

# Adaptation Guide & Supplementary Materials



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The images, pictures, and drawings in this module were conceptualized by 17Triggers in partnership with Creative Communications Rwanda.

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## **ADAPTATION GUIDE**

### ***Financial Education for the enabling APR/EIR Program***

*made possible with the generous support of the MasterCard Foundation*





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## I. Adapting the Materials

The materials for financial education for the **enabling APR/EIR** Program were developed by MicroFinance Transparency in 2011-2012 in Rwanda and Malawi. This CD includes the following package:

1. Trainer's Guide
2. Picture Packet (for use with the Trainer's Guide)
3. "Rules of Thumb" Poster
4. Simplified Loan Worksheet
5. Simplified Loan Advertisement
6. Rapid Picture Guide
7. Public Service Announcements (Scripts and Sample Recordings)
8. Animation (Script and Sample)

While these materials were developed and piloted in Rwanda and Malawi, they are meant for use anywhere in the world. They could be used by financial institutions, community based organizations, non-profit organizations, non-governmental organizations, government bodies - **anyone** with a goal to help consumers of credit make the best possible use of their loans.

Ideally, all materials could make up part of a campaign to educate both current and potential clients - as well as those working in the financial sector - about loans. They are geared towards an audience with a low level of literacy. However, in order to make sure that these materials meet the needs of **your** particular target group, you must adapt and make some changes to these materials.

The materials in this package can be used separately or together - in whatever way works best for your organization or institution. Within this document, you will find a checklist to use when adapting the materials, as well as samples of each material.

For ease of adaptation, you may request any of these documents in Microsoft Word format. If you would like to request those documents, or have any questions or comments, please write to:

[info@mftransparency.org](mailto:info@mftransparency.org)

Best of luck in your campaign to educate consumers!

## Adaptation Checklist (2 Pages)

In order to adapt the materials to your context and your target group, we suggest you use the following checklist:

When adapting any materials, you will need to answer the following questions in order to choose the sessions that will be appropriate for your context:

1. **Do loans in my context – especially microloans to the very poor – come with many different terms, conditions, fees, and charges?**

**If YES:** Sessions 1 and 4 in the Trainer’s Guide will be useful for you, as will the animation and Public Service Announcements (PSAs) 1, 3, and 5.

In the Simplified Loan Document, Simplified Loan Advertisement, and Rapid Picture Guide, you will need to add or delete terms and conditions that do not apply.

2. **Are both declining and flat interest rates used to publicize loan interest rates in my context?**

**If YES:** Sessions 2 and 3 in the Trainer’s Guide will be useful for you, as will the animation and PSA 2.

In the Simplified Loan Document, Simplified Loan Advertisement, and Rapid Picture Guide, you will need to add a space that describes type of interest.

3. **What type of insurance – if any – is normally part of a loan?**

**If YES:** Session 4 in the Trainer’s Guide will be useful for you, as will the animation and PSA 4. Be sure to check on the types of insurance offered with loans, as you may need to adapt the story based on those.

Note that in many places, life insurance is the type of insurance offered with a loan.

In the Simplified Loan Document, Simplified Loan Advertisement, and Rapid Picture Guide, be sure to check that the type of insurance is specified.

4. **Are terms like APR (Annual Percentage Rate) and/or EIR (Effective Interest Rate) used to publicize interest rates where I live?**

**If YES:** Public Service Announcement (PSA) number 6 and Session 6 in the Trainer’s Guide will be useful in your context.

In the Simplified Loan Document, Simplified Loan Advertisement, and Rapid Picture Guide, be sure to check that the correct manner of publicizing interest rates (APR or EIR) is specified.

- ☒ When adapting the **Trainer's Guide** a list of Adaptation Reminders is provided for you in the box at the beginning of each session.
- ☒ As noted above, there are a number of things to check while adapting any of these materials. For quick reference, these are:
  1. Period of Time: How much time do I have available? What can I add or cut depending on my time limitations?
  2. Types of Activities: How many participants will I have (in the case of face-to-face training)? Will they be able to move around and talk to each other? Do I have to adapt the activities based on my participants?
  3. Materials: What materials do I have available? For PSAs, do I have a CD or cassette player I could use to present? For the animation, is a television and DVD (or computer) available? Do I have access to a photocopier, flip chart, and items to use as counters?
  4. Character Names: Do I need to change the names of Auntie Need-a-Loan and Chantal so they fit my context?
  5. Stories and Examples: Will participants find the stories and examples relevant to them? If not, what will work?
  6. Pictures: Are the pictures that accompany the Trainer's Guide and Animation appropriate for my context? If so, are there any I should not use?
  7. Currency: Remember to change "Dollars" or other currencies to your local currency.
  8. Terminology: Are the terms used the correct ones for your context? If they are not, find the right ones, and change them!

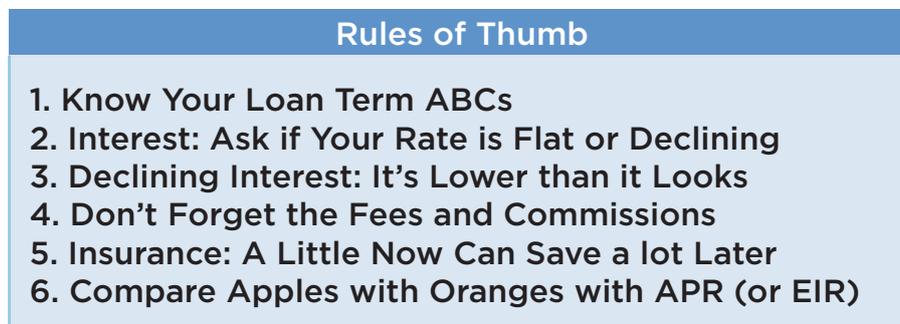
Remember that these tools are a **public good**, and as such should not be used for profit and should be distributed for free or at cost.

Finally, be sure to give credit where credit is due. We suggest that you include the MicroFinance *Transparency* logo and the following language on any adaptations that you publish:

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## II. The “Rules of Thumb” Poster

A Rules of Thumb approach was used when designing these materials. It is a simple approach, and uses pictures, stories, and interactive activities to teach current and potential borrowers about their loans. Each Rule of Thumb (see Trainer’s Guide) is represented in the poster on the following page.



