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## SMS<sup>1</sup> COMMUNICATION STRATEGY TO PROMOTE FINANCIAL EDUCATION. CASE STUDY: LA LIBERTAD, PERU

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### INTRODUCTION

Financial inclusion, defined by Maldonado et. al (2011) as a process that allows access to and use of financial products and services, has become a social policy tool for reducing and alleviating poverty. In recent years, some Conditional Cash Transfer (CCT) programs in the region have become associated with the opening of and deposit of transfers in savings accounts in the names of CCT recipients.<sup>2</sup> It has been noted, however, that the opening of a savings account does not guarantee that it will be used as a money-management tool.

1. SMS: Short Message Service (text messaging).

2. Brazil, Colombia, Chile, Ecuador, Guatemala, Mexico and Peru.

First, financial education is needed to close the gap between beneficiary households and the financial system, because these families place are among the groups that have had the least interaction with the financial system, as they are the least included in it and in other markets (Maldonado, Moreno, Giraldo and Barrera, 2011; Trivelli, Montenegro and Gutiérrez, 2011).

One key pillar of financial inclusion, therefore, is financial education, understood as a guided process in which the user gains a greater understanding of financial products and concepts through information and instruction. This process eventually leads to the development of the skills and confidence necessary to be more alert to financial risks



and opportunities, make more informed decisions, know where to go if help is needed, and take effective action to increase financial well-being (Organisation for Economic Co-operation and Development, 2005). The purpose of financial education is for people to begin to make informed decisions, be aware of financial options, and learn basic skills related to earning and spending money, budgeting, saving, borrowing and investing (Cohen and Sebstad, 2003).

In many parts of the world, various mechanisms have been developed to facilitate access to financial services and formal banking, especially for excluded and vulnerable populations. Among these initiatives is that of M-Pesa, which has been using mobile telephony to provide financial services in several East African countries since 2007. M-Pesa is a product created for transfers and cash withdrawals, which are done via cellular telephones and bank agents located in establishments close to the users. Users can transfer money or consult their balances from their mobile phones and make deposits and withdrawals of cash at authorized agents in their villages or towns. The warm reception given to this initiative is reflected in (1) the rapid increase in the number of subscribers to the service, who reached more than 29 million people in Kenya alone by the end of 2013 (International Finance Corporation, 2013), and (2) the change in preferences for sending money, with 47 percent of the Kenyan population saying M-Pesa was the channel used for these operations (Panchasara and Bharadiya, 2011). Along with the positive effects of the use of mobile telephony to promote financial inclusion come the findings of a study by Adrianaivo and Kpodar (2012) in 44 African

countries. In their study, the authors stress that the use of cellular phones for financial inclusion initiatives contributes substantially not only to greater access to deposit and loan services, but also to a higher real gross domestic product.

Nevertheless, in a study by Duncombe Boateng (2009) of the use of cellular phones and financial services in developing countries, in which they reviewed 43 papers, the authors found that the initiatives paid particular attention to the implementation phases of the interventions, but there were few studies of users' financial needs or measurement of the impact of the intervention over time. For example, there is evidence that among users with low literacy levels, the use of graphic interfaces for bank operations is more effective than a text-only interface (Medhi, Patnaik, Brunskill, Gautama, Thies and Toyama, 2011). The researchers reached this conclusion by identifying, in their literature review, the methodologies, outcomes, trends in concepts, methods, problems, evidence and future research questions related to mobile telephony and financial services.

Meanwhile, despite the encouraging outcomes of the use of mobile phones to facilitate access to financial services, such as the case of M-PE-SA, processes have not been found for providing financial education using that medium. In other words, it has not been possible to identify experiences that have also used cellular phones as a tool for developing *financial education* programs. This is important, because providing financial education in interventions for facilitating access to financial services will allow better understanding of financial services concepts, which can eventually help people

develop habits and make informed decisions, as the OECD notes (2005).

Despite the lack of evidence about the use of mobile telephony for financial education, its use, especially SMS, offers great potential, not only for education, but also for promoting behavioral changes in people participating in the intervention. For example, for interventions in other areas of development, such as health, it has proven effective for the prevention and management of illnesses (Cole-Lewis and Kershaw, 2010) and the adoption of healthier habits (Riley, Rivera, Atienza, Nilsen, Allison and Mermelstein, 2011). In Peru, Busse and Curioso (2011) carried out a study aimed at designing text messaging to encourage pregnant women in low-income urban areas of Lima to attend their pre-natal health checkups. The study showed that the use of such messages could bring about behavioral changes in disadvantaged populations, as it creates a positive attitude toward received messages related to attending medical checkups.

