Beyond the Promotional Piggybank: *Towards Children as Stakeholders*

A Discussion Paper on Developing Child-Friendly Financial Products and Services

Child&Youth Finance International

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About UNICEF

The United Nations Children's Fund – UNICEF – works in more than 190 countries and territories to help children survive and thrive, from early childhood through adolescence. The world's largest provider of vaccines for developing countries, UNICEF supports child health and nutrition, safe water and proper sanitation, quality basic education for all boys and girls, and the protection of children from violence, exploitation and risks of exposure to HIV. UNICEF is funded entirely by the voluntary contributions of individuals, businesses, foundations and governments. As part of its Corporate Social Responsibility programme, the organization works towards changing business behaviour and practices as they affect children, in collaboration with a wide range of stakeholders, including companies, government, civil society, children and young people. For more information, visit www.unicef.org/csr.

About Child and Youth Finance International

Child and Youth Finance International (CYFI) is a non-profit organization established in July 2011 and based in Amsterdam. The organization focuses on increasing financial inclusion and education for children and youth, so that every child can graduate from primary school with financial education and a savings account they own and operate. The target for CYFI's global movement, launched in April 2012, is to reach 100 million children in a hundred countries by 2015. Child and Youth Finance International has more than 1,000 stakeholders, and the movement has reached over 18,700,000 children around the world, through 140 programmes. CYFI has built global knowledge and shares resources on best practices and industry research. More information about the organization is available at www.childfinanceinternational.org.

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Disclaimer
The views expressed in this publication do not necessarily represent the policies or views of UNICEF, Child and Youth Finance International or any of the individual companies whose case examples are included. The publication is intended as a working paper to facilitate the exchange of knowledge and to stimulate discussion. The inclusion of examples of company experiences does not in any way constitute an endorsement of the individual companies by UNICEF or Child and Youth Finance International.

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SUMMARY

Financial institutions have the opportunity to make a difference for children through products and services. Moving beyond just offering a ‘promotional piggybank’ to considering children as stakeholders allows financial institutions to take a holistic approach to child and youth consumers.[1]

Global trends translate into a changing landscape for financial institutions. The child and youth population is currently a growing demographic group, representing one third of the global population and almost 50 per cent of the population in some emerging markets.[2] New technologies and innovation can provide new solutions for working with children and youth. But if financial institutions are to deliver real value for children, their activities must be grounded in an understanding of children’s human rights.

This discussion paper is a joint effort by UNICEF and Child and Youth Finance International. It uses the Children’s Rights and Business Principles framework to outline a management and due diligence process than can help financial institutions consider children’s rights when developing products and services that are targeted towards children. The paper outlines a five step process for financial institutions to achieve this; these are to: (1) develop policies; (2) assess potential and actual impacts on children; (3) integrate and act on findings; (4) monitor and communicate on performance; and (5) create systems for complaints and remediation.

The purpose of this discussion paper is to facilitate debate on this approach from the wider financial community and child rights and corporate social responsibility experts, and to encourage feedback and additional sharing of good practice examples.

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[1] For the purposes of this paper, children are defined as all persons under 18 years old and youth as those aged 15–25.

[2] United Nations Children’s Fund, ‘Table 6: Demographic Indicators’, *The State of the World’s Children 2012: Children in an urban world*, UNICEF, New York, February 2012, pp. 108–111; PDF available at www.unicef.org/publications/index_61789.html.

1. INTRODUCTION

Children represent one third of the world's population, and in some countries, especially emerging markets, children and youth can constitute almost half of the population.[3] These numbers alone provide a clear imperative for responsible and forward-thinking financial institutions to give due attention to children as key stakeholders in their business. They are the current and the future consumer, they are children of employees and customers, and they are young workers, future employees and business leaders.

Investing in sound financial products for children and youth is good business for banks, both socially and financially. Financial institutions can provide safe, secure and responsible financial products and services that support young people in accumulating capital; sending or receiving money safely; and taking loans to pursue other goals such as higher learning, entrepreneurial ventures and increasing assets – thus improving livelihoods and the child's overall development. Such products and services can support financial and social inclusion and help children develop financial responsibility. Research has also shown that formal-sector savings accounts can give young people a cushion from economic shocks[4] and protect children from resorting to informal money lenders or potentially abusive and exploitative situations to bridge the financial crisis. Inclusive financial systems facilitate economic growth and increase income equality, and they are particularly likely to benefit disadvantaged groups such as youth, including girls and young people in rural communities.

There are also important benefits for business. Such efforts can build reputation, improve risk management and secure a company's 'social licence to operate'. They can contribute to expansion in new markets and with new consumer segments. Considering how products and services can better meet children's needs can also be a source of innovation and create new markets. For example, today's children are much more at ease with social media and mobile technology – by understanding and responding to their needs and interests, businesses can be challenged to be creative and to explore how to leverage such technology to provide better services for clients.

This discussion paper is a joint effort of Child and Youth Finance International (CYFI) and the United Nation Children's Fund (UNICEF). It outlines an approach for how banks and financial institutions can respect and support children's rights through financial products and services, and highlights some of the opportunities, challenges and potential risks. The content is relevant regardless of whether an institution is evaluating an existing child and youth strategy or beginning this process for the first time. The purpose of the paper is to facilitate discussion and debate on this approach from the wider financial community and

[3] Ibid.
[4] Deshpande, Rani, 'What Do Youth Savers Want: Results from market research in four countries', Save the Children Federation Inc. and MasterCard Foundation, 2012, p. 1; open PDF at http://youthsave.org/sites/youthsave.org/files/YouthSave%20Market%20Research%20Report_FINAL.pdf.

child rights and corporate social responsibility experts, and to encourage feedback and additional sharing of good-practice examples.

