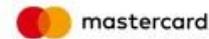
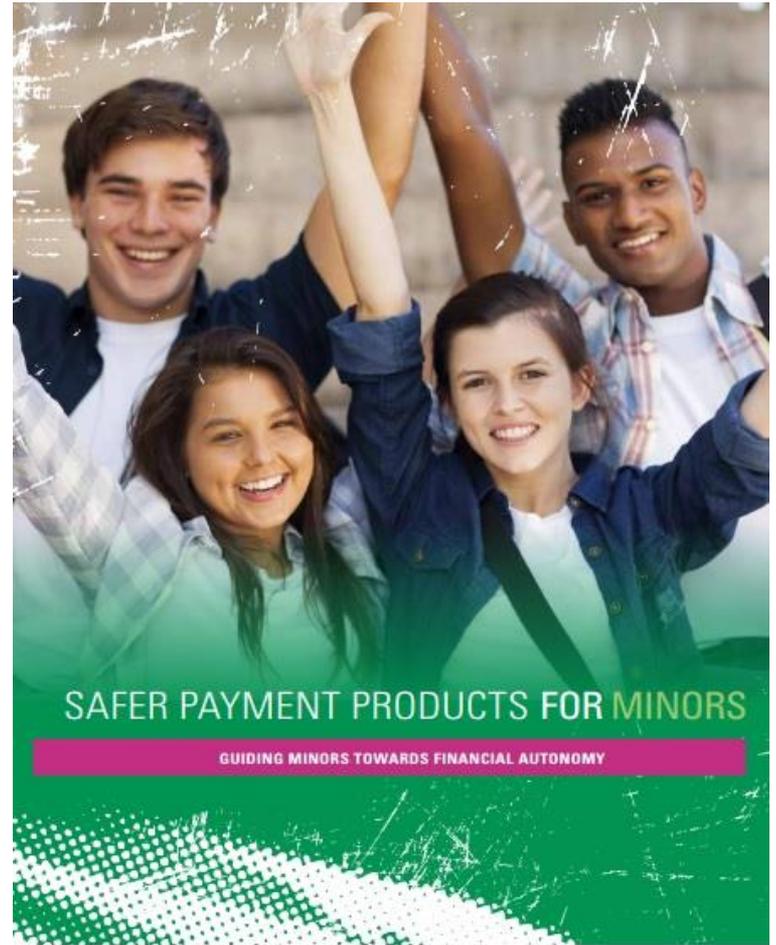


# Safer Payment Products for Minors: Guiding Minors Towards Financial Autonomy

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# Group Members

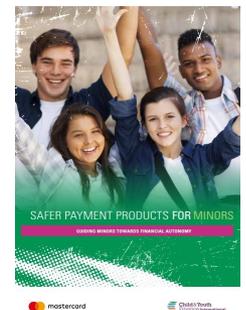


# Purpose of the guide



# 10 recommended practices

1. **Restrict products and services inappropriate for minors**
2. **Promote responsible spending**
3. **Educate minors on how to use their payment card safely**
4. **Provide saving and payment facilities**
5. **Enable parents to choose payment types**
6. **Allow parents to set card restrictions**
7. **Provide parental access to spending behaviour**
8. **Protect minors and their privacy**
9. **Deliver appropriate marketing initiatives for both parent and minors**
10. **Provide financial education tools to help minors manage their money**



# Practice 1: Restrict Products and Services Inappropriate for Minors

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

Restrictions include but are not limited to

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

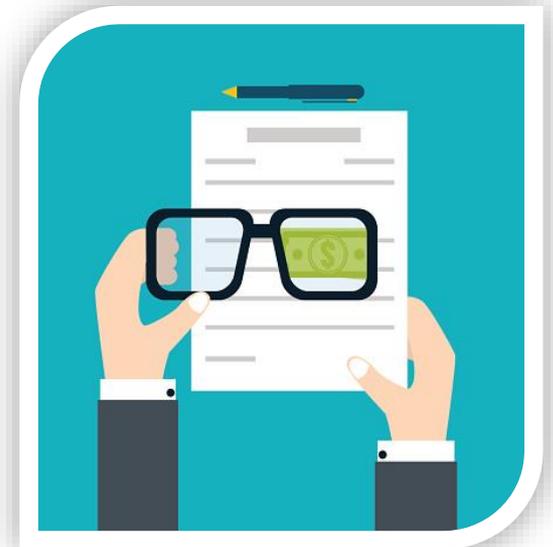


## Practice 2: Promote Responsible Spending

- Various ways to encourage responsible spending behaviour and improve money management skills

