

SES TRAINING GUIDELINE

Financial Literacy- Over-indebtedness (part 1)

General Information

- ▶ **Country Program:** Cambodia - CML
- ▶ **Author(s):** EdM
- ▶ **Last update :** 13/01/2016

- NB : T = Trainer ; P = Participants

Training Overview



Total estimated duration: 35mins

Training Title

Over-indebtedness (and its symptoms)

Situation to be improved

This first training on over-indebtedness intends to make people recognize situations of over-indebtedness. Indeed, lot of Cambodian people have heard about this concept, but it is still very abstract for them. Many theoretically know that being over-indebted is dangerous, but without clearly identifying symptoms of over-indebtedness in their daily life. They do not link the concept to real situations. to shrinking their living standards. That is why this first training provides a practical definition of over-indebtedness, highlighting different manifestations of over-indebtedness in the daily life. This is the first step to help people be protected against over-indebtedness.

Main objective

▷ By the end of this training, Participants will be able to **recognize different situations of over-indebtedness.**

Training progression by sub-objectives

- **Starter-Sub-Objective 01:** Participants will be able to ***differentiate over-indebtedness from indebtedness (practical definition).***
- **A1-Sub-Objective 02:** Participants will be able to ***identify symptoms that suggest a situation of over-indebtedness.***

	<ul style="list-style-type: none"> ▪ Closure-Sub-Objective 03: Participants will be able to <i>demonstrate how much they understood from this training by evaluating your own financial situation.</i>
Target population	Partners with small income generating activities
Required material per Activity	<p>Starter-activity: Flashcards Situation papers (A and B)</p> <p>A1: Flashcards symptoms</p> <p>Closure : Test paper</p>
Method	<i>Give priority to participative & inductive methods</i>

Starter activity: difference between indebtedness and over-indebtedness



Total estimated duration: **5mins**

Sub-objective	<ul style="list-style-type: none"> ▪ Differentiate over-indebtedness from indebtedness (practical definition).
Steps	<ul style="list-style-type: none"> ▪ Review activity: on the previous training. ▪ Starter-activity: Brainstorming (estimated duration: 5mn) <ul style="list-style-type: none"> • Work organization: <ul style="list-style-type: none"> - T divides P into 2 groups: group A and group B - Group A must define what indebtedness is. As a helper, T explains situation paper A and gives it to group A. - Group B must define what over-indebtedness is. As a helper, T explains situation paper B and gives it to group B. • Correction: <ul style="list-style-type: none"> - After 2mn, T invites each group to share their definition. - T completes if necessary (CF. Key information). - To ensure the transition towards the identification of OI's symptoms, T highlights the following information:

	<ul style="list-style-type: none"> ○ 1. When granting a loan, MFIs and other official bodies must respect some rules: - They must assess the financial capacity of the borrowers (meaning that they have to ensure that the borrower's income will be sufficient to cover all his/her charges including loan reimbursement). Financial institutions must not grant a loan to anybody for any reason (meaning that they have to ensure that the borrower has a specific and relevant project). Do not trust a financial institution that does not ask for this information. ○ 2. On the borrower's side, it is necessary to know good practices on debt management to avoid finding yourself in a situation where you cannot reimburse debts without being struggled. This is what we will discuss today.
<p style="text-align: center;">Key information</p>	<ul style="list-style-type: none"> ▪ Definition and difference: <ul style="list-style-type: none"> • Indebtedness: <ul style="list-style-type: none"> ○ Situation when money is due to others. In other words, this is the total of the amounts owed (debts) by a person, by a family or by a business to one or several lenders. Note that having debts is a normal situation. • Over-indebtedness: <ul style="list-style-type: none"> ○ Incapacity/inability for a person/family/enterprise to reimburse the money due with its own income or assets (house, land, etc.). The over-indebtedness situation is not normal and is dangerous as it has a negative impact on the quality of life of the persons and families. ○ For instance, when people have excessive debts, they have difficulties buying food and medicine (TRANSITION)
<p style="text-align: center;">Method & Material</p>	<ul style="list-style-type: none"> ▪ Flashcards Situation papers (A and B)

<p>Activity 01: Symptoms of an over-indebtedness situation</p>		 <p>Total estimated duration: 20mn</p>
<p style="text-align: center;">Sub-objective</p>	<ul style="list-style-type: none"> ▪ Participants will be able to identify symptoms that suggest a situation of over-indebtedness. 	
<p style="text-align: center;">Activity details by steps</p>	<ul style="list-style-type: none"> ▪  Step 01: Identification exercise (estimated duration: 15mn) 	

- **Instructions:** *“Identify the symptom illustrated in each flashcard”.*
- **Work organization:**
 - Collectively
 - T successively presents the flashcards and asks P to describe both situations represented.
- **Correction organization:**
 - For each flashcard, P should identify the symptom reflecting a situation of over-indebtedness.
 - T finalizes the correction if necessary

 **Step 02: Brainstorming** (estimated duration: 5mn).

- **Instructions:** *“Do you have any ideas regarding other symptoms that may suggest a situation of over-indebtedness?”*
- **Work organization:**
 - T divides P into 2 groups
 - Each group must brainstorm on new symptoms which can reflect *a situation of over-indebtedness*.
- **Correction organization:**
 - T invites 2 representatives of each group to share their answers
 - T completes if necessary. (CF. Key information)

Lesson learnt
(Written trace or Key information)

- **Step 1:**
 1. You do not even know how much total debts you actually have.
 2. You cannot make all of your payments at the end of the month.
 3. You stop sending your children to school.
 4. You reduce your food quality and quantity.
 5. You cancel or defer health expenses.
 6. You have reduced or stopped saving.
 7. You work more than 10 hours per day.
- **Step 2:**
 8. You lie to friends or family about your spending and debt.

9. Family members migrate to find a job.
10. You feel threatened or harassed by peers or family.
11. You suffer from psychological stress.
12. You are paying for daily essentials with credit (loan) instead of cash.
13. You borrow a new loan to repay another one.
14. You feel threatened or harassed by loan officers.
15. You need to sell or pawn your assets.

Material(s) ▪ A1- Flashcards symptoms.

▾ Closure activity-Conclusion



Total estimated duration: **10mins**

Sub-objective

- Demonstrate how much they understood from this training by evaluating your own financial situation.

Activity details by steps

- **Conclusion: Test and Experience sharing** (estimated duration: 10mn)
 - **Work organization:**
 - T successively reads the situations listed on the test and asks to the group members if they have already experienced them.
 - P who have already experienced such situations can raise their hands and share with the other members what happened to them and how they solved the problems (if problems solved).
 - If P do not want to share their own experience, they can still share the experience of someone else.
 - **Conclusion:**
 - T asks to each P to recall 1 or 2 symptoms that he/she remembered

Material(s)

- Test-paper