



# SAFER PAYMENT PRODUCTS FOR MINORS

GUIDING MINORS TOWARDS FINANCIAL AUTONOMY



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Access to payment products is easier, quicker and more convenient than ever before as a result of the worldwide increase in digital payment services. These payment products are playing a pivotal role in creating greater access to financial services, as well as increasing financial inclusion and education – particularly for minors.<sup>1</sup> As the number of products for minors rise, it is incumbent upon Financial Service Providers<sup>2</sup> to offer safe, secure and responsible products that support not only the financial needs of minors but also help mitigate the associated risks.

This 'Safer Payment Products for Minors' guide has been developed to provide a tool for Financial Service Providers in both developed and developing economies that:

- ***Helps make payment products for minors safer***
- ***Encourages responsible spending behavior***
- ***Promotes active money management from an early age***

## THIS GUIDE PROVIDES 10 RECOMMENDED PRACTICES

1. RESTRICT PRODUCTS AND SERVICES INAPPROPRIATE FOR MINORS
2. PROMOTE RESPONSIBLE SPENDING
3. EDUCATE MINORS ON HOW TO USE THEIR PAYMENT CARD SAFELY
4. PROVIDE SAVING AND PAYMENT FACILITIES
5. ENABLE PARENTS TO CHOOSE PAYMENT TYPES
6. ALLOW PARENTS TO SET CARD RESTRICTIONS
7. PROVIDE PARENTAL ACCESS TO SPENDING BEHAVIOR
8. PROTECT MINORS AND THEIR PRIVACY
9. DELIVER APPROPRIATE MARKETING INITIATIVES FOR BOTH PARENTS AND MINORS
10. PROVIDE FINANCIAL EDUCATION TOOLS TO HELP MINORS MANAGE THEIR MONEY



1. Minor: a child or youth under the age of legal responsibility. For the purposes of this guide, it relates to children and youth generally under the age of 18.

2. Financial Service Providers: businesses that provide financial services, such as deposit accounts and issuance of debit and credit cards.

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## HOW TO USE THIS GUIDE



## WHO IS THE GUIDE FOR?

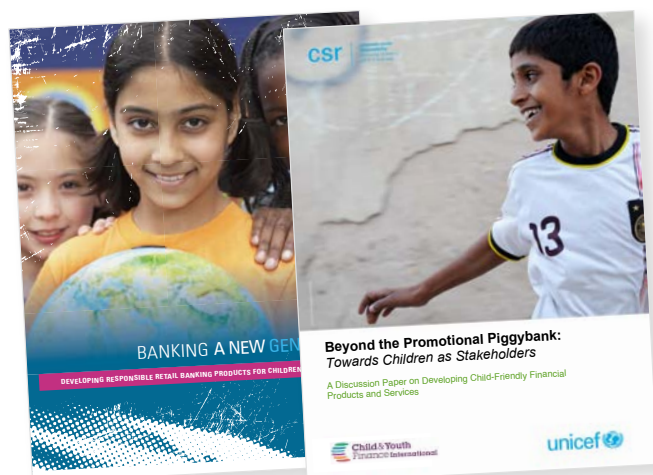
This guide has been developed for leading national and international financial institutions that are, or are considering, developing financial payment products for minors. It is intended to help decision makers and product owners understand some of the responsibilities and risks associated with this market.

## PURPOSE OF THE GUIDE

This guide provides recommended practices for developing safe banking and payment products that support minors' rights whilst protecting them from age-inappropriate content. Financial Service Providers should treat minors with respect and not discriminate based on economic, social, cultural or religious situation, gender, age or ability.

The guide does not offer specific age-related advice as the levels of financial sophistication within each age group varies widely. Instead it advocates that financial access and independence increase as a minor's capability and understanding grows. An important aspect of this is to encourage and support an ongoing financial dialogue between parent and minor. The aim of this dialogue would be to continuously move the minor to the next stage of financial capability and re-assess what payment types and channels the minor could access. The end objective is that, through parental and Financial Service Provider's guidance, a minor is empowered to fully manage their own payment products and money.

The practices outlined in this guide are recommendations and should be carefully considered when building secure and thoughtful products for minors.



## BACKGROUND TO THE GUIDE

This work has been developed by Mastercard, Child & Youth Finance International (CYFI), ParentPay, nimbl and Mirador Digital. It builds on "Banking a New Generation", an important work produced by Mastercard and CYFI on how the financial sector can improve payment products developed for youth. This in turn builds on "Beyond the Promotional Piggybank: Towards Children as Stakeholders", a discussion paper produced by UNICEF and CYFI. This discussion paper uses the Children's Rights and Business Principles framework to outline processes that can help financial institutions consider children's rights effectively.

## ACKNOWLEDGEMENTS

We would like to thank the following organizations (listed alphabetically) that have provided content or feedback on this guide: Capital One, Commonwealth Bank of Australia, DBS Bank Ltd, The Fairbanking Foundation, Interactive Media in Retail Group (IMRG), Lise Paaskesen (Youth Inclusion and Participation Specialist), the Money Advice Service (MAS), Osper, Post Office Savings Bank (POSB), Swedbank, UNICEF, The World Savings and Retail Banking Institute (WSBI).