The only Rule of Thumb missing is “Compare Apples with Oranges with APR.” In a context where this is used, a number of the other Rules of Thumb (such as 2 or 3) may not be necessary.

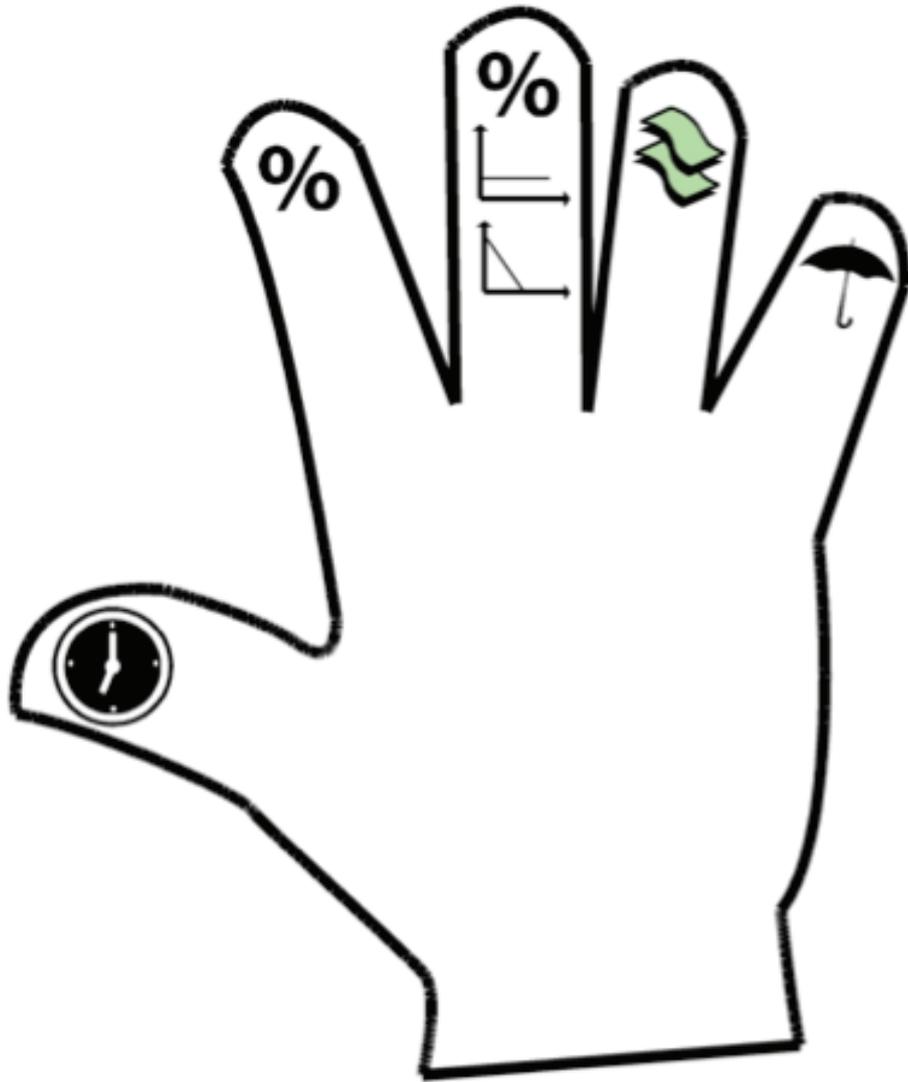
To adapt this poster :

1. First choose the Rules of Thumb that apply to you.
2. Next, use the hand we have created, or create your own with the same number of fingers as Rules of Thumb that you will use.
3. Decide which images you will use to represent the Rules of Thumb. You may use the same ones that we have used, or others that are more appropriate for your context.
4. Create the final version of your Rules of Thumb Poster. The poster can be used:
  - To publicize the Rules of Thumb in a bank branch or public place
  - As a material to teach clients or financial institution staff about what they need to know about loans
  - As a material to introduce each separate face-to-face learning session from the Trainer’s Guide

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<sup>1</sup>Drexler, A, Fischer, R, and Schoar, A. (2010). *Keeping it simple: Financial literacy and rules of thumb*. July 2010, Working Paper, London School of Economics.

<sup>2</sup>The sample Rules of Thumb Poster was developed by Creative Communications Rwanda. [www.cc-creativecomms.com](http://www.cc-creativecomms.com)



### III. The Simplified Loan Worksheet

One of the main findings during the needs assessment in Rwanda and Malawi was that the loan contracts provided to microfinance borrowers – often illiterate or semi-literate people – were rarely reviewed or read.

In order to condense the most important information on a loan contract, a simplified loan worksheet was developed as a tool for financial institutions or those who offer support to microfinance borrowers. The objective of this tool is put all important information about loan costs, terms, conditions, fees, charges, and interest rate on one page.

Pictures were added to signify the following important costs, terms, conditions, fees, charges, and interest rates. You may adapt these so that they are easily recognized or appropriate for borrowers in your context:

- ☒ **Money:** Signifies the most basic charges and fees and the interest rate of the loan. It also includes the total amount a borrower will repay, if he or she repays while following all regulations correctly.
- ☒ **Clock:** The clock signifies time, and represents all conditions of a loan that are time- bound. These include timing of the first payment, repayment frequency, and the final payment date.
- ☒ **House:** Guarantee or collateral. In many contexts a house is the most common type of collateral used to guarantee a loan.
- ☒ **Trap:** Borrowers are often surprised or “trapped” by late fees and penalties that are assessed when a loan is repaid late, or a repayment not fully made. Even when these penalties are explained during a loan orientation or outlined in the contract, a borrower may not realize how and when they are assessed.
- ☒ **Angel:** Because insurance is a tool that can be used to protect a borrower or a borrower’s family, an angel is used to represent this term. Insurance can be confusing for many microfinance borrowers, and therefore it is included as an important part of the loan to be emphasized – including how to access it.

Question Mark: During the needs assessment, we found that most borrowers do not know where to go with a question or concern – an important aspect of consumer protection. Therefore, it is included on the Simplified Loan document.

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<sup>3</sup>The Simplified Loan Document, Simplified Loan Advertisement and Rapid Picture Guide were designed by 17Triggers. [www.17triggers.com](http://www.17triggers.com).

