



NAFI



Child & Youth  
Finance International



# CHILDREN AND FINANCE CONSUMER PROTECTION AND SECURITY OF SAVINGS AND PAYMENTS



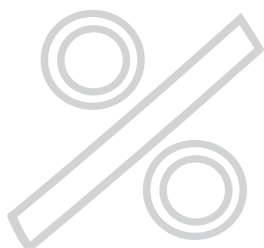
mastercard







# CHILDREN AND FINANCE CONSUMER PROTECTION AND SECURITY OF SAVINGS AND PAYMENTS



MOSCOW, 2017



## **Children and Finance: Consumer Protection and Security of Savings and Payments /**

Authors: G.R. Imaeva, T.A. Aymaletdinov, K.V. Smirnov, L.R. Baymuratova, O.A. Sharova, K.E. Avakyan, editing: J. Penner, K. DeRose; Research Center NAFI. – M.: Publishing NAFI, 2017. – 72 p.

ISBN 978-5-9909956-0-4



Founded in 2006, NAFI is an independent, multi-disciplinary think-tank. Over the years, the NAFI team has run over a thousand research projects for Russian and foreign customers. The company is headquartered in Moscow.



Child & Youth Finance International (CYFI) is a global multi-stakeholder network promoting economic citizenship for children and youth. CYFI leads the world's largest movement dedicated to enhancing the financial and entrepreneurial capabilities of children and youth.

# CONTENTS

ABOUT THE PROJECT	4
EXECUTIVE SUMMARY	8
<b>I. BANKING ON CHILDREN AND YOUTH. KEY AREAS AND PRODUCT EXAMPLES</b>	<b>12</b>
Overview of child and youth offerings	13
Types of child and youth banking products	14
<b>II. DEFINING THE RISKS FOR CHILDREN AND YOUTH</b>	<b>18</b>
<b>III. INTERNATIONAL GUIDELINES AND RECOMMENDATIONS ON FINANCIAL CONSUMER PROTECTION</b>	<b>26</b>
<b>IV. REGULATORY DIMENSIONS AND ENABLING ENVIRONMENTS</b>	<b>38</b>
<b>V. CONSUMER PROTECTION SOLUTIONS</b>	<b>44</b>
Restrictions imposed by financial institutions	45
Use of popular banking technologies for parental control	46
Alternative financial security solutions	47
ANNEXES	60
BIBLIOGRAPHY	68



# ABOUT THE PROJECT



## **VIEWS FROM THE AUTHORS**



### **GUZELIYA UMAEVA**

Executive Director of the National Agency for Financial Research

---

Children are a key target group and a starting point for the development of a "financially literate society of the future" in any country. However, at the same time, children are one of the most vulnerable categories of citizens. While children and adolescents have great potential to learn and to adapt to innovative products, the ability of young people to make and be accountable for independent decisions is limited. Therefore, considering the limited capacity of minors, it is particularly important to seriously approach the issue of ensuring the security of their financial transactions. Thus, it is imperative to ensure the maximum protection of all financial transactions, as well as to develop children's interest in learning more about the financial products.

This report can be useful for all market participants interested in developing a long-term strategy to tackle this segment, taking into account the regulatory framework, the needs of children and their parents, as well as learning about the international guidelines and recommendations and existing opportunities for the financial institutions themselves.



### **KIRILL SMIRNOV**

Head of Digital Economy Research Department

---

For a child, money is often the symbol of freedom and adulthood. The main challenge for those who work for the financial literacy of children and youth is to teach them how to utilize this freedom: to instill the skills of responsible and rational attitudes towards finance, and to form a value system in which money occupies an important, but not the central, place. Increasing the financial literacy of the younger generation not only creates the foundation for educating knowledgeable consumers on financial services and increasing the stability of the economy in the future, but also has a positive impact on today's society, as children often help their parents and families to adapt to new technologies and approaches.

This study is another important step towards the formation of a sophisticated financial market, where financially literate and responsible consumers have access to safe financial products and services.



### **KARINA AVAKYAN**

Co-author, Senior Advisor at Child & Youth Finance International (CYFI)

---

The framework for protecting the rights of consumers of financial services should work for all consumers in the market, but some groups can be particularly vulnerable and exposed to risks. These include children and young people who do not have sufficient previous experience in using financial services. Taking into account the growing awareness of the importance of teaching children about money from an early age and the growing demand on products from children and their parents, an increasing number of financial institutions offer special savings and payment products. However in order to secure safety and security of youth clients, the regulators and financial institutions have to take into account the characteristics of this audience and design appropriate consumer protection mechanisms.

This report includes an overview of international recommendations, guidelines and best practices in this area, and can be very useful for financial institutions who already do or are considering to offer youth-specific products by providing them with practical examples, cases and tools.

## VIEWS FROM EXPERTS



### **ANNA ZANGHI**

Head of Global Innovation and Product Development for Youth at MasterCard Worldwide

---

Young people are the foundation of tomorrow's society. As they grow up, we need to ensure that they are prepared to fully participate in the formal and increasingly digital economy. With technology providing children & youth unprecedented global reach, digital financial services have also become a real option for them. Their financial education needs to take that into account. In this respect, technology can provide them with transparency, simplicity and real-time financial controls and advice as they embark on the journey of managing their money, saving or paying for the first time. But it is important that the tools, products and accompanying education are designed with young people in mind, ensuring they are safe and age-appropriate. This report ensures the needs, safety and empowerment of the next generation are a priority as we build a more inclusive society.



### **ANNA ZELENTSOVA**

Co-chair of Financial Literacy and Consumer Protection Working Group of G20 – Global Partnership for Financial Inclusion; Advisory Board Member at OECD / International Network for Financial Education; Coordinator of the National Financial Literacy Project of the Ministry of Finance of Russian Federation

---

Within the framework of the project of the Ministry of Finance of the Russian Federation "Promoting the level financial literacy of population and the development of financial education in Russian Federation" children and young people are an important target audience, and the financial security of these groups is one of the most difficult and essential aspects for the successful implementation of project activities. This report by NAFI & CYFI examines a very important and somewhat sensitive topic – the financial security and safety of children. The report has provided a wide analysis of international experience and practical cases, and could be very useful for the financial institutions by providing them with new approaches to ensure the safety of financial transactions by minors, as well as to diversify the range of products available, taking into account the needs and wants of parents and children.





**MARIA LUCIA LEITAO**

Chair of the International Financial Consumer Protection Organisation (FinCoNet);  
Head of the Banking Conduct Supervision Department of Central Bank of Portugal

---

Financial literacy plays a crucial role in protecting and empowering young people in a world of fast pace financial innovation and widespread digitalisation. The establishment of an inclusive Digital Financial Literacy (DFS) strategy is currently a shared concern amongst regulators, supervisors and other relevant stakeholders both at national and international level. In Portugal, DFL is a priority of the National Plan for Financial Education for 2016-2020. Banco de Portugal also includes DFL as a strategic goal for 2017-2020 under its financial consumer protection mandate. To pursue this objective, a step by step approach was adopted, firstly targeting young people – a group with significantly exposed to digital risks, in particular security issues.

The work conducted by international organisations on DFL is of utmost importance to the identification and mitigation of risks raised by digital financial services. In this vein, FinCoNet has identified major challenges to conduct of business supervisors and promotes international dialogue and cooperation among supervisors, overseers and other relevant entities.

This report represents an important and informative initiative to the different stakeholders working in the enhancement of DFL, in particular targeting the most vulnerable groups, such as children.



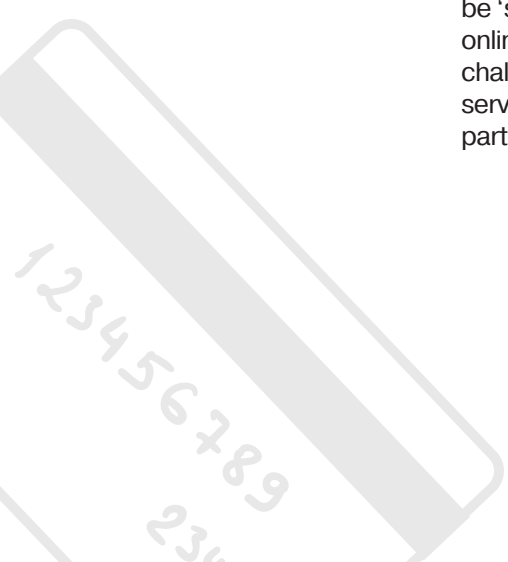
**SUE LEWIS**

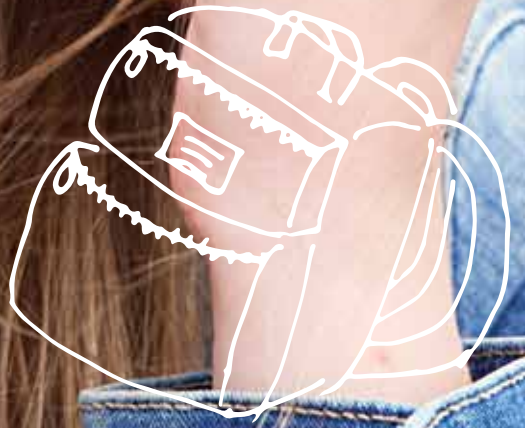
Chair of UK Financial Services Consumer Panel

---

The world of financial services is changing rapidly. Children as young as six have access to apps that let them manage their pocket money online, and they can use a pre-paid card for spending. Nearly one in five 8-14 year olds in the UK has a credit card on their parents' account. Many also have bank accounts. Early exposure to financial products helps children learn about money matters, but it also brings risks, as young people are often under pressure to spend, and spending is easy with 'contactless' payments and cards. It doesn't seem like real money, until the bills come in.

The NAFI & CYFI report tackles the important issue of how to protect children and young people. This will become more difficult as technology advances. 'Big data' offers possibilities for firms to target children and young people. Three-quarters of 12-15 year olds have a social media profile. They may not realise their data can be 'scraped', and used to promote products or sold on. Protecting young people online – and teaching them how to help protect themselves – is one of the big challenges of the next few years. This will require co-operation between financial services and data protection regulators, and for them to take account of the particular needs of children and young people.





# EXECUTIVE SUMMARY

- 
- In recent years, the financial sector has seen child and youth products evolve from a niche segment into a wide-spread, albeit still specialized, branch of banking business as it is becoming increasingly common across the world to introduce children to the notion of finance and money from a very young age. With the rapid development of the financial system, children and youth are becoming more involved in financial decision-making at earlier stages in life. Young people currently face more complex financial environments, instruments and products than previous generations, underlining the importance of building financial capabilities and ensuring consumer protection alongside the proliferation of new financial options. The current legislation of many countries allows children to use various financial instruments for payments, transfers and savings. In select cases, regulation also permits minors to open bank accounts if they are legally employed or married.

In developing countries, there is also a trend towards the creation and promotion of youth savings products, often as a part of national and international programmes aimed to increase access to financial services and boost financial inclusion rates amongst various segments of its population. Examples of such programmes are the YouthSave consortium (by the New America Foundation and Save the Children) and the YouthStart program launched by the United Nations International Fund for Capital Development (UNCDF) and supported by the Mastercard Foundation. For four years, YouthStart has developed more than 17 new banking products in cooperation with 10 financial institutions in Ethiopia, Ghana, Rwanda and other countries, which were used by more than 200,000 young people. In other countries, different financial sector players are active in the field. In Russia, Mastercard Corporation implements a payment system on university campuses in more than 40 regions across the country. In countries such as Philippines, Bangladesh and India, government authorities have initiated national-level campaigns for opening bank accounts specifically for children and youth, within the overall objective to increase the financial inclusion and enhance the financial capability of their youth populations. These initiatives were accompanied by specific guidelines which obliged the financial sector to provide appropriate, safe and reliable banking services to minors.

Secure financial product for children and youth<sup>1</sup> are understood to mean integrated financial instrument based predominantly on a savings and/or current account operated by a child or adolescent under some degree of adult supervision. Secure financial products also involve the child attaining financial literacy skills while using the product, which is made available through child/youth-adapted sales, product management and communication networks.

- 
- Formal financial institutions are the traditional leaders in the provision of financial products and services for children and youth around the world, with savings accounts being the most popular product on offer. However, a number of new players, such as FinTech providers, are also showing greater interest in the youth segment and are offering unique and innovative financial services. International payment providers, also play a special role in the development of youth financial inclusion and capability, offering an extensive range of specially developed payment products and electronic services alongside national financial literacy and financial access projects.
  - The increased role of digital finance, combined with the multi-stakeholder composition of players in the actively developing segment of the youth banking industry, can entail new risks related to the quality of the products and services offered and information security of young clients. The current report attempts to analyze the potential risks and mitigation strategies of various products for different age groups, based on their characteristics and the current industry practices addressing these risks.
  - International multilateral institutions and development organizations (World Bank, OECD, etc.) have long recognized the importance of appropriate consumer protection mechanisms and the universally accepted systems of principles, guidelines and recommendations on consumer protection in financial markets. In general, high-level principles in this area of financial education and consumer awareness have similar basic dimensions: accessibility, transparency, control, security and legality. However, there is still no universally accepted financial consumer protection framework that would be applicable specifically for children and youth. Child & Youth Finance International-

---

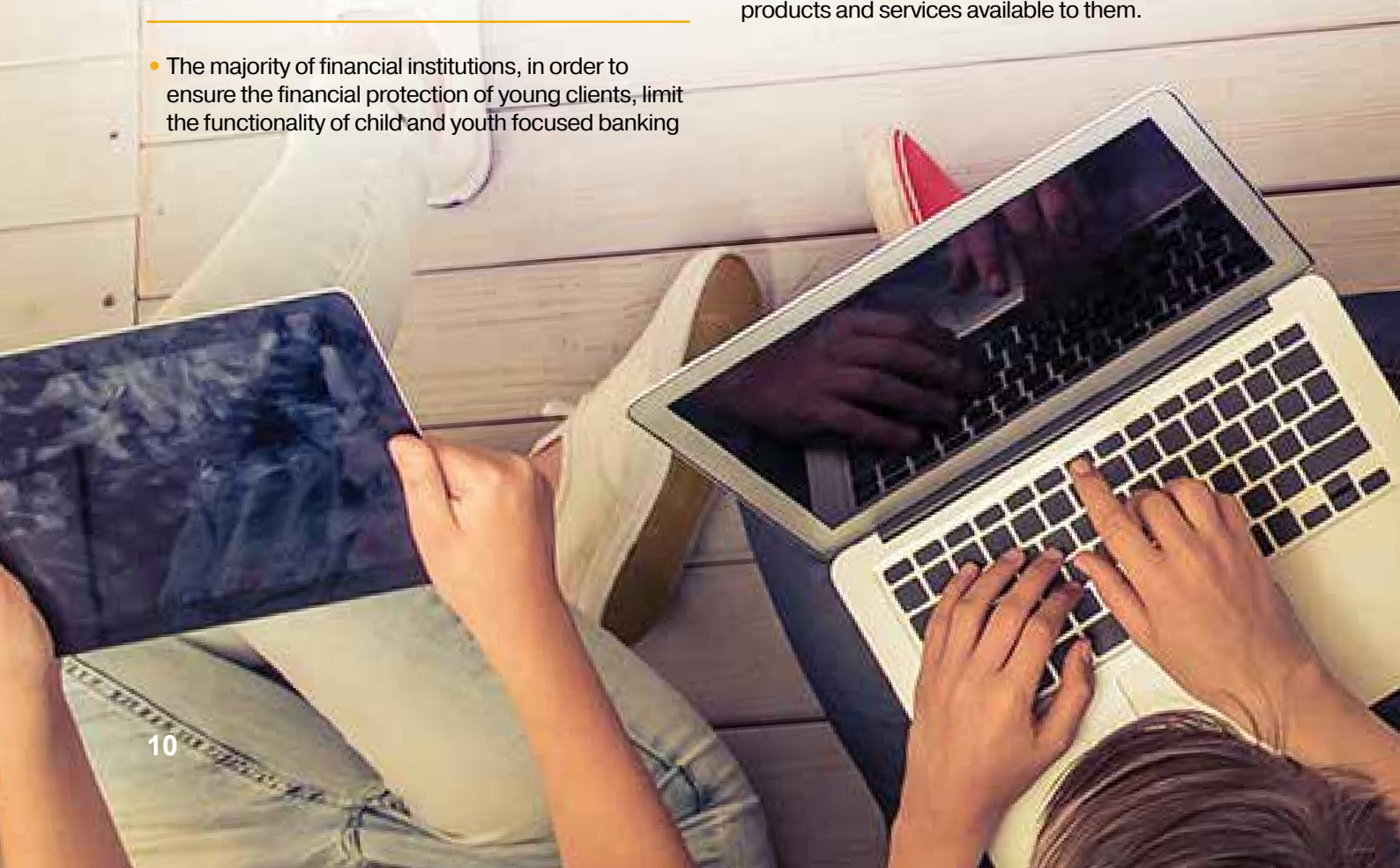
<sup>1</sup> CYFI and NAFI adhere to the UN definitions and recognize children as individuals under the age of 18, or under the age of majority as prescribed by national law; youth as individuals between 15 and 24, and young people as anyone between the ages of 10 and 24. Thus as the current report mainly discusses approaches and perspectives on financial security and protection of individuals below the age of 21 or the age of national majority, the authors use the terms “children”, “youth” and “young people” interchangeably for the purpose of this publication.

al (CYFI) addresses this gap by creating standards for child and youth friendly banking products by means of eight Child & Youth Friendly Banking Principles, applicable to savings and current accounts (2014), and Payment Guidelines for Safer Payment Product (2017) that have increasingly emerged on the market in recent years. The United Nations Capital Development Fund (UNCDF), under the YouthStart program, was one of the first institutions that adapted the Smart Campaign Client Protection Principles to reflect the particular needs of children and youth, in line with the Child and Youth Friendly Banking Principles.