There are already a number of excellent guides and research papers on financial services for children and young people (*see the resources list in Annex 1*). This discussion paper seeks to situate this work within a holistic approach to the rights of children – and it does so by applying the framework of the Children's Rights and Business Principles. Moreover, the paper was developed to specifically consider the context of larger financial institutions, which has been a missing focus in earlier work.

INSIGHT: CONVENTION ON THE RIGHTS OF THE CHILD

The Children's Rights and Business Principles are founded on the internationally recognized human rights of children – particularly as established in the Convention on the Rights of the Child and its Optional Protocols – and do not create new international legal obligations.

The Convention on the Rights of the Child is the most widely ratified human rights treaty in history, with 193 countries as States parties (governments that have signed and ratified). It outlines basic entitlements and freedoms that apply to all children without discrimination, and has four core principles that should underpin any action concerning children, whether taken by governments, parents, communities or the private sector:

1. The right to life, survival and development.
2. Non-discrimination – all children should enjoy their rights without discrimination of any kind, irrespective of sex, race, language, religion, disability, nationality, ethnic or social origin or other factor.
3. The best interests of the individual child – which should be the primary consideration in all decisions and actions that affect the child, rather than the convenience or best interests of adults, or business.
4. The right of children to express and have their views heard, as well as to participate in decisions and activities that affect their lives, depending on age and level of maturity.

A framework for children and business

In trying to address the risks and opportunities for the financial sector when considering children as stakeholders, the paper adopts the framework of the Children's Rights and Business Principles (the Principles). Released by Save the Children, the United Nations Global Compact and UNICEF, they were developed through extensive global consultations with business, civil society, government representatives and children. The Principles bring a child rights lens to analysing business conduct, activity and relationships. They have been applauded as a simple-to-use framework that helps business understand children as key stakeholders and look at how business activities in the workplace, marketplace and community touch children's lives.

The Principles are also based on the International Labour Organization's conventions on child labour, and they elaborate on existing standards for business, such as the Global Compact's 'Ten Principles' and the United Nations Guiding Principles on Business and Human Rights. At the heart of the Principles is a dual concept of **respect** and **support** for children's rights. This is elaborated in Principle 1, which states that business has:

A responsibility to respect children's rights – This is a minimum standard of conduct expected of business and calls for a due diligence process to ensure that children are not harmed as a result of business activities and relationships.

A commitment to support children's rights – The Principles also recognize the potential of business to do great good for children. As such, they call on business to make commitments to support children's rights through philanthropy, investment and advocacy.

Principle 1 is the foundation for the remaining nine Principles which address business impacts on children in the workplace (Principles 2, 3 and 4), the marketplace (Principles 5 and 6) and the community (Principles 7, 8, 9 and 10). They encourage business to examine the myriad ways in which their operations might affect children, both directly and indirectly. In line with Principle 1, each Principle articulates not only how business can respect and do no harm for children, but also how they can proactively advance and support children's rights.

Figure 1. Children's rights in the workplace, marketplace and community

Applying the Children's Rights and Business Principles to financial institutions

The application of these Principles to the financial sector raises interesting questions -- and there are many implications for activities and relationships in the workplace, marketplace and community. For example, how can a financial institution promote child rights as an employer and through the implementation of family-friendly workplace policies, or in consideration of the company's impact on local communities and relationships with local governments?

Another case in point is the role of financial institutions in preventing commercial child pornography. This is an impact area where financial institutions, including banks, have the ability to leverage their business to disrupt the economics of commercial abuse and exploitation of children. By working together with their peers and Internet service providers, they can make a significant difference by following the flow of funds and shutting down the illegal payments accounts. Indeed, this is the focus of the Financial Coalition Against Child Pornography – a coalition of 34 leading banks, credit card companies, electronic payment networks, third-party payments companies and Internet services companies dedicated to putting an end to such abuse of children.

Consideration of the child rights impacts of investments is another illustration of how the Principles can be put into practice. Investors and analysts are increasingly evaluating companies and other assets on their environmental, social and governance performance; and it is important to consider how child rights can inform such analysis.

This is, however, beyond the scope of this discussion paper. Rather, the paper focuses on how financial institutions can respect and support children's rights in the context of their marketplace activities – and specifically in the development, marketing and sales of financial products and services designed for children and young people.

Chapter 2 presents the five-step management and due diligence process to guide financial institutions in integrating child rights. Subsequent chapters elaborate on each step in the context of developing financial products and services for children. Throughout, the discussion paper uses case studies and 'in practice' sidebars to offer examples of theory in practice.

2. Principle 1 – Integrating Children's Rights

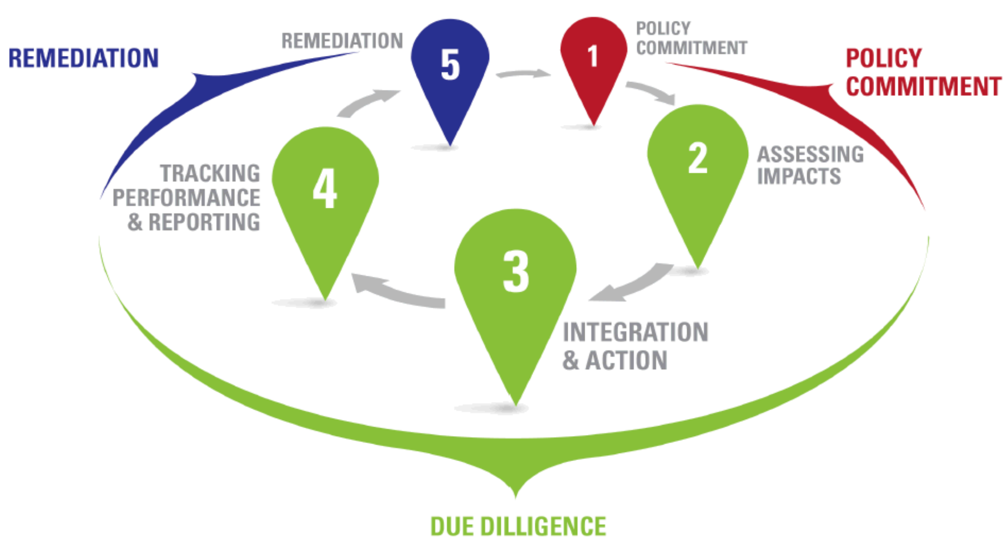
Principle 1 of the Children's Rights and Business Principles outlines the management process that a business can follow to help translate its **responsibility to respect** and **commitment to support** children's rights into practice. It calls for all businesses to put in place a policy commitment, due diligence process and remediation measures for addressing the potential and actual impacts on children's rights. The management process has five steps:

1. Policy commitment to respect and support children's rights.
2. Assessment of impacts.
3. Integration and action on findings.
4. Tracking performance and reporting.
5. Remediation.

Through these steps, Principle 1 enables businesses to identify and address the child rights issues material to them, given the context of their company, business sector and the communities in which they operate.

As illustrated in figure 2, the management process for child rights is circular – with each step informing subsequent steps. Thus, feedback from impact assessments will inform the actions that the business takes, how it monitors progress, and the ways it supports remedy and grievance. All of these steps can contribute to a stronger policy environment that promotes the respect and support of children's rights.

Figure 2. Management and due diligence process for children's rights



The above framework may be applied to analyse a business's impact at the product or service level, and at the geographical or country level of operations. When used as part of a comprehensive corporate-level assessment, the management process can help identify hot spots, which can then trigger these more targeted assessments (product, site, geography, etc.). The Principles call on businesses to reflect not only on their own impacts where they have control, but across the life cycle of the product or service and all their relationships – through their suppliers and their subcontractors, customers and other relevant business relationships across the value chain, as well as joint investments and relations with governments.

In the context of this discussion paper, we apply this process to the development of child-friendly financial products and services. This reflection can encompass all of the following activity areas to identify specific challenges and opportunities for children:

- Market research for new financial products and service offerings for children.
- Design and testing of such products and services for children.
- Marketing and advertising.
- Sales at the bank, online, through mobile technologies or other points of contact.
- Customer service for children and their guardians.
- After-sales monitoring.
- Customer complaints and grievances.

Banks and financial institutions should use the Principles framework to reflect on all their current and planned product/service offerings for children and young people – including savings accounts, current accounts (linked with a debit card), prepaid cards, prepaid payment accounts, credit cards, student loans or insurance products. In some cases, such as credit cards, this could entail a review of the suitability of the product itself for youth – especially as such products could exploit the young person's lack of financial maturity and put them at risk of indebtedness. A child rights approach can also provide valuable insights into design options for these products, such as deposit options, access options (for example, mobile and Internet banking access), control and security features. The Principles should also be a serious consideration when determining fees and interest structures.

It is recognized that not all businesses are the same, and solutions will need to focus on the particular context, environment and realities of each individual bank or financial institution and the products and services in question. Financial institutions are encouraged to start at any point in this cycle and work gradually through the process. It is hoped that by doing so, participants can begin to better understand how to develop financial products and services for children and youth, in ways that respect and support their rights.

3. Policies for Child-Friendly Products

A financial institution may have a number of policies or codes that govern or set ethical benchmarks for the activities outlined above. For example, policies may include codes and guidelines related to product standards and quality, research and testing; 'know your client' measures; client privacy; consumer protection standards and marketing and advertising standards; or codes of conduct for partners and joint ventures. The financial institution might also employ protocols for how it monitors not just sales, but after-sales satisfaction and issues related to its financial products and services.

It is important that banks and financial institutions review relevant policies, protocols and codes of conduct to ensure that they reflect the needs and concerns of children. The business can demonstrate its respect and support of children's rights by embedding specific provisions into these. The integration of relevant child rights provisions will help steer a company's actions and stipulate expectations of staff, business partners and others – and it can provide crucial risk-mitigation measures.

Key reasons for integrating children's rights in the financial institution's policies and codes of conduct:

- ❑ To embed children's rights within the financial institution's business functions;
- ❑ To minimize risks in areas of potential impact on children's rights;
- ❑ To ensure that children's rights become part of the company culture;
- ❑ To protect children from potential risks with business' partners and suppliers; and
- ❑ To provide protection for children where staff have direct contact with children.

To support overall alignment and policy coherence, the financial institution should consider how children's rights are reflected in any overarching documents that set out the business's human rights commitments or corporate responsibility and ethical standards. The human rights policy of the Netherlands-based cooperative Rabobank, for example, includes a specific commitment to the rights of children.[5]

Reviewing and amending policies may be lengthy processes, depending on the size of the company. An impact assessment can help the financial institution identify which measures and policy changes should be prioritized. The following chapter describes how banks can use impact assessments and market research to better understand the most important and relevant child rights issues for its business.

[5] Rabobank Group, 'Human Rights Policy', February 2012; open PDF at www.rabobank.com/en/images/Human%20Rights%20Policy.pdf.

IN PRACTICE: POLICIES TO PREVENT CHILD IDENTITY THEFT

Children can be especially vulnerable targets for identity theft. According to a recent report from Carnegie Mellon's CyLab, for example, the rate of identity theft is 51 times higher for children than for adults. Children, families and businesses all face hardship and financial loss when children's personal data and identity are stolen to secure loans, credit lines and other financial commitments. Children are especially attractive to criminals because the theft may continue unnoticed for many years until the child reaches adulthood and begins to apply for jobs and credit. They may also be easier targets because children's online behaviour through social networking may mean that their personal details are easily available online.

In a small percentage of cases, children's identities may be misused by their parents, guardians or family members to take out additional loans or apply for other financial services. Common reasons behind family identity theft include gambling and drug addiction, divorce, unmanageable debts and ill-will between family members.