## Your Loan is easier than you think!



### The basics

You are borrowing   
Total amount you will repay if you repay on time   
Your interest rate is   
You will pay in fees and commissions



### The repayment

Your loan starts on   
You must repay every  by   
If you repay on time every time, your last payment will be on



### The guarantee

Your loan guarantee is   
If you fail to repay the loan



### Late fees and penalties

If you are late in your repayments, you will have to pay   
For every additional day that your payment is late.



### Your loan has insurance!

If you die of natural causes, your family should call   
If your family follows the instructions correctly, they will keep the full amount of the loan but will stop making loan payments.



### Questions or concerns?

If you have any questions about your loan call   
If you have a problem with our service, call

*Designed for the enabling APR/EIR Program  
Images from www.clker.com*

## IV. The Simplified Loan Advertisement

In Zambia, the National Bank of Zambia publicizes the cost of borrowing 1,000,000 Zambian Kwacha over one year using a simple and straightforward format. The National Bank requires lenders to disclose the cost of borrowing to borrowers, and publishes this comparative cost of borrowing in newspapers of general circulation. The publishing is done twice per year, and covers both the total cost of credit and the effective annual interest rate.

Using the Zambian experience as an example, the Simplified Loan Advertisement was created. In our example you will find the following terms:

- ☒ Effective Annual Rate of Interest
- ☒ Total Cost of Interest
- ☒ Loan Processing Fee
- ☒ Loan Application Fee
- ☒ Insurance
- ☒ Other Charges
- ☒ Total Cost of Borrowing

We also included a space where a telephone number could be added if a client has questions. To use this tool in your context, determine:

1. Whether or not **APR** (Annual Percentage Rate) or **EIR** (Effective Interest Rate) are used – and if not, what types of interest are used
2. Which fees and charges apply to all loans
3. Whether or not insurance is part of a loan, and how its cost is calculated
4. Which fees and charges might apply to loans

This tool is more likely to be used by regulators, such as the National Bank of Zambia, but could also be used by financial institutions wishing to make the total cost and interest rates of their loans transparent.

<sup>4</sup>Presented at the African Microfinance Transparency Leadership Forum in Nairobi, Kenya in October 2011. For more information, visit [www.mftransparency.org](http://www.mftransparency.org).

## Total Cost of a 100,000 RWF Loan For One Year

<b>1. Effective Annual Rate of Interest</b>	<input type="text"/>
<b>2. Total Cost of Interest</b>	<input type="text"/>
<b>3. Loan Processing Fee</b>	<input type="text"/>
<b>4. Loan Application Fee</b>	<input type="text"/>
<b>5. Insurance</b>	<input type="text"/>
<b>6. Other Charges</b>	<input type="text"/>
<b>TOTAL Cost of Borrowing 100,000 FRW</b>	<input type="text"/>
<b>Questions? call.....</b>	

*Designed for the enabling APR/EIR Program  
Images from www.clker.com*

## V. The Rapid Picture Guide

As mentioned earlier, many microfinance borrowers have very low levels of literacy, making it difficult for them to review and read their contracts, as well as other publications or brochures offered by financial institutions. At the same time, many of the financial institutions serving microfinance borrowers have few resources available to create costly picture guides and other materials to use for training and orientation on loan products.

A tool that has been used in a number of other contexts as a visual aid in orienting borrowers to their loans is a Rapid Picture Guide. The Rapid Picture Guide includes a picture for each important category of loan terms and conditions. The Guide can be used by trainers, by loan officers, or displayed in a bank branch or other public place to teach clients about – or remind them of – important parts of their loan.

The pictures here were added to signify the following important costs, terms, conditions, fees, charges, and interest rates. You may adapt these so that they are easily recognized or appropriate for borrowers in your context:

**Money:** Signifies the most basic charges and fees and the interest rate of the loan. It also includes the total amount a borrower will repay, if he or she repays while following all regulations correctly.

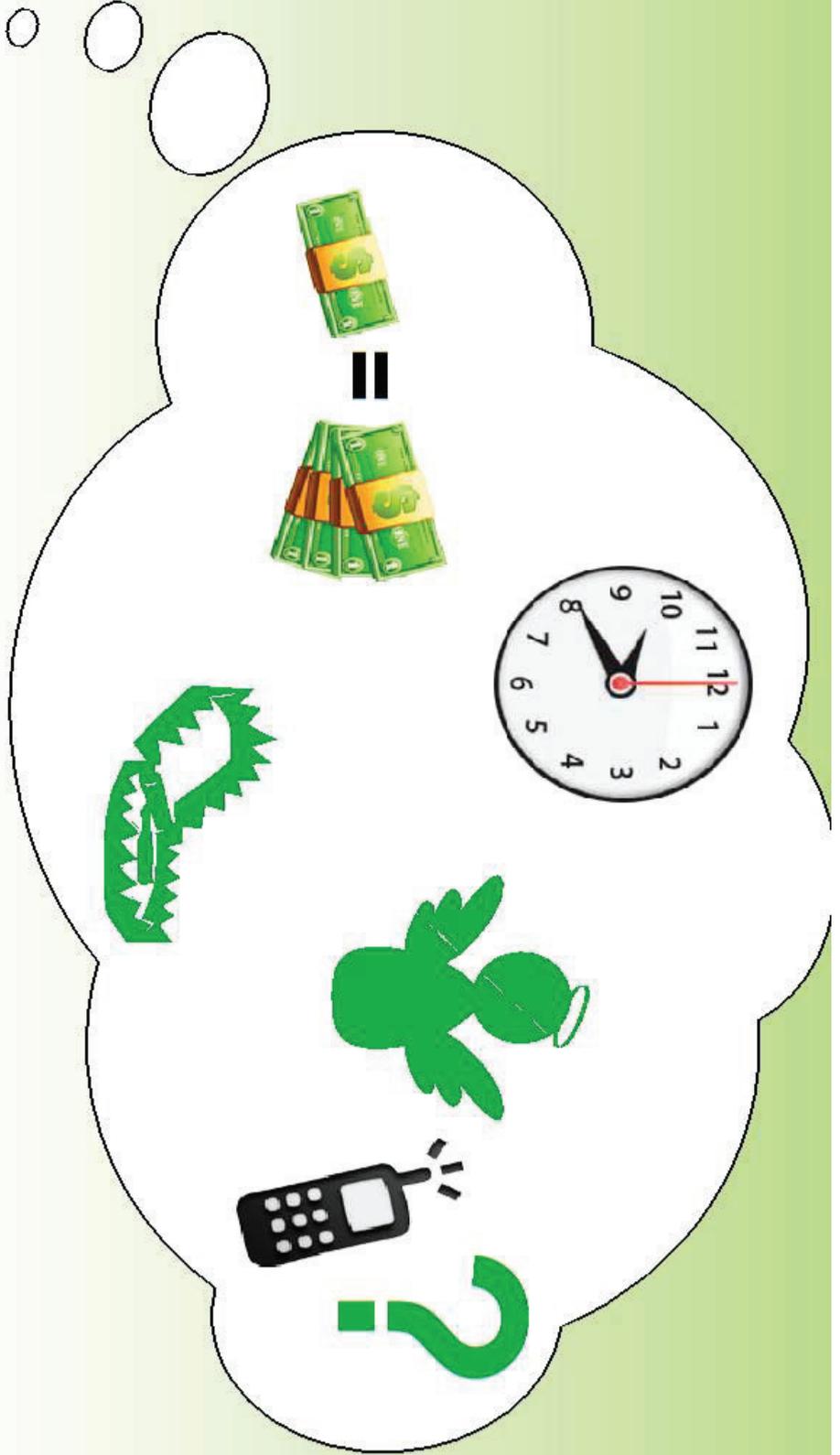
**Clock:** The clock signifies time, and represents all conditions of a loan that are time-bound. These include timing of the first payment, repayment frequency, and the final payment date.