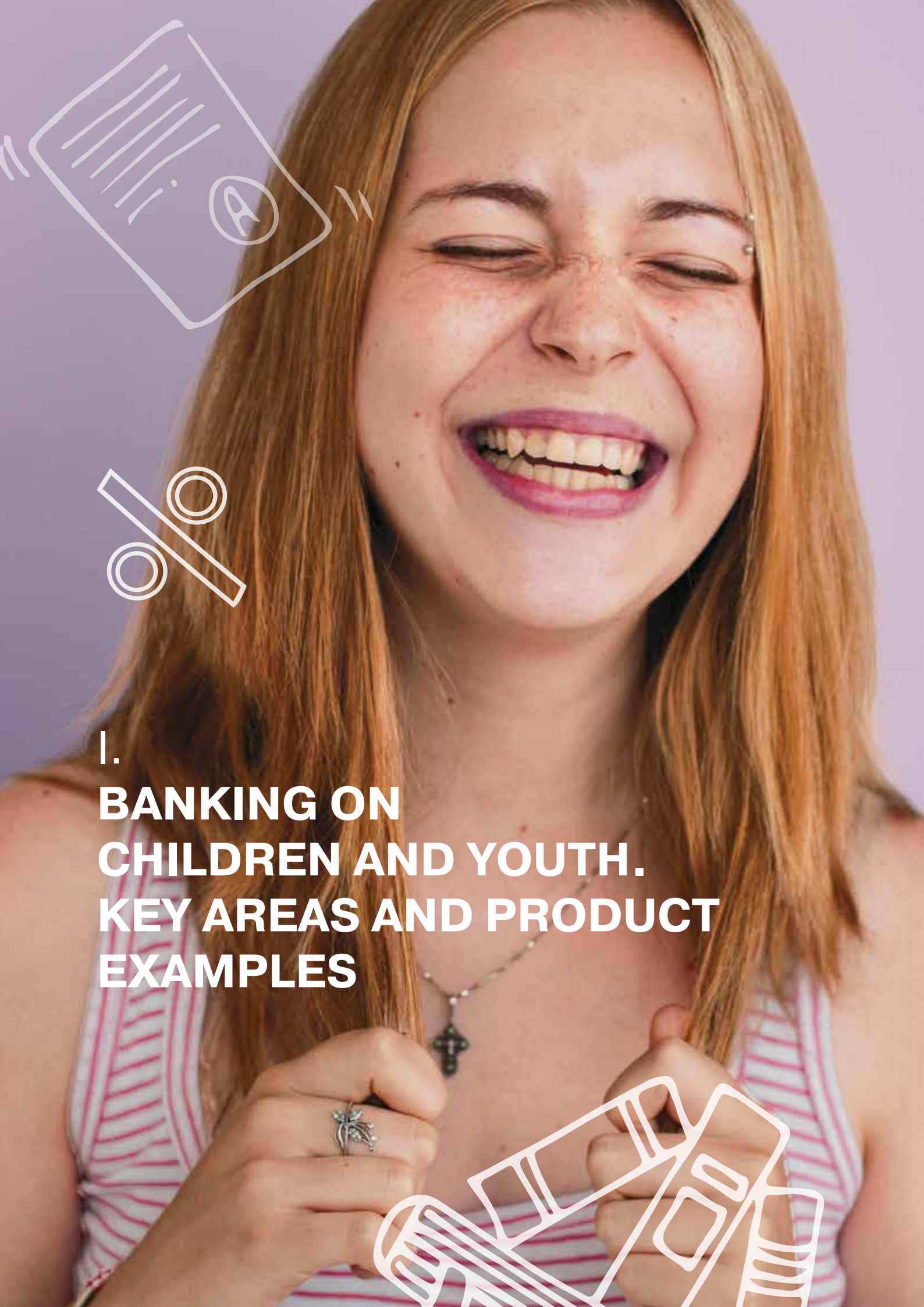
- A most common financial product for children and adolescents is a financial instrument based on a savings and/or current account managed by the child or adolescent him/herself, under some level of adult supervision. The instrument is available through a developed system of sales channels, with product management and communication adapted for the needs of young clients. Moreover, financial service providers all over the world are largely engaged in providing financial education programmes to children and youth, often in conjunction with the savings/current product itself. International organizations, such as the OECD (2014), have also addressed this issue by offering guidelines for private sector involvement in financial education. These guidelines emphasize coordinated approaches between different stakeholders, ensuring the unbiased, fair, equitable and high-quality nature of the financial education initiatives.
- The majority of financial institutions, in order to ensure the financial protection of young clients, limit the functionality of child and youth focused banking

products. In addition, banks actively use tools for personal financial management, which are standard in adult banking products (such as options for self-establishing limits on cards, setting up SMS and e-mail notifications). Banks use parental control as one of the key methods of protection, which consists in limiting the degree of autonomy children have over their personal accounts.

- Another popular approach to providing financial protection when using child banking products is to implement solutions based on new technologies (such as NFC, biometrics, GPS). There are many conceptual solutions on the market related to transaction security and user identification that can successfully be adapted to child banking.
- Many financial industry representatives believe that financial education for children and youth is among the best long-term approaches to ensuring financial consumer protection and the formation of responsible financial behaviors for future generations of customers. At the moment, government and financial organizations all over the world are implementing various educational projects (education Internet portals, seminars and trainings, competitions, thematic sites of inclusive education, etc.) which will allow young people to form a rational attitude towards money in the future, as well as the necessary skills to appropriately and safely use the variety of financial products and services available to them.







I.  
**BANKING ON  
CHILDREN AND YOUTH.  
KEY AREAS AND PRODUCT  
EXAMPLES**



## OVERVIEW OF CHILD AND YOUTH OFFERINGS

It is quite common for parents around the world to begin teaching their children about money matters, including the importance of saving and controlling costs, from an early age (3-5 years old). Today, financial institutions play a major role in promoting financial inclusion of children and youth, by developing child/youth-centric products and by organizing trainings. As for the former, they range from child/youth-specific offerings to the light versions of traditional adult products and services. Despite

a wide array of offered solutions, until now, there are few universally accepted banking standards for defining the scope of child-friendly financial solutions that have been developed anywhere in the world. As a result, when deciding which child-friendly banking services to offer, each financial services provider (FSP) tends to rely on its own ideas about the functionality and security of child-friendly financial instruments, provided such ideas do not put the FSP in conflict with the law.

### Major banking offerings for children and youth

	<b>Financial products</b>	<ul style="list-style-type: none"> <li>• Savings accounts and deposits</li> <li>• Debit and prepaid cards</li> <li>• Investment options</li> <li>• Cash transfers</li> <li>• Unique point-to-point product solutions</li> </ul>
	<b>Financial services</b>	<ul style="list-style-type: none"> <li>• Mobile and online banking</li> <li>• Adapted payment applications</li> <li>• Personal finance management services</li> <li>• Unique point-to-point service solutions</li> </ul>
	<b>Financial literacy training</b>	<ul style="list-style-type: none"> <li>• Printed material</li> <li>• Electronic material: text- and video-based</li> <li>• Thematic websites</li> <li>• Games</li> <li>• Other learning solutions</li> </ul>

Amongst the traditional banking institutions active in the child banking segment around the world are **retail and universal banks**, which both offer traditional financial products such as deposits and savings accounts, as well as increasingly popular **technology-driven and complex solutions**, such as online deposits, contactless payment cards controlled via a mobile app and new payment form factors (smart key fobs, wristbands, etc.). The popularity of these products is largely driven by the high level of technological literacy amongst today's adolescents.

The emergence of new technologies, including within the child banking sector, allows new players around the world to enter into the retail FinTech

market with unique products, putting pressure on the traditional banking institutions. The highest concentration of FinTech products is currently observed in developed countries, which, besides their leading positions in the IT sector, possess the required banking infrastructure and somewhat higher levels of financial literacy compared to those of populations of developed countries. Meanwhile, in emerging markets including Russia, MENA, and Sub-Saharan Africa, despite the increasing development of such advancements, the rate of market penetration by newcomer FSPs is much lower. At the same time, traditional banks are also showing interest in new complex solutions and expanding aggressively in this area.

## TYPES OF CHILD AND YOUTH BANKING PRODUCTS

### Examples of child banking services

Financial institution	Country	Overview of child/youth products and services
<b>FINANCIAL PRODUCTS</b>		
<b>BINBANK</b>	Russia	<b>Junior</b> , a debit card for children aged 6 to 17 years. Suitable for payments and cash withdrawals from ATMs, the card is offered to the children of BINBANK customers.
<b>Hellenic Bank</b>	Cyprus	<b>Winner's Team</b> , a deposit account for children aged 0 to 13 years. Children whose parents have opened a deposit account for them with the bank are issued with a personal bank card and gain membership to the Winner's Team, where, while attending special courses, they learn about financial literacy through play and receive a special present: a hippopotamus-shaped moneybox.
<b>ICBC</b>	China	<b>Baby Growth Card from China UnionPay</b> , a family of debit cards for children and parents. A set of three cards – one for the child and two for his/her parents – can be used by parents to teach children the rules for the use of bank cards, thereby strengthening their understanding of money matters.
<b>ING</b>	The Netherlands	<b>The Kinderrekening</b> current account by ING, an account offering an interest rate for its 5 to 12 year old holders. Operated by parents and children themselves, the account comes with a complementary ATM toy, and a personal cash card. The account is designed for children to learn how to manage money on their own. It is also free of charge. From 12-18 years old <b>Jongerenrekening</b> becomes available for secondary school children that provides youth with more autonomy to make simple payments. <b>Studentenrekening</b> is available for youth from 18 years of age who are enrolled in universities.
<b>FINANCIAL SERVICES</b>		
<b>Virtual Piggy</b>	USA	<b>Virtual Piggy</b> , an online service that allows parents, through play and with the help of a colour interface, to teach children to manage finances (spending and accumulation of funds). The child also gains access to a parent-controlled e-wallet.
<b>Osper</b>	UK	<b>Osper</b> , a mobile app that allows minors to use a prepaid card and manage their account via a smartphone (payments, money transfers, viewing transaction history, etc.).

<b>Otly!</b>	The Netherlands	The Otly! Group has developed the child-friendly <b>Otly! Junior</b> mobile app, which allows children to save and make electronic transactions, and their parents to keep track of their children's financial activities.
<b>Nimbl</b>	UK	<b>Nimbl</b> , a MasterCard-branded prepaid debit card and mobile app that allows children aged 8 to 18 to carry out transactions, make savings and learn to control their budget and expenditure.
<b>ASB</b>	New Zealand	<b>Clever Kash</b> , a digital cashless moneybox in the shape of a yellow elephant with a digital screen on its belly that shows the balance of the child's savings. Money transfers are made through a dedicated mobile app.
<b>go Henry</b>	UK	Designed for users aged 6-18, goHenry offers an account which comes with a pre-paid, pocket money card and application to develop responsible money management habits among young people. The account includes flexible control tools for parents to oversee their children's operations.
<b>SBERBANK</b>	Russia	<b>Ladoshki</b> , a payment service – implemented as part of "The School of the Future" project – which relies on the finger print or palm vein pattern recognition technology to allow children to pay for their school meals.
<b>Bank Polski</b>	Poland	PKO Bank Polski allows children under 13 years of age to use the gamified interface of the <b>online PKO Junior bank</b> to access their savings and current account to make payments, money transfers and savings.

#### FINANCIAL LITERACY TRAINING

<b>Commonwealth Bank</b>	Australia	<b>The Beanstalk</b> website provides its minor and adult customers with access to reading and video materials on money matters, along with special tools for controlling expenses. Moreover, Commonwealth Bank has a <b>School Banking</b> project in primary schools which allows children aged 4-13 to open a savings account, yield rewards, and benefit their school through fundraising for their regular deposits.
<b>Erste Bank</b>	Austria	Erste Bank's commitment to financial education is expressed in its projects and programmes designed for young learners. Its child-friendly web platforms, workshops at primary schools, teacher trainings, videos on economic topics and an animated TV series for children are among the several initiatives Erste has undertaken to educate children and youth on personal finance and economic concepts.

Financial institution	Country	Overview of child/youth product and services
<b>FINANCIAL LITERACY TRAINING</b>		
<b>HSBC</b>	UK	<b>SchoolBank</b> , a mini HSBC Bank in British schools. It “employs” pupils aged 7 and older in the positions of cashier, sales consultant, administrator, etc. To be accepted, candidates must undergo an interview with the HSBC staff. Under their guidance, new child recruits learn the ins and outs of banking operations, a knowledge they can later use to teach their peers about the bank’s products.
<b>Visa Europe</b>	Romania	The programme <b>BanilQ</b> , launched by Visa Europe in Romania, has become one of the largest national financial education programmes in the country. Its online courses, trainings and resources have been distributed through a national network of public libraries and has reached thousands of people, particularly in rural areas. Its open access provides knowledge on budgeting, financial planning and basic financial concepts.

International payment systems, including Visa, Mastercard and Japan’s JCB, with their extensive range of specially developed card products, electronic services and support for national child/adult-focused financial literacy projects, also play a key role in the development of child banking.

Competition in the child financial services segment can increase further due to the arrival of new players such as innovative mobile payment platforms operated by smartphone manufacturers (ApplePay or SamsungPay), international and local online payment systems (PayPal) and in-store banking services providers (Tesco or Wal-Mart). Although child-centric products are currently absent from the product portfolios of these players, in the future, as portfolios continue to expand, many institutions may find the appeal of the child segment too appealing not to take advantage of.

As such, a change in the structure of the retail finance market in general, and of youth segment in particular, is very logical in the context of mass digitalization<sup>2</sup> of business processes and the growing popularity of online services (social media, thematic child- and youth-friendly websites, online games) among child and youth audiences around the world.

As the popularity and economic viability of financial literacy services for young people increases, the attention of players outside the financial sector<sup>3</sup> is attracted, including institutions specializing in the provision of extracurricular activities for pre-school and school aged children, television companies developing entertainment and educational projects for children (international project “Sesame Street”), thematic children’s parks (international theme-based platforms for inclusive education of children and adolescents), etc.

However, considering the growing role of information technology, the diverse mix of players in the rapidly expanding global segment of child banking services may pose additional risks related to the quality of services and information security of the products and services on offer. Thus, the task of child-friendly financial services certification becomes even more urgent, including the monitoring the quality of such products and services and ensuring their compatibility with the specific levels of the childhood psychophysical development.

The next section outlines the variety of possible risks that may be linked to the usage of certain banking products and services by minors. Further in the report, various ways of mitigating such risks will also be discussed.

<sup>2</sup> Digitalization means the conversion of business processes into a digital format.

<sup>3</sup> Financial institutions can still be involved as advisors.

**Activity level of the key players in the child and youth banking segment**

	Financial products	Financial services	Financial literacy training
<b>Traditional banks</b>	+	+	+
<b>Microfinance organizations</b>	+	-	+
<b>FinTech projects</b>	+	+	-
<b>Potential new players:</b> <ul style="list-style-type: none"> <li>• Social media platforms</li> <li>• Online payment platforms</li> <li>• Investment companies, etc.</li> </ul>	+	+	+





II.  
**DEFINING THE RISKS  
FOR CHILDREN  
AND YOUTH**

As child and youth banking goes mainstream, and as the popularity of youth-centric products grows, the need for the creation or updating of the relevant legal frameworks governing the relationship between financial institutions and child and youth becomes ever more acute. In addressing this challenge, lawmakers around the world try to be mindful of the particularities of children's mental and physiological development, their ability to make independent decisions (including financial decisions) and to bear responsibility for their actions.

Due to the limited legal capacity of minors, the obligation to protect their financial security and willingness to control the child's actions lies with the parents. In most cases the situation rarely goes beyond explaining a few basic concepts, such as a current or savings account, with little room left for a detailed description of the available functionality and opportunities for product use as there have been a few local legislative initiatives to protect the security of young people. However, one example of a positive initiative was the decision by the Ministry of Education and Science of Tatarstan region of Russia to block all purchases of tobacco and alcohol products in the region by children or youth using a school card. In some instances the pace of evolution of financial regulations can fail to keep up with the speed of technological advances in online banking and O2O<sup>4</sup> services, whose popularity amongst global youth is also growing fast.

Analysis of the regulatory frameworks in place across different macro-regions of the world (North and Latin America, Western and Eastern Europe, Australia, Central and East Asia, the Middle East and Southern Africa), allows for minors to be split into three main age categories, each with its own distinctive rights and opportunities for applying for and using financial products and services: 0-4 years, 5-13 years and 14-17 years<sup>5</sup>.

When describing the financial rights of children, lawmakers and regulators tend to focus on specific areas, such as the right to make payments, rather than their functionality. Meanwhile, financial institutions rely on these guidelines to offer a specific range of financial products and services<sup>6</sup> for each age category. As the age of the minor increases, so does the level of sophistication of the products and services, as well as the role of the minor him or herself.

The use of financial products and services by children, just as by adults, entails certain risks that are predominantly associated with the specifics of these financial solutions.