We would also like to thank the parents and youth who have contributed to our deeper understanding of their payment needs.

## TERMS USED IN THIS GUIDE

**Minor.** A child or youth under the age of legal responsibility. For the purposes of this guide, it relates to children and youth generally under the age of 18.

**Parent.** For the purposes of this guide 'parent' encompasses all adults who have parental responsibility for a minor, such as parents, caregivers, guardians etc.

<https://issuu.com/childfinanceinternational/docs/2014-banking-a-new-generation/1?e=7128000/7605043>

<https://issuu.com/childfinanceinternational/docs/beyond-the-promotional-piggybank>

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## 10 RECOMMENDED PRACTICES FOR SAFER PAYMENT PRODUCTS FOR MINORS



## 10 RECOMMENDED PRACTICES

1. RESTRICT PRODUCTS AND SERVICES INAPPROPRIATE FOR MINORS
2. PROMOTE RESPONSIBLE SPENDING
3. EDUCATE MINORS ON HOW TO USE THEIR PAYMENT CARD SAFELY
4. PROVIDE SAVING AND PAYMENT FACILITIES
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## PRACTICE 1: RESTRICT PRODUCTS AND SERVICES INAPPROPRIATE FOR MINORS

When possible, the use of payment products for minors should be restricted where age-inappropriate products and/or services are available through store, online or mobile.

Restrictions include but are not limited to:

- a. Merchant categories such as gambling, firearms/ weapons, pornography;
- b. Alcohol, e-cigarettes, and tobacco.

## PRACTICE 2: PROMOTE RESPONSIBLE SPENDING

A product for minors could provide a real-time budget or spend tracking tool to encourage responsible spending behavior and improve their money management skills.

**Examples of tools that encourage responsible spending include:**

- a. A **balance update** via SMS, online or using push notifications via a mobile app that the minor receives after every purchase.
- b. Allow a minor **to check their account balance and spending history** online or via SMS. This could include a balance update at regular intervals (weekly or monthly) to increase a minor's financial awareness and help them learn how to track spending and saving. This tool could also give comparisons of spending behavior over time and indicate how spending habits have affected the minor's savings goals.
- c. **Monthly online statements** (or paper statements) which are sent to minors and adults on the same day every month via email or SMS. These would enable everyone to check the activity summary – including deposits and withdrawals – and transaction history.

### DID YOU KNOW THAT...



90% of minors feel that using a payment card (debit or prepaid) linked to their bank account makes them more careful with their money.<sup>3</sup>

3. A survey of 1,330 adults and 250 children was conducted by nimbl in the UK (similar surveys were also undertaken in Italy, Romania, Spain, and Turkey) as part of Child and Youth Finance International's (CYFI) Global Money Week, which ran from 14 - 20 March 2016.

**SWEDBANK**

This case study illustrates how Swedbank addresses some of the 10 key practices.

✓ **Practice 2:**

Parents can open an account for minors under 18 and choose which functionalities are made available on the account. Through the internet mobile banking Youth-App minors can buy, pay bills, transfer funds and consult their recent transactions. They only need to shake their phone to quickly check account balances in a fun way that encourages them to regularly monitor their budget and savings.

✓ **Practice 3:**

Warnings about the dangers of fraud and the necessity to handle log-in information with care are provided online and through a youth-oriented YouTube video.

✓ **Practice 4:**

While money can be spent or withdrawn with the youth account debit card, or through the online

or mobile functions, an e-savings account can be added by parents to encourage saving. Online savings tools can help to set goals and manage savings.

✓ **Practice 7:**

Parents can choose to track spending through their own online or mobile platforms and choose which functions on the account are accessible at any time.

✓ **Practice 10:**

Parents are supported with information on good financial practices for minors. Educational materials are available on Swedbank's website for minors, parents and teachers. Teachers can make use of these resources to introduce financial education in the classroom. A youth finance magazine is distributed in schools to encourage students to learn positive financial behavior.

## PRACTICE 3: EDUCATE MINORS ON HOW TO USE THEIR PAYMENT CARD SAFELY

Best practice dictates that age-specific education on the safe and responsible use of payment products across all channels should be provided to minors. Education on product use, especially technological features, protection and privacy, avoidance of identity theft and online/mobile payment risks is highly recommended. This would also include the provision of tools to help minors keep their data safe and secure.

**DID YOU KNOW THAT...**

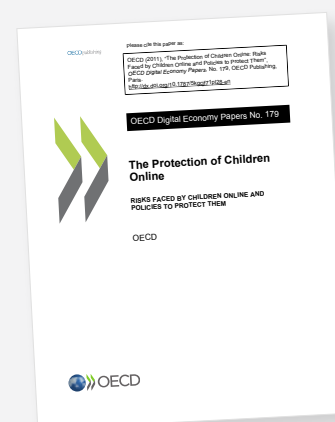
Almost 80% of parents believe that a debit card would help with a minor's financial education.<sup>4</sup>

**The Protection of Children Online.**

RISKS FACED BY CHILDREN ONLINE AND POLICIES TO PROTECT THEM OECD (2011),

*"The Protection of Children Online: Risks Faced by Children Online and Policies to Protect Them,"*

OECD Digital Economy Papers, No. 179, OECD Publishing.