**House:** Guarantee or collateral. In many contexts a house is the most common type of collateral used to guarantee a loan.

**Trap:** Borrowers are often surprised or “trapped” by late fees and penalties that are assessed when a loan is repaid late, or a repayment not fully made. Even when these penalties are explained during a loan orientation or outlined in the contract, a borrower may not realize how and when they are assessed.

**Angel:** Because insurance is a tool that can be used to protect a borrower or a borrower’s family, an angel is used to represent this term. Insurance can be confusing for many microfinance borrowers, and therefore it is included as an important part of the loan to be emphasized – including how to access it.

**Question Mark:** During the needs assessment, we found that most borrowers do not know where to go with a question or concern – an important aspect of consumer protection. Therefore, it is included on the Simplified Loan Document.



**100%**  
TRANSPARENT  
LOAN

## VI. Public Service Announcements (PSAs)

The Public Service Announcements (PSAs) on the following pages feature the characters of Auntie Need-a-Loan and Chantal, who are the “stars” of the face-to-face learning materials as well. To create continuity between the sessions (as well as other materials), we created humorous and entertaining characters that “star” in each story or example. These characters have two different personalities, for a reason:

- **Auntie Need-a-Loan:** Auntie Need-a-Loan is a loveable, humorous borrower. She is always in a hurry to get her loan, and sometimes makes mistakes in the process! Her stories are meant to give participants an example of what can go wrong with borrowing.
- **Chantal:** Chantal is Auntie Need-a-Loan’s best friend. She is smart, cautious, and she thinks through her loans before borrowing. She provides a good example for participants to follow.

Recordings of the PSAs are included on this CD for your reference, and they include sound effects as well as a jingle. These PSAs can be used as they are as part of a campaign, during trainings to enliven the learning, or adapted for use in a new context. The scripts alone can also be used in a face-to-face learning context as skits or dramas.

The scripts are meant to be humorous and entertaining for the listener. In this case, the voices and accents used echo those of Nigerian soap opera and movie stars, a popular form of entertainment in sub-Saharan Africa.

If you decide to adapt the PSAs, refer to the Adaptation Guide at the beginning of this manual.

<sup>3</sup>Auntie Need-a-Loan and Chantal were created by 17Triggers for MicroFinance Transparency, who also authored the PSAs. The characters were brought to life by Creative Communications Rwanda.

## SCRIPT 1: Fees and Charges

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**SOUND EFFECTS:** *Background noise of normal road during the day*

**Auntie Need-a-Loan** (*talking very fast*): lllllllll need-a-loan, need-a-loan, need-a-loan, need-a-loan!!!!

**Chantal:** Whoaaa.... Auntie Need-a-loan, where are you going? (screech!!!)

**Auntie Need-a-Loan** (*still talking very fast*): Chantal!!!! No time to talk!!!! I'm on my way to an MFI and llllllll need-a-loan, need-a-loan, need-a-loan, need-a-loan!

**Chantal** (*yelling as you still hear Auntie Need-a-Loan in the far distance*): But wait Auntie Need-a-Loan! (Sigh)

**SOUND EFFECTS:** *Background noise of market*

**Chantal:** So Auntie Need-a-Loan, did you get your loan?

**Auntie Need-a-Loan:** Sure did! I got-a-loan got-a-loan got-a -loan!

**Chantal:** How much did you pay for the fees and charges?

**Auntie Need-a-Loan:** I don't remember hearing anything about any fees.

**SOUND EFFECTS:** *Auntie Need-a-Loan is uncrumpling her loan contract from her handbag.*

**Auntie Need-a-Loan:** Here is my contract. No one reads contracts. Here, you read it! (*Swoosh! She throws the contract to Chantal.*)

**Chantal:** Wow! Auntie Need-A-Loan, you overpaid! You're paying more than twice as much as I paid in fees for my loan.

**Auntie Need-a-Loan:** WHAT? That's not fair!

**Chantal:** No Auntie, it is all part of the loan process. Loans normally come with fees and charges. You lost money because you rushed to sign the contract without understanding your loan fees.

**Auntie Need-a-Loan:** (*Big sigh*)

**Chantal:** Look, I think your fees are higher than mine because your MFI charges more to give you the cash more quickly. But all MFIs fees are different. Next time ask the MFI to explain the fees to you before you sign. Don't sign the contract until you know the fees!

**Auntie Need-a-Loan:** (*Big sigh*) oiiii, I think I'm going to need another loan.

**Chantal:** Why Auntie-Need-a-Loan?

**Auntie Need-a-Loan:** To pay back these fees I didn't know existed!

**VO** (male voice): Not every loan is worth taking, so you must make sure the loan is right for you, right for you, right for you.