1. **Savings accounts and deposits** continue to top the list of the most popular products amongst children and youth, irrespective of their age. These products tend to be registered in the child's name and controlled by either the child's parents or guardians, at least until the child reaches a legal age. **The key risk in this case may lie in the child's limited knowledge in handling money.** With due consideration for their age, the involvement of children in the selection of savings products, as well as in exercising control over them, is highly likely to contribute to the formation of youngster's habits in making savings and accumulating funds, to the development of new skills in the use of banking products and to improvements in their overall level of financial literacy<sup>7</sup>. However, the use of all-inclusive products alone does not guarantee success, as factors such as the surrounding environment, the quality of upbringing, education and the like also play a major role.
2. The second most-popular group of child-centric banking products includes **debit and prepaid cards**, which tend to be ancillary to the bank cards already used by the child's parents (they are predominantly relevant for users of 5-17 years). A bank card, a universal instrument for non-cash payments, plays a key role in teaching children and adolescents about the modern payment methods wherever they are in the world. **The accessibility of funds in the card account, coupled with the growing ubiquity of online purchasing options (online stores, interactive television, online games, social media, etc.), carries a major risk of online and offline purchases made by children, which are unauthorized by their parents** (toys and clothing, tobacco and alcohol products, etc.). Moreover, children run the additional risk of **financial fraud** (skimming, phantom ATM withdrawals, "passer-by" help, contactless readers, "shop" fraud, etc.) when using bank cards, which occurs despite the constant efforts of banks to make their cards more safe. To minimize this risk, it is important that minors should be familiar with the rules of the use of bank cards.

<sup>4</sup> Online-to-offline commerce is a business strategy that draws potential customers from online channels to physical / offline outlets.

<sup>5</sup> The age brackets of the groups may change in any given country from the list of the analyzed regions.

<sup>6</sup> The average product offering was determined by monitoring product lineups of financial institutions from the analyzed macro-regions.

<sup>7</sup> CYFI (2016), The Mastercard Foundation (2015).

3. **Study loans** (study credit to pursue tertiary education) issued to minors by some banks (from the age of 14) in countries such as China and Russia tend to be seen as an exception to the unspoken rule of child banking: not to offer minors any high-risk products such as credit. Perhaps due to the fact that youngsters applying for such loans require, under all circumstances, the obtained consent of their parents up to the age of 18, the popularity of such products, even in countries where it is allowed, is currently limited<sup>8</sup>.
4. The popularity of **online financial services** (online and mobile banking, adapted payment and personal finance management applications) is driven by the increasing penetration of broadband and mobile internet around the world. As such services become available to under-age users starting from the age of 5, these services tend to become **integrated** with other banking products and services, such as bank cards, savings accounts and deposits (e-wallets), personal finance management services, etc. In addition to the convenience of remote banking services, they could potentially facilitate the development of personal qualities in youngsters such as responsibility, perseverance and the ability to plan ahead and analyze information<sup>9</sup>.

In the case of online banking services, **unauthorized payments made to online stores, games and social media** can pose a significant risk for children, just as in the case of bank cards. Besides unauthorized online expenditure, the issue of **users' information security, which banks and other financial institutions continuously try to improve, remains a major risk factor associated with online solutions.**

In addition to traditional financial products, financial institutions in countries such as the USA and Canada offer their young customers various optional insurance products, such as life and property insurance for youngsters and their parents, designed to

safeguard them against any eventualities. However, no dedicated centralized insurance solutions for the child banking sector, with the exception of a few pilot projects, have been developed yet.

With some exceptions in the area of study loans before reaching the legal age, this industry practice reflects the position of CYFI on the need for appropriate financial products and services (savings, payments, transfers, credit), and the degree of autonomy of young people over these products at various stages of their development (0-5, 6-9, 10-14, and 15-18 years of age – with limitations and adjustments depending on the country context)<sup>10</sup>. A table on CYFI's position on financial inclusion can be found in Annex 3.

If looking at the existing risks not from the point of view of the functionality of financial products, but from the actions taken by children and youth, the overall picture becomes more complete. According to various expert studies, **unauthorized expenditure** continues to pose the largest threat, the nature and scope of which evolves as the child matures. In fact, some of this expenditure, such as purchases of alcohol and tobacco products and may even threaten a child's mental and physical well-being, regardless whether these purchases were paid for in cash or ordered online. It is encouraging to note, however, that, in the case of online cashless payments made by minors, the range of options for preventing, controlling and mitigating the negative consequences, including various innovative solutions offered by financial institutions, is far greater than when dealing with cash.

Furthermore, a low level of financial literacy, or its complete absence amongst children and adolescents, tends to substantially increase all other risk categories. The international community, including researchers, multilateral and bilateral organizations, civil society and the banking sector, has long recognized that teaching children about money matters at an early age helps to safeguard their future and better prepare them for any changes in economic conditions.

<sup>8</sup> Sberbank, Russia, Study loan example.

<sup>9</sup> This findings were partially discussed in the some studies, example: New America Foundation (2013).

<sup>10</sup> CYFI (2017) Financial Inclusion Position Paper, Publication Forthcoming.



## CHILD AND YOUTH PRODUCT OFFERING ACROSS THE WORLD, ACCORDING TO AGE<sup>11</sup>

Age	0-6 years	7-9 years	10-13 years
Phases	Preschool	Elementary School	Pre-teens
Events	First money box	First pocket money, mobile phone	First social network account, first computer
Financial products	First savings account	Prepaid cards, adapted mobile phone	First personal debit card, limited online and mobile banking options
Responsibility	Parental oversight		Joint responsibility
Children's role in selecting and using financial instruments	<b>Passive:</b> products are selected and controlled by parents/guardians	<b>Passive and active:</b> child exercises limited control over products	<b>Passive and active:</b> child exercises limited control over products

<sup>11</sup> The average product offering in the child banking segment was determined through analysis of the existing legislation and products on offer at the financial institutions in the following macro-regions: North and Latin America, Western and Eastern Europe, Australia, Central and East Asia, the Middle East and South Africa.



## II. DEFINING THE RISKS FOR CHILDREN AND YOUTH



<b>Age</b>	 <b>14-17 years</b>	 <b>18-21 years<sup>12</sup></b>
<b>Phases</b>	Teens	Youth
<b>Events</b>	First job, first holiday with friends, preparation for university	Graduation from university, first car, first home
<b>Financial products</b>	Educational loans (in very limited contexts), expanded online and mobile banking services	Full range of banking products
<b>Responsibility</b>	Joint responsibility	Financial unpredictability
<b>Children's role in selecting and using financial instruments</b>	<b>Conditionally active:</b> products are ordered with the consent and in the presence of adults, but are used and controlled by the minor	<b>Active:</b> products are selected and controlled independently by an adult customer

Having explored the risks, it becomes possible to look at the potential preventative measures can be put into place to mitigate these risks.

<sup>12</sup> Although differing from country to country, the age of majority tends to range between 18 and 21 years.



**Risks faced by children and youth when using financial products, according to age<sup>13</sup>**

Risks associated with the use of financial products	Applied and potential preventative measures	Application status, authority and level
 <b>0-5 years</b>		
<ul style="list-style-type: none"> <li>• <b>Financial losses caused by adults' actions</b> (associated with the use of deposit/savings accounts<sup>14</sup>) caused by adults' actions</li> </ul>	<ul style="list-style-type: none"> <li>• Restricting adult's control over products to ensure that the child receives the accumulated funds</li> </ul>	<ul style="list-style-type: none"> <li>• Not applied. The initiative is currently being debated by market participants and legislative bodies</li> </ul>
 <b>6-9 years</b>		
<ul style="list-style-type: none"> <li>• <b>Unauthorized expenses</b> <ul style="list-style-type: none"> <li>• Online and offline purchases:                             <ul style="list-style-type: none"> <li>– toys</li> <li>– art supplies (paints, markers, etc.)</li> <li>– food products</li> <li>– impulse purchases</li> </ul> </li> <li>• Transfer of funds to third parties (without compensation, for later repayment or as payment for something)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Refunds for purchases, mainly through litigation (opportunity to contest the transaction by proving that the product or service is not needed by the child<sup>15</sup>)</li> <li>• Use of parental control</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Limited or insecure financial infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>• Provision of accessible infrastructure</li> <li>• Provision of child-friendly access points (enclosed payment environment, user-friendly interface, etc.)</li> <li>• Maximizing security of transactions carried out by children, including through the use of innovative technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Applied by private companies</li> <li>• Applied by private companies</li> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Financial losses caused by adults' actions</b></li> </ul>	<ul style="list-style-type: none"> <li>• Restricting adult's control over the products to ensure that the child receives the accumulated funds</li> </ul>	<ul style="list-style-type: none"> <li>• Not applied. The initiative is currently being debated by market participants and legislative bodies</li> </ul>

<sup>13</sup> Financial risks facing children and youth were identified through analysis of the existing legislation and products on offer at the financial institutions in the following macro-regions: North and Latin America, Western and Eastern Europe, Australia, Central and East Asia, the Middle East and South Africa. The table shows only basic financial products for children and youth, and does not include any specific solutions for this age category.

<sup>14</sup> These are flexible term deposits and savings accounts opened and managed by the child's parents/guardians. Funds can be withdrawn from these accounts before the child reaches the age of majority and, accordingly, acquires the right to independently dispose of the funds.

<sup>15</sup> If the goods cannot be returned within the timeframe allowed under the law.



**6-9 years**

<ul style="list-style-type: none"> <li>• <b>Lack of understanding</b> of the rules for the use of funds and their equivalents (possible expenditure of resources, methods of payment, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Different types of financial literacy trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Collection of personal data</b> (without parental consent)</li> </ul>	<ul style="list-style-type: none"> <li>• Legislative prohibition on collecting children's personal data</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> </ul>



**10-14 years**

<ul style="list-style-type: none"> <li>• <b>Unauthorized expenses</b> <ul style="list-style-type: none"> <li>• Online and offline purchases:                             <ul style="list-style-type: none"> <li>– clothing and footwear, accessories</li> <li>– perfumes and cosmetics</li> <li>– digital content</li> <li>– gadgets</li> <li>– high-tech toys, hobbies</li> <li>– entertainment (cinemas, attractions, etc.)</li> <li>– food products</li> <li>– alcohol and tobacco products</li> </ul> </li> <li>• Transfer of funds to third parties (without compensation, for later repayment or as payment for something)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Refunds for purchases mainly through litigation</li> <li>• Blocking online purchases of prohibited products</li> <li>• Strengthening parental controls</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> <li>• Applied at legislative level. Applied by private companies</li> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Limited or insecure financial infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>• Maximizing security of transactions carried out by children, including through the use of innovative technologies</li> <li>• Expanding the availability of child-friendly access points (enclosed payment environment, user-friendly interface, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> <li>• Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Lack of understanding</b> of the potential of financial products and solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Different types of financial literacy trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Collection of personal data</b> (without parental consent)</li> </ul>	<ul style="list-style-type: none"> <li>• Legislative prohibition on collecting children's personal data</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> </ul>



**15-21 years**

<ul style="list-style-type: none"> <li>• <b>Unauthorized expenses:</b> <ul style="list-style-type: none"> <li>• Online and offline purchases:                             <ul style="list-style-type: none"> <li>– clothing and footwear, accessories</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Blocking online purchases of prohibited products</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> </ul>
--	--	--

<ul style="list-style-type: none"> <li>– perfumes and cosmetics</li> <li>– digital content</li> <li>– gadgets</li> <li>– hobbies</li> <li>– collector’s and niche items</li> <li>– tourist services and entertainment</li> <li>– alcohol and tobacco products</li> <li>– medications</li> <li>– cosmetic manipulations and plastic surgery</li> <li>– religious and extremist goods</li> <li>• Transfer of funds to third parties</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening parental controls</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Limited or insecure financial infrastructure</b></li> </ul>	<ul style="list-style-type: none"> <li>• Maximizing security of transactions carried out by children, including through the use of innovative technologies</li> <li>• Expanding the availability of child-friendly access points (enclosed payment environment, user-friendly interface, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> <li>• Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Opaque fee setting policies</b><sup>16</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Use of general fee setting policies without focusing on child/youth-centric solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Lack of understanding of the potential of financial products and solutions</b></li> <li>• <b>Difficulties in making independent decisions</b> and managing financial products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Different types of financial literacy training</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level. Applied by private companies</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Collection of personal data</b> (without minor’s consent)</li> </ul>	<ul style="list-style-type: none"> <li>• Legislative prohibition on collecting children’s personal data</li> </ul>	<ul style="list-style-type: none"> <li>• Applied at legislative level</li> </ul>

While it is clear that there is much work to be done in this area, at the moment, there is only a limited number of documents and studies dedicated to the protection of the rights of child and youth consumers of financial services. Aside from CYFI, who is working exclusively on the issues of child and youth finance, the United Nations Capital Development Fund (UNCDF) has also worked on the issues of financial consumer protection of young clients in least developed countries, and has published the technical note<sup>17</sup> which examines the differences between the risks faced by the youth audience and the protection of consumer rights in general. The note highlights three key elements: **the lack of financial capability in young clients, the role of adults in opening accounts/use of products** and the need for

**responsible pricing** in the development and promotion of products for the youth segment. Major international development organizations, such as World Bank and Organisation for Economic Development and Cooperation (OECD), are the key global actors in producing and promoting international guidelines and standards relevant to client protection in financial markets, but they do not segment minors and youth as a separate category as consumers.

The next section outlines major global practices, guidelines and recommendations, relevant to the field of financial consumer protection, and attempts to analyze how some of those principles can be translated into responsible practices for children and youth.

<sup>16</sup> The fee amount as a risk factor is considered in relation to age categories with independent access to financial products and services

<sup>17</sup> UNCDF (2013).



**III.  
INTERNATIONAL  
GUIDELINES AND  
RECOMMENDATIONS ON  
FINANCIAL CONSUMER  
PROTECTION**



## ORGANISATION FOR ECONOMIC DEVELOPMENT AND COOPERATION (OECD)



In 2011, in light of the meeting of the G20 Finance Ministers and Central Bank Governors, OECD was called upon to develop certain banking principles to assist G20 countries in enhancing consumer protection in developing countries. The newly designed system of basic principles for banking products was based on the joint work by the Task Force on Financial Consumer Protection of the OECD Committee on Financial Markets and OECD International Network on Financial Education, comprised of institutions from 90 economies, including G20 nations. Many of these high-level principles can also be applied to child and youth banking products. The principles are outlined below<sup>18</sup>:

### 1. Legal, Regulatory, and Supervisory Framework

Financial consumer protection should be an integral part of the legal, regulatory and supervisory framework, and should reflect the diversity of national circumstances and global market and regulatory developments within the financial sector. There should be a strong legal and juridical mechanism in place to protect consumers from financial risks such as frauds, abuses and errors.

Children, too, should be legally protected by relevant jurisdiction, and be aware of their legal rights and responsibilities, which is to be provided and communicated by Financial Service Providers and, where possible, addressed in financial education programming in the school system.

### 2. Role of Oversight Bodies

There should be oversight bodies explicitly responsible for financial consumer protection, with the necessary authority to fulfil their mandates. Such bodies should observe high professional standards and cooperate with other financial oversight bodies, including international authority bodies for cross-border and overseas protection of consumers.

The body should also regulate and oversee age appropriate protection of children and youth

as a more vulnerable consumer segment to be affected by financial risks.

### 3. Equitable and Fair Treatment of Consumers

All financial consumers should be treated equitably, honestly and fairly at all stages of their relationship with financial service providers.

The Principles emphasize that special attention should be dedicated to the needs of vulnerable groups, with children and youth being among those groups.

### 4. Disclosure and Transparency

All key information about the benefits, risks, terms and conflicts of interest with regards to a banking product must be provided to consumers. Appropriate information, particularly on material aspects, must be disclosed.

Provision of such information should be contextualized to suit different age categories, using more attractive visuals and child and youth friendly language for younger clients.

### 5. Financial Education and Awareness

Relevant financial education and awareness must be provided and promoted by all stakeholders. They should be easily accessible to consumers, and help them develop their knowledge, skills and confidence in understanding and using relevant financial services and products. The provision of financial education and information to deepen consumer financial knowledge and capability should be promoted, especially for vulnerable groups.

Financial education should be delivered through age-appropriate channels so they are accessible for all consumers. Specific approaches, such as simplified child-friendly language and active learning methods, can be used for younger audiences. Educational materials should be developed by proven educational experts and delivered in conjunction with relevant educational authorities.

<sup>18</sup> OECD (2011).

**6. Responsible Business Conduct of Financial Services Providers and Authorized Agents**

Financial Services Providers and authorized agents should have as an objective, to work in the best interest of their customers and be responsible for upholding financial consumer protection. Financial Services Providers must review financial capabilities, situation and needs of individual consumers prior to providing them with financial products. Staff (especially those who interact directly with customers) should be properly trained and qualified.

Therefore, staff of financial institution that provides financial services and offers products to children and youth should also be appropriately train to interact with this target audience.

**7. Protection of Consumer Assets against Fraud and Misuse**

Relevant information, control and protection mechanisms should appropriately and with a high degree of certainty protect consumers' deposits, savings, and other similar financial assets, including against fraud, misappropriation or other misuses.

**8. Protection of Consumer Data and Privacy**

Consumers' private information should be granted privacy and non-disclosure by Financial Services Providers via certain established mechanisms. These mechanisms should define the purposes for which the data may be collected, processed, held, used and disclosed (especially to third parties). During data-sharing instances, the purpose and scope of data collection and/or use must be communicated to consumers.

In the case of children, parents should be involved in their financial affairs until a certain age, which should be thoroughly discussed with all parties involved. The use of children's personal data should also be protected, and the purpose of the data usage should be shared with the parents or guardians. Parental control should be mitigated over time depending on the minor's age, financial capability and local regulatory guidelines.

**9. Complaints Handling and Redress**

Consumers should have access to adequate complaints handling and redress mechanisms that are accessible, affordable, independent, fair, accountable, timely and efficient, and such mechanisms should not be a burden or impose any additional costs on the consumer.

Children and youth too should have the right to accessible consumer redress mechanisms, and their opinions must be respected. Parents should also be able to file complaints on behalf of their children regarding the child products, and be addressed in a timely and efficient manner.

**10. Competition**

Competition in national and international markets should be promoted in order to offer their consumers a greater choice of financial products and services.

As the offer of youth products in some countries is more limited than standard adult products, financial service providers may be encouraged to offer more responsible child-friendly products, in order to be able to compare the products offering and benefits.

