



Financial Sector  
Conduct Authority

**Financial Education Summit**  
**28 August 2024**  
**Draft**  
**South African**  
**Financial Education**  
**Commitment Charter**

## 1. INTRODUCTION

The FSCA Financial Education inaugural Summit has adopted the theme “*Creating accessible financial education for all South Africans*” and brings together leaders, decision makers and experts within the financial sector and field to chart a coordinated and collaborative way forward towards improved and increased delivery of high-impact and sustainable financial education.

In South Africa, financial literacy is becoming increasingly important as the country’s economic growth continues to be stunted by high levels of poverty, inequality, and unemployment. The financial sector is fast evolving, resulting in an increase in the number and complexity of products offered. The lack of basic financial literacy skills amplifies the risk of poor financial decision-making, in turn compromising financial security. Financial education aims to close this gap.

The Summit aims to elevate the strategic discussion around financial education and motivate heads of financial institutions and other relevant stakeholders to pledge their commitment towards certain financial education goals. This to progress positive financial education outcomes in a meaningful and measurable way.

## 2. COMMITMENTS

### **COMMITMENT ONE: Adopt a Financial Education Plan for the organisation that is Board<sup>1</sup> approved and published**

The **objective** of this Commitment is for the financial sector to support national goals and objectives for financial literacy, capability and well-being, by demonstrating commitment to financial education and social responsibility, the outcome which is to improve financial decision-making and stability for individuals and communities.

The **rationale** for this Commitment is to promote the support by financial institutions for financial education aligned with national policies and strategies. The expected **benefit** is to increase the number of financial education providers, elevating the importance of financial education within business strategies, and overall increasing the scale of financial education activities.

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<sup>1</sup> Where there is no Board because of a different institutional arrangement, the Head of the relevant Governing Body may oversee the Commitment for the entity.

**Strategies** and **action plans** can include:

- Needs assessment and analysis
- Clear goals and objectives
- Targeted programmes and initiatives for employees and customers
- Collaboration and partnerships with financial education experts and organizations (see also Commitment 4)
- Monitoring and evaluation (see also Commitment 5)

**Measurement** of this outcome could include monitoring:

- The total number of Pledge Organisations and total value of pledge amounts.

**COMMITMENT TWO: Deliver targeted financial awareness and financial education programmes in line with the published approach.**

The **objective** of this Commitment is to deliver targeted, high-impact financial literacy, awareness and education programmes to individuals, households, SMMEs and communities to enhance their financial literacy and financial wellbeing.

Financial literacy and awareness should be promoted by all relevant stakeholders as part of a wider financial inclusion and/or literacy country strategy. Consumers need to gain the knowledge, skills, behaviours and attitudes to be aware, understand risks and opportunities, make informed choices, know where to go for assistance, and take effective action, to support their financial well-being and resilience.

The **rationale** for this commitment is that:

- Many individuals, households, SMMEs, and communities reflect a chronic financial literacy gap. This leads to a lack of understanding of financial concepts, which in turn leads to poor financial decisions and limited financial inclusion.
- Empowering people with financial knowledge can build trust in financial institutions and the financial system, to promote the take-up and usage of suitable financial products and services in the interests of economic growth and financial well-being.
- Financial education programmes demonstrate commitment to financial inclusion, transformation, and regulatory compliance.

**Strategies** and **action plans** can include workshops and seminars, webinars and online courses, digital platforms and apps, community outreach and events, traditional media like radio, print and television, partnerships, and collaboration with other stakeholders. Strategies should keep clear lines between financial education and marketing, for example refraining from using consumer information gathered during financial education

initiatives as leads for marketing and selling products. Consideration may be given to the extent preferring in-person relative to radio or online education interventions. This in turn may consider enhancing digital literacy skills and trust, as well as raising awareness of digital security risks and promoting safe online and digital interactions.

Possible **steps** for implementation can include:

- Needs assessment and programme development.
- Programme launch and delivery.
- Evaluation, monitoring and reporting.
- Programme refinement and expansion.