## SCRIPT 2: Declining versus Flat Interest Rate

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**Auntie Need-a-Loan** (Talking very fast): Chantal!!!! Chantal!!! Did you hear? The new MFI over there has a super low interest rate. I need to switch my MFI! I need-to-switch need-to-switch need-to-switch!

**Chantal:** Hi Auntie! So is it flat or declining interest?

**Auntie Need-a-Loan:** What you talking about? Who cares?

**Chantal:** Actually Auntie Need-a-Loan, you should care. If you don't know the difference, you could lose a lot of money. 20,000, 30,000 even 50,000 francs!

**Auntie Need-a-Loan:** Why Chantal?

**Chantal:** For example, say you take out a 100,000 francs loan. If it's 5% flat interest, this means your interest is basically 5,000 francs this month, 5,000 the next month, 5,000 the month after that and so on...

Auntie Need-a-Loan: Mmhmm – flat as a plain!

**SOUND EFFECTS:** *vulture call*

**Chantal:** If that same loan had been calculated with 5% declining interest, your interest would be almost half as much in the end! So basically 5,000 francs this month, 4,000 the next month, and 3,000 and so on.

**Auntie Need-a-Loan:** Ah ... so it declines!

**SOUND EFFECTS:** *declining sound*

**Chantal:** Exactly. But most MFIs will ask you to pay the average. So 5% flat interest would be a 5,000 francs payment and 5% declining would be a 3,000 francs payment.

Auntie Need-a-Loan: Ahh ... I like declining better!

**Chantal:** But different MFIs calculate interest rates differently. Next time ask the MFI to explain the loan interest to you before you sign!

Auntie Need-a-Loan: (Big sigh) oiiii, I'm going to need a calculator!

**Chantal:** Why Auntie-Need-a-Loan?

**Auntie Need-a-Loan:** To see if I should really be switching MFIs!

**Voice Over:** Not every loan is worth taking, so you must make sure the loan is right for you, right for you, right for you.

### SCRIPT 3: Repayment Schedule + PENALTIES

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**Auntie Need-a-Loan** (*talking very fast*): I hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan!

Chantal: Whooaa.... Auntie Need-a-loan, what's wrong?

**Auntie Need-a-Loan** (*still talking very fast*): Chantal!!!! These loans are driving me crazy! The loan officer came to my house yesterday because I couldn't pay back my loan on time. They are going to charge me another penalty. It's so unfair! How can I pay back my loan once a week when I get paid at the end of the month?

**Chantal:** Actually Auntie Need-a-Loan, you should have asked yourself that question before you signed the loan contract.

**Auntie Need-a-Loan:** Chantal, what's your secret, how do you avoid these penalties?

**Chantal:** Well, I picked a loan repayment schedule that matches when I get money from my business. For me, it's easier to pay back once a week since I have a small shop. But it sounds like it's easier for you to pay back once a month?

**Auntie Need-a-Loan:** Yeah, that would help!

**Chantal:** Well everyone is different. Next time ask the MFI to explain the loan repayment schedule to you before you sign.

**Auntie Need-a-Loan:** I'm going to need much patience! It looks I'm going to be paying a lot of penalties for a while.

**Voice Over:** Not every loan is worth taking, so you must make sure the loan repayment schedule is right for you, right for you, right for you.

## SCRIPT 4: Insurance

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**Auntie Need-a-Loan** (*snoring then wakes up*): Waaaah! Chantal! I just had a bad dream! Bad dream! Bad dream!

Chantal: Auntie Need-a-loan, what happened?

**Auntie Need-a-Loan** (*still talking very fast*): Chantal!!!! Oh I just dreamt that uh... a big rock fell from the sky and it crushed me and I died.

**SOUND EFFECTS:** - rock falling from sky and crushing like a bug

**Auntie Need-a-Loan:** OH NOOOO! What would happen to my family if died? How could they ever afford pay back my loan?

**Chantal:** Wake up Auntie, that's why the MFI included an insurance fee in your loan.

**SOUND EFFECTS:** - rooster calling

**Auntie Need-a-Loan:** What you mean?

**Chantal:** Well insurance is kind of like an angel. (SOUND EFFECTS: harp) You don't see the angel, but she's always there to protect your family. So if a giant rock really does fall from the sky and crush you...

(SOUND EFFECTS: rock falling from sky and crushing like a bug) ... then the "insurance angel" is there to make loan payments for your family.

**SOUND EFFECTS:** harp

**Auntie Need-a-Loan:** It's that simple?

**SOUND EFFECTS:** rooster calling

**Chantal:** Well every MFIs loan insurance policy is a little different. Next time ask the MFI to explain the insurance to you before you sign.

**SOUND EFFECTS:** pencil writing, then DING!

**Auntie Need-a-Loan:** That sounds great, but I have one more question...

**Chantal:** What Auntie-Need-a-Loan?

**Auntie Need-a-Loan:** Can the insurance angel protect me from giant rocks?

**SOUND EFFECTS:** Rooster

**Voice Over:** Not every loan is worth taking, so you must make sure the loan is right for you, right for you, right for you.

## SCRIPT 5: Collateral/Guarantee

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**Auntie Need-a-Loan:** I'll got-a-lock! got-a-lock! got-a-lock!

**Chantal:** Auntie Need-a-loan, what you doing with that lock?

**Auntie Need-a-Loan:** Chantal!!!! I'm just locking up my door. You know I just heard that some MFIs are taking people's houses away. This lock will stop them!

**Chantal:** Knock Knock Auntie, you know why MFIs are taking some people's houses, right?

**Auntie Need-a-Loan:** Because they didn't have good locks?

**Chantal:** Well it's because when you sign for your loan, the MFI needs a guarantee to protect themselves. So in case you don't pay back your loan, they can take away whatever you said is your guarantee in your contract.

**Auntie Need-a-Loan:** Really?

**Chantal:** Yes. Sometimes, a guarantee is a house, or a land title. Sometimes, you must give "cash collateral" - that is money that you leave with the MFI to guarantee the loan.

**Chantal continues:** It's different for every loan. Next time ask the MFI to explain the guarantee to you before you sign.

**SOUND EFFECTS:** *pencil writing, then DING!*

**Auntie Need-a-Loan:** (Sigh): I think I'm going to need a bigger lock.

**Chantal:** Why Auntie-Need-a-Loan?

**Auntie Need-a-Loan:** To lock my cash, so I actually save it for my loan payments!

**Voice Over:** It may not be worth the risk to take the loan, so you must make sure the loan is right for you, right for you, right for you.