**THE WORLD BANK**



In its “Good Practices for Financial Consumer Protection” (2012), the World Bank described useful reference points to aid in assessing a country’s legal and regulatory framework for financial consumer protection, compared to international principles and practices<sup>19</sup>. Concrete, evidence-based methods offered in “Good Practices” serve as a compilation of the most popular, successful practices of consumer protection in the

financial markets, and as a recommendation to the Financial Service Providers.

In 2013, the World Bank collaborated with FinCoNet, an international platform for supervisory agencies for financial consumer protection, to conduct the “Global Survey on Consumer Protection and Financial Literacy” to collect data from financial regulatory institutions in

<sup>19</sup> Worldbank (2012).

114 economies. The survey aimed to review the role and responsibilities of financial supervisory bodies within a broader context, building on earlier research such as “Good Practices” and the G20 High-level Principles on financial consumer protection.

The “Good Practices” publication consists of 39 main points, divided into 8 subgroups, which the World Bank considers to be found in healthy and well-functioning financial markets with effective consumer protection regimes:

**1. Consumer Protection Institutions**

Consumer protection must be implemented and enforced under an appropriate legal framework. Effective allocation of resources between prudential supervision and consumer protection must be ensured, as well as credibility and supervision of financial services to consumers. By the judicial system, resolution of any dispute must be professional and timely, and the media must actively promote financial consumer protection.

It is essential that institutions value and employ specific laws that explicitly protect children and youth as vulnerable consumer segments.

**2. Disclosure and Sales Practices**

Financial institution must consider the consumer’s individual needs and capabilities prior to providing him/her with financial advice, product, or service. Accessible summary statements should be distributed to consumers, as well as a written copy of both general and product-specific terms and conditions. Consumers must be given protection from fraudulent sales practices, access to a “cooling off” period, freedom of choice for prerequisite financial goods, and trained staff service.

**3. Customer Account Handling and Maintenance**

Consumers should receive regular account statements and investment statements, notified of any changes in interest rates, fees, and other terms. Financial institutions should store up-to-date banking records for their consumers. Financial institutions are prohibited from employing abusing collection or debt recovery practices against their clients, and must settlement retail payments appropriately.

In the case of children, parents or guardians should also be included in the provision of the child’s bank statements, changes and any contracts.

**4. Privacy and Data Protection**

Financial institutions are required to protect the confidentiality and technical security of customer data. The law should provide consumer rights regarding information sharing, including access, rectification, blocking and erasing of errors, and outdated personal information.

Each customer must be informed of data-sharing policies, including children, youth, and their parents.

**5. Dispute Resolution Mechanisms**

There should be a designated contact point with procedures for handling complaints. Consumers should have access to an affordable, efficient, respected, impartial and qualified dispute resolution mechanism. Statistics of all customer complaints, should be periodically compiled and published by the financial supervisory authority.

Financial institutions should also have provisions in place to handle complaints from young clients and communicate with them in an effective manner.

**6. Guarantee and Compensation Schemes**

By law, the regulator must take appropriate measures to protect consumers in the event of financial distress of a financial institution. Any law on financial insurance or a guarantee fund is clear on the insurer, and financial account holders should enjoy higher priority than other unsecured creditors in the liquidation process of a relevant financial institution.

**7. Financial Literacy and Consumer Empowerment**

Development of a broad-based financial education program to increase financial literacy of the population. Various institutions (i.e. government, state agencies, NGOs) should be involved in the development and implementation of the program, with one appointed coordinator.

All ages of the population should be targeted, particularly children and youth, to encourage the formation of good money management habits from a young age.

**8. Competition**

Financial regulators and competition authorities should consult with one another, be considerate of the impact on consumer welfare and conduct periodic assessment of competition.

## CHILD & YOUTH FINANCE INTERNATIONAL (CYFI)



CYFI worked closely with, and consulted, a wide range of stakeholders from the public and private financial, social and academic sectors to develop the Child and Youth Friendly Banking Product Principles. CYFI's objective was to facilitate an international benchmark for safe and reliable banking products for children and youth, as well as to raise awareness amongst financial institutions regarding how to contribute to the empowerment and protection of young clients. These Principles serve as the first global standard for safe and reliable banking products (both savings and current accounts) for children and youth up to 18 years of age<sup>20</sup>. For more information on the Child and Youth Friendly banking principles, please consult *Banking a New Generation: Responsible Retail Banking Products for Children and Youth*<sup>21</sup>.

Financial products that integrally follow the Child & Youth Friendly Banking Product Principles have the following characteristics:

1. **Availability and accessibility for children and youth**  
They are widely available and accessible to children and youth despite their economic, social, cultural, or religious situation, gender, age, or ability.
2. **Maximum control to children and youth**  
They provide the maximum possible control to children and youth within the boundaries of local jurisdiction and ensure financial ownership.
3. **Positive financial incentive for children and youth**  
To build confidence as children and youth enter the financial system, positive financial incentives (e.g. no overdraft and relatively higher interest rates) are important.
4. **Reaching unbanked children and youth**  
The financial institution will proactively reach out to unbanked children and youth in vulnerable communities as part of a larger financial inclusion agenda, within the boundaries of local jurisdiction.

### 5. **Employing child and youth friendly communication strategies**

The communication and marketing materials around the product will be child and youth centered, connecting to their needs, interests and level of comprehension. This will be complemented by the ability of all staff within a financial institution to interact in a child and youth friendly manner.

### 6. **A component of Economic Citizenship Education**

In combination with the product, children and youth are offered a component of Economic Citizenship Education, with elements of financial, life skills, and livelihoods education.

### 7. **Monitoring of child and youth satisfaction**

The financial institution monitors the extent to which the product and relating services satisfy the needs and interests of children and youth.

### 8. **Internal control**

The financial institution has internal controls in place on all these Principles.

The Principles form the basis of an assessment framework used by the CYFI Secretariat to evaluate various products and services offered to young clients, determining their level of 'child and youth friendliness'. Each Principles is broken down into several specific controls that are either mandatory or subject to local adaptation (see table below). The CYFI assessment frameworks, however, do not replace any legal or regulatory requirements of any government financial or education regulator. While financial laws, learning metrics, regulations and socio-economic circumstances differ substantially from country to country, the framework provides flexibility to meet formal laws and regulations, cultural and religious customs and practices and economic circumstances while ensuring that the products and services offered to young people are in the best interest of the children and youth.

<sup>20</sup> These Principles are the outcome of the working group comprising numerous government regulators, financial authorities, banking practitioners and civil society organizations within the CYFI Network (incl. UNICEF, UNESCO, Mastercard, Banco Santander, Central Bank of Indonesia, Global Alliance for Banking on Values, Union of Arab Banks, and the World Savings Banks etc).

<sup>21</sup> CYFI and MasterCard (2014).

**A flexible approach to child and youth friendly banking products based on the context in which they are being implemented**

<b>Control</b>		
<b>Availability &amp; Accessibility</b>	No minimum age to open	
	No minimum age to operate	
	Proactively offered to all youth indiscriminately	+
<b>Max. control to youth</b>	Independent opening & ownership	
	Independent operation	
	Youth determines right to dissemination of personal info	
<b>Positive financial incentive</b>	No overdraft	+
	Interest outweighs cost of opening account	
	No penalty for demand deposits / low penalties for term deposits	
	No minimum deposits	+
<b>Reaching unbanked</b>	Targeting the unbanked	
	Active Collaboration in Outreach	
<b>Communication strategies</b>	Child tailored comm. strategy	
	Clear explanation to youth of rights / responsibilities	
	Train employees on youth interaction	
<b>Economic Citizenship Edu. (ECE)</b>	Component of ECE	
	Innovative and Interactive teaching methods	
<b>Monitoring Satisfaction</b>	Monitoring randomly selected children	
	Youth-friendly feedback system	
	Process feedback	
<b>Internal Controls</b>	Exhaustive compliance and monitoring to ensure protection of child	

All controls are subject to local adaptation, except for those that are mandatory and marked with a "+"

CYFI provides assessment services related to banking products for children (primarily savings and current accounts) in order to determine their degree of compliance with these 8 Principles. Financial Institutions with child and youth products can apply for this assessment service, with the objective of receiving the Child and Youth Friendly Product Endorsement, which is given if the institution passes a sufficient number of assessment controls. Based on the evaluation results, the financial institution receives a detailed re-

port with recommendations regarding each principle, as well as, if they qualify, the endorsement logo which is issued from one to a maximum three years with regular monitoring by CYFI. The Product Endorsement is awarded for an individual banking product and not the financial institution itself. In addition, only banking products provided by licensed financial institutions, regulated by the national regulatory authority and guaranteed by a deposit guarantee scheme, are eligible for product endorsement.

## THE CHILDREN’S RIGHTS AND BUSINESS PRINCIPLES

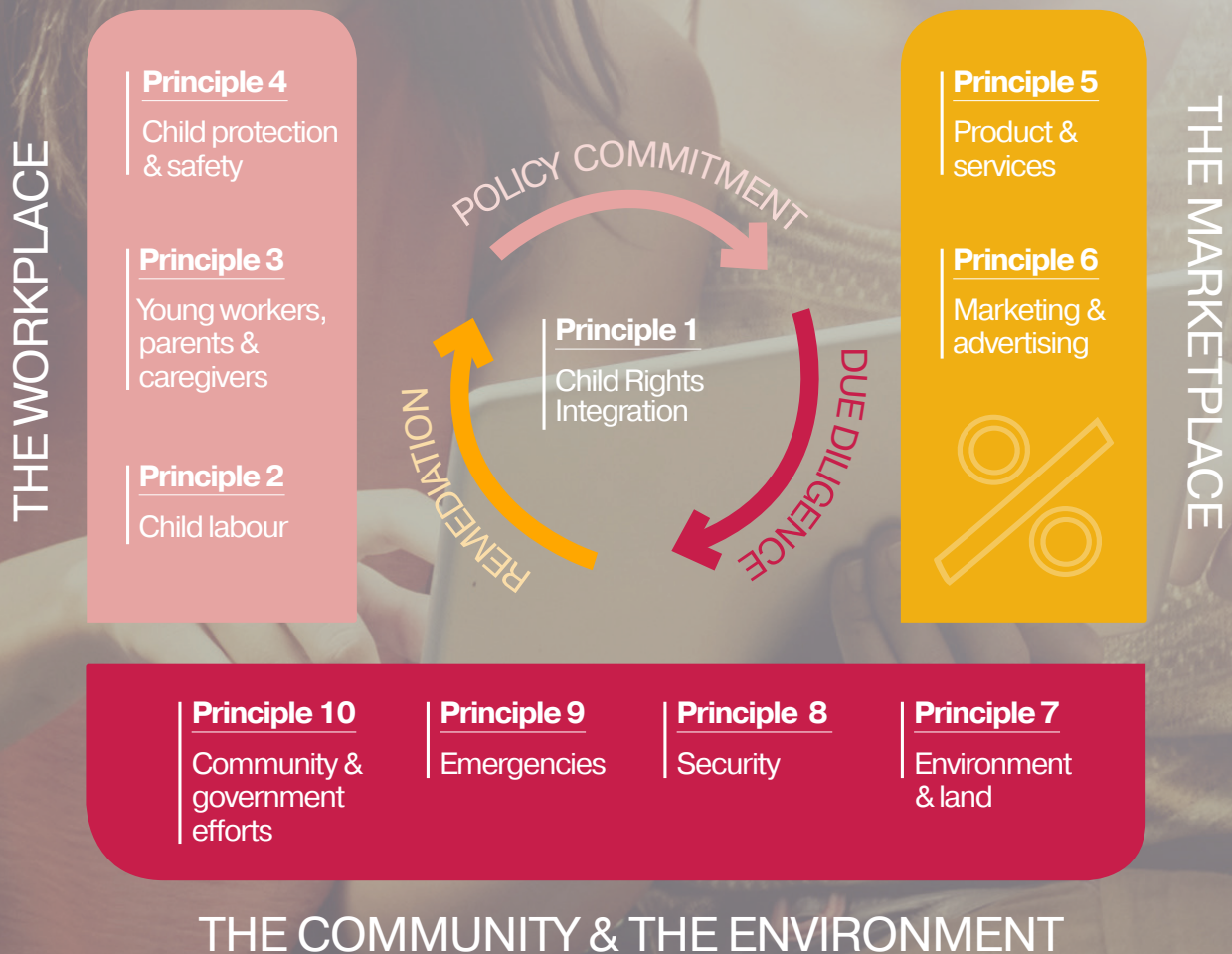
The Children’s Rights and Business Principles (CRBP) set out 10 actions that business can take to respect and support children’s rights. The CRBP was developed in a process led by UNICEF, UN Global Compact and Save the Children. Together these organizations built on the UN Guiding Principles on Business and Human Rights, UN Global Compact Principles, relevant International Labor Organization (ILO) Conventions and the Convention on the Rights of the Child. The CRBP calls on businesses to respect and support children’s rights throughout their business activities and relationships by putting the appropriate policies and processes in place.

The Children’s Rights and Business Principles provided the foundation for CYFI’s Child and Youth Friendly Banking Principles. The most relevant of the ten Principles for financial institutions involved in the design and delivery of child and youth banking products include:

- Meet their responsibility to respect children’s rights and commit to supporting the human rights of children

- Ensure the protection and safety of children in all business activities and facilities
- Ensure that products and services are safe, and seek to support children’s rights through them
- Use marketing and advertising that respect and support children’s rights
- Reinforce community and government efforts to protect and fulfil children’s rights

To create a product that is more than just a marketing tool, it is important that the principles are integrated into a company’s vision and way of working. The principles are described below, and are equally applicable to the financial / banking products that are offered to children and youth. Figure. Children’s Rights and Business Principles.



## THE SMART CAMPAIGN



The Smart Campaign is supported by Accion's Center for Financial Inclusion (CFI) and the Consultative Group to Assist the Poor (CGAP), and has an international Steering Committee comprised of representatives from a broad range of stakeholders such as banks, banking associations, donors, investors, regulators and consumer advocates. A global platform for microfinance leaders, the Smart Campaign developed the Client Protection Principles to encourage microfinance institutions to adapt them to their operations for more ethical and efficient operations. In addition to protecting the microfinance industry, the Smart Campaign aims to emphasize the consumer, and to aid him/her in being aware of and responsible with his/her financial affairs. The United Nations Capital Development Fund (UNCDF), under the YouthStart program, adapted the Smart Campaign Client Protection Principles and indicators to reflect the particular needs of children and youth, in line with the Child and Youth Friendly Banking Principles<sup>22</sup>.

- 1. Appropriate product design and delivery**  
Design cannot cause any harm to clients, and delivery channels must be designed with client characteristics taken into account<sup>23</sup>.
- 2. Prevention of over-indebtedness**  
Individual consumers (over the legal age) should be considered during their credit process to determine their repaying capabilities. Further, default risk management mechanisms

should be in place to prevent over-indebtedness (i.e. credit information sharing).

- 3. Transparency**  
All relevant information must be clearly and timely communicated to consumers to help them make wise financial decisions.
- 4. Responsible pricing**  
Terms, conditions, and prices should be affordable and sustainable, so that providers aim to yield positive real returns on deposits.
- 5. Fair and respectful treatment of clients**  
Financial institution staff must treat their consumers fairly, respectfully, and in a non-discriminatory manner. Adequate safeguards against corruption and staff aggression must too be in place.
- 6. Privacy of client data**  
All personal data of consumers must be respected and safeguarded according to the individual jurisdiction laws. If certain data is used, this must be for legal purposes, to which the client has given his/her consent.
- 7. Mechanisms for complaint resolution**  
There should be timely and responsive complaints and problem resolution mechanisms, for improvement of individual situations, as well as of the banking institution's products and services.

## UNCDF – ADAPTING FINANCIAL CONSUMER PROTECTION TO CHILDREN AND YOUTH



The United Nations Capital Development Fund (UNCDF), in partnership with The MasterCard Foundation, launched the YouthStart project aimed at increasing access to financial services for low-income youth in sub-Saharan Africa. From 2010 to 2015, YouthStart developed approaches to offer youth (ages 12 – 24)

affordable, relevant and accessible financial products coupled with complementary non-financial services in eight countries. In the paper "Client Protection for Youth Clients", UNCDF and YouthStart outlined several risk factors that should be taken into consideration when offering child and youth friendly banking prod-

<sup>22</sup> UNCDF (2013).

<sup>23</sup> The Smart Campaign (2011).

ucts, to protect vulnerable banking clients of young age and provide them with inclusion and fair opportunities similar to those of older clients.

Because most Financial Service Providers are inexperienced with serving youth, they can be misled to have certain misconceptions and biases about this segment of their clients, such as believing youth to be unreliable. Moreover, the lack of experience and knowledge of youth in relation to banking products and services, such as due to lower financial capability, leads them to trust adults (i.e. parents) to provide them with guidance and help them make financial decisions. In response to this, UNCDF addressed several of the perceived difficulties by offering youth-focused adaptations to the indicators of Client Protection Principles (CPP) self-assessment tool, extracted from the Smart Campaign. It highlights important differences when dealing with consumer protection for youth compared to adults. The adaptations by YouthStart ensure that banks follow the regulation, but do not take away too much control from youth clients nor encourage guardians or cosigners to commit fraud. For example, one of the findings is training FSP staff to provide information and education to children on their rights is key. Responsible pricing is another challenge for financial institutions as youth typically have small and irregular incomes; as a result the business case for offering products and services is still developing. However, indicators for the principle 'Responsible Pricing' urge that prices are market based and no excessive fees should be levied. Adding a specific principle on child and youth friendly products and services reinforces the need to pay particular attention to the requirements of children and youth. All in all, with these adaptations, the standards and indicators of the Smart Campaign Client Protection Principles provide a powerful tool to ensure consumer protection for children and youth.

