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# Digital Literacy

## DIGITAL FINANCIAL SERVICES

Photo by Hanz Rippe/Paramo Films for USAID

## Digital Literacy and Digital Financial Services<sup>1</sup>

Digital finance services (DFS) are critical for USAID programming because financial services are an important “pull” that bring many beneficiaries into the digital ecosystem. This was especially true during the COVID-19 pandemic, when many individuals were forced to pay for goods and services digitally for the first time. Because DFS exist across geographies and digital ecosystems, it forms the foundation of a variety of digital services in other sectors, like humanitarian assistance, agriculture, and food security—underscoring the importance of DFS in introducing new users to digital tools for the first time

### Definition of Digital Literacy

USAID—building on [UNESCO's definition](#) of the term—defines digital literacy as:

“The ability to access, manage, understand, integrate, communicate, evaluate, and create information safely and appropriately through digital devices and networked technologies for participation in economic, social, and political life.

Digital literacy, in the context of financial services, is often referred to as “digital financial literacy.” USAID defines this term as “the application of digital literacy and financial literacy to enable the use of digital financial services.”<sup>2</sup>

<sup>1</sup> Unless otherwise cited, all information in this sectoral brief comes from USAID's [Digital Literacy Primer](#). Full citation: “Digital Literacy Primer: How to Build Digital Literacy into USAID Programming” (USAID, 2022), [https://www.usaid.gov/sites/default/files/documents/USAID\\_Digital\\_Literacy\\_Primer.pdf](https://www.usaid.gov/sites/default/files/documents/USAID_Digital_Literacy_Primer.pdf).

<sup>2</sup> “Building Resilient and Inclusive Digital Ecosystems: A Toolkit for Using Digital Payments in Development Programs.” (USAID, 2020), <https://www.usaid.gov/digital-development/digital-finance/digital-payments-toolkit>.

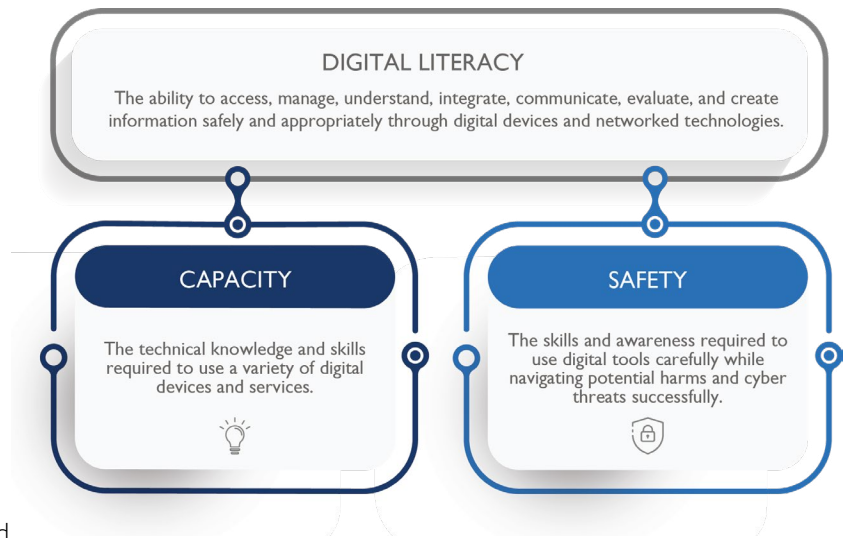
# USAID's Digital Literacy Framework

To effectively and equitably achieve access, USAID's approach to digital programming must extend beyond infrastructure and devices to ensure that users possess a nuanced set of skills to meaningfully, responsibly, and safely participate in their digital ecosystem. Two pillars underpin USAID's definition of digital literacy: capacity and safety.

» **Capacity** refers to the technical knowledge and skills required to use a variety of digital devices and services such as mobile phones, tablets, and computers; the internet and social media services such as WhatsApp, Twitter, and Facebook; and audio and visual tools.

» **Safety** refers to the skills and awareness required to use digital tools carefully while navigating potential harms and cyber threats successfully. This pillar includes, but is not limited to, strategies for strengthening cyber hygiene<sup>3</sup> and countering mis- and disinformation.