As mentioned above, and based on experience with SMS in other development fields, this could be an important platform to be considered in the development of financial education program, because it would facilitate access to information and encourage behavioral changes. Based on this premise, the “Innovations for Scaling-up Financial Education” project<sup>3</sup> decided to include SMS as a communication strategy in its financial education program. The following is a description of the design of a pilot intervention in the La Libertad region of Peru,<sup>4</sup>

3. Initiative of the Institute of Peruvian Studies (Instituto de Estudios Peruanos, IEP), as part of the Proyecto Capital and with funding from the CITI Foundation.

which used SMS to enhance the work of local officials of the JUNTOS CCT program<sup>5</sup> during the financial education process with mothers involved in the program.

### DESIGN OF A PILOT SMS INTERVENTION TO SUPPORT FINANCIAL EDUCATION PROCESSES

The goal of the Innovations for Scaling-up Financial Education project was develop financial capacities among people who received conditional cash transfers (CCTs) through the JUNTOS program, taking advantage of that social program’s existing structure and operation.<sup>6</sup> The project’s intervention districts were Julcán, Santiago de Chuco and Cachicadán, in the La Libertad region.

A series of educational materials (flip charts) and communication channels (video and radio plays) were developed, aimed mainly to encourage people to save in their savings accounts in the Bank of the Nation (*Banco de la Nación*), where the JUNTOS transfers are deposited. As part of the intervention, a SMS communication plan was implemented to remind local managers of JUNTOS<sup>7</sup> of the importance, in their work, of motivating the

4. The department of La Libertad is in northwestern Peru. Part of it lies in the Andes Mountains.

5. National Program of Direct Assistance to the Poorest Peruvians - JUNTOS.

6. In the implementation model for the JUNTOS Program, users are organized in groups. Each group of women (averaging approximately 30 to 40 members) chooses a representative, called the Leader Mother, who communicates with and assists the group, especially with information about the CCT program that comes from the local manager of JUNTOS.

7. Local managers of the JUNTOS Program are responsible for program tasks related to coordinating, linkages, communication and dissemination of information, capacity building for users and other tasks inherent to achievement of the program’s goals in the geographic areas for which they are responsible.

users and the mother-trainers “leaders” who were responsible for conducting the educational sessions. The goal of the strategy, therefore, was to design and test messages that local managers of the program would remember and consider useful for motivating those stakeholders.

## METHODOLOGY

The communication strategy used SMS exclusively to communicate motivational messages and reminders targeting local managers (*gestores locales*, GLs) in the intervention zones. The methodology involved the design, pre-testing and implementation of the strategy, following the sequence of steps shown in the following table:

Table 1: Stages of Methodological Design of the SMS Strategy

Stages	Description	Objectives
1	Information was gathered using focus groups and interviews, to understand the local managers' uses and preferences regarding mobile phones and SMS.	<i>Design and pre-testing</i>
2	A pilot program was designed for sending SMS, which included duration, frequency of transmission and message content.	
3	The pilot program was implemented for four weeks.	
4	Telephone interviews were used to gather information to determine the local managers' opinions about the pilot communication strategy.	
5	The pilot program was redesigned to define a communication program that was broader in both duration and content.	<i>Final design</i>
6	The SMS communication program was implemented for 21 weeks.	<i>Implementation</i>
7	Telephone interviews were used to gather information to determine the local managers' opinions about their participation in the SMS communication program.	<i>Evaluation</i>

As Table 1 shows, the design and pre-testing of the communication strategy benefited from the participation of the local managers, who contributed information about uses and preferences related to mobile telephony and text messages. Their opinions about the experience of receiving motivational SMS (Stages 1 and 4) also provided necessary input for the final design of the SMS strategy. It should be noted that the pre-test period also served to define a final version of the communication plan (Stage 5), which could be implemented for 21 weeks (Stage 6). After the intervention

ended, the implementation of the strategy was evaluated (Stage 7).

## THE SMS COMMUNICATION STRATEGY

The SMS communication strategy was implemented for 21 weeks, between March and July 2012. The target group for the intervention consisted of seven local managers (six women and one man) in three districts in the La Libertad region. The strategy was based exclusively on sending them SMS, which were designed with two types of content in mind:



(a) **Attitudinal:** content appealing to attitudes toward financial education work. These messages were reminders about the advantages that the local managers would see in their work promoting financial education training. These messages were followed by two specific reminders:

(i) Reminder *about the title (or topic) of the module* that the leader mothers would work on that month. With these, the local managers should remind the leader mothers and JUNTOS users about the module to be facilitated during that period.