<http://dx.doi.org/10.1787/5kgcxf71pl28-en>

4. A survey of 1,330 adults and 250 children was conducted by nimbl in the UK (similar surveys were also undertaken in Italy, Romania, Spain, and Turkey) as part of Child and Youth Finance International's (CYFI) Global Money Week, which ran from 14 - 20 March 2016.

## GOLDEN RULES FOR MINORS

- I. ▶ **Never** share your online account password, PIN, or personal information with anyone other than your parent or guardian to ensure that your money is safe. You would not share your Facebook or Twitter password – this is the same for your PIN.
- II. ▶ People you can trust such as banks, the police, a relative, your school, or your workplace **won't ask for personal information – especially your PIN** - by phone or email.
- III. ▶ Always keep your card in a **safe place** – you would not leave cash lying around unprotected – do not leave your card lying around.
- IV. ▶ **Store the “Lost and Stolen Card” phone number in your mobile phone** (this can usually be found on the back of the card), so you can report the card missing straight away.
- V. ▶ In addition to keeping your passwords and PINs private, **create strong passwords** with numbers, upper and lower case letters and, if possible, symbols so no one can hack into your online accounts.
- VI. ▶ Before using your computer for online transactions, make sure your **anti-virus software** is up-to-date so it can help you by monitoring unsafe sites.
- VII. ▶ **Spend sensibly**; this is real money you are spending! YOUR money.
- VIII. ▶ Check that website names are spelled correctly and that the **URL is secure**. Most secure and safe sites have a lock pad next to the https:// link or at the bottom of the page – this means that the communication between you and the retailer is confidential.
- IX. ▶ **Research online websites/companies and read customer reviews** before buying anything. Ask friends, family members, co-workers, and other people you trust whether they think an online shopping website is ok to use. Be wary of websites that no one you know has ever used or heard of.
- X. ▶ Every month and every time you purchase something from an online website, **check your online statement**. If you see something wrong, call your payment service provider immediately and consider cancelling your card.
- XI. ▶ **Trust your instincts** – if you have any doubts about a website, do not purchase anything from it; there are many other online stores to shop from.
- XII. ▶ Make sure that you **discard** documents with personal details in a safe and secure manner, e.g. shredding.
- XIII. ▶ **Be aware of your** surroundings when talking about your account. Check who can overhear you or see what you're doing when using a public wifi hotspot.

## PRACTICE 4: PROVIDE SAVING AND PAYMENT FACILITIES

It is important that products for minors allow them to save, as well as make payments, without discrimination.

**Examples of products to enable saving and spending include:**

- a. The product design could include a link to a savings account with a savings goal or let them set aside part of their overall balance for savings purposes.
- b. Provide minors with the option to have two separate accounts: savings and spending. This type of savings plan could have a goal stating the amount of money the minor wants to save (which is easy to track) making it possible for them to spend and save their money.



### DID YOU KNOW THAT...

*73% of parents would like their children to have access to a savings planner tool, to encourage them to save money.<sup>5</sup>*



## COMMONWEALTH BANK OF AUSTRALIA



This case study illustrates how *The Youthsaver account* addresses some of the 10 key practices.

✓ **Practice 4:** Commonwealth Bank offers several products and services for youth customers. The Youthsaver account is designed for under 18s and offers a bonus interest rate for regular savers who make just one deposit and no withdrawals each calendar month. Customers who attend participating Australian Primary Schools can use their Youthsaver account to participate in the School Banking program. Children who deposit money into their Youthsaver account through School Banking earn Dollarmites tokens which they can redeem for exciting rewards. School Banking students also have exclusive access to a range of great competitions during the year designed to reward regular savings behavior. At 14 years old, young Australians are eligible to open a Smart Access account to support their everyday banking needs and help them manage their money, for example from their first part-time job. This account gives them access to a Debit Mastercard, ATMs, online banking and the CommBank app, which gives customers the flexibility to access their money in the way that suits them best. With their parents, customers under 14 years old are also eligible to open a Smart Access account.

✓ **Practice 10:** New School Banking students receive a Dollarmites deposit wallet, a Playbank money box and a range of engaging activities to help them learn about money and saving. Commonwealth Bank has also designed The Beanstalk, a one-stop resource that helps parents bring money to life for their children. They can browse tips, videos and activities such as coloring-in sheets, puzzles and budget and chore trackers.

## PRACTICE 5: ENABLE PARENTS TO CHOOSE PAYMENT TYPES

Ideally, payment products for minors will have the facility for parents to 'opt-in' or 'opt out' of certain payment types, and to choose where and when the bank card can be used. The decision about what, where and when should be reviewed regularly by the parent and minor. To aid this ongoing dialogue, a Financial Service Provider could use data analytics to provide usage recommendations to parents based on peer practice. For example:

- *what age do minors usually start making online payments?*
- *what age do minors use contactless?*

This will help optimize the minor's financial progress and inspire parental confidence that the banks are providing safe and appropriate payment tools that are age-appropriate

### Recommendations for parental controls:

- Decide whether minors can use an **ATM** for cash withdrawals or, alternatively, limit the amount that can be withdrawn
- Put time, place and/or amount restrictions on a minor's **Point of sale (POS)** activity
- Enrol for or block **online** purchases or limit purchases to specific merchant categories.