As explained in the Digital Literacy Primer, USAID takes two primary approaches to incorporating digital literacy into program design:



## FOUNDATIONAL ACTIVITIES



Foundational digital literacy activities build digital literacy skills applicable to all aspects of users' economic, social, and personal lives—a goal in and of itself.

## TACTICAL ACTIVITIES



Tactical digital literacy activities prepare target populations to use digital tools in particular sectors to ensure that a specific digital intervention is effective (though digital literacy may not be the singular goal of the activity).

## Digital Literacy in USAID's DFS Portfolio

Developing digital financial literacy skills can serve as an opening to cultivate other important digital literacy competencies. For example, a basic understanding of how to use digital tools to manage money is a prerequisite for the safe and informed adoption of services like digital credit. To increase the uptake of DFS, USAID prioritizes targeted activities to build the digital financial literacy skills of DFS stakeholders, including:

» **DFS consumers:** USAID's DFS team takes a tactical digital financial literacy approach to consumer awareness and protection. Depending on the target user, this training for DFS consumers likely focuses on building their awareness of and confidence in using digital tools; as these trainings are built around the safe and competent use of DFS, they will generally not cover the "basic" skills of using digital devices. For example, USAID's Vietnam Forests and Deltas Program trained local community members involved in local forest protection to use mobile money to receive payments from the Government of Vietnam. These trainings addressed misconceptions around the safety and utility of mobile money tools and demonstrated their benefits over cash transfers, like increased speed and transparency. Meanwhile, the barriers that prevent women in many cultures from using DFS—such as societal norms that dissuade women's access to finance, lack of formal identification, and irregular income streams—require targeted interventions. USAID and Strategic Impact Advisors piloted the Hey Sister! Show Me the Mobile Money! digital financial literacy campaign in Ghana, Malawi, and Uganda. The open-source program has

<sup>3</sup> Cyber Hygiene definition: The practices and steps that users of computers and other devices take to maintain system health and improve online security. These practices are often part of a routine to ensure the safety of identity and other details that could be stolen or corrupted.

25 three-minute interactive voice response (IVR) lessons, tailored to the women in those countries and offered in 14 African languages along with English, French, and Spanish. The lessons, accessible via mobile device, are short, digestible resources that allow women to improve their digital financial capabilities and decision-making skills on their own time.

- » **DFS providers:** DFS providers, which include financial institutions, mobile network operators, and mobile money agents, offer DFS across their customer base. USAID provides tactical digital literacy support to all levels of DFS providers across the ecosystem so that they can in turn design appropriate products for or educate their own consumers about DFS. For

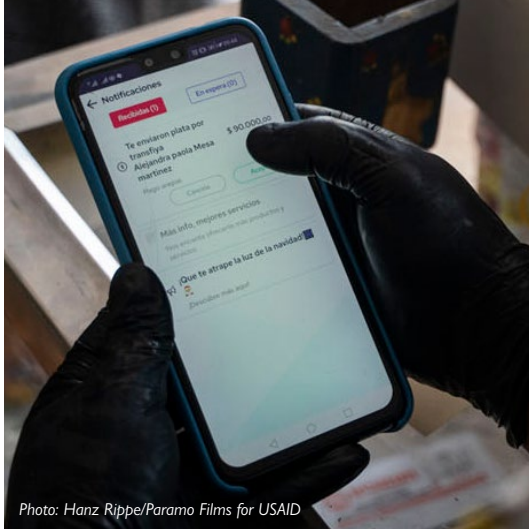


Photo: Hanz Rippe/Paramo Films for USAID

example, USAID’s Agent Network Strengthening Project in Liberia funded the training of five staff from the telecommunications company Lonestar Cell MTN at the Agent Training Workshop at the Helix Institute of Digital Finance in Nairobi, Kenya—one of the first training centers established specifically for DFS providers. The workshop provided classroom training on strategies to expand mobile money offerings in the staff’s respective markets and troubleshooting issues with mobile money tools and fund transfers. USAID also supports the onboarding of new DFS vendors. For example, the [Feed the Future Malawi Mobile Money program](#) trained over 100 agro-dealers to become mobile money agents and merchant traders after they showed an affinity for redeeming agricultural e-vouchers.

