



# Project FSM

## Inception Report

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# Impact Area



Bagmati Province, Lalitpur:

Shree Saraswoti Basic School- Godawari Municipality

Madesh Province, Dhanusha:

Shree Rastriya Basic School- Batteswor Rural Municipality

Madesh Province, Dhanusha:

Shree Madhyamik Vidhyalaya- Chhireswornath Municipality

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# Executive Summary

The FSM Project, an innovative CSR project supported by Everest Bank Limited and implemented by Social Lab Nepal; that cultivates financial literacy to the underprivileged students from public schools of Bagmati and Madesh Pradesh.

The model will benefit around 450 plus students directly. It work as a incentive based positive reinforcement where students earned tokens through positive behavior, hygiene, active participation, and academic discipline. These tokens could be exchanged for various goods in the FSM marketplace, deposited in the Token Bank, or used to take loans.

As an initial step of proper implementation, local government were reached for coordination. After that, a detail orientations were conducted for the teachers and students to teach and walk-through how model works. The orientation was enthusiastically embraced by students and teachers, laying a strong foundation for experiential and joyful learning.





# Background

Financial Stimulation Model (FSM) is a child-friendly and innovative educational approach aimed at equipping students in rural public schools with practical financial literacy. By linking behavior to token-based rewards, the model encourages regular attendance, discipline, academic participation, and leadership development. It promotes a shift from traditional practices to positive reinforcement, helping create a safe, vibrant, and engaging school environment where students feel motivated to learn.

The student are ranked daily on the basis of criteria of the model. At the heart of this model is the FSM Marketplace ; a monthly event where students can use their earned tokens to purchase goods of their choice, deposit savings in the Token Bank to earn interest, or take small loans when needed. The marketplace serves as a hands-on learning platform in behavioral economics and financial decision-making, teaching students to manage resources wisely, make value-based choices, and develop lifelong financial responsibility.



*(Currency of the Financial Stimulation Model, FSM Token)*



*(Behavior Chart; a visible board installed at every classroom.)*

# Context of Madesh

This project addresses critical gaps in Nepal's education system, focusing on limited financial literacy and the need for child-centered learning. NRB (2022) reports that only 57.9% of the population is financially literate, underscoring the need for practical life-skills education.

Building on the successful pilots at different public schools, the project will scale into 3 schools; 2 from Madesh and 1 from Bagmati with the support of Everest Bank Limited. Madesh Province, one of Nepal's most educationally disadvantaged regions, where female literacy is only 55%, one in five children is out of school, and systemic challenges such as high student-teacher ratios, weak infrastructure, and low secondary enrollment persist. In SEE Examination of 2082, 72% of student got non-grade, lowest comparing to other provinces. This show, how critical the education system is in this region.

FSM offers a cost-effective, holistic solution by using a token-based system to improve attendance, retention, and financial literacy while fostering teamwork, reading habits, and positive learning environments. The model's integration of behavioral guidance and child-centered approaches addresses broader gaps in emotional and social development, making Madhesh an ideal context for scaling this innovative initiative.



# Profile of Project Schools

**Bagmati Province:** Shree Saraswoti Basic School- Godawari Municipality- Shikharpa

- Predominantly students from Tamang communities
- Family income largely dependent on daily labor
- School doesn't not have proper building and rents nearby house for classes
- Some student walks around 1.5 hours daily to commute to the school



**Madesh Province:** Shree Rastriya Basic School, Batteswor Rural Municipality and Shree Madhyamik Vidhyalaya, Ichyapur, Chhireswornath Municipality

- Predominantly Musahar, Chamar, Chidimar, Dom, and Das communities
- Family income largely dependent on agriculture and daily labor
- Overall very poor economic conditions with limited awareness of education





# Findings from Baseline Study

**N=31 teachers of Shree Saraswoti, Shree Rastriya Basic and Mavi Vidhyalaya.**

## Survey Focus:

- Extracurricular activities (ECA)
- Financial literacy
- Student attendance
- Academic and behavioral pattern

### 1. Attendance Patterns

| Attendance | Teachers | %   |
|------------|----------|-----|
| <70%       | 12       | 57% |
| 70–80%     | 6        | 29% |
| 80–90%     | 3        | 14% |
| >90%       | 0        | 0%  |