## PRACTICE 6: ALLOW PARENTS TO SET CARD RESTRICTIONS

Based on a minor's age and financial dependency (e.g. minors not yet earning their own money), Financial Service Providers could enable parents to set restrictions on payment products. Parents would then be encouraged to regularly review these restrictions with the minor to encourage financial awareness and growing autonomy. We advocate that parental control is mitigated over time depending on the minor's age, financial capability, local regulatory guidelines and/or issuer discretion.



### DID YOU KNOW THAT...

*Not only do children think that cards make them better with money, but 65% would actively welcome parents being able to set limits on what they can spend.<sup>6</sup>*

#### Restrictions may include:

- Enable parents to quickly and easily **lock the card** under certain circumstances. This might include, but should not be limited to, overuse of a monthly spending limit, misuse of the card or lost/stolen cards.
- Allow parents to **limit the amount of spending** on the card using a regulated amount for each week or month. This also includes **limiting card usage to specific time periods**, e.g. turning card functions off after a certain time or other scenarios where the card cannot be used.
- When minors are earning their own money, **payment blocking and limiting functionalities may be switched on and off based on age and the level of financial understanding and capability**. This means that the more mature minors are, or the more money they save over time, the more responsibility they have over their account and bank card. A program could also incorporate a sliding scale of increased responsibility over minors' (own) money while at the same time keeping the option to restrict use.

### CASE STUDY

#### ING BANK



This case study illustrates how *The Teens Package* addresses some of the 10 key practices.

✓ **Practice 4:** ING offers several products suitable for minors of different ages. The *Teens Package* offers minors aged 12 to 17 a combination of a savings and a current account. This provides teens with the opportunity to learn about both aspects of money management and making payments.

✓ **Practice 6:** The *Teens Package* allows parents to set a spending limit (between € 0 - 250) on the debit card connected to the current account. Minors can therefore learn to save and spend their money responsibly in a safe manner and under the supervision of their parents.

**NOTE:** This guide recommends that parents review account and payment restrictions as minors' financial capability and understanding grows

## PRACTICE 7: PROVIDE PARENTAL ACCESS TO SPENDING BEHAVIOR

Product design should be mindful of what information both parents and minors will find useful in promoting safe, secure and responsible spending behavior. This could include regular usage notifications/receipts for both parents and minors via email, online or mobile app as well as parental access to more detailed information about spending behavior.



### DID YOU KNOW THAT...

*70% of parents would like to set controls and limits on their children's payment card usage, such as transactional alerts/notifications.<sup>7</sup>*

6-7. A survey of 1,330 adults and 250 children was conducted by nimbl in the UK (similar surveys were also undertaken in Italy, Romania, Spain, and Turkey) as part of Child and Youth Finance International's (CYFI) Global Money Week, which ran from 14 - 20 March 2016.

## Examples of parental access:

- a. **Transactions.** Consider enabling parents to see **merchant category** information, including the **name of the merchant**, what **time** the card is used, and **how much is being spent**. This could be accomplished by giving the parent and minor:
  - I. A password or PIN for an online account/mobile phone app to access account information with easy to understand instructions on how to use the service.
  - II. 24 hour online and/or phone access to support for security issues, lost or stolen card, and technical questions.
- b. To encourage **financial autonomy**, product design could incorporate the ability to customize parental functionalities according to the age and financial capability of the minor. The more mature the minor is and/or the more money saved over time, the less access a parent may have to the account and information on spending behavior.
- c. Ideally, Financial Service Providers would encourage minors to **regularly review notifications and transactions with their parents**.

## PRACTICE 8: PROTECT MINORS AND THEIR PRIVACY

A minor's right to privacy is protected under applicable law, and due to their vulnerability is often more protected than adults'. It is important to keep the following in mind:

- a. Financial Service Providers must adhere to privacy laws, including with respect to data protection, the use and collection of data, and the right to consent.
- b. In addition to adhering to applicable privacy laws, Financial Service Providers should also ensure that minors and parents are regularly informed of their privacy and data protection rights so that minors may easily exercise their rights and develop their capacity to make responsible decisions.

It is also incumbent upon Financial Service Providers to consider the following:

- c. In case of fraud or if the minor's payment product is lost or stolen, the Financial Service Provider should provide compensation for any transaction made after the product was reported to have been lost, stolen, neglected or missing.<sup>8</sup>
- d. Financial Service Providers should meet their responsibility to respect a minor's rights, commit to supporting the human rights of minors, and ensure the protection and safety of minors in all business activities and facilities.<sup>9</sup>

### CASE STUDY

#### CAPITAL ONE



This case study illustrates how the **MONEY account** and **Kids Savings Account** address some of the 10 key practices.

✓ **Practice 2:** In the **MONEY account**, text alerts are provided when purchases are made. The online and mobile applications enable minors and parents to keep track of spending and savings together, encouraging responsible money management. The **Kids Savings Account** encourages regular saving by setting savings goals and plans, coupled with a preferential interest rate.

