Seminar on Financial Education:

Challenges, Trends and Measures of Success in Supporting Financial Inclusion in Sub-Saharan Africa

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access to insurance initiative

IAIS INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

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Contents

Introduction 3

National strategies for financial education 4

Integrated financial education and financial consumer protection strategies to promote financial well-being 6

Promoting financial education in insurance 8

Financial planning for old age – The importance of financial education in encouraging retirement planning across the population 10

Encouraging Africans to invest 10

Best practices in the design and implementation of financial education programmes 11

Building trust in digital financial services through financial education 13

The value of public private partnerships (PPP) in financial education 14

The business case for financial education 14

Experiences in targeting excluded groups 15

The business case for financial education 14

Monitoring and evaluation (M&E) of financial education initiatives 16

Conclusion 17

Introduction

Financial education is key to improving individual financial behaviour, preventing over-indebtedness, protecting clients, contributing to market development and ensuring financial stability. It makes a crucial contribution to the development of inclusive financial systems and to broader economic and social development goals. Financial education is therefore increasingly high on the agenda of many countries, including countries in Sub-Saharan Africa (SSA). To increase consumer awareness and financial literacy, financial education is in the interest of a range of stakeholders, including central banks, banking supervisors, insurance supervisors as well as other policymakers and market participants. Considering the need for coordination among these players, a number of countries have developed or are in the process of developing national financial education strategies.

Too often, national financial education strategies are developed and implemented with insurance not included or only added as a bit of an afterthought. To encourage better cross-sectorial coordination and facilitate sharing of experiences on the key factors involved in a successful financial consumer education campaign the Access to Insurance Initiative (A2ii), the International Association of Insurance Supervisors (IAIS), the Financial Services Board (South Africa) and FinMark Trust organised the **Seminar on Financial Education: Challenges, Trends and Measures of Success in Supporting Financial Inclusion in Sub-Saharan Africa** from 29-30 September 2016 in Sandton, South Africa. The seminar brought together 150 delegates from 15 African countries. A variety of stakeholders were represented comprising government ministries and departments; central banks and regulators; industry associations; academia and various international organisations and NGOs. Delegates were exposed to regional and international experts in the field of consumer education and financial literacy and engaged in discussions on key issues relating to the current status of financial education and how to best improve financial literacy.

The discussions revealed that the challenges in financial education are similar across Sub-Saharan Africa (SSA) and that important lessons could therefore be learnt from existing experiences. The Seminar reinforced that financial education is an integral part of financial inclusion and to be successful it must:

- Receive support from senior leadership in national governments;
- Be a coordinated effort involving all stakeholders in the financial sector;
- Focus on the needs of the consumer, be targeted to the specific audience and be accessible; and
- Integrate monitoring and evaluation, learn from and share the results.

The outcomes of the seminar will inform a Global Declaration on Financial Literacy, which is currently being considered by the OECD International Network on Financial Education (OECD/INFE). It is intended that the Declaration will encourage cross-border sharing of ideas and best practices, as well as the collection of related data and evidence to support the development and implementation of effective financial education policies.

Financial education – setting the scene

Financial education is a key instrument in supporting responsible financial inclusion and driving uptake. It is defined by the OECD and the G20 as a capacity-building process by which individuals, through information, instruction and/or objective advice, develop the skills and confidence to:

- **Become more aware** of financial risks and opportunities;
- **Improve their understanding** of financial products and concepts;
- **Make informed choices**, know where to go for help, and take other effective actions; and
- **Improve financial well-being**.

Financial education contributes to financial inclusion by empowering citizens to make the best choices for their financial well-being. The resulting financial literacy and capability is seen by many as a life skill and is essential from a consumer protection perspective. Moreover, financial education can contribute to the growth of the financial sector and economic growth in general by increasing savings and demand for financial services.