## SCRIPT 6: Be Smart About APR (Or EIR)

*Jingle: It's Auntie! It's Auntie! It's Auntie Need a Loan! It's Auntie! It's Auntie! It's Auntie Need a Loan!*

**SOUND EFFECTS:** Background noise of a chicken and birds (morning), and a telephone ringing.

**Auntie Need-a-Loan** (*talking very fast*): I hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan!!!! Chantal! Do you have any eggs? I need eggs! Now!

**Chantal:** (*Yawning and talking in a sleepy voice*)... Auntie Need-a-Loan, it's 4:30 in the morning! What's going on?

**Auntie Need-a-Loan** (still talking very fast): Chantal!!!! I have to make mandazis to sell in the morning. I need cash fast!

**Chantal:** Auntie, what is going on?

**Auntie Need-a-Loan:** I don't understand! I chose the least expensive loan I can find. But it isn't so cheap!. I have to repay too much money in just three months! Where will I find that money so quickly! I hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan, hate-a-loan!!!!

**Chantal:** Auntie Need-a-Loan – haven't you heard that we are using something called APR – Annual Percentage Rate – to compare different loans these days?

**Auntie Need-a-Loan:** What? Yes – I heard that! But it's too complicated! I can't understand all those numbers.

**Chantal:** Oh, Auntie. I know it looks that way. But it's simple – you can use the APR rate to compare different loans. Even when the loans have different lengths and sizes! APR even includes all of those pesky fees that used to be hidden and hard to understand. Your loan looked cheap – it had a low cost – but it has a short term – it's APR is 18% Mine was only 10%. It looked more expensive, but I had a whole year to use and repay the money.

Now that we are using APR, Auntie, you can use it to check which loan is more valuable over time – not just lower cost. And pick the loan that is right-for-you, right-for you, right-for-you!

**Auntie Need-a-Loan:** (Big sigh) Mama-wayyyyy Chantal.

**Chantal:** What is it, Auntie-Need-a-Loan?

**Auntie Need-a-Loan:** I have to sell mandazis in 30 minutes. Better get that sugar! (*They both laugh together*)

**VO:** APR can help you to compare the loans, and you can make sure the loan is right for you, right for you, right for you.

## VII. Animation Script

Similar to the PSAs on the preceding pages, the animation features the characters of Auntie Need-a-Loan and Chantal. The animation can be used as a standalone piece, to be played in a public place or a banking hall that has a television and DVD player (as many do). It could be used as part of an educational program on loans and credit as well.

The script is provided below so that you can follow along and make decisions about which parts of the piece to emphasize in a learning situation.

### Auntie Need-a-Loan ANIMATION SCRIPT

**ANNOUNCER:** Meet Auntie Need-a-Loan.

**VIDEO:** An animation of a large, eager and enthusiastic woman (Auntie) pops into frame. She smiles and waves frantically to camera.

**ANNOUNCER:** She needs a loan.

**AUNTIE NEED-A-LOAN:** I need-a-loan, need-a-loan, need-a-loan.

**VIDEO:** Auntie runs around in circles. Smoke comes off her heels.

**ANNOUNCER:** Meet Chantal.

**VIDEO:** An animation of a pleasant, younger woman pops into the frame. She smiles calmly and waves.

**ANNOUNCER:** She also needs a loan.

**CHANTAL:** Yes, I need a loan.

**VIDEO:** Chantal shrugs her shoulders and smiles.

**ANNOUNCER:** Auntie Need-a-Loan is in a big hurry to get her loan.

**AUNTIE NEED-A-LOAN:** I need-a-loan NOW, need-a-loan NOW, need-a-loan NOW.

**VIDEO:** She takes off running and leaves screen. We hear her voice echo in the distance.

**ANNOUNCER:** Whereas Chantal is taking her time.

**CHANTAL:** I need a loan, but want to find the right one.

**VIDEO:** Chantal slowly walks while she talks to camera.

**ANNOUNCER:** Chantal is careful to avoid the dreaded... (*dramatically*) Loans for Liiiiife Monster!

<sup>6</sup>Auntie Need-a-Loan and Chantal were created by 17Triggers for MicroFinance Transparency, who also authored the animation. The characters were drawn and brought to life by Creative Communications Rwanda.

**SOUND EFFECTS:** Scary, dramatic music!

**ANNOUNCER:** LOANS FOR LIFE MONSTER

**VIDEO:** A villain character appears on screen like out of a comic book. He's a loan monster made up of dozens of loan papers. When he runs, he looks like a storm - he spins around like a tornado!

**ANNOUNCER:** The Loans for Life Monster doesn't care about you growing your business and meeting your goals. He wants you to pay high interest, high fees, and high penalties which may make you lose your possessions, lose your kids' school funds, borrow from moneylenders, and be in debt the rest of your life.

**ANNOUNCER:** Chantal is wary of the Loans for Life Monster. But Auntie? She doesn't care or know he exists.

**VIDEO:** Auntie is still spinning in circles.

**AUNTIE NEED-A-LOAN:** Loans for Life Monster -- what? I need a loan, need a loan, need a loan.

**ANNOUNCER:** Both Auntie Need-a-Loan and Chantal head out to find an MFI.

**VIDEO:** We see side-by-side shots of Auntie and Chantal as they head into town. They pass by people, traffic and places into the village on their way to the city center. Auntie is riding in a minibus, acting anxious and in a hurry. Chantal is calmly walking and greeting people she passes.

**ANNOUNCER:** Auntie Need-a-Loan sees a sign for a loan with a flat 5% interest rate.

**VIDEO:** Auntie passes a poster advertising the loan. She yells at the driver to STOP HERE! We hear the screeching of the brakes as the minibus stops, and Auntie jumps off to take a closer look.

**AUNTIE NEED-A-LOAN:** Well, hello! This is what I'm looking for!

**ANNOUNCER:** So she goes for it.

**VIDEO:** She rips the poster down, runs inside the MFI, and asks to see a loan officer. She pays no attention as she explains the terms, and she quickly signs and runs out the door.

**AUNTIE NEED-A-LOAN:** I gotta loan, gotta loan, gotta loan!

**VIDEO:** We see the Loan Monster peek out from behind the corner and follow Auntie as she runs down the street. Cut to Chantal.