✓ **Practice 4:** Capital One offers both a spending account in the form of the **MONEY account**, and a **Kids Savings Account**. Through a debit card, ATMs, and online and mobile account management, the **MONEY account** offers many ways to spend, save and keep track of personal finances.

✓ **Practice 7:** Parental access to the online management of a **MONEY account** allows them to monitor and encourage responsible spending behavior.



8. Better Than Cash Alliance (2016). *Responsible Digital Payments Guidelines. Strategy 1.6*

9. Save the Children, the United Nations Global Compact and UNICEF (2012). *Children's Rights and Business Principles. First and fourth principles.*

## PRACTICE 9: DELIVER APPROPRIATE MARKETING INITIATIVES FOR BOTH PARENTS AND MINORS

### Acquisition initiatives

Prior to marketing to minors, Financial Service Providers should ensure that it is lawful to do so. Best practice suggests that cardholder acquisition initiatives target parents only.

### Marketing initiatives

Design marketing collaterals that encourage parents and minors to review and evaluate products together, promote financial literacy, and improve money management skills. Special attention should be paid to educating minors about privacy and security online and when using mobile devices.

#### Examples of parent-targeted initiatives and accessible, minor-friendly communication include:

- Annual fees and monthly bills.** Although these would be sent to the parent, communications can encourage that they are reviewed regularly with the minor.
- The minor's needs, interests and levels of comprehension would form the basis for all product communications. Best practice encourages that **all marketing and T&Cs materials** be appropriately tested with minors. The testing would be with a sufficient number and range of ages to be representative of the market that will be targeted. This might include, for example, easy to understand terms, conditions and contracts. This will help both minors and parents understand caveats and product features.
- Staff within financial institutions should be prepared to **interact in a minor friendly manner**. Whenever possible, branch and customer service staff should be trained to respond to questions/requests from minors in a way that reflects the overall money management education ethos that the product endorses.
- The most important form of communication and recommendation for minors is through their friends, family, and social networks. They will often reach out to trusted contacts, and may do their own research online and offline. It is important for Financial Service Providers to **consider how minors prefer to receive and gather** information about their products.

- All communications must include **cautionary language** to parents about the importance of supervision for both online and in-store purchases, and the challenge for online merchants of verifying age for inappropriate products and services.
- It is important that Financial Service Providers use marketing initiatives and advertising that **respect and support minor's rights**.<sup>10</sup>

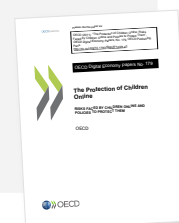
### The Protection of Children Online.

RISKS FACED BY CHILDREN ONLINE AND POLICIES TO PROTECT THEM OECD (2011),

*"The Protection of Children Online: Risks Faced by Children Online and Policies to Protect Them,"*

OECD (2011), *"The Protection of Children Online: Risks Faced by Children Online and Policies to Protect Them,"* OECD Digital Economy Papers, No. 179, OECD Publishing

<http://dx.doi.org/10.1787/5kgcjf71pl28-en>



## PRACTICE 10: PROVIDE FINANCIAL EDUCATION TOOLS TO HELP MINORS MANAGE THEIR MONEY

Accompany products for minors with financial educational tools and content to encourage responsible money management. These can be assessed or endorsed by a third party to ensure that both quality and independence are being safeguarded. Organizations such as The Personal Finance Education Group in the UK help assure quality resources through the Financial Education Quality Mark.

### DID YOU KNOW THAT...



**74% of parents would like their children to receive independent financial education on money management and how to use their payment products responsibly.**<sup>11</sup>

<sup>10</sup> Save the Children, the United Nations Global Compact and UNICEF (2012). Children's Rights and Business Principles. Sixth principle  
<sup>11</sup> A survey of 1,330 adults and 250 children was conducted by nimbl in the UK (similar surveys were also undertaken in Italy, Romania, Spain, and Turkey) as part of Child and Youth Finance International's (CYFI) Global Money Week, which ran from 14 - 20 March 2016.



## POST OFFICE SAVINGS BANK (POSB), SINGAPORE

This case study illustrates how the POSB Smart Buddy system addresses some of the 10 key practices.

✓ **Practice 4:** POSB successfully piloted the POSB Smart Buddy trial of a school contactless payments system. The system allows students to make purchases in the school canteen or bookstore and doubles as a fitness tracker. Additionally, parent and child can also monitor their finances using a watch mobile app.

✓ **Practice 6:** A mobile app lets parents set a daily spending limit and check savings in real time. It also provides students with up-to-date balance information to monitor their remaining daily allowance.

✓ **Practice 9:** The National School Savings campaign is an initiative by POSB, supported by the Ministry of Education (MOE), to help primary school students get into the habit of saving. Each student can get their POSB National School Savings stamp card from any POSB/DBS branch, SingPost outlet or school bookstores. The student deposits the stamp card into any POSB/DBS QuickCheque Deposit location upon completion (20 x \$0.50 stamps). The bank then credits the full value of the stamp card (\$10) and a \$1 bonus. The scheme helps minors to learn that the more they save, the more their money will grow.

✓ **Practice 10:** To increase engagement with minors, POSB developed a new mobile gaming app *Smiley Town*. The app lets a minor become mayor of their own town. It gives them a budget to build offices and shops which, in turn, will let them earn the money to build homes for their residents and grow the town.