> ***"Financial education is an extremely complex issue. A holistic approach is needed."***
> *Ishmael Momoniat, National Treasury, South Africa*

National strategies for financial education

Significant knowledge gaps continue to exist in Sub-Saharan Africa (SSA) regarding the development, implementation and impact of effective financial education programmes and strategies. **Financial education programmes are often developed in isolation and knowledge sharing across and within countries is limited. National strategies for financial education can help address these challenges.**

According to the OECD, a national strategy is a nationally-coordinated approach to financial education that is

> ***"Paper is useful but what is of most value is the process used to develop it."***
> *Jonathan Dixon, Financial Services Board, South Africa*

developed in response to identified national needs and gaps. It involves the cooperation of different stakeholders and requires a national leader or coordinating body. A national strategy establishes a roadmap to achieve specific and predetermined objectives within a set period of time, and provides guidance to be applied by individual programmes in order to efficiently and appropriately contribute to the strategy. **National strategies help promote efficient education approaches, address gaps, reach scale and avoid duplication of resources.** In light of increasing complexity in financial services and blurring of sectorial boundaries, national strategies ensure a deliberate and concerted effort to build capacities.

Developing a national strategy involves four main steps:

1) Defining the strategy's scope and purpose. This involves identifying good practices, relevant stakeholders, target groups, needs and gaps as well as main policy issues. Building trust and consensus amongst stakeholders is key.

2) Creating governance mechanisms (which are flexible and able to evolve) and involving stakeholders. This step includes clearly identifying a leader (typically public authorities with a mandate on financial education) as well as defining the roles of stakeholders (public, private and from civil society).

3) Identifying key priorities, target audiences and resources. At this stage, measurable and realistic goals should also be set which are assessed regularly. Having a dedicated and sustainable budget per project is essential and a mix of public and private resources is preferential.

4) Delivering and evaluating. Developing the national strategy is only the beginning. In implementing national strategies, it must be ensured that people can access the education as needed and that a range of delivery channels are available. Including financial education in other activities is recommended (i.e. using 'teachable moments'[1]) and the time between teaching and action should be reduced to a minimum. Content and tools must always be adapted to the target audience and "edutainment" as well as other innovative tools should be considered. The quality of education provision must be monitored on a regular basis.

> *"Do not reinvent the wheel. Learn from others and from your own experience."*
> *Sue Lewis, Financial Services Consumer Panel, UK*

Lessons from the UK's national strategy

The 'Delivering Change' national financial education strategy that was implemented in the UK was not sustainable as political support was not maintained. Following the launch the regulator, government and politicians provided limited on-going support to the strategy and stakeholders were not sufficiently engaged. The industry was also not sufficiently involved resulting in little alignment of their product offering to match the awareness generated. The focus was on driving people to save money as opposed to empowering people.

The experience from the UK showed that:

- Financial education initiatives are not sufficient on their own. In particular, industry has a role to play in making products simpler.
- Political will is essential. Building public opinion on financial education ensures that politicians maintain interest and political support for financial education initiatives. Identifying and prioritising a few 'quick wins' is crucial in this regard.
- Choosing a lead body with significant influence that is able to keep stakeholders on board is key to success.
- Consumers need to be empowered not just educated.

Uganda's national strategy

Led by the Bank of Uganda, Uganda launched its financial education strategy in 2013 with the aim of including more people in the formal financial system. Uganda's financial education strategy thus played an integral part in the financial inclusion framework which comprised five strands, namely youth, rural outreach, education, workplace club associations, and the media. The core of the strategy was working in partnerships. Over 150 entities were engaged in the process of developing the strategy. A demand-driven approach, in which the central bank did not prescribe courses of action, was key. The main challenges in developing a national strategy were stakeholder management, resources and measurement of behavioural outcomes.

Lessons from the Ugandan experience are that:

- Locating a financial education strategy within a broader financial inclusion framework provides direction and impetus;
- Effective stakeholder engagement and coordination should be reinforced; and
- Measurement or monitoring and evaluation is important.

1 An example of a 'teachable moment' would be a language course for migrants. Financial education could be integrated so that migrants obtain information about the banking and insurance sectors in their host country.