**Insight: Irregular attendance and low home support affect learning and behavior.**

### 2. Extracurricular Activities & Financial Literacy

| Indicator                                  | % Teachers |
|--|------------|
| School lacks creative/fun ECAs             | 100%       |
| Financial literacy is very important       | 95%        |
| Schools currently teach financial literacy | 0%         |



## Main reasons for absenteeism:

- Household/agricultural chores: 71%
- Parental neglect/low priority: 52%
- Poverty/child labor: 29%
- Festivals/rituals: 19%

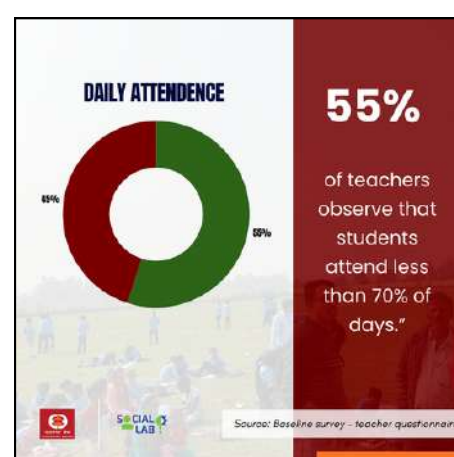
**Insight: Low attendance is driven by socioeconomic pressures.**



# Findings from Baseline Study

## 3. Academic & Behavioral Patterns

| Area              | Observations  |
|-------------------|---|
| Homework          | "Sometimes" – 57% of teachers report students complete homework         |
| Reading habits    | "Sometimes/rarely" – 90% of teachers report low engagement              |
| Hygiene & uniform | Needs improvement/fair – 90%  |
| Discipline        | Punishment sometimes/often – 71%; teachers prefer positive alternatives |



*(Teachers Participating In Baseline Survey)*

# How FSM Addresses Key Challenges

The Financial Stimulation Model (FSM) directly tackles the structural and behavioral gaps identified in the baseline survey:

- **Improving Attendance:** By linking daily school participation to tokens and rewards, FSM incentivizes regular attendance, helping reduce absenteeism driven by household chores or socioeconomic pressures.
- **Integrating Financial Literacy:** FSM embeds practical, age-appropriate financial education into daily classroom activities, ensuring students develop essential life skills from an early age.
- **Fostering Positive Behavior:** Daily reinforcement through token-based rewards promotes homework completion, reading habits, hygiene practices, and collaborative behavior.
- **Creating Engaging School Environments:** FSM incorporates creative, fun, and experiential activities, transforming schools into vibrant spaces where learning is enjoyable.
- **Supporting Holistic Development:** The model simultaneously engages students, teachers, and parents, building a supportive ecosystem that reinforces academic, behavioral, and life skills development.

In essence, FSM converts routine schooling into a structured, motivating, and skill-building experience, addressing both educational gaps and socio-behavioral challenges in rural settings.



# Wayforward

Social Lab Nepal is currently developing a knowledge-based Financial Literacy learning module for children, which will complete the third pillar of the NRB Financial Literacy Framework. While our existing FSM model already strengthens students' financial skills and attitudes, this new component will embed the essential knowledge dimension that was previously missing. Through structured trainings and workshops, students will gain foundational financial understanding aligned with national standards.

Weekly student trainings have already begun, and the trainer receives continuous guidance and supervision from Social Lab Nepal.

The FSM Marketplace in Madhesh Province is scheduled for the end of Mangsir, while the Bagmati Province marketplace is planned for the first week of Poush, subject to smooth implementation. Preparations for both marketplaces are currently underway.

A re-orientation session for teachers and students is also planned for Poush to ensure clarity, alignment, and effective execution of the upcoming activities.





# Visual Stories



Group photo after orientation at Mavi, Ichhapur



Group photo after orientation at Batteswor Basic School,



Teacher's orientation and capacity building in action



Orientation and casual conversation with students about the model at Saraswoti School- Bagmati Province



# Visual Stories



Teachers excited and lending hands to set up the behavior chart.



Tate-a-tete with the senior teacher about the context of the community and school



Photo after the contract signing with Sanu Maya Loh, Head- Shree Saraswoti Basic School- Shikharpa





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