The following Money Management Tips for Minors is an example of what Financial Service Providers can issue to minors.

### Money Management Tips for Minors: <sup>12</sup>

- I. **Classify your spending priorities:** ask yourself what you need, what you want and whether it is worth the cost. Consider what you need to do to achieve these goals while living within your means.
- II. **Be an informed, responsible consumer:**
  - evaluate the price-quality of your consumption
  - evaluate which products or services best meet your needs
  - consider the impact of products and services on society and the environment,
- III. **Formulate a personal budget:** balance your expected incomes and expenses and set a limit on how much you can spend per week/month.
  - a. Check your spending month to month, compare this with what you originally planned to spend, and adjust your spending accordingly
  - b. Plan for unexpected needs and after purchase costs (e.g. the gas needed to drive your new motorcycle or the repair bills for your new car)
- IV. **Save regularly:** put aside a certain percentage of what you earn to create a buffer for future expenses, both planned and unplanned.
- V. **Create a savings plan:** set clear savings goals and targets to cover short, medium and long-term expenses, they will help you save and achieve your goals faster.
  - a. For example: a short-term goal (4-6 months) could help buy you a phone or bike, a medium goal (1-3 years) could assist you in buying a car or renting an apartment, and a long-term goal (5-8+ years) could help you pay for college or your own house.



- VI. **Regularly review and adapt your budget choices and savings plan:** check if you kept to your plans and whether you spent less than you received; ask yourself what you can or need to do differently based on this review.
- VII. **Regularly check your bank statements:** keep track of your spending and look out for unauthorized purchases on your account.
- VIII. **Avoid theft, fraud, and scams:** use your cards and personal information carefully when purchasing something, accessing an ATM, responding to queries, etc.
- IX. **Compare and review banks and their services:** keep yourself informed of the products, services, price points and reputations of various banks in your community; weigh risks and rewards of certain products and ask to see as much official information as possible
- X. **Understand and assert your rights:** keep yourself informed of laws, regulations, and bank policies and understand what rights and responsibilities this affords you; insist that these rights are respected.



## THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The following guidelines are from the “OECD/INFE Guidelines for Private and Not-for-Profit Stakeholders in Financial Education”. These guidelines are important reading for all Financial Service Providers developing products for minors.

- A. **Framework for the involvement of private and not-for-profit stakeholders in financial education policies and initiatives**
  - 1. Coordination between public, private, and not-for-profit stakeholder
  - 2. Managing potential conflicts of interest and of other shortcomings
    - a. Support for public strategies and initiatives
    - b. Indirect involvement of financial institutions
    - c. Development of, and compliance with codes of conduct
    - d. Distinction between commercial and educational activities
- B. **Key criteria for the involvement of private and not-for-profit stakeholders in the implementation of financial education initiatives**
  - 1. Objectivity
  - 2. Quality of resources and trainers
    - a. Tailored to national and local contexts
    - b. Appropriate to the target audience's level of knowledge
    - c. Fair in appropriate all relevant population segments
    - d. Accurate
    - e. Easily accessible to individuals
  - 3. Monitoring and evaluation



<http://www.oecd.org/finance/financial-education/guidelines-financial-education-private-not-for-profit.htm>

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GUIDING MINORS TOWARDS  
FINANCIAL LITERACY  
AND MONEY MANAGEMENT SKILLS



## THE ROLE OF PARENTS

It is essential that parents guide minors, from an early age, on how to manage their money effectively. According to research from the Money Advice Service (MAS), “Parenting practices and styles in relation to their children’s activities in the early years have a powerful influence upon the child’s cognitive ability.”<sup>13</sup> The research goes on to state that “children develop financial and economic understanding when they have ‘personal economic experiences.’”<sup>14</sup>

Over time and with the right guidance, minors will ideally be able to learn accountability and responsible decision-making, particularly related to personal finances. The older and more financially sophisticated minors prove to be, the more control parents can give them over their money. To achieve this, Financial Service Providers can provide payment card designs with restrictions that are specifically tailored to young customers’ needs. Card functionalities working alongside intervention from parents and Financial Service Providers, as suggested in this guide, can help minors spend and save money responsibly and safely. This could lead to minors’ control over how they manage their money increasing on a sliding scale towards complete autonomy.

The Financial Capability Outcome Frameworks by NPC indicate that *“there is reasonably strong evidence from the US that where parents are proactive in teaching children to handle money (for example, by teaching them to handle an allowance and to manage a bank account), these children have lower levels of credit card debt in college.”*

By Angela Kail, Cecilie Hestbaek, Ellen Harries, Sally Bagwell, P40, August 2014.

<http://www.thinknpc.org/publications/financial-capability-outcome-frameworks/>

## EDUCATION

Financial coaching and educational dialogue are important tools that parents and Financial Service Providers can use in responding to emerging risks, such as fraud. As a result, Financial Service Providers need to stress the importance of client protection and reduce risk whenever possible. To mitigate security risks, payment products for minors should be designed in a way that allows parents to control where and when minors spend their money. Financial education focused on risk plays an important role in a minor’s understanding of security issues. It also promotes awareness of their rights and obligations and of the precautions they should take to guarantee safe payments. It is important that Financial Service Providers foster parent-child dialogue about data protection and security risks for minors.