**ANNOUNCER:** Chantal also finds a good looking loan, but with a 5% declining interest rate - at another MFI.

**VIDEO:** Chantal passes a similar advertisement. She pauses and looks up curiously. Sign says "5% declining interest"

**CHANTAL:** Huh.

**ANNOUNCER:** But Chantal, wary of the Loans for Life Monster, takes the time to do her research.

**VIDEO:** She sees the Loans for Life Monster and glares at him before walking in and pulling up a chair to talk to a loan officer.

**CHANTAL:** Can you tell me more about this?

**ANNOUNCER:** Chantal learns how much money she can get ..

**Visual** - Loan officer talking with voice bubble and money inside the bubble

**ANNOUNCER:** About the fees and commissions

**Visual** - Loan officer talking with voice bubble and coins inside the bubble

**ANNOUNCER:** How to calculate the interest rate...

**Visual** - Loan officer talking with voice bubble and “5%” inside the bubble

**ANNOUNCER:** Possible penalties

**Visual** - Loan officer talking with voice bubble and “Frown face” inside the bubble

**ANNOUNCER:** The collateral

**Visual** - Loan officer talking with voice bubble and “house” inside the bubble

**ANNOUNCER:** And the insurance option

**Visual** - Loan officer talking with voice bubble and “angel” inside the bubble

**VIDEO:** All these symbols from voice bubble swirl together to make the loan.

**ANNOUNCER:** Steps Auntie didn’t take...

**VIDEO:** We cut back to Auntie who is running back home with her loan money, still chanting. The loan monster is a few steps behind her.

**AUNTIE NEED-A-LOAN:** I gotta loan, gotta loan, gotta loan!

**VIDEO:** Cut back to Chantal and the loan officer who has an interest rate chart pulled up.

**CHANTAL:** Int-er-esting.

**ANNOUNCER:** After realizing a declining interest rate will save her money in the long run, she goes for it.

**VIDEO:** Chantal walks out and holds her loan up proudly. She shoulder bumps the Loan Monster on her way out.

**CHANTAL:** I got a good loan!

**ANNOUNCER:** Chantal and Auntie-Need-a-Loan both come home with their new loans. They both feel very good about themselves.

**VIDEO:** We see both women flash a big grin at camera.

**ANNOUNCER:** Of the 100,000 francs she borrowed, Chantal isn't surprised when she only has 98,000. She understood that 2,000 was taken out as an account opening fee.

**VIDEO:** Chantal takes money out and stacks it up on the table. Her family smiles and they all hug her.

**ANNOUNCER:** But Auntie... who didn't pay attention to upfront fees on her 100,000 francs, is shocked to find only 90,000 francs. Auntie Need-a-Loan has just lost money from not understanding the loan fees.

**VIDEO:** Auntie lays the money out on the table and digs through her money bag furiously trying to find the "lost" 10,000 francs.

**ANNOUNCER:** One person who isn't shocked? The Debt for Life Monster!

**SOUND EFFECTS:** Scary, dramatic music!

**ANNOUNCER:** Welcome to a life of loans!

**VIDEO:** The Loans for Life Monster laughs and grins.

**ANNOUNCER:** In the beginning, there is not a big difference between Chantal and Auntie Need-a-Loan. Until their first loan repayment.

**ANNOUNCER:** Auntie has to repay 5,000 francs. But Chantal, only has to pay 3,000 francs.

Why does this happen? It's because Auntie has a 5% flat interest loan whereas Chantal has a 5% declining interest loan.

Here's how it works. Flat interest rate is calculated on the total amount borrowed. So payments look like this: for Auntie, 5,000 for first payment, 5,000 for the second payment, 5,000 third payment, etc.

But for Chantal, her declining interest rate declines. 5,000 for the first payment, 4,000 for the second payment, 3,000 for the third etc. Then after the interest rate is calculated, the MFI averages the payment to make it easier for Chantal. Only 4,000 francs per payment.

Looks like Auntie, loses again due to not understanding flat vs. declining interest!

But Auntie starts to feel better when she invests her loan to grow her shop. Chantal grows her shop too. And quickly both of them are happy making sales.

**VIDEO:** We see the two women side by side. Both buy supplies and put them in their shops. Customers line up and the women make transactions.

**ANNOUNCER:** Then it comes time to pay again... Chantal knows she only has income on a monthly basis, so she chose a loan with a monthly repayment plan.

**VIDEO:** We see Chantal go to the bank and drop off money, then goes home.

**ANNOUNCER:** But Auntie... didn't realize her repayment plan – every two weeks – was going to be such a burden for her and her shop.

**VIDEO:** Auntie is working at her shop when the Loans for Life Monster, wearing a pair of fake glasses and mustache taps her on the shoulder and gestures to get paid. We see quick cuts of him coming back repeatedly. She gets frustrated and tries to dodge him.

**AUNTIE NEED-A-LOAN:** Shoo! I can't pay my loan, I can't pay my loan, I can't pay my loan.

**VIDEO:** Cut back to Chantal smiling and working at her store.

**ANNOUNCER:** Chantal pays on time every month, so she doesn't worry. But Auntie... unable to make her payments on time...

**VIDEO:** Auntie running away from the Loans for Life Monster walks right into a big hole in the ground he's set up. She falls to the bottom where he's suddenly there waiting for her.

**ANNOUNCER:** Gets stuck with penalties! Ouch.

**VIDEO:** She pulls open her pockets and is out of money. So right there, she takes out another loan.

**ANNOUNCER:** Stuck, she takes out another loan and The Loans for Life Monster wins ...

**VIDEO:** The Loans for Life Monster raises his hands in victory.

**ANNOUNCER:** Meanwhile... Chantal's business is booming and she's making her payments on time. Because of this, she doesn't need to worry about the collateral, her family's house, which she used as a guarantee when she signed up for her loan.

**VIDEO:** Chantal is working at her busy shop. She looks back at her house, where her children are playing outside. Chickens and goats are in the yard.

**ANNOUNCER:** But Auntie's house... the ones she put up as HER collateral on the new loan?

**VIDEO:** Cut to a close up of Auntie's house. Suddenly we see the Loans for Life Monster changing the locks on the door, and settling in to the house. Auntie tries to get in, but she can't!

