the minimum payment due	
		Make no payment	
		Settle Rs. 10,000	
31 March	Payment for the motor cycle is due today.	Pay one instalment today along with Rs. 13,000 overdue charges	
		Make no payment	

# For the Trainer's Attention

## Annex 2 – Interest rates

### 1. Annual Effective Interest Rate

The annual effective interest rate is a concept often overlooked by consumers when making saving or borrowing decisions. The objective of introducing this concept is to make the participants appreciate the need to compare and contrast interest rates in their day to day financial behaviour and appreciate the difference between the 'given interest rate' for products by different institutions, for example – the pre-defined interest rate for deposits and in case of loans, the nominal interest rate.

The effective interest rate is the rate actually earned on savings or the true cost of borrowing, calculated at a per annum basis. It is the result of compounding interest over an annum, for a given frequency (for example: monthly, quarterly or semi-annually) and helps to bring the interest rate to a comparable annual rate. The higher the compounding, the higher the rate.

The formula is as follows:

$$\text{Annual effective interest rate} = \left[ \left( 1 + \frac{\text{Nominal interest rate}}{\text{Number of compounding periods}} \right)^{\text{Number of compounding periods}} \right]^{-1}$$

The following table provides the relationship between Interest Rate at Maturity and Annual Effective Interest Rate for a fixed deposit (assumption: renewal of the fixed deposit is at the same rate within the period of a year).

Maturity Period	Relationship between interest rates
One Year	Interest Rate at Maturity and Annual Effective Interest Rate are equal
Less than One Year	Annual Effective Interest Rate is higher than Interest Rate at Maturity
More than One Year	Annual Effective Interest Rate is less than Interest Rate at Maturity

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## 2. Flat and reducing balance interest

In addition to the interest concepts just described, one needs to also be mindful of how the interest is quoted for loan products i.e. whether it is the flat rate or reducing balance rate.

In the flat rate method, the interest rate is calculated on the original amount of the loan. On the other hand, in the reducing balance method, the interest rate is calculated only on the outstanding loan amount on a predetermined repayment frequency (weekly/ monthly/ quarterly).

Using the example from the slides, you can explain that though the flat interest rate's percentage appears generally lower, the effective amount of interest one would have pay under this method would be higher,

Therefore, it is important before making borrowing decisions, to compare the same type of interest rates i.e. the reducing balance rate quoted by different providers, for the same tenor.

The thing to understand is that though a financial institution offers a low flat interest rate, it may not necessarily be better. For instance, if a bank advertises a 8% flat rate while another bank advertises a 12% reducing rate, the reducing rate is actually cheaper!

To reiterate: the best way of comparing is by converting everything into equivalent rate and compare equivalent monthly installment (EMI) keeping tenure fixed.

Reducing balance interest rates are popularly used by financial institutions. However, for convenience they compute equated loan instalments by adding the total interest on the principal (calculated using the flat rate method or the reducing balance rate), together with the principal loan amount, and dividing the result by repayment period usually in months.

# For the Trainer's Attention

## Annex 3 – Trainer's Checklist

Session	Requirements
1	Pre-test questionnaire (where applicable): Trainer should take printouts for each participant
	Ground rules poster
	Flipchart board, papers and marker pens (to be kept ready as relevant throughout the training)
2	Income and expenditure game form : Trainer should take printouts for each team
	Game summary record table
	Gifts (Chocolate/ toffee)
3	Three Question cards: a. What are the available institutions and options to save money? b. Which factors should be considered when selecting a savings institution? c. What are the benefits expected from saving?
4	Two Posters for Bus Stop Exercise – 1. ATM and 2. Interest on interest
5	Gifts (Chocolate/ toffee)
6	Toolkit for Family Game: • Arrange currency note sets of Rs. 43,800 per family • Arrange currency note sets of Rs. 120,400 per bank • Bank name holders (4) • Savings certificate for Jaya bank (1) • Loan record sheet per bank (4) • Game summary Table (4) • First two columns of Table 1- Annex 4 written on flipchart paper • Chocolate/ toffee as the gift
7	Training evaluation form: Trainer should take printouts for each participant
	Post training questionnaire (where applicable): Trainer should take printouts for each participant



## Annex 4 - Game number 2

### 1. Introduction

The game is played among four families, where they will understand the different interest concepts when taking a loan.