### The Role of Schools

Low levels of financial knowledge among minors decreases their ability to fully participate in social and economic life, reducing opportunities for economic and financial stability in the future.<sup>15</sup> Schools, therefore, play an instrumental role in raising the overall level of financial literacy for minors. Unlike banks and parents, schools also possess the skills and expertise to offer an unbiased and qualitative learning experience to all students.

In our increasingly complex and technologically advanced world, minors are confronted with making financial decisions at an earlier age while the choices available to them multiply and financial products become increasingly complex.<sup>16</sup> They, therefore, need the knowledge and skills to deal with these choices at an earlier age and preferably in a safe and nurturing environment before having to apply them in the marketplace. Schools offer a uniform and educational experience to all minors, helping them overcome socioeconomic barriers and be exposed to financial lessons that they may not receive naturally in the household. Since financial institutions often lack the economic incentive to invest heavily in educational services, partnerships between schools and banks can offer a way to share the costs while offering a complete and objective learning experience. Additionally, schools can also reach out to parents and stimulate an intergenerational dialogue on responsible financial management and economic citizenship.

13. Dr. David Whitebread and Dr. Sue Bingham, University of Cambridge. the Money Advice Service (2013). *Habit Formation and Learning in Young Children*, p.11. [online] Available: <https://www.moneyadvice.service.org.uk/en/corporate/habit-formation-and-learning-in-young-children> (2016, Nov).

14. *Ibid.*, p.17

15. CYFI (2016). *Landscape Series: Economic Citizenship Education for Children and Youth*, p21-22. Available: <https://issuu.com/childfinanceinternational/docs/cyfi-ece-landscape/1?e=7128000/37817530> (2016, Nov).

16. APEC Human Resources Development Working Group (2014). *Guidebook on Financial and Economic Literacy in Basic Education*, p.1-14. Available: [http://www.sfpd.org/APEC%20Guidebook%20on%20Financial%20and%20Economic%20Literacy%20FINAL%20formatted\\_251114.pdf](http://www.sfpd.org/APEC%20Guidebook%20on%20Financial%20and%20Economic%20Literacy%20FINAL%20formatted_251114.pdf) (2016, Nov).

A close-up photograph of a hand dropping several coins into a clear glass jar. The coins are of various denominations, including what appear to be British pounds and pence. The background is a light, textured surface. The top right corner of the image has a white dotted pattern.

## FRAUD

A crucial topic in terms of digital payment risks, is fraud.<sup>17</sup> Fraud is a broad term that encompasses identity and personal data theft, malware installations, phishing attacks and SIM card swap attacks. These breaches in security and reliability affect the overall efficiency of the payment products. IfS University College 2015 'Young People's Money Index', a survey of 2000+ young people 15-18 years old, across the UK showed that:

- 38% of 15-18 year olds (and 24% of 15-16 year olds) said they'd received a call, text or email asking for bank details or PIN;
- 3% experienced stolen cards; and
- 1% experienced card cloning.

Financial Service Providers and their clients should implement strong measures to protect client privacy and educate minors on safe and responsible spending. At the same time these strict security measures should not jeopardize consumer convenience, or payment efficiency.

17. FinCoNet, (2016). Online and mobile payments: Supervisory challenges to mitigate security risks [online]. Available: [http://www.finconet.org/FinCoNet\\_Report\\_Online\\_Mobile\\_Payments.pdf](http://www.finconet.org/FinCoNet_Report_Online_Mobile_Payments.pdf) [2016, Nov].



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## CONTRIBUTORS' PROFILES



## CYFI



Child & Youth Finance International (CYFI) believes that the key to fighting poverty is for people to learn how to manage and handle money, and have the confidence, knowledge and responsibility to spend and earn it responsibly. We have partnered with multiple of organizations in more than 100 countries around the world to create policies and programs that make children and youth able to learn about money, have access to a bank account, develop entrepreneurial skills and, most importantly, to believe in themselves.

The following CYFI research helped support the development of this guide:

'Money Management by young people: via what channels do they spend and save?'

What channels do young people use to spend and save their money, and do their payment cards meet their needs and wants.

For further information contact Doran Oirbons:  
[doran@childfinance.org](mailto:doran@childfinance.org)

### The following organizations supported the CYFI research in country:

DNB Visitors' Centre,  
De Nederlandsche Bank (DNB)  
[www.dnb.nl/en/about-dnb/dnb-visitors-centre](http://www.dnb.nl/en/about-dnb/dnb-visitors-centre)



Feduf  
(Financial Education Foundation)  
[www.feduf.it](http://www.feduf.it)



Habitat Association  
[www.habitatdernegi.org/en/](http://www.habitatdernegi.org/en/)



National Bank of Romania  
[www.bnro.ro](http://www.bnro.ro)



## IMRG



IMRG is the UK's online retail association – a membership community offering neutral and unique resources for online retailers. We help our members understand and improve their online retail performance through a busy program of performance benchmarking, data analysis, insight, best practice-sharing and events.