**ANNOUNCER:** Auntie didn't consider what would happen if she couldn't repay!

**AUNTIE NEED-A-LOAN:** I need my house, need my house, need my house!

**ANNOUNCER:** And just when she thinks it couldn't get any worse... The unexpected happens.

**VIDEO:** While Auntie is running and turns a corner. We hear a sound signifying that an accident has occurred!

**ANNOUNCER:** Poor Auntie doesn't survive, but you know what does? Her many loans. And because Auntie didn't take the time to get insurance, her family is now stuck with the bill. So THEY may need to take out another loan to pay for that bill, and The Loans for Life Monster wins yet again!

**VIDEO:** We see a group of people standing around at Auntie's funeral. The Loans for Life Monster, dressed in black taps the family on the shoulder while they're crying and gestures for them to pay. Chantal, also at the funeral, shakes her head while the Loan Monster dances gleefully.

**ANNOUNCER:** Oh Auntie Need-a-Loan... If you'd only followed in Chantal's footsteps and taken the time to understand your initial loan, these problems could have been avoided.

**VIDEO:** Cut back to Auntie when she's alive. Show a clock or a calendar that shows that we are going back in time. A thought bubble appears in front of her. The scene of her ripping the poster down and walking out with a loan, comes back to her mind. In this scene she looks over at Chantal, jealously.

**ANNOUNCER:** Auntie wishes things were different.

**VIDEO:** Auntie imagines herself listening to a lender and choosing a better loan. She flashes a huge smile. Just then the bubble pops.

**ANNOUNCER:** So what have we learned from Chantal and Auntie Need-a-Loan?

**VIDEO:** The scene is wiped out as a classroom chart as it slides down into frame.

**ANNOUNCER:** Before you commit to a loan: Ask questions. Learn the difference between a FLAT interest rate and a DECLINING interest rate. Learn about fees and penalties. Figure out when you'll repay the loan and what will happen to your family or possessions, if you don't... or can't... repay.

**VIDEO:** The phrase "ask questions" is super-ed on. Various topics appear in pictures as supers as well as we replay scenes from the film. Cover: interest, terms, insurance, collateral/guarantee.

**ANNOUNCER:** Getting a loan you can't afford will lead to you getting another loan you can't afford, and then another loan you can't afford, and then another loan (trails off)

**VIDEO:** The Loans for Life Monster spins like a cyclone and sucks Auntie in again and again.

**ANNOUNCER:** So, remember. Next time you need-a-loan, need-a-loan, need-a-loan...

**VIDEO:** Cut to the two women standing side by side like normal again. Auntie looks up, speaking to the announcer, who we can't see.

**AUNTIE NEED-A-LOAN:** That's my line!

**ANNOUNCER:** Learn everything you need-to-know, need-to-know, need-to-know.

**VIDEO:** Chantal puts her arm kindly around Auntie and they both walk off.

## VIII. Pre and Post-Tests (with answers)

A simple pre- and post-test was designed for a first step in tracking outcomes of learning. The pre- and post-tests are designed to measure the change in knowledge and attitudes, but are generally not able to measure change in skills or behaviors, other than those that are self-reported. Using more than 10 questions, as in the example, is not advised as this will take more time than many program implementers have at their disposal.

These pre- and post-tests are meant to be given individually to program participants before and after they participate in a learning situation. If you adapt sessions, or choose only a few to administer, you must review the pre- and post-test (as well as the answers) so that you can monitor only those sessions which you teach.

You can then review the pre- and post-tests to see what knowledge or attitudes participants have changed after the training.

## Pre- and Post-Test with Answers

	Question	Response						
1	What are the terms and conditions you need to know before you borrow?	<ul style="list-style-type: none"> <li>a. Loan term</li> <li>b. Repayment schedule</li> <li>c. Repayment amount</li> <li>d. Interest rate</li> <li>e. Insurance</li> <li>f. Fees and charges</li> <li>g. Guarantee</li> </ul>						
2	Show participants the following: <table border="1" style="margin: 10px auto; width: 60%;"> <thead> <tr> <th style="width: 50%; text-align: center;">MFI 2</th> <th style="width: 50%; text-align: center;">MFI 1</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">2.5%</td> </tr> <tr> <td style="text-align: center;">Total Interest: 7,500</td> <td style="text-align: center;">Total Interest: 12,500</td> </tr> </tbody> </table> <p><b>Ask:</b> Why is MFI 2 cheaper than MFI 1, even though the interest is higher?</p>	MFI 2	MFI 1	3.0%	2.5%	Total Interest: 7,500	Total Interest: 12,500	<ul style="list-style-type: none"> <li>a. Because of fees, charges, insurance</li> <li>b. Because MFI 2's rate is declining, and MFI1's rate is flat</li> </ul>
MFI 2	MFI 1							
3.0%	2.5%							
Total Interest: 7,500	Total Interest: 12,500							
	What is the definition of flat interest?	c. Interest that is calculated at each repayment period on the original amount borrowed						
4	What is the definition of declining interest?	a. Interest that is calculated at each repayment period on the amount of money that remains – that you stay with						
5	Why is it important to know the difference between flat and declining interest?	a. It can save money, if the interest rate, if the terms, fees, charges, and repayment term are the same						
6	With declining interest, how can a bank or MFI still give you a repayment amount that is the same each time you repay?	They can calculate the total amount you will repay (interest, fees, and charges) and divide it evenly between repayments						
7	If MFI 1 charges 18% interest, and MFI 2 charges 3.5% interest, how is it possible that MFI 1 could be cheaper than MFI 2?	<ul style="list-style-type: none"> <li>a. MFI 1 charges on a yearly basis, rather than a monthly basis</li> <li>b. MFI 1 charges declining interest, while MFI 2 charges flat interest</li> </ul>						
8	What must you do before you borrow so that you understand how much you will repay?	<ul style="list-style-type: none"> <li>a. Pay attention during your orientation or meeting with your loan officer</li> <li>b. Read the contract – or ask someone to help you</li> <li>c. Ask questions to your loan officer if something doesn't make sense</li> <li>d. Slow down and think before you borrow!</li> </ul>						
9	What is insurance?	a. Insurance is a form of protection against the possibility of loss.						
10	Why is insurance part of a loan?	a. So that if the borrower dies or has an emergency, the loan is covered						





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