(ii) Reminders about the *frequency of transmission of the radio play* to which the leader mothers and JUNTOS users should listen.

(b) **Emotional:** content appealing to the emotion of happiness. These messages were aimed at recognizing and valuing the day-to-day efforts of local managers in the JUNTOS Program, including acknowledgement of the barriers and difficulties they face in their work. Some of these messages also thanked the local managers for their work in the social program.

All messages were personalized with the local manager's name. The signatures on the SMS varied depending on the type of content. *Attitudinal* messages were signed by "Isidora the Saver" (*Isidora la Ahorradora*),<sup>8</sup> while the emotional messages were signed by the Institute of Peruvian Studies (*Instituto de Estudios Peruanos, IEP*).

8. Isidora la Ahorradora is the model character created by the "Innovations for Scaling-up Financial Education" project to teach financial education topics and procedures and promote saving.

A total of SMS were sent each week, on Monday, Wednesday and Friday. The time of day ranged from 6 a.m. to 8 a.m. The type of SMS varied depending on the day. The following table shows the sequence, with the types of messages sent during a typical week of implementation of the SMS strategy:

Table 2: Frequency and Type of SMS Sent to Local Managers

Transmission day	Type of SMS
Monday	"Attitudinal" with reminder of the title of the monthly module
Wednesday	"Attitudinal" with reminder of radio play
Friday	"Emotional" to acknowledge recipient's work in JUNTOS

To clarify the types of messages sent during implementation, Table 3 shows examples of the SMS:

Table 3: Examples of SMS sent to Local Managers, by Type

Type of SMS	Example <sup>9</sup>
Attitudinal SMS with reminder of the title of the monthly module	<i>Good morning, (Name), Your work ensures that the women have a bright future. Remember, this month's module is Saving, Isidora la Ahorradora</i>
Attitudinal SMS with reminder of radio program	<i>Good morning, (Name), Your work lets you meet many different people! Listen to my radio program, Isidora la Ahorradora</i>
Emotional SMS	<i>Good morning, (Name), Many thanks for working in the JUNTOS program. Together we achieve our goals. We are very happy with you, IEP</i>

9. To minimize any distortion of messages due to the different technological platforms used by the receiving telephones, the SMS sent to local managers did not include accent marks. The SMS also did not exceed 160 characters in length.

## EVALUATION OF RESULTS OF THE SMS COMMUNICATION STRATEGY

Because the strategy was directed at the local managers, and there were so few of them, the evaluation was qualitative, addressing their memory of and preferences about the attitudinal and emotional messages. Information about six local managers' perceptions<sup>10</sup> was gathered between August and November 2012. Analysis of the information received produced the following results:

- \* The local managers (five women and one man) participated in the SMS strategy.
- \* The local managers confirmed having received three SMS weekly for 21 weeks. In general, the SMS were well received, in terms of both content and frequency.
- \* The SMS were mainly remembered for their acknowledgement of the local managers' work. They were also considered useful for remembering some key points related to their work, such as the monthly module.

*The messages helped, because you're often thinking about other things, or maybe you're tired, and it helps to know or to be reminded that we are connected with the mothers, working with them, and that people appreciate what we're doing. That's the main thing, and also a kind of work agenda for this pilot plan for saving, because the women always had questions.*

Local manager in Julcán

*What I remember is that all the messages referred to the promotion of saving, the assistance we provided to the women; some offered encouragement; some recognized the support we*

*gave the women to promote savings, and others were specifically to remind us about what we should give the women. I remember that once they even reminded us about a meeting that was going to be held about saving with 'Isidora la Ahorradora;' (...) they reminded us about the module we were to cover during the month.*

Local manager in Santiago de Chuco

- \* The types of SMS were well received by the local managers, who remembered them and considered them useful:

*Reminding us that we have a responsibility; that, more than anything. Knowing that not only they or the people with whom we work need to change, but also sometimes you have to change the way you work in the field, or something you thought was right; perhaps it was more practical or more useful for the mothers to engage in some type of activity that would benefit their households.*

Local manager in Cachicadán

*Especially the way they were phrased, and also that they at least reminded you that you had an activity pending and that you also had to remind the mothers about it.*

Local manager in Cachicadán

*As a local manager, it strengthened us, it encouraged us to continue working, and we felt appreciated, thanks to you, because this program, because we wanted our program to send us those types of messages too, even if it was just once a month. But you know that private organizations are the ones that acknowledge the managers' work more, and that helps you as a person and as a professional, recognizing the effort we put into our work, everything we provide for the women, but those have been messages of appreciation (...).*

Local manager in Santiago de Chuco

## IMPLICATIONS FOR ADOPTING AN SMS STRATEGY IN THE JUNTOS CCT PROGRAM

The experience with the SMS strategy in the "Innovations for Scaling-up Financial Education" project demonstrates the enormous

10. At the beginning of implementation, seven local managers participated, but only six interviews could be done, because one local manager stopped working before the pilot ended.



potential of using Information and Communication Technologies (ICTs) to enhance the JUNTOS program and activities and projects involving users of the CCT program.