### 1. Financial capability

Financial capability is defined as 'the combination of knowledge, skills, attitudes, and especially behaviors that people need to make sound personal finance decisions, suited to their social and financial circumstances'. In addition to their own limited experience in managing money, youth typically lack knowledge of formal financial institutions and of the terms and benefits of financial products such as savings and credit. Youth may also have misperceptions about banks, such as believing that banks are only for rich people or for adults.

### 2. Role of guardians/co-signers

The most common barrier for youth to ac-

cess financial services throughout developing countries is a minimum age requirement set by law (generally either 16 or 18 years old) to open and conduct transactions with a savings account on their own. Youth that do not meet this minimum age requirement need a parent or guardian to open the account and withdraw money, although youth are often allowed to deposit money on their own. Joint ownership with a parent or guardian may also pose a potential threat to youth since most governments do not limit the transactions that the adult can make on the account, thus allowing the adult to make withdrawals without the consent of the youth account holder. Taking control away from youth clients also may discourage them.

### 3. Responsible pricing for child and youth financial services

As previously stated, research reveals that youth typically have small and irregular incomes that may lead them to make frequent, small deposits in a savings account in an effort to build lump sums of money. As such, many existing financial products for adults with large opening or minimum balance requirements or associated costs (e.g., account maintenance fees) are not appropriate for these smaller, irregular sources of income. Further, complex account features with various restrictions may not be appropriate for youth. In addition to these product-design issues, formal financial services are often located too far from communities where youth reside. As a result, many FSPs make their services available to their clients through delivery channels that are inaccessible or inconvenient for young people.

The particular characteristics and needs of youth can lead to product and delivery features that contribute to relatively higher costs for FSPs (e.g., low-fee and low-balance savings, financial education and convenient delivery channels which translate to high transportation costs for staff to travel to the youth). Although the business case for youth financial services is yet to be made definitively, there are a number of promising opportunities in both the short and long term that can make the youth financial services market advantageous for FSPs. In the short term, youth offer FSPs the potential for cross-selling to parents and guardians. In the medium and long term, the acquisition of youth clients may lead to the FSPs gaining clients for life, if the FSPs satisfy the needs of the youth clients, bringing more revenue to the FSPs in the future and contributing to long-term sustainability. While it is acknowledged that FSPs need to ensure sustainability of their youth products, it is also recognized

that a long-term strategy based on client retention, cross-selling to parents and cross-subsidies of youth

products (to pay for the non-financial services) is crucial to the financial sustainability of youth products.

## MAKING CENTS INTERNATIONAL & MASTERCARD FOUNDATION – EMERGING GUIDELINES FOR LINKING YOUNG PEOPLE TO FINANCIAL SERVICES



In 2009, Making Cents International (MCI) conducted a global survey funded by The MasterCard Foundation that examined the state of practice of financial inclusion for children and youth and the future outlooks for youth financial services. The 183 respondents consisted of financial institutions and youth-serving organizations. Previously, practitioners and other stakeholders had expressed a need for information and capacity building on how to best link young people to appropriate financial services. From the survey, and from later consultation with stakeholders, MCI distilled seven emerging guidelines for design and implementation of youth-inclusive financial services. These guidelines have been used by a number of financial institutions in

developing products for children and youth. As suggested by MCI, in order to offer youth quality services on a substantial scale and sustainable basis, financial service providers should<sup>24</sup>:

- Involve youth in market research and product development
- Develop products and services that reflect the diversity of youth
- Ensure that youth have safe and supportive spaces
- Provide or link youth to complementary non-financial services
- Focus on core competencies through partnerships
- Involve community
- Establish institutional readiness

## CYFI & MASTERCARD – SAFER PAYMENT GUIDELINES FOR MINORS: GUIDING MINORS TOWARDS FINANCIAL AUTONOMY

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. As the number of products for minors rises, it is necessary for Financial

Service Providers to offer safe, secure and responsible products that support not only the financial needs of minors, but also to help mitigate the associated risks.

Therefore, CYFI and MasterCard partnered to build on the previous work conducted in creating Child & Youth Friendly Banking Principles, applicable to bank accounts, and released a new guide, **Safer Payment Guidelines for Minors: Guiding minors towards**

**financial autonomy**<sup>25</sup>, that provides recommended practices for developing safe banking and payment products that support minors' rights whilst protecting them from age-inappropriate content.

This guide has been developed by MasterCard, Child & Youth Finance International, ParentPay, nimbl and Mirador Digital 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. The following organizations (listed alphabetically) 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

<sup>24</sup> Making Cents (2015).

<sup>25</sup> CYFI and Mastercard (2017).

and Participation Specialist), the Money Advice Service (MAS), Osper, Post Office Savings Bank (POSB), Swedbank, UNICEF, The World Savings and Retail Banking Institute (WSBI). The Guide was launched during Global Money Week 2017.

the child in order to increase the child's awareness and responsibility regarding money management. Some restrictions may be locking the card in certain circumstances, limiting its usage and amounts that can be withdrawn or spent.

**1. Restrict products and services inappropriate for minors**

Such age-inappropriate products and services as gambling, weapons, pornography, alcohol, e-cigarettes and tobacco should be restricted as much as possible. This includes both store and online/mobile availability.

**2. Promote responsible spending**

Regular monitoring of the child's expenses would encourage good money management and financial habits in children and youth. Such practice can be implemented through notifications, e-statements, account history or other real-time balance tracking tool.

**3. Educate minors on how to use their payment card safely**

It is essential to provide children with age-specific education on the safe and responsible use of payment products. Minors need the knowledge on product use, technological features, protection and privacy, and possible financial risks that arise with their banking products to ensure that they are safe, responsible and confident using them.

**4. Provide saving and payment facilities**

Children should be equipped with helpful tools and products that allow them to save and make payments, without discrimination. Examples of this could be a visible material goal displayed under the child's savings account, a way for young users to transfer a part of their balance to their savings or the option of having two separate accounts for savings and spending.

**5. Enable parents to choose payment types**

Ideally, parents should be regularly informed about the child's financial activity, and able to have a certain degree of control over the child's purchasing power. For instance, the child and parent should decide whether the former can withdrawal funds using an ATM, or whether online purchases for some products will be blocked by the parent.

**6. Allow parents to set card restrictions**

Depending on the child's age and source of finances, parents should be able to set appropriate restrictions and review them together with

**7. Provide parental access to spending behaviour**

There should be appropriate facilities for parents incorporated in the design of financial products. Sending notifications or transactions receipts to parents, and customizing different levels of parental control in accordance with the minor's age, would ensure the parent's awareness of and access to the child's financial activity.

**8. Protect minors and their privacy**

Because of the minor's vulnerability, Financial Service Providers must grant and protect applicable privacy laws regarding the minor's financial data and consent. It is also the responsibility of the FSP to inform both the minor and the parent of these laws, and to commit to compensating any damage that can be done to the minor in the form of incorrect transaction or privacy violation.

**9. Deliver appropriate marketing initiatives for both parents and minors**

Financial Service Providers must design appropriate acquisition and marketing initiatives such that the former target parents only, and the latter are minor-friendly. For instance, annual fees and monthly bills can be sent to parents, but be encouraged to be discussed with the minor. Additionally, all marketing materials should be tested with minors first, and staff within financial institutions should be considerate of the younger audience.

**10. Provide financial education tools to help minors manage their money**

All financial products should be accompanied by complementary educational materials and minor-friendly tools to transform a child into a knowledgeable consumer. The quality of the materials can be assessed by an independent party, similarly to how Personal Finance Education Group in the UK assures quality resources through the Financial Education Quality Mark.

International and regional (non-governmental) organizations are playing a crucial role in promoting consumer protection. The Alliance for Financial Inclusion (AFI) recognizes consumer protection and empowerment as 'key pillars of financial inclusion efforts'<sup>26</sup>. Consumers International issued recommendations on financial consumer protection and collected leading practice examples of countries implementing the World Bank Good Practices. The International Organization for Standardization's Committee on Consumer Policy has developed standards for mobile banking<sup>27</sup>. The Association of Banking Supervisors of the Americas (ASBA) presented recommendations and best practices for financial consumer protection. These were based on the experience of the ASBA Financial Consumer Protection Working Group, as well as banking supervisors in the region<sup>28</sup>.

Overall, there are quite a number of international guidelines, best practices and recommendations on how financial institutions should approach the design of safe, reliable and responsible financial products in order to mitigate the risks and protect the client. However, as this section has demonstrated, only a limited number of institutions actually focus on children and youth and the particularities of this segment when accessing financial services. Some of the guidelines highlight a specific context (e.g. developing/developed countries, microfinance / banking industry), as well as to different types of products (savings, payment, credit etc.); however, despite the scattered landscape, major dimensions such as accessibility, transparency, security, control and the crucial role of financial literacy and financial capability are emphasized in almost all examples cited above.



<sup>26</sup> Alliance for Financial Inclusion (2016).

<sup>27</sup> International Organization for Standardization (2017).

<sup>28</sup> Association of Supervisors of Banks of the Americas (2012).



IV.  
**REGULATORY DIMENSIONS  
AND ENABLING  
ENVIRONMENTS**

Institutions in many countries, including the USA, UK, Australia and Sri Lanka, for example, realize the importance of integrating children and youth into the modern financial system. Despite this, the majority of governmental initiatives, typically in cooperation with the country's financial regulators and educational institutions, do not go beyond the development and implementation of national financial literacy programs. Nevertheless, there are some legislative initiatives aimed at the creation of secure child-centric products, such as blocking the purchases of alcohol and tobacco products, as well as protecting private data of minors online.

A secure financial product for children and youth is understood to mean an integrated financial instrument based predominantly on a savings and/or current account operated by a child or adolescent under some degree of adult supervision. A secure financial product also involves attaining financial literacy skills while using the product, which is made available through child/youth-adapted sales, product management and communication networks. This practice is derived from the legislation and financial regulation applicable to making financial services more accessible to children and youth. Generally, regulatory dimensions that can be considered relevant to financial inclusion of children and youth can be grouped into three broad categories:

- 1. Degree of autonomy**
  - Age for opening a bank (savings) account independently
  - Age for operating a savings account independently
  - Account ownership in the name of the child
  - Age requirements for conducting all transactions on the account
- 2. Degree of accessibility**
  - Interpretation of the Know Your Client (KYC) principles (and other documents required)
  - Allowing for innovations that can help reach the unbanked (including branchless banking regulations and alternatives to standard ID requirements)
  - Free from discrimination (accessible for any ethnic, religious, minority groups)
- 3. Consumer protection and financial responsibility**
  - Consumer protection laws
  - Financial education

While there are no consumer protection laws, regulations or frameworks in place almost anywhere around the world that specifically target minors, there is a select number of national-level programmes that address the importance of providing easier and safer access of young people to basic financial products and services. In the absence of existing consumer protection legislation or frameworks, it is worth looking at regulations that have, as a first step, addressed the issue of financial inclusion for young people, as these provide the necessary springboard upon which consumer protection regulation can be built.

Examples include some countries, which have implemented regulatory changes that allow young people to more easily access basic banking products. There is also a number of successful cases in the field, mostly in developing countries, where financial institutions themselves have tried to find innovative and alternative ways to cater to the needs of young clients within the existing regulatory framework.

While in most countries the minimum age to independently open and operate a bank account is determined by the Civil Code and is often set at the age of majority (which in most cases is 18 years of age, but in some countries can be as low as 16 or as high as 21 years of age), some regions appear to have lower legislative barriers. Eastern European countries, such as Armenia, Moldova and Russia, allow young people from the age of 14 to open and operate a bank account independently<sup>29</sup>. At the same time, there are other innovative financial regulations being adopted in different parts of the world that aim to boost the financial inclusion of the growing youth cohort. Since 2010, CYFI has been undertaking research projects and mapping exercises to better understand current regulatory environments for youth banking. The objective of these exercises has been to identify policy constraints to wider access of young people to Child and Youth-Friendly banking products. CYFI has found that regulatory trends regarding youth autonomy and accessibility tend to vary greatly across regions and countries.



<sup>29</sup> CYFI (2016).

## Legislative drives of autonomy and accessibility of financial access in different countries / regions

REGIONS	
<b>Western Europe</b>	While Belgium and the Netherlands allow individuals to open and manage a bank account at the age of majority (18 in both countries), they have developed a “child proxy” system whereby a child’s parent or legal guardian can open an account on behalf of the child before s/he reaches the age of majority. The parent/guardian can thus decide how much ownership the young person has over his/her account. For example, the parent/guardian may determine that the youth is responsible enough to fully manage the account or may limit the youth’s freedom, as well as decide at what age additional banking products become available to the child, such as a debit card. Poland and Germany have a similar child proxy requirement, but have an additional stipulation, whereby if a youth over the age of 14 has an income, s/he can set up a payroll account that is fully separate from his/her parent or guardian and become its full administrator <sup>30</sup> .
<b>Latin American</b>	A study on the regulatory landscape in Latin America <sup>31</sup> , conducted by CYFI in cooperation Banco de la Republica de Colombia (Central Bank of Colombia) and the Association of Supervisors of Bank of the Americas (ASBA) in 2014, revealed that 11 out of 14 surveyed countries do not allow minors under the age of 18 to open and operate a bank account without the parent/legal guardian. One of the exceptional cases is El Salvador, where children from the age of 16 are explicitly mentioned in the law <sup>32</sup> , and there is clear reference to the provision of financial services for them. The law explicitly indicates that minors who have reached 16 years of age can open and manage savings accounts and can acquire bonds. Another example is Colombia, where even though the age of majority is defined in the Civil Code as 18 years of age, the law recognizes that youth (between 14 and 18 years old) can acquire certain obligations, amongst them the independent administration of a savings account. Individuals under the age of 14 can have access, but not fully operate their accounts independently.
COUNTRIES EXAMPLES	
<b>Russian Federation</b>	Russian Federation Civil Code establishes three periods of human life, in which minors pass from one phase of legal capacity to another. They also subsequently determine their rights: <b>The capacity of minors</b> (up to 14 years). According to the Civil Code of the Russian Federation, minors who have not yet reached the age of fourteen cannot perform any transactions independently from their parents, adoptive parents or guardians. <b>Partial incapacity of underage</b> (14 to 18 years). Citizens between the ages of 14 and 18 may make transactions with the written consent of their legal representatives – parents, adoptive parents or guardians. However, on the basis of Clause 2 of the same Article 26 of the Civil Code of the Russian Federation, citizens 14-18 years of age are able to independently dispose of their earnings, scholarships and other incomes, as well as make deposits in financial institutions, without the consent of their parents, adoptive parents or guardians. <b>Full legal capacity</b> (18+ years of age). In some cases, the full capacity of a citizen can be declared when he/she reaches 16 years of age. This is allowed in accordance with Cl. 27, when a minor works under an employment contract, is included under a contract, or, with the consent of the parents, adoptive parents or guardians, is engaged in formal entrepreneurial activities.
<b>Georgia</b>	According to Article 12, Paragraph 6 of the Civil Code of Georgia, a minor under the age of 7 years of age has no legal capacity and cannot enter into financial agreements, or conduct transactions, independently. However, according to Article 14, Paragraph 1, children between 7 and 18 years of age have some limited legal capacity, and can enter into agreements independently of parents/legal guardians under specific circumstances.

<sup>30</sup> Youth Economic Opportunities (2012).<sup>31</sup> CYFI, Central Bank of Colombia (2015).<sup>32</sup> Banco Central de Reserva de El Salvador (2015).

- An account at a bank can be opened in a child’s name at any age.
- Upon receiving parent’s/legal guardian’s consent, children between 7 and 18 can independently carry out the following operations:
  - Depositing or withdrawing money at bank branches.
  - Accessing internet banking services.
  - Using other banking services, such as, remittances/cash transfers.
- In such cases, it is possible to obtain consent from the parent/legal guardian once, without the need to obtain consent anew for each consecutive operation.

**Ethiopia**

While the general age of majority is 18 years old, the labor law in Ethiopia states that youth employment may commence at 14 years of age, with restrictions in place against certain jobs deemed harmful to the health and development of the young person. The family may also provide special authorization to children starting at 15 years of age to “take on any and all rights of ‘majority’ age, including marrying and signing a contract.” Consequently, microfinance institutions such as PEACE MFI and ACSI allow children from 14 to 19 years of age to open and operate an account autonomously, after providing an identification card and a labor contract<sup>33</sup>.

In the vast majority of countries, the Civil Code guides the financial sector in terms of the minimum age to allow minors to perform certain financial operations or to access particular financial products and services. However, the recent financial inclusion drive, particularly in large developing countries, has forced the regulators to look closely at this issue of youth access and functionality. Given the vast variety of living arrangements and circumstances for many young people worldwide, including working minors, orphans, street children and other vulnerable categories, requirements on having adults present to open and manage their personal savings can provide a significant obstacle to their financial inclusion and financial capability. Thus, lowering the minimum age for independent account access and management could potentially enable a larger portion of the youth population worldwide to become

included in the formal financial system. While this is a positive development, it further increases the urgency for countries to take ensure that legislation mitigates the financial risks to which the young people could be exposed.

It is important to note that, in the majority of the examples available, it is the national central banks that lead the initiatives to adjust regulation. Most often, such changes need to be incorporated into financial regulatory law and pass through the requisite legislative branches. While cumbersome, the impact of such changes is important and far-reaching. To illustrate the positive consequences of proactive changes to legislation is important to encourage the greater access of minors to financial products and services. The table below provides a few recent examples of such changes.