A successful national strategy for financial education should:

- Have clear objectives and priorities;
- Provide a comprehensive framework within which partners can operate;
- Generate support, buy-in and partnerships to ensure effectiveness and efficiency;
- Promote synergies and effective communication;
- Build on participants' comparative advantages and learn from their experience; and
- Consider what is important to the target community and link that to financial education initiatives;
- Build on existing good practices (e.g. use the guidelines on the OECD/INFE site and align it to one's own programme);
- Invest in resources for coordination of stakeholders;
- Set measurable goals which can be monitored and evaluated and from which lessons can be drawn;
- Include often neglected elements such as insurance, planning for retirement and understanding financial services providers (FSPs) in the country;
- Build public opinion on the importance of financial education to ensure political support;
- Take a long-term view;
- Consider making financial education mandatory at the school level. The content should be delivered in a practical manner so as to attain behavioural change as opposed to being theory-focused; and
- Use existing infrastructure and 'piggyback' on existing opportunities.

> ***"Consumers should be at the heart of everything."***
> *Astrid Ludin, DNA Economics, South Africa*

Key take-away points

- Take a long-term view with clearly defined priorities and objectives;
- Have a stakeholder-centric consultative and collaborative approach to maximise benefits and minimise costs; and
- Be championed from the highest level of government and have a trusted leader such as the Central Bank.

Integrated financial education and financial consumer protection strategies to promote financial well-being

Financial education fulfils an important consumer protection function. By providing citizens with the knowledge, skills and confidence to manage their personal finances well, financial education ensures that citizens are less likely to suffer fraud and losses. Through financial education, consumers are better able to judge the actual level of risk associated with financial products and are thus empowered to choose financial products that add value to their lives. Knowledgeable consumers are also more likely to understand their rights, report misconduct or inappropriate practices and influence product design by being able to better articulate their needs.

Financial education is also crucial to increase trust in the financial sector. The more educated the consumers are, the greater their understanding of the market and the lower their fear thereof. The introduction of financial education at an early stage of childhood is a good starting point for integrating financial education and consumer protection and for demystifying the financial sector. By embedding financial education in the curriculum of schools, it can be ensured that individuals are not intimidated by complicated financial systems as adults.

Regulators must take consumers' needs into account when developing consumer protection policies and systems. For instance, the disclosures of terms and conditions of financial products may comply with regulation but are frequently so complex that the vast majority of consumers do not understand them fully. Moreover, regulators can establish financial education requirements for the industry to ensure that information is provided in an objective way and is not just a form of marketing.

In addition to educating consumers about the benefits and risks of financial products, **the private sector also has a role to play in developing appropriate and simple products that meet the needs of the consumer** and which enhance the quality of people's lives. To avoid increasing mistrust in the sector, financial service providers should discontinue the practice of selling products which they know consumers can afford, even if they do not entirely meet consumers' needs.

As the market moves quickly, maintaining flexibility in consumer protection policies is key. In South Africa, a reform of the regulator is expected to result in an increased focus on financial education (see box below).

The Twin Peaks reform in South Africa

In South Africa, the Twin Peaks reform that is currently underway will create a model of regulation that will see the Financial Services Board become the Financial Sector Conduct Authority (FSCA) and the South African Reserve Bank (SARB) become the prudential authority. This will give rise to the Market Conduct Authority. It is anticipated that having a separate and focussed Market Conduct Authority will enable supervisors in South Africa to be more outcomes focused and better embed 'Treating Customers Fairly' at the centre of business practices. Moreover, it is envisaged that these changes will bring a stronger, more comprehensive approach to regulation and supervision, while minimising regulatory fragmentation. This restructuring will also result in the revisiting of disclosures and incentives which assist in ensuring that consumers understand the industry.

Key take-away points

- Financial education programmes, regulation and financial products must be developed with the consumer in mind;
- Sufficient resources must be allocated to financial education initiatives and systems to ensure consumer protection;
- Customers' perceived risk is often not the same as their actual risk;
- It is important that the ability of supervisory authorities to support national financial education efforts is reflected on when designing domestic regulatory structures; and
- Trust needs to be established between consumers and the financial sector through appropriate regulation.

Promoting financial education in insurance

Insurance products play a pivotal role in curbing risks and in social and financial protection. In many countries, consumers have a low level of awareness of their risk exposure, do not sufficiently understand the concept of insurance and strongly distrust insurance service providers and products, largely due to the intangible nature of insurance products. Yet, insurance is often left out of national strategies and financial education programmes.