Financial institutions can play a key role in preventing theft or misuse of children's identities. Policies and protocols for data security, credit fraud, privacy and confidentiality may need to be reviewed to ensure children are afforded adequate protections to prevent such theft. Moreover, financial institutions may also need to consider how they can support child victims of identity theft and how they can simplify processes to re-establish credit history and ratings. Beyond policy-level actions, financial education efforts can also support children by raising awareness of the risks of sharing personal details online.

Sources: MarketWatch, 'CSID Study on Child Identity Theft Finds Disconnect in Parent's Awareness and Action', *Wall Street Journal*, Austin, Tex., 27 March 2013, www.marketwatch.com/story/csid-study-on-child-identity-theft-finds-disconnect-in-parents-awareness-and-action-2013-03-27; and Boritz, Daniel, 'Identity Theft: Why your child may be in danger', *U.S. News & World Report*, http://money.usnews.com/money/personal-finance/articles/2013/02/05/identity-theft-why-your-child-may-be-in-danger.

4. Assessing the Impacts on Children's Rights

A successful financial product responds to the client's needs. In the case of children, it is even more imperative that the product addresses their needs and does not place them at risk. To ensure a rights-based approach, it is essential for financial institutions to assess the impact of its products and services. This should ideally occur prior to the development and marketing of products for children, but it can also be applied for a product or service that is already on the market. This rights-based perspective should form a key part of market research.

An assessment has two dimensions:

1. **Context analysis –** to understand the operating environment and market where the product or service is to be launched. This should include an analysis of the internal and external environment to identify broader risks and opportunity factors.
2. **Product- or service-specific impact assessment –** to identify and assess any actual or potential risks to children from the design or marketing of the product or service. In addition, and importantly, this should include identifying the opportunities to create a positive impact on children's lives.

A business may draw from a variety of sources to understand context and assess impacts, including: publically available international and national statistics; expert inputs and information from relevant government ministries and child rights non-governmental organizations; news and media reports; and more targeted market research and impact assessments. Consultations with stakeholders, and where appropriate, children and young people themselves, can provide key insights and important perspectives.

The assessment should also be sensitive to the different risks faced by boys and girls, and to the fact that particular groups of children – such as those in low-income families, without parents, ethnic minorities or different religions, or children of migrant workers, children with disabilities, and rural-urban children – may be more marginalized and face different challenges to access and avail of financial products and services.

In the context of the Children's Rights and Business Principles, the assessment should reflect on how to develop products or services that **respect** children's rights and minimize any potential or actual negative impacts for them. Such assessments can also identify strategic opportunities and ways in which the financial institution can **support** and advance children's rights.

Context analysis

Most financial institutions will be adept at undertaking a rigorous context analysis that includes market research and environmental scanning prior to the launch of any new financial product or service. What is distinct with a child rights approach is that this process not only evaluates general financial threats and opportunities, it also considers threats and opportunities related specifically to children's well-being.

A context analysis is twofold:

1. **External environmental scanning** – This includes an analysis of macro trends related to children, such as political, economic, social, technological and demographic trends. The text box below provides examples of such trends for the financial industry, along with specific needs and challenges of children as consumers of financial products and services.
2. **Internal organizational analysis** – From a child rights perspective, an internal organizational analysis should identify relevant organizational strengths that may be tapped into for product development. These may include dedicated senior management, strong civil society partnerships, branches in localities with high child and youth demographics, strong social media presence, or employees' passionate concern about children's issues. It should also identify potential weaknesses that may need to be addressed, such as weak child safeguarding policies, lack of awareness of children's rights, or 'silo' approaches that isolate product development, marketing and corporate responsibility.

An internal analysis may consider the following questions:

- How does the company ensure that products and services do not adversely affect the rights of the child?
- What policies are in place to respect and support children's rights? What are key gaps?
- What are the child rights knowledge and capacity levels of product developers and segment managers?
- How does the company ensure that its advertising, sales, promotion and marketing techniques do not adversely affect the rights of the child?
- How do after-sales support systems respond to the needs of children?
- How does the company assess non-financial performance of products?
- What mechanisms and networks does the financial institution have to understand stakeholders, and how can this be applied in the context of children?

A broader context analysis provides the necessary backdrop to researching and understanding the specific impacts on any new proposed product. This is described in the next section.

In Practice: Context Analysis

Examples of political, economic, social, technological and demographic trends related to children, and with important implications for financial institutions, include:

Child and youth population – There are 2.2 billion people under 18 years old in the world, almost one third of the global population. Adolescents, age 10–19, represent 18% of the total population. (UNICEF, *Progress for Children: A report card on adolescence*, April 2012, pp. 3, 6)

Access to finance – A large majority of young people – especially those in developing countries – do not have access to financial services. This can hinder access to numerous other rights and set children on a life course of indebtedness and financial exclusion.

Technology – As the first generation born into a digital world, children and youth are avid users of technology. While access will vary depending on household wealth and location, this generation is comfortable with the Internet and modern technology, such as mobile phones. A study in the United Kingdom, for example, found that 90% of children over age 13 owned a mobile phone and sent or received an average of 9.6 text messages per day. (Carphone Warehouse Group, 'The Mobile Life Youth Report 2006', p. 10) Access to technology is also widespread in such markets as Asia, Africa and Latin America. Technology can increase access for rural youth, but it can also create new security risks for children from phishing attempts, fraudulent email or cyber-attacks. Technology is also driving a shift in payments from cash to electronic forms, and young people without access can be socially and financially excluded.

Rise of social media and networking – Connecting on Facebook, MySpace, YouTube and other social media platforms, youth share and relate in new ways, with more people and instantly. This can bring with it a number of risks. Young people can share an incredible amount of personal information in very public forums with potentially unknown individuals. Traditional banking 'security' questions, such as the child's home town, mother's maiden name or a pet's name, can be readily accessible online or children may be 'persuaded' to divulge this information. However, social networking can provide powerful platforms for peer education on financial literacy or empower young people to speak out for their rights.