For further information, please contact: [andrew@imrg.org](mailto:andrew@imrg.org)

international expansion, social media and supplier selection for the public and private sectors.

For further information, please contact:  
[andrew@miradordigital.co.uk](mailto:andrew@miradordigital.co.uk)

## Mastercard



Mastercard (NYSE: MA), [www.mastercard.com](http://www.mastercard.com), is a technology company in the global payments industry. We operate the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. Mastercard products and solutions make everyday commerce activities – such as shopping, traveling, running a business and managing finances – easier, more secure and more efficient for everyone.

For further information, please contact:  
[anna.Zanghi@mastercard.com](mailto:anna.Zanghi@mastercard.com)

## Mirador Digital



Mirador is a digital consultancy specialising in digital commerce operations and strategic development for the value chain, including multichannel and pure-play organizations.

Mirador offers in-depth consultancy services on a range of topics including multichannel, business strategy, payment systems, mobile commerce, technology solutions,

## nimbl



nimbl is a leading UK youth banking proposition. It offers parents a safe and secure environment to support their children on the journey towards financial confidence and independence. nimbl also empowers young people through financial responsibility, teaching them how to make good financial decisions earlier.

nimbl research referenced in this guide. nimbl carried out a UK wide online survey to 1,330 parents and 250 children. The objective was to understand adoption/usage of existing payment products and assess attitude/behavior towards the 10 recommended practices, to validate consumer acceptance.

For further information please contact:  
[alex.kousiopoulos@nimbl.com](mailto:alex.kousiopoulos@nimbl.com)

## ParentPay Ltd



ParentPay is the UK's market leading cashless payment service for schools and families, used by 7,000 schools across 200 local authorities and over 2 million parents. ParentPay is a totally inclusive online payment system - accepting both debit/credit card and cash payments - removing cash from schools to help make children safer.

For further information please contact:  
[adam.stanton@parentpay.com](mailto:adam.stanton@parentpay.com)

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## FURTHER READING



The following papers are recommended reading for Financial Service Providers. They provide digital payments and financial inclusion good practice and/or further information on working with minors in a digital environment.

Asia-Pacific Economic Cooperation (APEC) Human Resources Development Working Group (2014)

‘Guidebook on Financial and Economic Literacy in Basic Education.’

[http://www.sfedp.org/APEC%20Guidebook%20on%20Financial%20and%20Economic%20Literacy%20FINAL%20formatted\\_251114.pdf](http://www.sfedp.org/APEC%20Guidebook%20on%20Financial%20and%20Economic%20Literacy%20FINAL%20formatted_251114.pdf)

Better than Cash Alliance (2016) ‘Responsible Digital Payments Guidelines’

[http://www.uncdf.org/sites/default/files/Documents/btca-responsible\\_digital\\_payments\\_guidelines\\_and\\_background.pdf](http://www.uncdf.org/sites/default/files/Documents/btca-responsible_digital_payments_guidelines_and_background.pdf)

Child and Youth Finance International (2013) ‘A Guide to Economic Citizenship Education:

Quality Financial, Social and Livelihoods Education for Children and Youth. Amsterdam: CYFI.’

<https://issuu.com/childfinanceinternational/docs/a-guide-to-economic-citizenship-education-cyfi/1?e=7128000/2519036>

Child and Youth Finance International (2016). ‘CYFI Landscape Series:

Economic Citizenship Education for Children and Youth, Amsterdam: CYFI.’

<https://issuu.com/childfinanceinternational/docs/cyfi-ece-landscape/1?e=7128000/37817530>

Committee on Payments and Market Infrastructures (CPMI) and the World Bank Group (2016),

‘Payment aspects of financial inclusion’.

<http://www.bis.org/cpmi/publ/d144.pdf>



Global Partnership for Financial Inclusion (GPFI) (2016) 'G20 High-Level Principles for Digital Financial Inclusion'

<http://www.gpfi.org/publications/g20-high-level-principles-digital-financial-inclusion>

International Financial Consumer Protection Organization (FinCoNet) (2016) 'Online and mobile payments: Supervisory challenges to mitigate security risks'

[http://www.finconet.org/FinCoNet\\_Report\\_Online\\_Mobile\\_Payments.pdf](http://www.finconet.org/FinCoNet_Report_Online_Mobile_Payments.pdf)

International Telecommunication Union (ITU) and United Nations Children's Fund (UNICEF) (2014) 'Guidelines for Industry on Child Online Protection'

[https://www.unicef.org/mongolia/COP\\_Guidelines\\_Industry\\_English.pdf](https://www.unicef.org/mongolia/COP_Guidelines_Industry_English.pdf)

Master Your Card (2016).

<https://www.masteryourcardusa.org/toolkits/making-cards-work-for-you/>

OECD (2011) 'The Protection of Children Online: Risks Faced by Children Online and Policies to Protect Them', OECD Digital Economy Papers, No 179, OECD Publishing

<http://dx.doi.org/10.1787/5kgcjf71pl28-en>

OECD/INFE (2014) 'OECD/INFE Guidelines for Private and Not-For-Profit Stakeholders in Financial Education'.

<http://www.oecd.org/finance/financial-education/guidelines-financial-education-private-not-for-profit.htm>







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Finance International