**COUNTRIES EXAMPLES**

**India<sup>34</sup>**

In 2014, as part of the nation-wide campaign to increase the financial inclusion levels of the Indian population, the Reserve Bank India (RBI) allowed all minors above the age of 10 to independently open and operate a savings account<sup>35</sup>. Furthermore, the circular gives all minors in India the right to open a savings, fixed and/or recurring bank deposit account with their parents or legal guardian (RBI, 2014 b). Banks may, however, keeping in mind their risk management systems, fix limits in terms of age and the amount up to which minors may be allowed to operate on the deposit accounts independently. Furthermore, the banks can also decide on the minimum documents required for opening of accounts by minors. Banks are free to offer additional banking facilities such as Internet banking, ATM/debit card, cheque book facility, etc., subject to the safeguards that minor accounts are not allowed to be overdrawn.

<sup>33</sup> Women’s World Banking (2014).

<sup>34</sup> Reserve Bank of India (2014).

<sup>35</sup> Reserve Bank of India BI, (2014 b).

## COUNTRIES EXAMPLES

<b>India</b>	Ever since RBI permitted children of 10 years and above to independently open their own savings accounts, many commercial banks, such as SBI (State Bank of India), Kotak Mahindra Bank, HDFC Bank and ICICI Bank now have special packages aimed at children from the age of ten and have launched their own plans to better target this younger client segment.
<b>Philippines</b>	Since 2012, youth in the Philippines over 7 years of age can open and manage their own savings account using only a school ID as proof of identity. This was agreed upon by a broad group of stakeholders, including the Central Bank, the Bank Marketing Association, financial institutions and the Anti-Money Laundering Council. Subsequently, the Central Bank of Philippines (BSP) launched the 'Kiddie Account Programme'. Launched in partnership with the Bank Marketing Association of the Philippines, the programme has garnered the support from 12 of the top Filipino banks to enable children above the age of seven with a school ID to open and manage savings accounts on their own. The school ID for children above the age of seven was deemed acceptable by the banks, Bangko Sentral and the Philippine Anti Money laundering Council as sufficient to open a savings account. Children can open accounts with initial deposit of 100 pesos (about \$2) in any of the 300 branches operated by these banks. This programme is expected to impact the 12 million school children under the age of 12 in the Philippines, and builds on an existing financial literacy programme.
<b>Mongolia</b>	The Bank of Mongolia (BoM) increased the national rate of financial inclusion from 78 percent in 2011 to 92 percent in 2014, partially by lowering the minimum age to open bank accounts to 14 years and by easing regulation to having child accounts at birth.
<b>Uruguay</b>	In 2010, Uruguay's parliament passed a legislation that modified the Articles of Incorporation of Banco de la Republica Oriental del Uruguay to allow minors (12-year-old girls and 14-year-old boys) to independently open and operate savings accounts in their own name. This was followed by the creation of the innovative "X Mi Cuenta" (It is my account), a savings account for children as young as 14 years of age. The account allows youth to begin banking autonomously, has no minimum balance to open, does not have fees assessed for administration or for a low balance, has an associated debit card and allows for online banking.

In the examples above, it can also be seen that financial service providers became involved once the regulation had changed and they were able to offer products that complied with the new regulations.

Moreover, in addition to the age restrictions to use financial services, the barriers for minors, especially in developing countries, often lie in the rigorous Know Your Client (KYC) requirements. Provision of the necessary ID documentation is one of the major dimensions of financial inclusion efforts. In Asia and Sub-Saharan Africa, just under half of all children below the age of five are not officially registered. In total, 70 percent of children in the least devel-

oped countries lack a birth certificate or registration document<sup>36</sup>. Furthermore, while obtaining an official government ID presents a significant challenge even for the adults in many part of the world, it is important that financial institutions find a balance and provide alternatives for young clients and accept other means of identification. In addition to the success stories above of national financial regulation which supports financial inclusion of youth, there are also several successful examples of financial institutions in different regions that have worked within existing policy to change their own offerings and policies and started applying alternative KYC requirements when targeting youth.

<sup>36</sup>YouthSave Consortium (2015).

**Overcoming regulatory barriers & changing KYC by financial institutions**

<b>Caja Arequipa (Peru)</b>	According to the civil law of Peru, minors cannot participate in a legal contract and, thus, they cannot open an account in their own name. Peruvian bank Caja Arequipa conducted a legal review and found that youth could initiate “everyday contracts” or transactions. Caja Arequipa worked with the regulators to create the contract for its account, “Cuenta Junior”, for youth ages 13–17. This account requires a parent or guardian as a signatory, but the youth is the title holder on the account. The account automatically comes under the youth’s name once the holder reaches the age of 18.
<b>Finance Trust Bank (Uganda)</b>	As part of the UNCDF-YouthStart programme, various partners of the project considered flexibility of regulations in order to accept a range of IDs from youth clients. Among these is UNCDF-YouthStart partner Finance Trust Bank in Uganda, which accepts a recommendation letter from someone who knows the youth as a way to fulfill the ID requirement. These recommendation letters can come from an existing Finance Trust client, a letter from the head of school, or a letter from a church authority or traditional leader. After participation in the UNCDF-YouthStart programme, more than a quarter of bank’s clients are youth.

Having examined how legislation has increased the levels of autonomy and access for children and youth, the role of financial education in financial consumer protection can now be explored. Once again, the third category of financial consumer protection policies and financial education, even though financial consumer protection policies specific to children and youth do not exist almost anywhere in the world. Nevertheless, the rights of children and youth are commonly covered within the broad financial consumer protection framework, applicable to the whole population of a country, and often covered by Anti Money Laundering acts or the Central Bank Prudential guidelines<sup>37</sup>.

Encouragingly, there is a vast number of financial education programmes, led by financial regulators and education authorities, in collaboration with private sector and civil society representatives, aimed at increasing the level of financial literacy and consumer protection of children and youth. According to the OECD/INFE Policy Handbook on National Strategies for Financial Education (2015), the number of countries and economies implementing national financial education strategies doubled over the past five years, with the majority of these strategies identifying children and/or youth as one of the major target groups. Additionally, financial education has been integrated into different levels of national curricula, allowing schools to share the responsibility with families for educating children about finance<sup>38</sup>.

The CYFI ECE Landscape series (2016) provides an extensive set of cases of the financial education

national strategies and programmes for children and youth, led by the government bodies in different countries. Financial service providers are also actively engaging in the protection of children as clients on the consumer protection front, as well as in the education of their young clients. Examples of the private sector solutions and educational initiatives are outlined in the next section. It is important to note that when various banks engage in the provision of integrated financial and education services, they should ensure that these initiatives remain separate from their standard commercial and marketing operations. CYFI, as well as other international organizations, are actively promoting the adherence to international standards of such private sector involvement in financial education, particularly when targeting vulnerable segments such as children and youth.

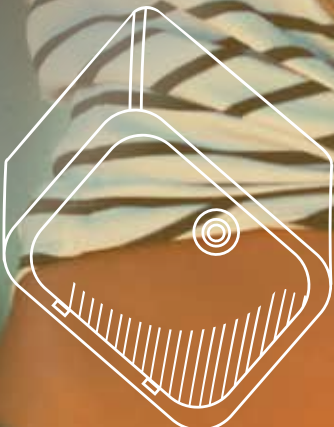
The OECD/INFE Guidelines for private and not-for-profit stakeholders in financial education (2014) is the major international set of guidelines on this topic, providing a comprehensive framework for private sector involvement in the provision of fair and objective financial education to clients. The guidelines emphasize important aspects such as coordinated approaches between different stakeholders, unbiased, fair, equitable and of high-quality nature of the financial education initiatives, the need for monitoring and evaluation, and the assessment of objectivity and sustainability of such educational initiatives.

<sup>37</sup> Examples – CYFI & WSBI (2017), example of Postbank Kenya.

<sup>38</sup> CYFI (2016).



V.  
**CONSUMER  
PROTECTION  
SOLUTIONS**



In their quest to ensure financial security of children and youth, most financial institutions opt for a simple adjustment, which typically involves limiting the functionality of child and youth banking products through the introduction of, among others, thresholds for amounts that can be stored in the current account or withdrawn from ATMs. In addition, banks and Fin-Tech businesses also resort to the use of the already standard tools for managing and controlling personal finances. These tools, originally developed with an adult audience in mind, allow customers to impose their own credit/debit card limits, enable SMS and e-mail notifications, etc.

Some of these solutions, whose effectiveness has been proven in practice, have the potential to become legally binding parameters for child and youth financial products. In Bangladesh, for example, as part of the national School banking programme, the country's central bank has approved a set of principles and parameters applicable to savings accounts (minimum required balance to open the account, low transaction fees, etc.) that can be offered to children through schools.

## RESTRICTIONS IMPOSED BY FINANCIAL INSTITUTIONS

**Some financial institutions introduce restrictions designed to protect the financial security of underage users:**

- A limit on the amount that can be stored in the account/card, which typically applies to bank cards and current accounts
- Setting monthly and yearly limits for cash withdrawals from ATMs
- Blocking certain payment options of a financial product bank card<sup>39</sup>: cash withdrawals from ATMs and online purchases of certain categories of goods, such as alcohol or tobacco products, etc.

### Examples of child banking products and services whose use is limited

Financial institution	Country	Product overview	Restrictions imposed by financial institution
<b>Bank Polski</b>	Poland	A child-friendly electronic current and savings account operated through the children's online bank, with integrated gaming and social elements.	The account limit is set at 2500 zloty.
<b>Bank Polski</b>	Poland	PKO Junior MasterCard, a prepaid debit card featuring the images of popular Cartoon Network characters is a simplified payment tool for children. Children can use this card to make cashless online and offline payments and withdraw cash from ATMs.	<ul style="list-style-type: none"> <li>• Maximum card account limit is set at the equivalent of 9,000 zloty</li> <li>• Maximum daily limit on cash transactions is 500 zloty.</li> <li>• Maximum daily limit on cashless transactions is 4,000 zloty.</li> </ul>
<b>AK BARS BANK</b>	Russia	Pupil's Card, a set of bank cards for school children with inbuilt MasterCard contactless technology support. The set – which includes a contact and contactless card, a smart wristband and an accompanying card – is used for school access, retail purchases, public transport and to pay for school meals.	<ul style="list-style-type: none"> <li>• No purchases of alcohol and tobacco products</li> <li>• No cash withdrawals</li> </ul>

<sup>39</sup> Restrictions can also be imposed by a government body.

Financial institution	Country	Product overview	Restrictions imposed by financial institution
<b>NS Bank</b>	Poland	Junior Card, a MasterCard or Visa Classic-branded multi-currency debit card with an overdraft option for children aged 10 to 18 years.	Maximum cash withdrawal limit: RUR 150,000 per month/1.5 million per year.

## USE OF POPULAR BANKING TECHNOLOGIES FOR PARENTAL CONTROL

As mentioned above, due to minors' limited legal capacity, financial institutions around the world rely primarily on various parental control technologies to protect financial security.

### Parental control technology used in the financial sector

Remote control configuration options	Bank branches	ATMs and terminals	Mobile and online banking
<b>SETTING DAILY/MONTHLY TRANSACTION LIMIT</b>			
• Payments and transfers	+	-	+
• Cash withdrawals	+	-	+
<b>CONTROLLING FINANCIAL INSTRUMENT'S FUNCTIONALITY</b>			
• Activating and deactivating available options (e.g. online payments, cash withdrawals)	+	-	+
• Designating recipients of payments (retail outlets) and transfers (individuals)	+	-	+
• Full product/service blocking	+	-	+
<b>REMOTE MONITORING OF ACCOUNT</b>			
• SMS-based transaction alerts to parents	+	+	+
• E-mail-based transaction alerts to parents	+	-	+
• Online alerts on the financial institution's website (online/mobile banking)	+	-	+

## ALTERNATIVE FINANCIAL SECURITY SOLUTIONS

Financial institutions operating primarily in developed countries are increasingly relying on high-tech solutions such as NFC, biometrics and satellite navigation to enhance the security of child-friendly products. In addition, there are many conceptual solutions in the field of security and identification that are currently used only in adult financial products, but which can successfully be adapted for the needs of children. Also promising is the convergence of

different technologies in a single product, as it allows companies to develop an ideal hybrid technological solution capable of providing maximum security of financial transactions.

New high-tech solutions that are likely to be highly effective in protecting the security of financial products used by children and youth could also be made legally mandatory or supplementary.

## INTEGRATION OF CONTACTLESS TECHNOLOGY FOR FINANCIAL SECURITY

Financial institutions in countries like the USA, Poland and Russia integrate NFC technology into child-friendly financial products and services. This contactless technology allows children and youth to make quick and relatively safe payments.

Contactless payments are currently rated by experts as relatively safe, as their vulnerability to fraud is yet to be fully assessed. According to financial and technical experts, including representatives of the NFC Forum, NFC payments have the potential to become a convenient and fast payment instrument. Despite this, the security of the new cashless payment format is far from being foolproof. Tests conducted by the manufacturers of NFC devices and IT companies

show that the radio frequency signal used to transmit data can be intercepted or suppressed. Furthermore, mobile devices remain vulnerable to relay attacks, when the attacker sends a reader request to the victim's mobile NFC device, then immediately sends the victim's response to the reader). In order to minimize the risk associated with the loss of a mobile device, digital security specialists propose to use remote blocking or delete the data contained on an NFC device.

In addition, new futuristic payment form factors, such as NFC keyfobs or special card stickers, have the potential to generate excitement about cashless payments among the child and youth audience.

## EXAMPLES OF THE USE OF CHILD-FRIENDLY CONTACTLESS PRODUCTS AND SERVICES FOR FINANCIAL SECURITY

### A MULTIFUNCTIONAL PAYMENT SUITE FOR SCHOOL PUPILS

Potential audience: 6-18 years



**Ak Bars Bank**, with the support from Tatarstan's Ministry of Education and Science in Southern Russia, developed a multiservice payment suite called Pupil's Card, available free of charge for all school children residing in the cities of Zelenodolsk, Nizhnekamsk and Naberezhnye Chelny.

The suite (which includes a prepaid contact and contactless MasterCard-branded card and an

NFC-enabled smart wristband with an accompanying MasterCard-branded perforated card) is primarily used for school access, retail purchases, public transport and to pay for school meals. The card cannot be used to make any online payments or to purchase alcohol or tobacco products in offline stores. Nor can the card owner use it to make cash withdrawals from ATMs.

In addition, cards and smart wristbands on offer can be used for school access. When used for school access, the pupil's arrival and departure times are recorded in a special electronic journal and communicated to his parents. In addition, the cards are used to track the child's attendance of any extracurricular activities, whose organizers use NFC-enabled tablets.



6-9 years

- A MasterCard-branded prepaid contactless card
- A wristband with an insert for a contactless MasterCard-branded card (the insert contains the full name of the child holder of the card)
- A MasterCard-branded perforated prepaid contactless card for a smart wristband



10-18 years

- A MasterCard-branded prepaid contactless card, with the name and photo of the child holder of the card on the reverse side
- A MasterCard-branded prepaid contact card



**NEW PAYMENT FROM FACTORS: NFC KEYFOBS AND STICKERS FOR CONTACTLESS PAYMENTS AND CASH WITHDRAWALS**

Potential audience: 10-18 years



Contactless cards from the **Polish bank PKO**: The technology allows youngsters to pay for public

transport services and retail purchases by touching an NFC key fob or sticker (which can be attached to a mobile phone, wristband, etc.) to the reader. The amount that can be spent without entering a PIN code is limited to 30 zloty. приложений AppStore и GooglePlay.



## USE OF BIOMETRICS FOR FINANCIAL SECURITY

Banking communities of developed countries, with the support from Visa and MasterCard, are increasingly relying on biometrics-based personal identification to boost the security of both adult and child banking products and services, as each user's unique biomet-

ric data (fingerprints, palm vein patterns, face geometry, etc.) are, according to experts, more difficult to forge. In addition, biometrics can also be used to strengthen security of transactions that rely on the use of other technologies such as NFC.

### EXAMPLES OF THE USE OF BIOMETRICS-BASED CHILD PRODUCTS AND SERVICES FOR FINANCIAL SECURITY

#### BIOMETRIC PAYMENT SYSTEMS FOR PURCHASING SCHOOL/COLLEGE MEALS

Potential audience: 6-18 years



Russia's Sberbank uses Japan's Fujitsu's palm vein recognition technology, dubbed **PalmSecure**, to enable children and youth to pay for their meals. As part of its innovative project "The School of the Future", which aims to integrate cashless payment technologies into the educational environment, Sberbank installed a PalmSecure scanner for palm vein pattern-based payments in the canteen of Cheboksary's Lyceum No. 3. The implementation of the project allows schools to completely do away

with cash in their catering operations and significantly increase the speed of service (no more than 2 seconds per transaction).

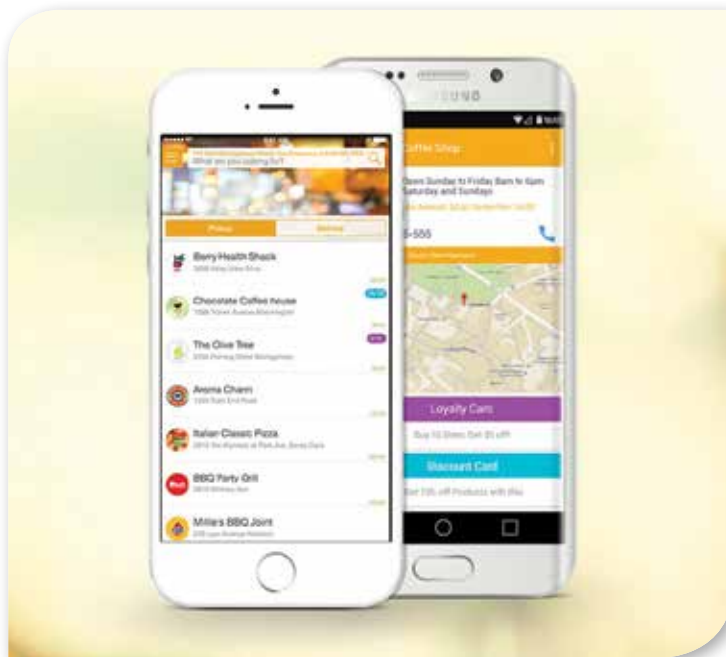
Students can pay for their meals in the school cafeteria by putting their palm on the scanner built into a bank terminal. The system scans the pattern of the palm blood vessels, automatically identifies the name of the bank customer and compares the scanned image with the original stored in the database. To top up the student's account, parents can use cash, a credit/debit card, ATMs, bank terminals, mobile phone or an online payment. The technology also allows schools to use finger or palm biometrics to control the school entry and exit system. The system can be enhanced further through the integration of e-diary and public transport options. A total of 20,000 pupils from 36 Volga region schools took part in the testing of the new system.