Urbanization – Half of all people live in urban areas, and by 2050, this percentage will increase to two thirds. For billions of people, the urban experience is one of poverty and exclusion. Many are simply not counted because they live in slums, without official record-keeping. Urban migration from rural areas can mean that not all children, or their parents, have sufficient documentation to open a bank account in their new location. Residence permits and proof of address, for example, may be needed to complete 'know your client' requirements intended to prevent money laundering.

Global youth unemployment crisis – Both developed and emerging markets continue to experience high levels of youth unemployment. The International Labour Organization reports that people aged 15–24 are three times more likely to be unemployed than those in other age groups. ('Global Employment Trends for Youth 2012', p. 13) In this context, youth may be forced to delay life-cycle milestones: moving out of the parental home, getting a first apartment, finding a first job. This crisis has a number of implications for financial institutions, including the need to review product suitability and adapt lending criteria, delinquency aging and collections practices. But this may also mean great opportunities to support youth through skills-building and promoting young entrepreneurs.

Assessing the impacts of child-friendly products and services

As a financial institution sets out to review existing products and services, or develop new ones, it should think holistically about how they can benefit children or could potentially place them at risk. For example, considerations for a bank as it undertakes such a product or service-level impact assessment could include:

Product design –

- Is the product suitable for the intended age group?
- Does the product reflect the child's evolving maturity and autonomy? Does it provide him or her with opportunities to control their money, while ensuring adequate protections against abuse?
- Does the product address the particular safety, security and confidentiality needs of the child or youth to protect her or his money and personal data?
- Are the fee structures and mechanics of the account in the best interests of the child? (Complicated rules around interest rates, deposit thresholds and time requirements may be challenging for children to grasp, and transaction fees and account maintenance fees can pose barriers to usage.)
- Can minors incur penalties or be at risk of overdraft charges?
- What features can prevent discrimination against children and ensure the participation of all children regardless of income status, gender, religion, physical ability, income status, children without or away from their parents, or other criteria?
- Is financial education, such as tutorials on responsibly using and managing the financial product or service, included for child and youth consumers?

Product access and delivery options –

- Do delivery options support availability and accessibility of the financial products or service for children and youth?
- Are adequate safeguards considered when using mobile and Internet technology delivery options?
- How can the experience of children at physical branches be inclusive, regardless of their gender, economic status, disabilities, family situation, etc.?
- What support is provided in cases of emergency, such as lost or stolen cards or an account breach?

Marketing and communications to children –

- Do communication materials explain the terms and conditions of the financial product or service in language that is easy to understand for children?
- Is the marketing and communication strategy transparent and respectful?
- Do the communications programmes, platforms and partnerships surrounding the product provide trusted content and genuine support?

The 'Child and Youth Friendly Banking Product Certificate'

CYFI introduced the Child and Youth Friendly Banking Product Certificate as a benchmark for safe and reliable banking products for children and youth. The certificate offers standards for such products, and creates awareness among banks to contribute to the empowerment and protection of children and youth. The standards provide valuable guidance in assessing child and youth friendliness of banking products. Embracing and implementing such industry-specific standards in policy can also help to safeguard children's rights.

CHILD AND YOUTH FRIENDLY BANKING PRODUCT STANDARDS

No.	Criteria	Description
1	Availability and accessibility of banking products for children and youth	Regardless of ethnicity, religion, ability or other criteria
2	Maximum control to children and youth	Ensuring children's and youth's right to effective participation by owning and managing their own assets
3	Positive financial incentives for children and youth	Ensuring children's and youth's costs for using the account are never higher than the revenues
4	Reaching 'un-banked' children and youth	Proactive outreach to children and youth in vulnerable communities
5	Employment of child- and youth-friendly communication strategies	Understandable, in the best interests of the child, no hidden fees or charges, child centred
6	A financial education component	Collaboration with the social or public sector to roll out effective, marketing-free financial education
7	Monitoring of children and youth satisfaction	Monitoring effectiveness and impact
8	Internal control on child- and youth-friendly banking product standards	Inclusive internal monitoring

Stakeholder consultation for children

In both understanding context and assessing impacts, stakeholder consultations can be invaluable to understand children's concerns and perspectives. Engaging with relevant child rights experts and stakeholders such as parents or caregivers, teachers, community leaders, government structures, youth organizations, children's organizations, non-governmental organizations and others can help the financial institution more accurately understand its impact on children.

Where appropriate, and in coordination with child participation experts, the business may also wish to organize consultations with potential or existing child and youth customers. If such consultation with children is considered, it should respect ethical standards for engaging children; efforts must be made to ensure that participation is authentic, inclusive and meaningful, and that it takes into account the evolving capacities of children.

Participation should not be tokenistic and should not exploit children. Rather, it is a dialogue between children and adults based on mutual respect in an environment that facilitates freedom of expression. It should seek to engage different groups of children, in order to understand their unique needs and challenges. Precautions should be taken to minimize the risk to children of violence, exploitation or any other negative consequence of their participation. Children should be made aware of their rights and know where to go for help if needed.

Stakeholder consultations could explore such questions as: What do children or youth actually need in a financial product or service? What barriers do they face in accessing appropriate financial solutions? What is a successful product in their opinion?

5. Integration and Action for Children

Assessments can only be meaningful if the findings are then integrated into decisions about how products and services are designed, about how the business communicates and markets them, and how it implements sales and customer-service solutions. Embedding children's rights into the company should also go beyond development of a specific child-friendly product or service to embedding a child rights approach that can ensure that it is a systematic consideration in any future child/youth product development activities. It can also inform how the business develops action plans to support children's rights through its products and services.