**Measurement** of this outcome can include monitoring:

- Proportion of Pledge Organisations that have met their Commitment obligations.

### **COMMITMENT THREE: Deliver financial education in line with best practice norms and standards.**

The **objective** of this commitment is to deliver financial education projects and programmes that meet best-practice norms and standards.

The **rationale** for this commitment is that:

- Effective/Impactful financial education is essential for individuals to navigate the increasingly complex financial landscape to achieve financial stability and security.
- Best practice norms and standards ensure that financial education is delivered in a way that is engaging, relevant and measurable.

International standard setting bodies and experts in financial education provide clear expectations relating to how financial education can be optimized for effectiveness in the interests of consumer well-being. The **benefit** of providers of financial education adopting best practice norms and standards is consistent and high-quality financial education.

Types of **best practices**:

- Using appropriate pedagogical approaches for identified target groups, especially when dealing with vulnerable groups.
- Integrating technological innovation and using digital resource to re-enforce understanding.
- Continued accessibility to financial education content on various platforms. A so-called “in-your-face” approach.

- Creating a supportive learning environment understanding the context from which the target groups come from. (Cultural sensitivity, amongst others, is vital)
- Providing a safe environment of active participation and a platform for regular consumer feedback.

Within the **South African context**:

- Adherence to international benchmarking standards like the OECD/INFE principles of good practice and the FSCA Conduct Standard for Consumer Education, as well as its guidelines.
- Promoting and incorporating consumer centric behaviour as part of the company's Treating Customer's Fairly (TCF) culture through financial education, especially when dealing with vulnerable persons or groups.
- Clear and measurable targets, reported on in an Annual or Integrated Report.
- Suitable Monitoring and Evaluation.

**Measurement** of this outcome can include monitoring:

- Proportion of Pledge Organisations that can demonstrate adoption of relevant international principles, consideration of vulnerable groups and clear annual reporting based on suitable Monitoring and Evaluation.

**COMMITMENT FOUR: Strive to increase the impact of financial education programmes.**

The **objective** of this commitment is to increase consumer reach and effectiveness, exposing more communities to financial education that is accessible and “lands” the messaging, driving positive behavioural change.

The **rationale** for this commitment is that more impactful financial education programmes increase their efficiency and effectiveness, meaning “more-bang-for-your-buck”.

The **benefits** of increasing the impact of financial education programmes include:

- More communities are financially empowered, fostering trust in the financial system and productive financial inclusion.
- Promotes the take-up of productive credit rather than unsecured credit for consumption.
- Improved ability to manage debt and credit, which in turn could lead to increased savings and investments.
- Greater awareness and identification of fraudulent schemes and scams that will reduce financial exploitation.

- These actions collectively increase financial resilience and the ability to withstand financial shocks.

**Strategies and plans of action** can include:

- Needs assessment: Conduct a needs assessment to identify target audience, their financial knowledge, content required and appropriate delivery channel. The programme design will then be evidence-based and clear, measurable objectives can be set.
- Effective delivery: Use effective delivery methods, as established by the needs assessment. This will ensure accessible to diverse audiences, including those with limited financial literacy, language barriers, or disabilities.
- Technology integration: Leverage technology to better understand consumer needs, behaviours and vulnerability, and explore innovative delivery channels, such as mobile apps and digital platforms to increase reach and engagement.
- Trained facilitators: Ensure that facilitators are trained and knowledgeable about personal finance and adult education principles.
- Partnerships: Conduct a partner mapping exercise to identify potential collaborators operating in the same areas in the financial sector e.g. savings and investments, loans, asset and life insurance and transactional accounts. Partnerships can assist in greater reach and tap into new target groups, leverage resources, and amplify our consumer messaging.
- Collaborate: Support the National Consumer Financial Education Committee. Collaborating with financial education experts during programme design and implementation enhances programme quality and reach.
- Evaluation and Monitoring: Regularly evaluate and monitor programme effectiveness, with suitable feedback loops to use data to inform improvements.
- Scalability and sustainability: Design and develop programmes that can be scaled up or replicated to reach a larger audience and ensure long-term sustainability.
- Policy influence: Inform policy decisions and advocate for legislation that supports financial education and literacy.