- » **Policymakers and regulators:** In addition to DFS providers and consumers, USAID supports policymakers and regulators in the highly technical aspects of DFS in order to improve the overall enabling environment. For example, USAID’s [Mobile Solutions and Technical Research \(mSTAR\)](#)

program in Liberia worked with the Central Bank of Liberia and the Liberian Ministry of Finance to expand the DFS market by approving a second mobile money service provider. Previously, one provider had monopolized the market; the subsequent introduction of competition enabled price stability and expanded equitable access to mobile money tools.

## Key Considerations for Digital Literacy in USAID’s Digital Financial Services Portfolio

Considerations vary based on the maturity level of local digital ecosystems.

- ☑ Understand user access to digital devices and services is one of the most important steps when developing a digital financial literacy activity. Begin by assessing the target group’s digital literacy and digital financial literacy levels to customize the intervention to meet them where they are.
  - This typically requires interviewing or surveying the target audience to understand which devices, platforms, and digital tools they use, if any.
  - If the target audience’s digital (financial) literacy levels are highly variable, segment the intervention into different levels.
- ☑ Build consumer safety, trust, and awareness. Engage role models, champions, trusted community members, government officials, mobile network operators, and other trusted leaders when designing and implementing digital literacy activities.
- ☑ Invest in behavioral change efforts:
  - DFS activities commonly introduce mobile-based services such as mobile money; for these digital financial literacy trainings to be successful, ensure that they build on the groundwork of basic mobile literacy skills (i.e., the ability to use a feature phone or smartphone).
  - Because traditional formal training can have limited long-term impact, it is important that digital financial literacy trainings:
    - Are linked to a specific product or service. This includes explaining how the product/service is relevant to the user and enabling the user to try the service during the training (e.g., leading a training on how to open an account, followed by asking training participants to open their own accounts).

- Engage trusted intermediaries to help offer additional formal and informal trainings for mobile money users who need assistance.
- Consider whether a classroom approach is the appropriate form of training for the target audience; activity teams should devise an alternative training experience when necessary.
- Are conducted periodically, so that users can more easily retain information.
- Are adjusted to address trainees' common questions and concerns.
- Use locally accepted and engaging forms of communicating, such as skits, "cartoons," or radio messaging.



Photo: Ramundo Media for DAI

- ☑ Institutionalize longer-term digital capacity-building (with impacts that transcend those of periodic or one-off digital financial literacy trainings) when delivering DFS-related interventions. Incorporating mentoring, coaching, or long-term technical assistance increases the likelihood that the target audience will not only open DFS accounts but become proficient and active users.
- ☑ Address the challenges that women face in accessing and using DFS. Use archetypes that mirror their different life stages and needs in digital financial literacy materials, especially for women whose intersectional identities affect their life experiences. Reflecting the wide range of women's lives and experiences in program materials helps build confidence during training, encouraging digital tool use.

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## Other Resources:

- » **About integrating DFS into development programming:** [USAID's Building Resilient and Inclusive Digital Ecosystems: A Toolkit for Using Digital Payments in Development Programs](#)
- » **About DFS within sector-specific programming:** [USAID's The Role of Digital Financial Services in Accelerating USAID's Health Goals](#); [USAID's Digital Financial Services for Health: A Global Evidence Review](#); [USAID's Digital Financial Services for Agriculture Guide](#)
- » **About digital literacy skills building:** [GSMA's Mobile Internet Skills Training Toolkit \(MISTT\)](#); [GSMA's Digital Literacy Training Guide](#); [GSMA's Accelerating Digital Literacy: Empowering women to use the mobile internet](#)

**FOR MORE INFORMATION** on the digital literacy and digital financial services nexus in USAID programming, please reach out to [digitaldevelopment@usaid.gov](mailto:digitaldevelopment@usaid.gov) or [cpsdigital@usaid.gov](mailto:cpsdigital@usaid.gov).



## USAID'S DIGITAL STRATEGY

USAID's [Digital Strategy](#) was launched in April 2020 with the goal of supporting USAID partner countries through their digital transformations. It aims to improve measurable development and humanitarian assistance outcomes through the responsible use of digital technology and to strengthen the openness, inclusiveness, and security of partner country digital ecosystems.