Insurance education serves a dual purpose. It helps raise awareness of risks and to set correct expectations of how insurance can help cover those risks. In addition, it helps develop the knowledge, skills, and confidence that individuals need to adopt proactive and responsible behaviour regarding their risk exposure.

Governments, regulators and supervisors, insurance associations, and providers all have a role to play in promoting the education of consumers on risk management strategies, including insurance. Collaboration with other actors, such as academia, should also be explored. In particular, stakeholders need to work at overcoming the trust deficit in the industry. This can be done by:

- Driving awareness of protection needs and the benefits of insurance;
- Making insurance useful and relevant to consumers e.g. through value-added services and tangible cover (funeral assistance);
- Ensuring that clients can experience the benefits of insurance (e.g. through loyalty models delivered through mobile technology);
- Making claim processes hassle-free; and
- Ensuring that clients understand product features and policy documents when buying.

Examples of insurance education initiatives

Kenya – MFO and AKI
In Kenya, a weekly radio show is hosted by two local stations focussed on understanding risks and insurance and on managing assets. This is done through drama, testimonials and expert advice. Listeners scored 18.6% higher on measures of awareness and 8% on measures of knowledge than non-listeners.

Brazil – Estou Seguro
In the Estou Seguro (I'm Safe) initiative, a combination of channels and tools were used, such as radio shows, street play, contests and booklets generated for the poor communities of Rio de Janeiro. The focus was on the losses that poor households face as well as the relief that insurance can bring in mitigating risk. The result was a significant increase in knowledge about insurance product types.

Zambia – embedding education in the value chain
In Zambia, peer group leaders were identified within groups of farmers. The initiative then helped build the capacity of these lead farmers to improve the understanding of index insurance among their peers. Education was embedded in the existing distribution process to make it cost-effective. Visual education materials were used as well as checklists and pre-recorded messages.

Learnings from the initiatives above have been distilled into toolkits by the ILO's Impact Insurance Facility for practitioners to use in developing insurance education campaigns.

Ghana's Insurance Awareness Coordinators Group
In Ghana, the Insurance Awareness Coordinators Group (IACG) was established to address low insurance penetration rates by overcoming misconceptions on insurance and ensuring that insurance education is institutionalised. The IACG is respected and accepted by all players in the industry. Members believe that it is a sustainable initiative because it is industry-led and industry-funded and is approved by the regulator.

Insurance education within the national strategy for financial education in Brazil

In Brazil, a national strategy for financial education (ENEF) has existed since 2010. It was developed by a multi-stakeholder committee, which includes a range of supervisory authorities (including the central bank and the insurance supervisor), Ministries and industry associations. With ENEF, financial education has become a permanent state policy, involving public and private institutions at the federal, state and municipal levels.

Initiatives under ENEF can be guidance, information or capacity building activities. They must be free of charge, have no commercial appeal and refrain from selling financial products or services. In 2013, there were about 800 financial education initiatives in Brazil, a significant increase from the 100 initiatives that existed in 2010. Initiatives include:

The AEF Child & Youth project, adapts a formal financial content to real situations faced by children in their daily lives (adapted to the age of the children). This comprises personal financial planning and consumer saving decisions.

The AEF adult project targets the retired population earning up to US$500 per month and women who are beneficiaries of the social assistance programme.

Every year since 2014, 'ENEF week' has been organised in which all initiatives that are aligned to the standards of the national strategy for financial education can participate. While in the first year, 170 events were organised, in 2016, 1,983 events were organised during the week.

To incentivise the voluntary engagement of the industry, a stamp was developed in 2015, which recognises financial education initiatives aligned to ENEF standards. So far, 27 institutions have received the stamp.

The Brazilian insurance supervisor, SUSEP, has taken an active role in financial education. Together with a range of partners, SUSEP has developed innovative insurance education initiatives including a video contest on insurance. SUSEP has also partnered with a university to develop research papers on the topic.

Lessons from the Brazilian experience were that:

- All relevant authorities need to be on board and buy-in from key partners must be ensured;
- Not just the participation in activities needs to be measured but also the resulting behavioural change;
- Companies should be prohibited from conducting consumer education with the intent to market their own products; and
- The target groups must be identified (children, youth, adults) and the campaign tailored accordingly. It was reflected early on that reaching these target groups was something that could be improved on, in particular, with respect to women and small entrepreneurs.