**Measurement** of this outcome can include monitoring:

- The size and scale of financial education being delivered at the national level, on an annual basis.
- Average effectiveness of interventions as calculated by Monitoring and Evaluation.
- Critical indicators in the financial literacy and capability survey.

## **COMMITMENT FIVE: Prioritise the financial wellness of customers.**

The **objective** of this commitment is to provide personalized and suitably targeted financial education, tools and resources that align to and integrates with TCF and other consumer protection interventions.

The **rationale** for this commitment is to recognize that financial education is one driver towards improving the financial well-being of our communities, alongside consumer protection and financial inclusion.

**Benefits** of this Commitment are to reinforce TCF and other consumer protection interventions in a deliberate way, increasing their effectiveness. For example, efforts by financial institutions to simply disclosure material and standardize terms and conditions used, could be referenced and highlighted as part of financial education. Another example is educating consumers to be choosing productive loans needs to be backed by suitable financial product offerings.

Prioritising financial wellness can improve customer experience, leading to greater trust in the financial sector and financial inclusion.

Financial wellness impacts the ability to manage financial obligations (debt) and achieve long-term goals (savings and investments), supporting financial resilience. Prioritising financial wellness demonstrates a customer-centric approach and builds trust in the financial sector.

**Strategies and plans of action** can include:

- Conducting initial and the regular financial wellness assessments of financial customers, with attention given to vulnerability, and using insights to inform Financial Education Plans.
- Consider research on customer digital readiness.
- Ensuring that the enhanced used of digital technology does not lead to inappropriate or discriminatory outcomes for consumers. An example is whether disclosure relating to terms and conditions is suitable through online sales platforms. Another example is the use of AI to inform sales targets and practices.

**Measurement** of this outcome can include monitoring of:

- Critical indicators in the FinScope and FSCA's Customer Preferences Surveys
- Critical indicators in an agreed and repeatable financial wellness survey, such as The Momentum Unisa Household Financial Wellness Index<sup>2</sup>.

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<sup>2</sup> <https://sls-fresco.momentum.co.za/files/documents/campaigns/successisascience/household-financial-wellness-index-2023.pdf>

### **3. WAY FORWARD**

Everyone attending the Summit today has a role to play in achieving the goals and objectives. The commitments shared is not all encompassing and will be refined by stakeholder collaboration and further discussions of role-players.

It is envisaged that that the final commitments, including the signing of the charter will take place as follows:

- 3.1 CEO's and other decision makers have three (3) months to consider all the information they received and to provide input - 28 November 2024.
- 3.2 FSCA will collate inputs and distribute final draft with 3 months – 28 February 2025
- 3.3 Signing of Commitment Charter by 3 months – 28 May 2025
- 3.4 FSCA to develop an assessment tool to monitor implementation of the Commitment Charter.



**DRAFT FINANCIAL EDUCATION COMMITMENT CHARTER**

I \_\_\_\_\_ in my capacity as CEO/Head of  
\_\_\_\_\_ pledge a financial education  
spend of \_\_\_\_\_ and commit to the following:

**COMMITMENT ONE:**  
**Adopt a Financial Education Plan for [name of organization] that is Board approved and published.**

**COMMITMENT TWO:**  
**Deliver targeted financial awareness and financial education programmes in line with our Financial Education Plan.**

**COMMITMENT THREE:**  
**Deliver financial education in line with best practice norms and standards.**

**COMMITMENT FOUR:**  
**Strive to increase the impact of our financial education programmes through suitable resourcing, strategic partnerships and digitization.**

**COMMITMENT FIVE:**  
**Prioritise the financial wellness of our customers in a demonstratable way.**

**Name:** .....

**Signature:**.....