#### 1.1. Information for banks

Information sheet – 1

Month	Yasa Bank (Flat 24%)	Isura Bank (Reducing Balance 35%)	Diriya Bank (Reducing Balance 35%)	Jaya Bank (Reducing Balance 35%)
January of this year	Disburse the loan (Rs. 120,000)	Disburse the loan (Rs. 120,000)	Collect the loan processing fees (Rs. 5,000) Disburse the loan (Rs. 120,000)	Collect the loan processing fees (Rs. 5,000) Disburse the loan after deducting the savings amount (Rs. 110,000)
February	Collection of loan instalment (Capital + Interest) – per Loan Schedules for each bank			
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
January of Following Year*				*Release the savings amount together with the interest (10,400) & collect the savings certificate.

# For the Trainer's Attention

## Loan Repayment Schedule – Yasa Bank

Name of the client : Family A

Loan Amount	Rs 120,000
Date of obtaining loan	1 of January – this year
Loan Term	1 Year
Repayment due date and payment method	Monthly Basis – First Day of Each Month
Interest Rate	24% flat

### Details of Loan instalments

Month	Loan amount (Rs)	Interest amount (Rs)	Monthly instalment (Rs)	Outstanding Loan balance prior to repayment (Rs)	Signature confirming repayment
February	10,000	2,400	12,400	120,000	
March	10,000	2,400	12,400	110,000	
April	10,000	2,400	12,400	100,000	
May	10,000	2,400	12,400	90,000	
June	10,000	2,400	12,400	80,000	
July	10,000	2,400	12,400	70,000	
August	10,000	2,400	12,400	60,000	
September	10,000	2,400	12,400	50,000	
October	10,000	2,400	12,400	40,000	
November	10,000	2,400	12,400	30,000	
December	10,000	2,400	12,400	20,000	
January of Following Year	10,000	2,400	12,400	10,000	
<b>Total</b>	<b>120,000</b>	<b>28,800</b>	<b>148,800</b>	<b>780,000</b>	

## Loan Repayment Schedule – Isura Bank

**Name of the client : Family B**

Loan Amount	Rs 120,000
Date of obtaining loan	1 of January – this year
Loan Term	1 Year
Repayment due date and payment method	Monthly Basis – First Day of Each Month
Interest Rate	35% Reducing Balance

### Details of Loan instalments

Month	Loan amount (Rs)	Interest amount (Rs)	Monthly instalment (Rs)	Outstanding Loan balance prior to repayment (Rs)	Signature confirming repayment
February	10,000	3,500	13,500	120,000	
March	10,000	3,208	13,208	110,000	
April	10,000	2,917	12,917	100,000	
May	10,000	2,625	12,625	90,000	
June	10,000	2,333	12,333	80,000	
July	10,000	2,042	12,042	70,000	
August	10,000	1,750	11,750	60,000	
September	10,000	1,458	11,458	50,000	
October	10,000	1,167	11,167	40,000	
November	10,000	875	10,875	30,000	
December	10,000	583	10,583	20,000	
January of Following Year	10,000	292	10,292	10,000	
<b>Total</b>	<b>120,000</b>	<b>22,750</b>	<b>142,750</b>	<b>780,000</b>	

# For the Trainer's Attention

## Loan Repayment Schedule – Diriya Bank

Name of the client : Family C

Loan Amount	Rs 120,000
Date of obtaining loan	1 of January – this year
Loan Term	1 Year
Repayment due date and payment method	Monthly Basis – First Day of Each Month
Interest Rate	35% Reducing Balance