This chapter looks at:

- **Institutionalizing a child rights approach,** more broadly, so as to guide all product or service development;
- **Addressing specific risks and opportunities** for children in the development of a particular product or service.

Institutionalizing a child rights approach

As discussed in chapter 2, the management process for child rights is circular, with each step informing subsequent steps. The findings from the assessment can guide financial institutions to address gaps in policy commitments, integration, monitoring and communication, and grievance and remedy.

Concrete examples of ways in which the financial institution can institutionalize feedback from the assessments include:

- Amend or develop **policies** to address risks and opportunities for children in product/services or marketing and communication.
- Undertake **capacity building** and training for staff to implement children's rights in product design and implementation, as well as in marketing and communications.
- Allocate sufficient human and financial **resources.**
- **Establish clear and measurable goals** to track non-financial progress and support accountability – for example, the number of boys and girls who have increased access to financial services, percentage of low-income children reached, usage rates of children's products, or number of complaints related to children's accounts.
- Set up **cross-functional** groups to create coherence and synergies for children during product development and launch.
- Assign a **focal point** to champion children's rights within the financial institution.
- Ensure that **complaint and grievance mechanisms** are accessible to children.

Addressing specific risks and opportunities

The following case studies explore how financial institutions can address specific risks and opportunities of specific products and services. The examples are indicative, rather than exhaustive; each organization will identify its own priorities and relevant issues through its assessment activities.

Case Study 1 – Increasing accessibility and preventing discrimination

Financial institutions should consider how to increase accessibility to the product or service to all children, regardless of income level, gender, language, disability, religious or ethnic group, or other status. Opening fees or requirements that children's parents must also have accounts at the financial institution can also pose barriers to access and indirectly support discrimination.

Maybank 'imteen-i Account': Islamic law, or sharia, prohibits acceptance of specific interest or fees for loans of money, as well as investments in businesses that provide goods or services considered contrary to this law. This can make it challenging for Muslim children and youth to access financial products and services that respect their religion.

Maybank is the largest bank in Malaysia, a country with a large Muslim population. It offers accounts for children and teens in two versions: sharia-compliant and standard. The sharia-compliant 'imteen-i Account' is offered to children aged 12–18. The bank seeks to provide customized solutions to all children despite their religion, including by creating products that are accessible to Muslim children.

The imteen-i Account has a spending limit of 500 ringgits per day, which is lifted when the child turns 18. Account holders are incentivized to study by receiving cash rewards for academic excellence on school exams. The linked 'myzone' site offers general account information and includes a dedicated page with tips on how teens can protect themselves and their information online, including articles on issues such as phishing.[6]

Case Study 2 – Building financial capability and literacy

The Women's World Banking 2012 guide for youth banking notes, "A youth strategy should not only increase access to financial services but also build financial capability and thus be savings-led, along with integrated, action-oriented financial education. Integrating financial education is critical to equip young people with resources and knowledge to meet the

[6] Information on Maybank's imteen account, see Home > Accounts & Banking > Savings Accounts > imteen-i Account at www.maybank2u.com.

challenges of adulthood."[7] Banks can achieve this by designing products with, for example, incentives for savings, and by providing financial literacy programmes. Commonwealth Bank in Australia, for example, has a rewards programme that recognizes good savings behaviour: Children receive a silver-coloured 'Dollarmites' token every time they make a deposit to their savings account, regardless of the amount deposited; the tokens can then be redeemed for prizes during the year.

Barclays 'Money Skills' programme: Barclays is a United Kingdom-based global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management. It operates in more than 50 countries, with an extensive international presence in Europe, the Americas, Africa and Asia.

Its Money Skills programme aims to build the financial skills, knowledge and confidence of young people and other vulnerable groups in the United Kingdom to help them manage their money more effectively. It has been developed in partnership with leading charities and is delivered by specialist community workers and Barclays employees in a range of settings, including one-to-one sessions and group seminars. The programme tackles such topics as budgeting, saving and spending, as well as providing practical guidance about where to get help and advice.

An evaluation of the programme showed that, on average, participating young people reported a 17 per cent increase in their awareness of money-management methods. Students were also 27 per cent more likely to budget for future purchases and plan their significant expenditures in advance.[8]

Case Study 3 – Suitability of credit and loan products

Credit lines and loans can be important in helping students and young adults access financial goals such as higher education or entrepreneurial ventures. But some consumer and children's rights organizations have expressed serious concern that bank and credit card companies are aggressively targeting young people for credit cards, with a consequential rise in over-indebtedness at a young age.

University affinity card programmes: Many American universities have affinity credit card programmes with banks. These arrangements can include allowing the bank to access the names and addresses of students and alumni, use the university's logo, and market on campus and at events such as football games. In return, the university benefits from a new source of revenue. Concerns cited by critics of these programmes include sharing of

[7] Women's World Banking and Nike Foundation, 'Banking on Youth: A guide to developing innovative youth savings programs', 2012, p. 13; the guide is available at www.swwb.org/publications/banking-youth-guide-developing-innovative-youth-savings-programs

[8] Barclays and University of Bristol, 'Barclays Money Skills Impact Assessment: Further education colleges', 2012, p. 1; open PDF at www.nsafs.co.uk/wp-content/uploads/2012/10/772DF46AEE984D2EB2A85AB0E30A1569.pdf.

students' information, the potential to indebt students and the enticement of free gifts with the credit application. Some universities have responded by providing educational seminars to students on the responsible uses of credit, offering lower credit limits to students than to alumni, and adopting policies that prohibit sharing student contact information.[9]

In summary, all credit and loan products for young adults must be carefully evaluated. Where credit or loans are a key strategy in enabling access to education and livelihoods for young adults, thorough consideration should be given to the product construct, including fees and interest structures, marketing collateral, accompanying educational material and guidance to youth, and performance monitoring.