Students from the University of Southern California use the **Tapingo** app to pay for meals at various campus dining locations, including California Pizza Kitchen, Panda Express, Coffee Bean, Tea Leaf and Carl's Jr.'s.

In addition, the app also analyzes the user's taste preferences to advise on suitable establishments, dishes and drinks. After creating an account, selecting the university and campus location and entering their e-mail address, students can use this app to order food, find the nearest dining location, browse the restaurant menu and place an order. All in-app purchases are made using PayPal, with integration of biometrics planned for the future.



#### USE OF FACE GEOMETRY FOR ADDITIONAL POS USER IDENTIFICATION

Potential audience: 6-17 years



RED CAM, a prototype POS terminal from the UK-based payment processing company WorldPay, scans the face of the customer entering the card PIN for comparison with data stored in the company's own information base for additional identification. The technology generates a unique biometric template (face geometry) associated with the owner's payment card. The requisite biometric data needs to be provided to the bank in advance by users themselves for inclusion in the WorldPay database.

Although not currently used in child banking, this solution may still be used to further enhance the security of card payments made by children or youth.

#### BIOMETRICS-BASED CONTACTLESS DEBIT CARD

Potential audience: 6-17 years



Norway's provider of technology-based financial solutions, Zwiipe, has developed a pilot version of the **Zwiipe contactless debit card** with an embedded fingerprint sensor. When using a contactless interface (POS terminal, ATM), the cardholder must place his/her thumb on the sensor window to allow for PIN-less authentication. Verification is carried out inside the chip embedded in the card, which contains reference biometric data entered there by the bank at the time of issuance of the card to its holder.

This reference data is not stored in the bank's external database. The card can be used to carry out traditional payment transactions from swiping, to the use of the chip, to entry of card details for online payments.

Although still at a prototype stage and not currently used in child banking, this solution may still be used to boost the security of card payments made by children or youth.



## USE OF GEOLOCATION-BASED TECHNOLOGY FOR FINANCIAL SECURITY

Satellite navigation (based on the GPS technology in most countries, on GPS/GLONASS in Russia and on Compass in China) has long been used to track children and youth. However, this technology (found in such popular devices as trackers, smart watches, wristbands, keyfobs and mobile apps) can also be used to

monitor children's expenditures. Although an analysis of data from select macro-regions has revealed no instances of use of satellite-based solutions specifically to control children's financial behavior, the use of this technology in the adult sector highlights its potential for the development of child-friendly solutions.

### EXAMPLE OF GEOLOCATION-BASED CHILD PRODUCTS AND SERVICES

#### USE OF GEOLOCATION-BASED SERVICES TO TRACK THE LOCATION OF CARDHOLDERS FOR ADDITIONAL CARD PAYMENT SECURITY

Potential audience: 6-17 years



The international payment system MasterCard, in collaboration with the mobile solutions provider **Syniverse**, is testing a mobile app that uses geolocation to track the location of a bank card by monitoring the position of its holder's mobile phone.

Syniverse's technology allows users to determine the location of the device within a fraction of a second of the mobile phone being connected to the network

anywhere in the world. If the customer's smartphone is located in the immediate vicinity of the place of transaction, such transaction will not be subject to automatic blocking, an action often taken by bank's anti-fraud system when it suspects a fraudulent transaction.

Card Control, a financial services provider, has developed a white-label solution for banks. The company's mobile app allows users to impose restrictions on the use of the card within a specific geographic region, require all transactions to be carried out in the presence of its owner's smartphone and impose periodic limits on transactions and certain types of expenditures. The app also enables instant blocking and unblocking of credit, debit and prepaid cards. Additionally, users will be notified of any unauthorized attempts to use the lost card.



### USE OF ANCILLARY COMMUNICATION FUNCTIONS

Various additional communication functions integrated in online and mobile financial services, such as parental chats, fund requests or options for sending

a picture of the potential purchase, allow users to make their financial decisions remotely and in a more comfortable psychological environment.



**CHILD-FRIENDLY MULTISERVICE E-WALLET VIRTUAL PIGGY WITH ACCESS TO A LIMITED GROUP OF RETAILERS**

Potential audience: 6-17 years



Online service **Virtual Piggy** is an e-commerce platform with an integrated child e-wallet (the service supports Visa, MasterCard, American Express, Discovery payment cards and PayPal accounts). Children can use funds from the e-wallet to buy goods offered by specially selected merchants.

Additionally, parents can create their own list of retailers accessible by the child from the overall group of approved merchants. Furthermore, parents may

also recommend certain goods for purchase or give access to the child's wish-list (which can also be created within the service) to enable friends and relatives to buy the desired item.

Children and adolescents can use the e-wallet's personal area to access websites of approved online stores where they can buy goods they like by entering only the login and password. In this case, the card and their contact details will remain protected. The system takes a few seconds to ensure that the planned purchase does not exceed the approved threshold before approving the transaction. If the account balance is too low to make a purchase, the program will teach the child to save, by encouraging him/her to put part of his/her money into a virtual moneybox to save for future purchases.



**IMPROVING FINANCIAL LITERACY**

According to global leaders in retail banking, learning about financial literacy from an early age is key to the long-term financial security of the future generations of consumers and their improved understanding of financial products. Experts believe that such training should begin as early as age 4 or 5, after the child has learned to count, but yet to form his expectations regarding money. In addition, adults must be mindful of the fact that children are more

aware of finances and business than assumed. By learning to make independent decisions, differentiate between various products and decipher the intricacies of the commodity and money exchange mechanisms on a daily basis, children will master the key financial concepts and tools of the trade. For this reason, governments and financial institutions around the world, along with businesses not directly involved in the financial sector, are currently en-

gaged in the implementation of various educational projects (educational websites, workshops, trainings, contests, theme-based platforms for inclusive

education, etc.) designed to cultivate sound money management skills in children and to teach them to use complex banking products..

## COMPREHENSIVE OUTREACH PROGRAMS

To achieve the ultimate goal of improving financial literacy skills in children and youth, government agencies and financial institutions rely on different teaching formats, ranging from outreach activities to trainings to multimedia solutions. However, the best results, according to financial institutions themselves, are achieved through the application of an integrated approach that combines various traditional and interactive training techniques. Gamification of the teaching process, meanwhile, plays a key role, as it allows financial institutions to communicate detailed

information about the bank's products and services in a youth appropriate manner, including through play. Such informational material, available in print and digital formats, tends to include detailed instructions on the use of products and services, along with a description of the risks involved and their consequences and ways to prevent them. In addition, dedicated hotlines and call centers, similar to those set up by Young Americans Bank, one of the world's first child-friendly banks, may become an additional source of information and advice.

## GROWING AN EXPERIENCED CUSTOMER BASE

Banks are beginning to understand the importance of giving children and adolescents the right tools to equip them with the knowledge to handle money when they grow up, and to ensure that they are capable of making financial decisions themselves. By offering child customized flexible solutions, whose functionality can be upgraded with age instead of simplified adult

financial products with limited functionality, banks indirectly train and gradually acclimatize children and adolescents to more complex products, thereby contributing to the creation of an experienced loyal audience capable of dealing with complex, high-margin products and services.

## EXAMPLES OF PRODUCTS AND SERVICES AIMED AT EXTENDING CHILD CUSTOMER LIFE CYCLE

### PEOPLE'S BANK'S (SRI LANKA) SAVINGS PRODUCTS

Potential audience: 0-17 years



People's Bank's (Sri Lanka) two savings products are intended for children of all ages:

- A savings account for children aged 0 to 5 years (**Isuru Udana**). It can be opened by an adult at any branch or presented as a gift certificate by any bank customer;

- The second type of savings account (**Sisu Udana**) is for children aged 5 to 18 years. The account can be automatically upgraded from Isuru Udana upon the child reaching the age of 5. This way, the child moves from using a simpler financial product to a more complex one. The account can be opened either by a parent at any branch of the bank, or by the child him/herself at a dedicated school-based child branch. The child can also top up such account independently. In addition, in order to teach children to use various savings products, they are offered a number of incentives ranging from presents from the bank for good savings habits (toys, backpacks, etc.) to special cash awards for high academic achievements.

### ICBC DEBIT CARD: BABY CARD GROWTH

Potential audience: 0-17 years



A set of China Union Pay-branded family debit cards, **Baby Growth Card** from China's ICBC allows children and their parents to make cashless payments, money transfers and savings.

However, the main goal of this payment instrument is to educate children in spending and using money wisely. The set includes:

- a Baby Card, which is ancillary to the parent's card;
- a Daddy Card and a Mammy Card.

Parents can apply for a card immediately after the birth of their child, in which case it can be used as a savings account. It is then decided by the parents

**CHILDREN AND FINANCE**  
**CONSUMER PROTECTION AND SECURITY OF SAVINGS AND PAYMENTS**

when the child should start using the card and to what extent. The card allows the child/adolescent to make cash withdrawals from ATMs, pay for online and offline purchases within the limits set by the parents, receive

money transfers from parents when abroad and control his/her account online. ICBC believes that as children grow up and become employed, they will use this card to send money to their parents as support.



**COMPLEMENTARY FINANCIAL AND TECHNOLOGICAL LITERACY TRAINING**

Against the backdrop of rapid technological advances and their impact on everyday life, some banks embark on the task of developing child-friendly banking solutions designed to both inculcate finan-

cial literacy and promote the use of modern technology among youngsters early on. Such an approach can help banks create a loyal and technically savvy customer base.

### EXAMPLE OF COMPLEMENTARY TRAINING-FOCUSED PRODUCTS AND SERVICES

#### CASHLESS PIGGYBANK CLEVER KASH FOR TEACHING CHILDREN AND YOUTH ABOUT MONEY AND DIGITAL TECHNOLOGY

Potential audience: 4-14 years



New Zealand's ASB Bank has come up with a new way to teach children financial literacy: an elephant-shaped electronic toy designed to replace traditional moneyboxes in the near future.



The proposed solution is designed to involve children in the discussion of money matters with the help of a gamified process of obtaining funds, as well as to promote the development of sound money management habits, such as making savings and cashless payments. In addition, Clever Kash teaches children to use digital technologies to manage personal finances. Although still in the prototype phase, Clever Kash is expected to become available to the bank's customers shortly.

To put money in the digital piggy bank, parents first need to transfer funds to the child's account opened with the bank, and then, using the mobile app ASB Mobile, update the data in the Clever Kash itself. There is even room for more direct child involvement in the topping-up process, which involves swiping virtual coins towards Clever Kash in the bank's mobile app. Clever Kash uses Bluetooth technology for data transfer, and a screen located on the elephant's belly to instantly display the changed balance of savings. In addition, the integrated transaction history view option allows users to display details of all previous changes to the account balance, thereby helping kids monitor their saving process.



## **IMMERSIVE FINANCIAL LITERACY TRAINING**

Financial institutions in most countries use increasingly popular engaging approaches to teach financial literacy, and immersion in the banking environment, to

promote child banking services. To this end, institutions set up dedicated child sections inside traditional bank branches, or life-like branches in children's play zones.

### **EXAMPLES OF IMMERSIVE FINANCIAL LITERACY PROJECTS**

#### **TRUE-TO-LIFE BANK PLAY ZONES IN CHILDREN'S THEME PARKS**

**Potential audience: 0-14 years**



Alfa Bank and VTB 24, Russia's leading banks, have already implemented their own inclusive financial literacy training projects. Alfa-Bank partnered with the Moscow-based family education and entertainment center "Kidzania" to open a thematic playground in a children's park, where children and teenagers learn financial basics (the concepts of money, banking products and processes) and cash collection skills through play in the children's

branch of the bank and cash vault. The playground, whose bank-related fixtures and facilities have been designed to look as authentic as possible, caters to the needs of children aged 4 years and older, with younger children required to attend the playground in the company of adults.

VTB 24, meanwhile, has opened several mock bank branches in the kids' professions town of Kidburg, where financial literacy is also taught through play to children aged 1.5 to 14 years. Some financial institutions in countries like the USA, the UK, India and Sri Lanka have gone much further in the development of child banking by opening dedicated children's branches and even banks. Their purpose is to teach children financial basics and familiarize them with various bank products in the course of service provision.



### HSBC CHILDREN'S BANK BRANCH

Potential audience: 6-18 years



British bank HSBC's **School Bank** project teaches children financial literacy and personal finance management skills.

The bank's mini-branches can be opened directly inside of schools after consultations with the school teachers and parents. School Bank "employs pupils"

aged 7 and older in the positions of cashier, sales consultant, administrator, etc. To be accepted, candidates must undergo an interview with the HSBC staff. Under their guidance, new child recruits learn the ins and outs of banking operations, a knowledge they can later use to teach their peers about the bank's products. Inside an HSBC mini-branch, pupils can open their first savings account and receive a safe-shaped moneybox as a present for becoming the bank customer. Such mini-branches are typically open one day a week at lunchtime.





# ANNEXES



## ANNEX 1

### Ways to enhance security of child products and services (summary)

Financial institution	Country	Solution overview	Options for enhancing financial security
<b>FINANCIAL PRODUCTS WHOSE USE IS LIMITED BY BANKS</b>			
PKO Bank	Poland	<b>A child-friendly online current and savings account operated through the children's online bank, with integrated gaming and social elements.</b>	<ul style="list-style-type: none"> <li>• Maximum account balance limit</li> <li>• Encourage the use of remote banking instruments</li> </ul>
PKO Bank	Poland	<b>Prepaid debit cards PKO Junior MasterCard, featuring images of popular Cartoon Network characters.</b>	<ul style="list-style-type: none"> <li>• Promote child banking</li> <li>• Maximum card balance limit</li> </ul>
Ak Bars Bank	Russia	<b>Pupil's Card set (a contact and contactless card, a smart wristband and an accompanying card) with contactless technology support.</b>	<ul style="list-style-type: none"> <li>• Enhanced transaction security</li> <li>• Improved customer loyalty</li> </ul>
NS Bank	Russia	<b>Debit multi-currency card Junior Card with overdraft options for children aged 10 to 18 years.</b>	<ul style="list-style-type: none"> <li>• Easy access to child products</li> <li>• Enhanced transaction security</li> </ul>
BINBANK	Russia	<b>Debit card Junior for children aged 6 to 17 years for payments and cash withdraws from ATMs.</b>	<ul style="list-style-type: none"> <li>• Enhanced transaction security</li> <li>• Easy access to child products</li> </ul>
<b>BIOMETRICS-BASED PRODUCTS AND SERVICES</b>			
WordPay	UK	<b>Use of face geometry for additional POS user identification.</b>	<ul style="list-style-type: none"> <li>• Enhanced transaction security</li> <li>• Faster customer service</li> </ul>
Financial solutions provider Zwipe	Norway	<b>Debit biometric card Zwipe with an embedded fingerprint sensor.</b>	<ul style="list-style-type: none"> <li>• Enhanced transaction security</li> <li>• Reduced fraud risk</li> </ul>

Financial institution	Country	Product overview	Options for enhancing financial security
MasterCard Mobile solutions provider Syniverse	USA	<b>Mobile app MasterCard and Syniverse</b> , which uses geolocation to track the location of the bank card by monitoring the position of its holder's mobile phone.	<ul style="list-style-type: none"> <li>Track the location of cardholders</li> <li>Enhanced transaction security</li> </ul>
<b>PRODUCTS WITH ANCILLARY COMMUNICATION FUNCTIONS</b>			
Instabank MasterCard Start Path	Russia	<b>Mobile app UPUP</b> for remote control of the child's expenditure	<ul style="list-style-type: none"> <li>Parental control over children's transactions</li> <li>Financial literacy training</li> </ul>
E-wallet Virtual Piggy	USA	<b>Child-friendly multi-service e-wallet Virtual Piggy</b> with access to a select group of merchants	<ul style="list-style-type: none"> <li>Control over cashless transactions</li> <li>Draw up a list of merchants accessible by children</li> </ul>
<b>BANK PRODUCTS AIMED AT EXTENDING CHILD CUSTOMER LIFE CYCLE</b>			
People's Bank	Sri Lanka	<b>Two savings products: Isuru Udana</b> for children aged 0 to 5 years, and Sisu Udana for children aged 5 to 18 years, automatically upgradeable from Isuru Udana upon the child's reaching the age of 5.	<ul style="list-style-type: none"> <li>Extended child customer life cycle</li> <li>Enhanced transaction security</li> </ul>
ICBC	China	<b>China UnionPay-branded family debit cards Baby Growth</b> for payments, transfers and savings.	<ul style="list-style-type: none"> <li>Simplified online payment procedure</li> <li>Enhanced transaction security</li> </ul>
<b>FINANCIAL SERVICES</b>			
FinTech project Virtual Piggy	USA	<b>Online service Virtual Piggy</b> allows parents to teach children finance management skill through play.	<ul style="list-style-type: none"> <li>Improved financial literacy skills</li> <li>Financial literacy training</li> </ul>
FinTech project Osper	UK	<b>Mobile app Osper</b> allows minors to use a prepaid card and control their account via a smartphone.	<ul style="list-style-type: none"> <li>Encourage the use of remote banking instruments</li> <li>Improved financial literacy skills</li> </ul>