### Details of Loan instalments

Month	Loan amount (Rs)	Interest amount (Rs)	Monthly instalment (Rs)	Outstanding Loan balance prior to repayment (Rs)	Signature confirming repayment
February	10,000	3,500	13,500	120,000	
March	10,000	3,208	13,208	110,000	
April	10,000	2,917	12,917	100,000	
May	10,000	2,625	12,625	90,000	
June	10,000	2,333	12,333	80,000	
July	10,000	2,042	12,042	70,000	
August	10,000	1,750	11,750	60,000	
September	10,000	1,458	11,458	50,000	
October	10,000	1,167	11,167	40,000	
November	10,000	875	10,875	30,000	
December	10,000	583	10,583	20,000	
January of Following Year	10,000	292	10,292	10,000	
<b>Total</b>	<b>120,000</b>	<b>22,750</b>	<b>142,750</b>	<b>780,000</b>	

## Loan Repayment Schedule – Jaya Bank

**Name of the client : Family D**

Loan Amount	Rs 120,000
Date of obtaining loan	1 of January – this year
Loan Term	1 Year
Repayment due date and payment method	Monthly Basis – First Day of Each Month
Interest Rate	35% Reducing Balance

### Details of Loan instalments

Month	Loan amount (Rs)	Interest amount (Rs)	Monthly instalment (Rs)	Outstanding Loan balance prior to repayment (Rs)	Signature confirming repayment
February	10,000	3,500	13,500	110,000	
March	10,000	3,208	13,208	100,000	
April	10,000	2,917	12,917	90,000	
May	10,000	2,625	12,625	80,000	
June	10,000	2,333	12,333	70,000	
July	10,000	2,042	12,042	60,000	
August	10,000	1,750	11,750	50,000	
September	10,000	1,458	11,458	40,000	
October	10,000	1,167	11,167	30,000	
November	10,000	875	10,875	20,000	
December	10,000	583	10,583	10,000	
January of Following Year	10,000	292	10,292	-	
<b>Total</b>	<b>120,000</b>	<b>22,750</b>	<b>142,750</b>	<b>660,000</b>	

# For the Trainer's Attention

## 1.2. Information for Families

Family allocation for each bank is as follows.

Bank	Family
Yasa Bank	A
Isura Bank	B
Diriya Bank	C
Jaya Bank	D

Each family will be given Rs 43,800 as follows.

Family A		Family B		Family C		Family D	
Value of currency Note (Rs)	No of Notes	Value of currency Note (Rs)	No of Notes	Value of currency Note (Rs)	No of Notes	Value of currency Note (Rs)	No of Notes
2,400	12	3,500	1	3,500	1	3,500	1
5,000	1	3,208	1	3,208	1	3,208	1
10,000	1	2,917	1	2,917	1	2,917	1
		2,625	1	2,625	1	2,625	1
		2,333	1	2,333	1	2,333	1
		2,042	1	2,042	1	2,042	1
		1,750	1	1,750	1	1,750	1
		1,458	1	1,458	1	1,458	1
		1,167	1	1,167	1	1,167	1
		875	1	875	1	875	1
		583	1	583	1	583	1
		292	1	292	1	292	1
		5,000	1	5,000	1	5,000	1
		10,000	1	10,000	1	10,000	1
		6,050	1	6,050	1	6,050	1
<b>Total Value of notes (Rs)</b>	<b>No of Notes</b>	<b>Total Value of notes (Rs)</b>	<b>No of Notes</b>	<b>Total Value of notes (Rs)</b>	<b>No of Notes</b>	<b>Total Value of notes (Rs)</b>	<b>No of Notes</b>
<b>43,800</b>	<b>14</b>	<b>43,800</b>	<b>15</b>	<b>43,800</b>	<b>15</b>	<b>43,800</b>	<b>15</b>

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## 2. Calculation at the end of the game

Make following calculations at the end of the game.

### 2.1. Calculation of final cash balance of each bank

At the end of the game, bank managers should check and ensure following cash balances (Total Balances) are available in the bank. The trainer should check and confirm it.

Bank	Cash in hand (Rs)	Loan amount recovered (Rs)	Interest income (Rs)	Other income (Rs)	Total Balance (Rs)
Yasa Bank	400	120,000	28,800	-	149,200
Isura Bank	400	120,000	22,750	-	143,150
Diviya Bank	400	120,000	22,750	5,000	148,150
Jaya Bank	-	120,000	22,750	5,000	147,750

### 2.2. Calculation of final cash balance of families

- Each Family should count their cash in hand at the end of the game with the guidance of the trainers and should ensure their cash in hand balances are as follows.