> ***"Insurance education is not one man's job. We must all come together."***
> *Winfred Dodzih, Ghana Insurers Association*

> ***"One-size fits all approaches don't work."***
> *Gamal Ballam, Financial Services Commission, Mauritus*

Key take-away points

- Insurance education requires a multi-stakeholder approach;
- Insurance education will not make a difference if relevant products are not available.
- While industry must be involved to ensure that insurance education becomes sustainable, it is important that industry-supported campaigns go beyond just marketing individual products; and
- The definition of financial inclusion should extend beyond access to products to include elements of financial capability. Consumers should have the ability to take educated and informed decisions about the suitability of a particular product.

> *"We need unique solutions for Africa rather than trying to fit Africa into existing solutions"*
>
> *Seminar participant*

Financial planning for old age – The importance of financial education in encouraging retirement planning across the population

Statistics continue to demonstrate the low levels of saving for retirement. There is a correlation between saving and the economic development of a country. In SSA, most low-income people cannot afford to retire officially. Individuals therefore become increasingly responsible for providing for their own income beyond their working life. This is further compounded by the fact that individuals typically start late when planning for retirement, have limited compulsory savings and tend to abide by African customs and traditions. There is a need for cultural shifts with regards to the individuals' views on retirement planning which is often considered taboo. Experiences need to be shared on the benefits of saving for retirement and companies need to implement compulsory savings. To this end, governments are considering various approaches to encourage active retirement planning.

Individuals need to be informed about their rights and responsibilities regarding retirement planning and the status of their pension funds. In South Africa, for instance, unclaimed pension fund benefits are calculated to be worth billions of Rand due to the lack of information on pension funds.

Key take-away points

- Financial planning must begin at an early age;
- Financial planning for old age may need to be compulsory; and
- Cultural aspects need to be considered in product design appropriate to the needs of the consumer.

Encouraging Africans to invest

In Sub-Saharan Africa (SSA), large parts of the population remain excluded from the formal economy - partly as a result of low financial literacy. Nevertheless, many are still investing and participating in a vibrant informal economy. Limited understanding of formal savings and investment products, limited access to products and limited supply of appropriately designed and priced savings products all contribute to low formal saving rates in SSA. Financial education is needed to bridge the gap between consumers and financial markets and to increase and encourage African investment in the formal sector. These financial education programmes will need to address the challenges faced by Africans in their unique diverse backgrounds.

> *"Not planning for retirement is planning for failure."*
>
> *Wilma Mokupo, Financial Services Board, South Africa*

Key take-away points

- Financial institutions should simplify financial products;
- Standardising costs on products can improve transparency; and
- There is a challenge in building trust in an intangible benefit which needs to be taken into account in financial education initiatives.

> ***"Best practice must not be confused with innovation, but innovation can lead to best practice."***
>
> *Lyndwill Clarke, Financial Services Board, South Africa*

Best practices in the design and implementation of financial education programmes

Financial education programmes should be designed to meet the needs of the target population and should employ various forms or delivery channels to achieve the intended outcome and impact. In a drive to increase consumer financial education and encourage financial inclusion, a variety of formats for financial education initiatives are being experimented with. For example, Mauritius applies a game-show competition format, and in South Africa, the Financial Services Board (FSB) organised a speech writing competition at the school-level. Digital technologies are also increasingly used to spread financial education messages, including to rural populations and other hard-to-reach target groups (see the section on digital financial services and the example of Arifu below).

Mauritius – financial education programmes

Mauritius has a highly literate population (only 6% of the population have no formal education) and 88% of the population is financially included. The Financial Services Commission (FSC) is mandated to provide financial literacy through the FSA Act 2007. In Mauritius, the youth are a key focus and this group is reached through the 'Financial Literacy and Young Talent Competition' which was launched in 2011. The participation has grown year-on-year. The competition has two categories:

1) Essay competition: teams are required to submit an essay of approximately 3,000 words with the finalists presenting their essays in the last round.