Affordability, whether the consumer can afford the repayments, should be responsibly assessed. In the United States, for example, heavy debt burdens for students coupled with rising youth unemployment rates have resulted in more than 25 per cent of student loan borrowers with past-due balances.[10] Such circumstances may mean that financial institutions need to work together with governments and civil society to develop affordable solutions for all young people to access education and develop the skills to enter the work force or support livelihoods.

Case Study 4 – Responsible marketing and advertising

The Children's Rights and Business Principles call on all businesses to use their marketing and communications to children in ways that respect and support children's rights. To prevent adverse impacts on children, businesses should provide consumers with accurate information, enable informed decision making and be conscious of children's greater susceptibility to manipulation.

As banks and financial institutions seek to develop responsible marketing and communications plans, they should consider such factors as marketing in appropriate locations; responsible messaging that promotes positive financial behaviour; balancing the attractiveness of free gifts; and not hiring children or using cartoons as 'brand ambassadors'.

The Kardashian Kard (USA): In the United States, during November 2010, the Kardashian sisters (American celebrities) announced the launch of the 'Kardashian Kard', a prepaid MasterCard. Targeted towards fans of the Kardashian sisters, largely teenagers, the card attracted criticism for its fees. Connecticut Attorney General Richard Blumenthal announced that he would investigate the Kardashian Kard because of its "predatory fees

[9] Glater, Jonathan D., 'Colleges Profit as Banks Market Credit Cards to Students', *New York Times*, East Lansing, Mich., 31 December 2008, www.nytimes.com/2009/01/01/business/01student.html?pagewanted=all&_r=0.

[10] Kurtzleben, Danielle, '5 Shocking Facts About Student Loan Debt', *U.S. News & World Report*, 6 March 2012, www.usnews.com/news/articles/2012/03/06/5-shocking-facts-about-student-loan-debt.

combined with its appeal to financially unsophisticated young adults." Within a month, the Kardashian sisters ended their association with the card.[11]

Case Study 5 – Parental oversight and the evolving capacities of the child

Parents have a vital role in supporting children as they develop their financial skills and knowledge, and in protecting them from potential abuse and exploitation. Banks and financial institutions should also consider how to support this process and the evolving capacity of the child.

BillMyParents 'SpendSmart' MasterCard: BillMyParents, whose marketing tag line is "the responsible teen spending company," offers the SpendSmart MasterCard, a prepaid card designed for teens. The card fees are communicated transparently and are among the lowest in the market. The product offers multiple types of controls, designed to protect teens and give parents peace of mind. The card can be blocked from usage at specific merchants, parents can receive text alerts when teens use the card, and the card can be frozen by parents if they are concerned about the teen's spending. Statements are available online and can be accessed by both parent and teen.[12]

Parental controls can guide children towards responsible financial behaviours while protecting them from potential abuse, for example, through child bullying and misuse of the child's prepaid card by others. Banks should also consider how to support children and youth who may be living away from their parents, for example, when studying at a school or college away from home or, as is the reality for many children in the global South, living away from home and earning their own wages, or having been left behind as parents migrate in search of work.

In addition, some parents may not have acquired responsible financial habits or might lack awareness of the need to educate their children on financial skills. In this case, guidance materials can assist parents as they navigate the evolving capacities of their child on the path towards becoming financially empowered, and as children benefit from the experience of managing their own bank account or other product. In worst-case scenarios, children may be in abusive family situations. While such situations should be referred to the appropriate authorities, financial institutions may consider working with these authorities and child rights organizations to support children in this context.

[11] George Jepsen, Office of the Attorney General, 'Attorney General Pleased Kardashians Seek To Sever Ties with Predatory Prepaid Debit Card', State of Connecticut, 29 November 2010, www.ct.gov/ag/cwp/view.asp?A=2341&Q=469188.

[12] 'BillMyParents', www.billmyparents.com, accessed 24 April 2013.

6. Tracking Performance and Reporting

Monitoring and tracking the effectiveness of business responses is key to verifying whether their policies and procedures are effectively addressing business impacts on children's rights. Monitoring should be ongoing and may be built on existing company systems, as long as they can incorporate qualitative and quantitative indicators relevant for children.

Examples of indicators which financial institutions can use to monitor the impact on children include:

- Number and type of products or services designed specifically for children;
- Disaggregated data on children with accounts or benefiting from services, with breakdowns by age, gender and other relevant criteria;
- Analysis of the usage of products, including such metrics as frequency and amount of deposits and withdrawals, and payment frequency, amounts and merchants (these metrics can highlight issues with the suitability of a product design and alert product managers to opportunities to enhance the products);
- Number and qualitative analysis of complaints or support queries received on child or youth products and services;
- Surveys or audits of barriers to accessing financial services;
- Percentage of children or youth clients who have received training or educational materials on financial literacy; and
- Numbers of children supported through community-based financial education programmes.

The company should be prepared to communicate externally on its performance on children's rights, providing sufficient information to evaluate effectiveness. Information should be communicated in a format accessible to intended audiences, including children, where relevant and possible.

7. Customer Complaints and Remediation

Banks and financial institutions need to address grievances relating to children's products or services in a transparent and professional manner.

All businesses should ensure the accessibility of its customer complaints mechanisms to children and youth, girls and boys, as well as their families and representatives. They should, for example, consider how to such mechanisms accessible to children of different age groups, with different language and reading capabilities.

Children must have the opportunity to file or report complaints themselves, not merely through adult caregivers or representatives. They may also need to be assisted in reporting their allegations and protected in regard to their safety, identity and privacy in order to avoid any retaliation. Understanding local structures, values and norms are important in this context.

The financial institution should provide remedy and help to resolve complaints. It should also track frequently reported issues to identify broader trends that need to addressed.