We believe there are four basic reasons why JUNTOS should implement a strategy such as this with one of the key stakeholders in the program – the local managers.

The **first reason** is related to the **motivation and sense of being appreciated** that the local managers felt as a result of the SMS, with regard to the work they do to verify the conditionalities of the users of the CCT program. The local managers' activities often demand considerable effort, because they must travel to remote areas with little access to roads. The difficulties and constraints they encounter every day were often obvious during the intervention. SMS is a communication strategy that contributes not only to acknowledging that effort and the dedication with which they carry out their tasks, but also to making the local managers feel that they are supported by the JUNTOS program. The local managers therefore have more emotional arguments for performing their jobs.

The **second reason** is related to the **feasibility of participation by** local managers in programs and activities involving users of the JUNTOS CCT program.

The JUNTOS program's main goal is "... to directly deliver, to households in poverty and extreme poverty, monetary incentives conditioned to fulfillment of commitments that the mothers representing the households assume, to ensure that their minor

*children receive assistance at health-care establishments and attend schools in the areas where they live...*"<sup>11</sup>. The local managers' direct responsibilities are therefore aimed at accomplishing this. Nevertheless, they are also an important link with programs and activities complementary to JUNTOS, which are also established to assist the target population. The experience with the SMS strategy showed that the support provided to local managers as part of the "Innovations for Scaling-up Financial Education" program did not interfere with the managers' main functions in the JUNTOS program. SMS can serve as a valuable tool to support the activities and operation of complementary programs that MIDIS<sup>12</sup> and the Peruvian government have planned to assist mothers living in poverty and extreme poverty.

The **third reason** for JUNTOS to adopt this SMS communication strategy is the **low operating cost**. Although the experience of the "Innovations for Scaling-up Financial Education" program demonstrates the validity of this argument, it is also true in countless projects and interventions carried out in various countries where SMS implementation is considered strategic, both because of its effectiveness and because it implies a reduced cost (Lewis and Kershaw, 2010; Riley et al., 2011). One virtue of this strategy is also that it represents no cost to the recipient of the SMS; it also takes advantage of the Peru's high mobile telephony penetration of about 81.2 percent (INEI, 2012). For these economic and feasibility reasons, it is easy

11. <[http://www.juntos.gob.pe/?page\\_id=4](http://www.juntos.gob.pe/?page_id=4)>.

12. Ministry of Development and Social Inclusion (*Ministerio de Desarrollo e Inclusión Social*).

to understand why public policy designers are very enthusiastic about adopting this technology as a medium for mass communication between the government and the population. Although there is interest in using mobile technology as a mass communication strategy, experts in the field (Chib et al., 2012) have called attention to the need for appropriate design of SMS communications campaigns, suggesting ways to ensure that they are effective.

The **fourth reason** for the JUNTOS program to adopt this strategy is the existence of **positive experiences in Peru**, where SMS has been implemented **by the government, specifically in the field of health**. Based on similar experiences in other countries, the Ministry of Health (MINSA) is using text messaging as a tool for the prevention of illnesses such as cancer. In the summer of 2011, MINSA designed and experimentally evaluated a campaign called “Move, Mobile Peru” (“Muévete Perú Móvil”) to promote physical activity among university students in Lima.<sup>13</sup> The evaluation of the intervention

found a modest but positive effect among women who participated in the campaign: after the 12-week intervention, those who received a weekly text message reported approximately half a day more of physical activity than those who received a text message every two weeks. Given the encouraging results, MINSA implemented a 24-week cancer-prevention campaign that integrated Internet and SMS use. Anyone can sign up to participate in the free, nationwide campaign called, “Take Care of Your Mobile Health” (“Cuida tu Salud Móvil”)<sup>14</sup>.

In short, we believe that the arguments presented in this paper encourage public officials of the JUNTOS program (as well as other policy makers interested in the topic) to consider adopting and implementing an SMS communication strategy. This would both stimulate and motivate the local managers in their work with the CCT program and take advantage of the managers’ ability to reach the JUNTOS users, making it possible to implement complementary programs and activities that benefit the target audience. ●

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