2) Quiz competition: the quiz is presented on national television in a game-show format. The format is elimination-based with 32 qualifying individuals for preliminaries and the top 8 reaching the finals.

Lessons learnt:

- Use incentives in financial education initiatives (e.g. cash prizes and participation in television);
- Apply varied game-show formats that are interactive and engaging (not a Q&A session);
- Create prestige around initiatives (judging panels comprising high-level and prominent individuals);
- Ensure that content is targeted in order to achieve success (e.g. the competition format appealed to learners at school-level but not to university students and was therefore discontinued at university level); and
- Obtain educator buy-in for longevity of the project.

South Africa

In South Africa, the Financial Services Board (FSB) is mandated to provide consumer financial education. Currently, the FSB uses a multi-faceted approach which includes a variety of mediums or delivery channels to target consumers such as workshops, presentations and exhibitions. The FSB also conducts research and includes monitoring and evaluation (M&E) to assess the effectiveness and impact of programmes. With the upcoming structural changes and the creation of a separate Market Conduct Authority, it is intended that a more strategic approach will be taken to implement financial consumer education efforts. The Market Conduct Authority will concentrate on the development of standards and guidelines for embedding consumer education into the regulatory reporting requirements of the industry. This move towards a best practice model will include the following:

- Planning clearly defined objectives, well-designed implementation schedules and monitoring and evaluation;
- Developing appropriate content for target groups;
- Involving well-trained facilitators for the relevant target audience;
- Monitoring and evaluation as an on-going process to assess whether the set objectives, outputs and outcomes have been achieved; and
- Reporting with recommendations and statistics of the projects.

FSB Financial Education case studies - The 'save now campaign' and the "SAICA workshops" presented in collaboration with the South African Institute for Chartered Accountants (SAICA)

Each case study addressed what worked, what can be improved and the general lessons learnt. Both cases studies highlighted the importance of using the correct pitch and ensuring that content is engaging.

What worked:
- Audience engagement;
- Topics aligned with financial challenges of the audience;
- Short-term application of content;
- Delivery mechanisms constantly evaluated; and
- Content aligned to current issues.

Areas for improvement:
- Key messages should be prioritised;
- Effective follow-up mechanisms should be long-term;
- Targeted and well-timed marketing activities;
- Beneficiaries should be targeted at certain life stages (i.e. when specific financial needs exist such as saving for education, dowry, retirement, etc.); and
- Content must be interactive.

Lessons learnt:
- The use of relatable characters to demonstrate and communicate key messages;
- The intervention's objectives and project activities should be clearly defined; and
- Appropriate target audience selection and the alignment of project design to the specific audience to improve project effectiveness.

Key take-away points

- Digital technologies can be very useful in transmitting financial education messages. However, technological innovation should not be confused with best practice. Sometimes traditional methods are best suited to achieve a particular objective;
- Consumer education should be pursued as a long-term rather than a short-term strategy;
- Well-qualified trainers (able to speak local languages) are key; and
- Specifically dedicated and appropriate resources (financial and human) must be ensured.

Building trust in digital financial services through financial education

Digital financial education models offer an ability to tailor financial education to individual needs in a way that was not possible before. With the increasing use of technology in the financial services industry, those tasked with consumer financial education play a central role in not only building trust in this technology but also ensuring that consumers know how to engage with it.

Digital technologies open up avenues for the development of consumer financial education programmes which incorporate innovative ways to reach consumers. Downloadable apps are one way of spreading digital financial education. These are considered valuable and beneficial by users as they allow information to be obtained as and when consumers need it. Apps through which consumers can manage their budgets are also being developed and help make financial management exciting. Smartphones allow self-paced, self-directed and personalised financial education with effective targeting suited to one's life stage. Information sent through SMS can be done in multi-language format to achieve scale and low-literacy populations can be reached through voice-based content. In the near future, real-time personalised information, i.e. client-specific content, is likely to be applied in providing financial education.

Digital technology also allows consumers to have an interactive experience which has been found to be a more successful learning method. Through gamification, school children can be encouraged to participate in programmes that reward them for their behaviour – this drives behaviour change and creates excitement.