8. Supporting Children's Rights

Beyond ensuring respect for children's rights, financial institutions can also proactively seek opportunities to **support** children's rights through products and services, as well as their distribution, marketing and communication strategies. Such voluntary action in support of children's rights must be in addition to and not a substitute for action taken to respect and prevent harm to children's rights.

The management and due-diligence approach described in the previous chapters can be useful in identifying both **respect** and **support** actions for the financial institution. Additional considerations for financial institutions in designing activities to advance and support children's rights are outlined briefly in this section.

To make a sustainable difference in children's lives, all support actions must be rights-based and also based on a long-term investment in children. This means:

- Always ensuring the best interests of the child;
- Involving children in planning, implementing and monitoring of programmes;
- Focusing on the most marginalized and vulnerable children;
- Recognizing children as holders of rights, active citizens and agents of change in their own lives and in their communities; and
- Working in close cooperation with local government, child rights organizations and others to ensure that actions complement existing efforts for children's rights and are in line with best practice for children's programming.

Business actions to support children's rights should seek to be strategic – aligning business expertise, knowledge, presence and resources with the needs of children and communities.

In Practice: Child Participation and Engagement in Philanthropy

Nedbank, headquartered in Johannesburg, is one of the largest banks in South Africa. The 'Nedbank4me Savings Account' is a designed for people aged 18 and younger: It is exempt from most transaction and account maintenance charges; enjoys interest rates that are higher than typical savings accounts; and can include the provision of a debit card.

Children can choose one of four 'affinities' to link to their account at no cost: The Green Affinity, The Arts and Culture Affinity, The Sports Affinity or The Nelson Mandela Children's Affinity. When the account is first created, Nedbank makes a contribution of 2.50 rand towards a charity related to the selected affinity.

Every financial quarter thereafter, Nedbank makes a further contribution based on the average daily balance in the account. Children can thus support a cause of their choice at no cost to them. This also incentivizes saving as the more they save, the larger the contribution. By saving more money, children are also able to give more to charitable causes.

The Nedbank example demonstrates how to recognize children as agents of change in their own lives and that of their communities.

Source: Nedbank, www.nedbank.co.za/campaigns/youth4me/index.asp, accessed 25 April 2013.

Annex 1: Further Resources

Children's Rights and Business

Title	Description
UNICEF CSR Workbook	A practical guide to help business integrate respect and support for children's rights into core business. The guide uses check boxes, case studies and links to relevant resources to help inspire business towards action.
UNICEF CSR Working Paper	Overview of corporate reporting on children's rights; laying groundwork for UNICEF reporting guidance, aligned with GRI.
Children's Rights Checklist, UNICEF and the Danish Institute for Human Rights.	Currently being piloted. A guide to help business undertake child rights impact assessments. Collaborative project between UNICEF and the Danish Institute for Human Rights.
Youth Participation in Development, DFID-CSO Youth Working Group.	Resource guide for organizations seeking to have children and youth participate in their policy, practice, and evaluation
http://www.unicef.org/csr/	UNICEF CSR webpage with extensive resources and documents for business to understand children as stakeholders and the Children's Rights and Business Principles.
www.childrenandbusiness.org	Home page for the Children's Rights and Business Principles initiative.

Education

Title	Description
CFS manual, UNICEF and Aflatoun	UNICEF Child friendly school guide on social and financial education (done in collaboration with Aflatoun)
Reaching Scale with Financial Education for Youth, The SEEP Network supported by MasterCard Foundation	This case study considers the role that financial education for youth can play in scaling up youth financial services by examining the experiences of Hatton National Bank in Sri Lanka and XacBank in Mongolia. Although these institutions differ on many levels, they have both found that financial education for youth can help with their dual missions of business growth and CSR.

Market Research and Results

Title	Description
What do Youth Savers Want? Save the Children USA and MasterCard Foundation	Overview of market research findings by Save the Children USA and MasterCard Foundation in 4 countries (Colombia, Ghana, Kenya and Nepal) on what children and youth want from their savings programs and products.

Product and Programme Development

Title	Description
"Banking on Youth – a Guide on Developing Innovative Youth Savings Programmes", Women's World Banking	Published in 2012, "Banking on Youth" is a guide for financial institutions in any stage of youth savings program development – from those simply exploring the possibility of introducing youth savings, to those already offering youth products but looking for new ideas and strategies to improve performance.
"Building Sustainable Business Models for Youth Financial Services" The SEEP Network, supported by MasterCard Foundation	Developing economies-focused paper on creating a business model for financial services.
"Emerging guidelines for linking youth to financial services", Making Cents with support of MasterCard Foundation	Document looks at trends, challenges and opportunities of savings and credit products for children and youth based on developing-economy survey results
Emerging Perspectives on Youth Savings, Consultative Group to Assist Poor (CGAP)	Paper focusing on low-income youth savings

Resource Databases

Title	Description
http://www.childfinance.org/library, Child and Youth Finance International	Resource library of Child and Youth Finance with a comprehensive overview of child and youth finance related resources
http://www.youtheconomicop	The Youth Economic Opportunities library is an important

portunities.org/, Making Cents	resource dedicated to aggregating the latest information on increasing economic opportunities for young people
International Gateway for Financial Education http://www.financial-education.org/home.html, OECD	OECD global clearinghouse on financial education, providing access to a comprehensive range of information, data, resources, research and news on financial education issues and programmes around the globe.

Trends and Data

Title	Description
Measuring financial inclusion, the Global Findex Database, World Bank	This paper provides the first analysis of the Global Financial Inclusion (Global Findex) Database, a new set of indicators that measure how adults in 148 economies save, borrow, make payments, and manage risk.
The Little Data Book on Financial Inclusion, World Bank	The Little Data Book on Financial Inclusion 2012 is a pocket edition of the Global Financial Inclusion Database published in 2012 in *Measuring Financial Inclusion: The Global Findex Database* by Asli Demirguc-Kunt and Leora Klapper (World Bank Policy Research Paper 6025)