### Examples of tools that encourage responsible spending:

- a. Balances updates via SMS, online, or via push notifications**
- b. Allowing minors to check account balance and spending history online or via SMS**
- c. Monthly online statements (or papers statements)**



## Practice 3: Educate Minors on How to Use Their Payment Card Safely

- Education on product use, especially technological features, protection and privacy, avoidance of identity theft and online/mobile payment risks is highly recommended

### 13 Golden Rules for Minors

#### Examples

- I. **Never** share your online account password, PIN, or personal information with anyone other than your parent or guardian to ensure that your money is safe
- III. Always keep your card in a **safe place**
- XI. Trust your instincts – if you have any doubts about a website, do not purchase anything from it

## Practice 4: Provide Saving and Payment Facilities

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

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

- a. Including a link to a savings account with a savings goal or letting children set aside part of their overall balance for savings purposes
- b. Providing minors with the option to have two separate accounts: savings and spending



# Practice 5: Enable Parents to Choose Payment Types

- Facility for parents to 'opt-in' or 'opt-out'
- Deciding on where and when the bank card can be used (e.g. online)
- Limiting withdrawal and spending amounts
- Enabling/Disabling **contactless** functionality



## Practice 6: Allow Parents to Set Card Restrictions

- Parents could be encouraged to regularly review these restrictions with the minor to encourage financial awareness and growing autonomy

Restrictions may include:

- a. Enabling parents to quickly and easily **lock the card** under certain circumstances
- b. Allowing parents to **limit the amount of spending** on the card using a regulated amount for each period
- c. **Payment blocking and limiting functionalities may be switched on and off based on age and the level of financial understanding and capability**



## Practice 7: Provide Parental Access to Spending Behavior

- Product design should be mindful of what information both parents and minors find useful in promoting safe, secure and responsible spending behaviour.
- Could include paperless usage notifications/receipts for parents and minors

### Examples of parental access:

- a. Permitting parents to observe/review child's spending habits
- b. Customizing parental access to account depending on child's age
- c. FSP encouraging minors to review notifications and transactions with parents

## Practice 8: Protect Minor and Their Privacy

- A minor's right to privacy is protected under applicable law
- FSPs must adhere to privacy laws
- FSPs should also ensure that minors and parents are regularly informed or have access to their privacy and data protection rights

### **FSPs have a responsibility to:**

- Provide compensation in case of theft or fraud
- Protect minor's rights, support human rights, and ensure protection and safety of minors in all business activities and facilities



## Practice 9: Deliver Marketing Initiative for Both Parents and Minors

- FSPs have a responsibility to ensure it is lawful to market to minors
- Marketing initiatives should emphasize and promote financial literacy and money management skills

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

- Annual fees and monthly bills
- Staff within financial institutions should be prepared to interact in a minor friendly manner
- Communications include cautionary language to parents about supervising online and in-store purchases

# Practice 10: Provide Financial Education Tools to Help Minors Manage Their Money

- Accompany products for minors with financial educational tools and content

Some Money Management Tips:

- I. **Classify your spending priorities**
- II. **Be an informed, responsible consumer**
- III. **Formulate a personal budget**
- IV. **Save regularly**
- V. **Create a savings plan**
- VI. **Regularly review and adapt your budget choices and savings plan**



## Case Study: Swedbank

- ✓ Practice 2: Parents can choose which functionalities are made available for their children's bank accounts. Mobile app for bank account encourages minors to regularly monitor their budget and savings
- ✓ Practice 3: Warnings about the dangers of fraud and how to log-in safely
- ✓ Practice 4: An e-savings account can be added by parents to encourage saving
- ✓ Practice 7: Parents can choose to track spending and which functions on the account are accessible at any time
- ✓ Practice 10: Parents are supported with information on good financial practices for minors. Additionally, educational content is available on Swedbank's website

# Thank you!

<http://childfinanceinternational.org/cyfi/publications.html>

## **Doran Oirbons**

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