> ***"Don't forget the lessons from behavioural economics."***
>
> *Jeremy Leach, Inclusivity Solutions, South Africa*

Example of a digital technology solution

Arifu
Arifu (www.arifu.com) is a social enterprise which provides a digital technology solution that uses mobile phones to communicate messages to individuals in remote rural areas. Individuals are taught skills through simple to understand messages that are sent in conversational format through mobile phones.

Key take-away points

- Digital technologies provide a tremendous opportunity to reach scale and enable access to excluded groups;
- Eliminating 'obstacles to action' is important. This is required with respect to both access to appropriate risk mitigation solutions as well as ensuring simplification which is critical in digital models; and
- Financial education (both through digital as well as traditional means) has to go beyond corporate social responsibility initiatives. Clarifying the business case for financial education is critical for sustainability.

The value of public private partnerships (PPP) in financial education

Sound public-private partnerships can result in successful and effective financial education programmes that attain maximum impact. In developing efficient partnerships, it is important to involve key stakeholders and align programme objectives to their needs and aspirations. Effective stakeholder strategies, coupled with increased information sharing, communication and collaboration between parties and the pooling of resources can result in improved efficiency and effectiveness. PPPs can help achieve scale, which may otherwise not be possible. However, good coordination and the development of a collective strategy is key to success.

The PPPs in Zambia and South Africa have resulted in important lessons learnt, which are summarised in the key take-away points below.

Key take-away points

In **Zambia** the partnership between the Zambian government and the private sector highlighted that:

- A high-level government official should champion financial education – in Zambia, the governor of the Central Bank champions consumer financial education;
- Initiatives that do not involve the private sector face challenges;
- Coordination amongst stakeholders should be formalised in order to be effective;
- Repeat messaging is a vital component of financial education strategies. Financial education messaging must be similar and consistent;
- A stakeholder strategy is important and must be a central component of a national strategy;
- Donor support was needed for the projects to be successful.

In **South Africa**, many financial education initiatives are currently in place. However, they often operate in silos and sometimes face resource constraints. It is observed that:

- Greater political support and a high-level champion to lead and provide oversight to FE programmes has the potential to yield successful outcomes;
- Collaboration is important between the various government departments (both at the national and provincial levels), the regulator, and other entities to drive the consumer education campaigns;
- The public and private sectors should create a non-competitive environment to conduct consumer education programmes;
- Long-term commitments are needed between the government and the private sector to provide consumer education and to ensure the sustainability of projects; and
- SMEs face major challenges with funding and consumer education. There is a need to understand their requirements in order to provide the necessary information.

The business case for financial education

As already touched on elsewhere in this report, success in financial consumer education campaigns relies on a multi-stakeholder approach. This is particularly the case when it comes to having enough financial resources to ensure a campaign is sustainable. However, since **financial consumer education initiatives may be influenced by the overall self-interest of financial services providers (FSPs)**, guidelines and standards for delivering consumer education must be developed to ensure transparency and respect for the client.

In the past, private initiatives have seen a number of challenges. It has often been found that FSPs are unable to resist the temptation to market their company and adopt a one-size-fits-all approach. There has also been the tendency of a "teach-and-run" approach with no tracking of the behavioural changes of those who have gone through programmes. A lack of innovation in deployment of financial education efforts has also been reported, whereby FSPs focus more on their return on investment and shareholder needs as opposed to the customers view and requirements.

As in all financial education initiatives developed by the private sector need to be more consumer centred. Consumers must be viewed as having the capacity to practice free will and not be perceived as “weak and vulnerable”.

Key take-away points

- Clearly differentiate product marketing programmes from consumer education initiatives;
- Customise consumer education to improve financial capability, financial inclusion and financial literacy and not for the purpose of profit;
- Develop standards and guidelines on how to develop and implement financial education programmes;
- Ensure executive buy-in;
- Pursue consumer education as a long-term and not a short-term strategy.

> *“Youth don’t want face-to-face workshops. They want fun.”*
>
> *Seminar participant*

> *“Do we need to be purist or do we need to be pragmatic?”*
>
> *Seminar participant*

Experiences in targeting excluded groups

Marginalised or hard-to-reach groups are often not included in financial education programmes. Costs, access, social and cultural practices sometimes result in the exclusion of women, youth and rural populations from financial education initiatives. However, it is critical that these groups are reached as they are often the most vulnerable to financial shocks and exploitation and tend to have lower levels of financial literacy than other groups.