Financial institution	Country	Solution overview	Options for enhancing financial security
ASB Bank	New Zealand	<b>Digital cashless moneybox Clever Kash</b> in the shape of a yellow elephant with a digital screen on its belly that shows the balance of the child's savings.	<ul style="list-style-type: none"> <li>• Encourage the use of cashless bank products</li> <li>• Involve children in discussions of financial matters</li> </ul>
Sberbank	Russia	<b>Biometrics-based Ladoshki payment service</b> – implemented as part of "The School of the Future" project – allows children to pay for their school meals.	<ul style="list-style-type: none"> <li>• Simplified user identification procedure</li> <li>• Reduced fraud risk</li> </ul>
PKO Bank Polski	Poland	<b>Multi-functional gamified online bank PKO Junior</b> for children under 13. PKO Bank Polski's service allows children to make money transfers, payments and savings.	<ul style="list-style-type: none"> <li>• Attract new customers</li> <li>• Easy access to the bank's remotely available products</li> </ul>
Tapingo	USA	<b>Mobile app Tapingo</b> allows University of South California students to pay for meals.	<ul style="list-style-type: none"> <li>• Encourage the use of remote banking instruments</li> <li>• Attract new customers</li> </ul>

**FINANCIAL LITERACY TRAINING**

Common Wealth Bank	Australia	<b>Commonwealth Bank's financial literacy training website for children The Beanstalk.</b> Visitors to the website can access various print- and video-based learning aids.	<ul style="list-style-type: none"> <li>• Attract young customers</li> <li>• Improved financial literacy skills</li> </ul>
HSBC Bank	UK	<b>A SchoolBank</b> is a mini HSBC branch operating in UK schools and staffed by pupils.	<ul style="list-style-type: none"> <li>• Involve children in discussions of financial matters</li> <li>• Improved customer loyalty</li> </ul>

**USE OF TRAINING FORMATS**

Home Credit Bank	Russia	Bank staff have developed <b>a business game "Useful Money"</b> to help children improve their financial literacy skills.	<ul style="list-style-type: none"> <li>• Improved financial literacy skills</li> <li>• Attract new customers</li> </ul>
------------------	--------	---	---

Financial institution	Country	Product overview	Options for enhancing financial security
Alfa-Bank	Russia	The bank organizes <b>outreach financial seminars in schools, colleges and universities.</b>	<ul style="list-style-type: none"> <li>• Attract young customers</li> <li>• Improved financial literacy skills</li> </ul>
<b>TRUE-TO-LIFE BANK PLAY ZONES</b>			
Alfa-Bank	Russia	<b>The bank has created a children's thematic zone</b> where children and teenagers are taught financial basics (the concepts of money, banking products and processes).	<ul style="list-style-type: none"> <li>• Improved financial literacy skills</li> <li>• Attract new customers</li> </ul>
VTB24	Russia	VTB24 has opened several <b>true-to-life bank branches in the kids professions towns of Kidburg</b>	<ul style="list-style-type: none"> <li>• Improved financial literacy skills of children and youth</li> <li>• Increased customer loyalty and satisfaction level</li> </ul>

## ANNEX 2


### Traditional and innovative players

Market participants	Opportunities	Risks
<b>TRADITIONAL BANKS</b>		
<ul style="list-style-type: none"> <li>• Traditional local and international banks (Citibank, USA; Bradesco, Brazil)</li> <li>• Financial institutions that owe their existence to individual country specifics (credit unions in the US, postal banks in Italy and Japan)</li> </ul>	<ul style="list-style-type: none"> <li>• Strong standing among discerning and conservative customers</li> <li>• Proprietary payment infrastructure (ATMs, payment terminals, etc.)</li> <li>• Opportunities for augmenting income by providing a wide range of financial services (deposits, investment programs, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• High operating costs while maintaining the traditional banking format with branch networks</li> <li>• High competition in unbanked and underbanked segments</li> </ul>

Market participants	Opportunities	Risks
<b>PAYMENT SYSTEMS</b>		
<ul style="list-style-type: none"> <li>• International payment systems (MasterCard, Visa, American Express)</li> <li>• International online payment systems (PayPal, USA)</li> <li>• Universal local payment systems (Qivi, Russia)</li> </ul>	<ul style="list-style-type: none"> <li>• Low operating costs due to online business model</li> <li>• Use of flexible-scale banking infrastructure</li> <li>• Ability to work both in conservative segments and in unbanked and underbanked segments</li> </ul>	<ul style="list-style-type: none"> <li>• High political and legal risks</li> <li>• Potentially limited product range</li> </ul>
<b>SYNERGY BANKS</b>		
<ul style="list-style-type: none"> <li>• In-store banking projects<sup>40</sup> with major retail chains and telcos that own segmented customer bases (Wal-Mart, USA, Tesco, UK)</li> </ul>	<ul style="list-style-type: none"> <li>• Deep understanding of the target audience's needs</li> <li>• Proprietary infrastructure</li> <li>• Generation of profits simultaneously from banking and retail businesses</li> <li>• Ability to operate in unbanked and underbanked segments</li> </ul>	<ul style="list-style-type: none"> <li>• High operating costs for a traditional banking format</li> <li>• Difficulties in attracting new users who are not customers of the core retail business</li> </ul>
<b>HIGH-TECH COMPANIES</b>		
<ul style="list-style-type: none"> <li>• Internet companies (social networks, search engines, online games)</li> <li>• FinTech start-ups offering unique high-tech solutions for credit cards in online banking format</li> </ul>	<ul style="list-style-type: none"> <li>• Development of innovative and affordable credit card solutions</li> <li>• Wide coverage of the unbanked and underbanked segments</li> <li>• Low operating costs due to online business model</li> </ul>	<ul style="list-style-type: none"> <li>• The need for a developed banking infrastructure (possibly global)</li> <li>• Mistrust from conservative and demanding customer segments</li> <li>• High legal risks</li> </ul>

<sup>40</sup> In-store banking is a retail format of banking services whereby retail and service outlets utilize their customer data and sales points to offer own-brand banking services to their existing customers.

## ANNEX 3: CYFI RECOMMENDATIONS ON FINANCIAL PRODUCTS PER AGE RANGE

AGE RANGE	Opening saving account	Operating on saving account				Payments	
						Non-digital	
	Children and youth should be able to open a bank account	Children and youth should be able to deposit money into their accounts	Children and youth should be able to withdraw cash	Children and youth should be able to have a debit and or prepaid card	Children and youth should be able to use internet banking and mobile apps to check account	Children and youth should be able to transfer money from one account to another (P2P)	Children and youth should be able to do transaction payments
 <b>0-5 years</b>	Yes, with parental oversight	Yes, with parental oversight	No	No	Yes, with parental oversight	No	No
 <b>6-9 years</b>	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight
 <b>10-14 years</b>	Yes	Yes	Yes, with parental oversight	Yes, with parental oversight	Yes	Yes, with parental oversight	Yes, with parental oversight
 <b>15-18 years</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
 <b>18+ years</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Payments				Transfers		Credits	
Digital							
Children and youth should be able to do cross border trans-actions (e.g. through eCom)	Children and youth should be able to do non-risky eCom pay-ments	Children and youth should be able to do risky eCom pay-ments (e.g. gambling, alcohol, tobacco, porn)	Children and youth should be able to do in-app pay-ments	Children and youth should be able to receive deposits into their account by third parties	Children and youth should be able to receive (govern-ment) remit-tances	Children and youth should be able to overdraft	Children and youth should be able to get credits or loans
No	No	No	No	Yes, with parental oversight	Yes, with parental oversight	No	No
Yes, with parental oversight	Yes, with parental oversight	No	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	No	No
Yes, with parental oversight	Yes, with parental oversight	No	Yes, with parental oversight	Yes, with parental oversight	Yes, with parental oversight	No	No
Yes	Yes	No	Yes	Yes	Yes	No	No
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

# BIBLIOGRAPHY

## INDUSTRY PORTALS:

---

- Banki.ru (<http://www.banki.ru/>)
- Bankir.ru (<http://bankir.ru/>)
- Journal “Plus” (<http://www.plusworld.ru/>)
- Payspace magazine (<http://psm7.com/>)
- Finextra Research (<https://www.finextra.com/>)
- Futurebanking (<http://futurebanking.ru/>)
- SmartPayments (<http://www.smart-payments.info/>)
- Finmedia.ru (<http://www.finmedia.ru/index.php>)
- Finovate Blog (<http://finovate.com/blog/>)
- Internet Portal of the Association of Russian Banks (<http://arb.ru/>)
- PYMNTS.com (<http://www.pymnts.com/>)
- Usnews.com (<http://www.usnews.com/>)
- Penki (<http://www.penki.lt/>)
- MoneyNews (<http://moneynews.ru/>)
- GPS-Club.ru (<http://gps-club.ru/>)
- Child & Youth Finance International (<http://www.childfinanceinternational.org/>)
- NFCWorld (<http://www.nfcworld.com/>)
- Expert Online (<http://expert.ru/about/online/>)
- Biometrics.ru (<http://www.biometrics.ru/>)
- Roomian.org (<http://www.roomian.org/>)
- Pymnts.com (<http://www.pymnts.com/>)
- Techcrunch.com (<http://techcrunch.com/>)
- TheBanker.com (<http://www.thebanker.com/>)
- VisibleBanking.com (<http://www.visiblebanking.com/>)
- TheFinancialBrand.com (<http://thefinancialbrand.com/>)
- MicroFinanceGateway.com (<http://www.microfinancegateway.org/>)

## ELECTRONIC MEDIA:

---

- Vedomosti (<http://www.vedomosti.ru/>)
- RosBusinessConsulting (<http://www.rbc.ru/>)
- Interfax(<http://www.interfax.ru/>)
- Kommersant.ru (<http://kommersant.ru/>)
- Izvestia.ru (<http://izvestia.ru/>)
- Utro.Dengi (<http://dengi.utro.ru/>)
- Gazeta.ru (<http://www.gazeta.ru/>)
- Reuters (<http://www.reuters.com/>)
- News Service Xinhua (<http://russian.news.cn/>)

## NATIONAL REGULATORS:

---

- World Bank(<http://www.worldbank.org/>)
- The Central Bank of the Russian Federation (<http://www.cbr.ru/>)
- Bank of Canada (<http://www.bankofcanada.ca/>)
- Bank of England (<http://www.bankofengland.co.uk/>)
- National Bank of Poland (<http://www.nbp.pl/>)
- The People’s Bank of China (<http://www.pbc.gov.cn/>)
- Reserve Bank of New Zealand (<http://www.rbnz.govt.nz/>)
- Reserve Bank of Australia (<http://www.rba.gov.au/>)
- CIA, USA (Fact Book) (<https://www.cia.gov/index.html>)

### **FINANCIAL-CREDIT INSTITUTIONS:**

---

- Sberbank of Russia (<http://www.sberbank.ru/ru/person>)
- VTB24 (<http://www.vtb24.ru/personal/Pages/default.aspx>)
- Alfa Bank (<https://alfabank.ru/>)
- Home Credit Bank (<http://www.homecredit.ru/>)
- B&N Bank (<https://www.binbank.ru/>)
- AK BARS Bank (<https://www.akbars.ru/>)
- NS Bank (<https://nsbank.ru/>)
- Instabank (<https://instabank.ru/>)
- PKO Bank Polski (<http://www.pkobp.pl/>)
- Cyprus Bank Hellenic Bank (<https://www.hellenicbank.com/>)
- People's Bank in Sri Lanka (<http://www.peoplesbank.lk/>)
- Chinese Bank ICBC (<http://www.icbc.com.cn/ICBC/sy/default.html>)
- New Zealand ASB Bank (<https://www.asb.co.nz/>)
- Commonwealth Bank of Australia (<https://www.commbank.com.au/>)
- British Bank HSBC (<http://www.hsbc.com/>)

### **PAYMENT SYSTEMS:**

---

- Payment System Mastercard (<http://www.mastercard.com/>)
- Payment System Visa (<https://usa.visa.com/>)
- Payment System China UnionPay (<http://en.unionpay.com/>)
- Payment System MIR (<http://www.nspk.ru/>)

### **OTHER FINANCIAL AND TECHNOLOGICAL COMPANIES:**

---

- International Program MasterCard Start Path (<https://www.startpath.com/>)
- WorldPay Company (<http://www.worldpay.com/>)
- Provider of financial solutions Zwipe (<https://zwipe.com/>)
- Provider of mobile solutions Syniverse (<https://www.syniverse.com/>)
- Digital Wallet Virtual Piggy (<https://www.oink.com/>)
- Financial-technical project Osper (<https://osper.com/>)

**Alliance for Financial Inclusion (2016).** The 2016 Maya Declaration Report; available at <http://www.afi-global.org/publications/2359/The-2016-Maya-Declaration-Report>

**Association of Supervisors of Banks of the Americas (2012).** Best Practices and Recommendations on Financial Consumer Protection

**Banco Central de Reserva de El Salvador (2015).** Law of Banks. Art. 56 Letter G.; available at [http://www.bcr.gob.sv/esp/index.php?option=com\\_wrapper&view=wrapper&Itemid=334](http://www.bcr.gob.sv/esp/index.php?option=com_wrapper&view=wrapper&Itemid=334)

**CYFI (2015).** Children and the Financial Regulatory Landscape Latin America, available at <https://youtheconomicopportunities.org/sites/default/files/uploads/resource/cyfi-latin-america-regulation-paper.pdf>

**CYFI (2016).** Economic Citizenship Education for Children and Youth; available at <https://issuu.com/childfinanceinternational/docs/cyfi-ece-landscape>

**CYFI (2016).** Research Evidence for CYFI Model of Economic Citizenship for Children & Youth; available at [https://issuu.com/childfinanceinternational/docs/20160916\\_research\\_landscape\\_summary](https://issuu.com/childfinanceinternational/docs/20160916_research_landscape_summary)

**CYFI (2016).** The Regional Financial Inclusion Landscape of Youth Bank Accounts: Selected country cases from Central and Eastern Europe; available at: <http://childfinanceinternational.org/resources/publications/CYFI-Regional-FI-Landscape-Central-Eastern-Europe.pdf>

**CYFI (2017).** Financial Inclusion Position Paper, Publication Forthcoming

**CYFI and Mastercard (2014).** Banking a New Generation; available at <https://issuu.com/childfinanceinternational/docs/2014-banking-a-new-generation/1?e=7128000/7605043>

**CYFI and Mastercard (2017).** Safer Payment Products for Minors: Guiding minors towards financial autonomy; available at [https://newsroom.mastercard.com/wpcontent/uploads/2017/03/Guide\\_SaferPaymentProducts.pdf](https://newsroom.mastercard.com/wpcontent/uploads/2017/03/Guide_SaferPaymentProducts.pdf)

**CYFI & WSBI (2017).** Schoolbanking: Unleashing the Youth Financial Services Market; available at [https://issuu.com/childfinanceinternational/docs/2017\\_wsbi\\_schoolbank\\_v0](https://issuu.com/childfinanceinternational/docs/2017_wsbi_schoolbank_v0)

**International Organization for Standardization (2017)**  
<https://www.iso.org/standard/59844.html>

**Making Cents International (2012).** State of the Field in Youth Economic Opportunities, 8.1 Policy and Regulation Play a Critical Role in Increasing Youth Access to Financial Services, available at <https://youtheconomicopportunities.org/book/200/81-policy-and-regulation-play-critical-role-increasing-youth-access-financial-services>

**Making Cents International (2015).** Emerging guidelines for youth-inclusive financial services at Caribbean Microfinance Forum 2015

**The Mastercard Foundation (2015).** Financial Services for Young People: prospect and challenges; available at <http://www.mastercardfdn.org/wp-content/uploads/2015/08/Youth-Financial-Services.pdf>

**The Smart Campaign (2011)**  
<http://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles>

**New America Foundation (2013).** Beyond the Buzz, the Allure and Challenge of Using Mobile Phones to Increase Financial Inclusion; available at [https://docs.google.com/viewerng/viewer?url=http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-zimmerman-et-al\\_0.pdf](https://docs.google.com/viewerng/viewer?url=http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-zimmerman-et-al_0.pdf)

**OECD (2011b).** G20 High-Level Principles on Financial Consumer Protection; OECD, Paris; available at <https://www.oecd.org/daf/fin/financial-markets/48892010.pdf>

**Reserve Bank of India (2014).** Opening of Bank Accounts in the Names of Minors; available at <https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/OBAC060514F.PDF>

**UN Capital Development Fund (2013).** Client Protection for Youth Clients: UNCDF-Youthstart Technical Note 2013; available at [http://www.gife.issuelab.org/resource/client\\_protection\\_for\\_youth\\_clients\\_uncdf\\_youthstart\\_technical\\_note](http://www.gife.issuelab.org/resource/client_protection_for_youth_clients_uncdf_youthstart_technical_note)

**Women's World Banking (2014).** Banking on Youth: A Guide to Developing Innovative Youth Savings Programs; available at <http://www.seepnetwork.org/banking-on-youth--a-guide-to-developing-innovative-youth-savings-programs-resources-494.php>

**Worldbank (2012).** Good Practices for Financial Consumer Protection; available at <http://documents.worldbank.org/curated/en/583191468246041829/Good-practices-for-financial-consumer-protection>

**YouthSave Consortium (2015).** The Ghana Experiment: Overview of the Findings; available at <https://resourcecentre.savethechildren.net/library/ghana-experiment-overview-findings>



## **CHILDREN AND FINANCE**

### CONSUMER PROTECTION AND SECURITY OF SAVINGS AND PAYMENTS

Authors: G.R. Imaeva

T.A. Aymaletdinov

K.V. Smirnov

L.R. Baymuratova

O.A. Sharova

K. E. Avakyan

Editing: J. Penner

K. DeRose

Partners: Mastercard

B&N BANK

NP RTS

Design: N.N. Dryahlova