Family	Cash in hand Balance (Rs)
A	15,000
B	21,050
C	16,050
D	16,450

### 2.3. Calculation of Effective Interest Rate (EIR)

- The trainer should complete the table using flip chart, by obtaining data from the participants. First two columns of the table should be kept written on a flip chart paper prior to the training. Table 1 shows the expected results.

# For the Trainer's Attention

**Table 1**

Step	Description	Family A	Family B	Family C	Family D
A	Borrowing interest rate	24% Flat	35% Reducing balance	35% Reducing balance	35% Reducing balance
B	Actual loan amount received – (Actual cash amount received) (Rs)	120,000	120,000	120,000	110,000
C	Interest cost (Rs)	28,800	22,750	22,750	22,750
D	Other expenditure for the loan (Rs)			5,000	5,000
E	Interest income from savings deposit made in order to take the loan (Rs)				400
F	Total expenditure for the loan (C+D-E) (Rs)	28,800	22,750	27,750	27,350
G	Average loan balance (Rs)	65,000	65,000	65,000	55,000
H	Effective Interest Rate	44.3%	35%	42.6%	49.7%

## Impact of default interest on the EIR

Depending on the appetite of the audience the trainer may also like to briefly touch on this.

The trainer can explain the impact of default interest for the EIR as follows.

Assume that the Family B delays the loan repayment only for one month. The bank charges 4% per month for the loan amount in arrears as default interest.

Then EIR is:

$$\text{Default interest} = 10,000 \times 4\% = 400$$

$$\text{EIR} = (22,750 + 400) / 65,000 \times 100 = 35.6\%$$

If the borrower continuously makes arrears on the loan repayments, the default interest will increase and it will increase the cost of the loan and ultimately, the Effective Interest Rate.



## End Notes

- <sup>1</sup> IFC's GUIDE TO TRAINING Setting the standard for the design, delivery, and evaluation of learning programs in emerging markets, 2020.
- <sup>2</sup> [https://www.ifc.org/wps/wcm/connect/region\\_\\_ext\\_content/ifc\\_external\\_corporate\\_site/south+asia/resources/women+matter+findings+from+sri+lankas+national+financial+inclusion+survey](https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/south+asia/resources/women+matter+findings+from+sri+lankas+national+financial+inclusion+survey)
- <sup>3</sup> <https://blogs.worldbank.org/psd/more-time-idiyappam-building-appetite-digital-financial-inclusion-sri-lanka>
- <sup>4</sup> International Finance Corporation and the DaNa Facility, (2019), "Respectful Workplaces: Exploring the Costs of Bullying and Sexual Harassment to Businesses in Myanmar" Available at [https://www.ifc.org/wps/wcm/connect/region\\_\\_ext\\_content/ifc\\_external\\_corporate\\_site/east+asia+and+the+pacific/resources/respectful+workplaces-myanmar](https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/east+asia+and+the+pacific/resources/respectful+workplaces-myanmar)
- <sup>5</sup> Kelley, Donna, Candida Brush, Patricia Greene, Mike Herrington, Abdul Ali, and Penny Kew, (2015), Special Report: Women's Entrepreneurship 2015. Global Entrepreneurship Monitor (GEM). Available at: <http://www.babson.edu/Academics/center/blankcenter/global-research/gem/Documents/GEM%202015%20Womens%20Report.pdf>
- <sup>6</sup> Training that includes soft skills, including social support and confidence building, is more effective, especially for women with lower self-efficacy and should be a core element of high-quality training programs. Training with peer or group-based training can provide social support and boost self-confidence. Mayra Buvinic and Megan O'Donnell, (2019), Center for Global Development Blog: Women's Economic Empowerment: Some Tips for Informed Investments (2019) Available at: <https://www.cgdev.org/blog/womens-economic-empowerment-some-tips-informed-investments>

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