Country examples of programmes targeting excluded groups:

Namibia

A financial literacy measurement found that the knowledge score of participants was 52% versus the behaviour score of 32%. The low behaviour score indicates that although people may have knowledge of financial products, they do not necessarily implement this in their day-to-day lives. The measurement also found that older people are frequently not financially-literate. In order to address these issues, radio campaigns on financial literacy were piloted in the rural areas of Namibia. Despite the investment behind these campaigns, they were not successful in addressing the issue of behavioural change in financial education of excluded groups. It was found that this was not due to the reach of the messaging but due to the (lack of) relevance to the targeted group.

South Africa

Vulnerable youth and child-headed households in South Africa have benefitted from a financial education programme that has been rolled out in rural parts of the country. Participants in the programme are beneficiaries of social grants and are responsible for managing household finances. Following the programme there is evidence that some beneficiaries are demonstrating better money management and are also involved in income generating activities. This demonstrates the value of investing in youth in rural areas.

A number of challenges remain, particularly on how to reach out-of-school youth and people with disabilities. These target groups represent the 'next frontier' of financial education.

Key take-away points

- Efforts must be made to target marginalised and excluded groups to reduce their vulnerability and improve livelihoods;
- Financial education must begin at a young age in order to build a financially-literate generation;
- In-depth insights into the (segmented) target audience are needed;
- Financial education programmes must be customised and packaged to suit the needs of the excluded groups and messages must suit their context.

> *"It's not enough to go for the low-hanging fruits."*
> *Seminar participant*

Monitoring and evaluation (M&E) of financial education initiatives

Monitoring and evaluation (M&E) allows financial education practitioners to assess the relevance, effectiveness, efficiency, impact and sustainability of their programmes. Monitoring and evaluation not only measures success but also helps improve programmes. It informs decision-making, ensures feedback into programmes, establishes accountability and improves planning and programming. Piloting small-scale projects in order to learn about the quality of a programme is an effective way of doing M&E, as it allows plans to be re-evaluated before they are implemented on a large scale.

Understanding the theory of change or results-model of a programme is key to evaluating its effectiveness and impact, since it is only possible to measure something that was defined at the outset. M&E should be carried out as the project is underway and employ various data collection and evaluation methodologies such as project document review, focus groups, interviews and telephone calls.

It is important for organisations and countries to share results of M&E exercises to ensure that the sector benefits from the lessons learnt and to increase the repository of evidence and case studies, particularly in sub-Saharan Africa.

Financial education initiatives aim for behavioural change and not just knowledge. Although difficult to measure, M&E systems must therefore attempt to capture this behavioural change. Moreover, consumer confidence in the financial sector is an important variable to assess.

Key take-away points

- Systematic and independent evaluations are essential. Learning from previous successes and failures saves time and money;
- M&E should be placed at the forefront of a financial education programme and key performance measures must be defined from the beginning of the programme;
- The M&E process should be approached collaboratively; and
- M&E should be used to test models and methodologies before scaling up the programme.

> *"Plan for scale."*
> *Craig Heintzman*

Conclusion

Overall, the seminar proved successful in bringing together a diverse range of stakeholders involved in financial education from across Africa. It also met its objective of contributing ideas and support to OECD/INFE for the development of an international declaration on financial literacy.

The seminar has shown that it is not necessary to 'reinvent the wheel'. Significant experiences exist and the Seminar contributed to cross-border sharing of ideas and good practices. The interactive panel discussions, presentations and break-out sessions provided a platform for participants to engage in robust deliberations on their challenges and approaches regarding consumer education. It also became clear that financial education requires a holistic approach, needs support from senior leadership in national governments; be a coordinated effort involving all stakeholders in the financial sector; focuses on the needs of the consumer and integrates monitoring and evaluation from the beginning.

In addition, a number of open questions remain such as how to best encourage the industry to engage in financial education without marketing their products; how to measure behavioural change (the ultimate objective of financial education); or how to best leverage digital technologies to promote financial education. The dialogues will need to continue.

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