

# Understanding South Africa's financial literacy needs

A consumer perception report prepared by  
Confluence and Trainiac for the Financial  
Sector Conduct Authority

September 2019



CONFLUENCE



TRAINIAC  
The Science of Understanding



FSCA

# About this report



## How to reference this report

Sohn, M. & Penman, N. (2019).  
Understanding South Africa's financial literacy  
needs. A consumer perception report prepared  
by Confluence and Trainiac for the Financial  
Sector Conduct Authority. Pretoria: Financial  
Sector Conduct Authority.

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This report presents the results of the two-year study into South African's financial literacy needs. We explore what South Africans would like to know about, and how best they would like to learn it.

We present the results in seven sections:

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### SECTION 1: Overview

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### SECTION 2: Context

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### SECTION 3: Content

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### SECTION 4: Experience

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### SECTION 5: Conclusion

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### SECTION 6: The research methodology

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### SECTION 7: The design behind the FSCA MyMoney Learning Series

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# 01

## Overview



## Many South Africans make bad financial decisions.

This leaves them over-indebted or without any financial safety net if things go wrong. The reasons for these bad financial decisions are complex.

In part, many South Africans lack the foundational building blocks to be able to talk about financial products and services. Compounding this, there is a disconnect between the language of the industry and the language of the consumer.

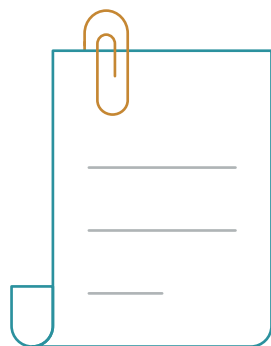
But this is only part of the problem. Many financial products on the market are simply not designed for low-income consumers. For example, there are fees and penalties negating any interest growth, leaving these consumers worse off than when they started.

Additionally, in a contracting economy with a rising cost of living, many are just not able to make ends meet. Few are able to stretch their income to the end of the month or have the financial resources to make it through a small emergency.

The Financial Sector Conduct Authority (FSCA) believes that educated and informed consumers can make better financial decisions about which products best suit their needs. These consumers are also more aware of their rights and can then engage with financial service providers on more equal terms.

The FSCA commissioned this research to understand what South Africans want to learn about, and how best they would like to learn it.

The findings from this study were used to inform the redevelopment of the FSCA's learning and teaching material, culminating in the FSCA's MyMoney Learning Series.



## Note on the methodology

The study started off exploring the information needs and learning styles of a cross-section of South Africa's youth. We define youth as people between 18 and 35.

### **There were two phases:**

- The first determined key principles through a literature review and focus groups (qualitative phase)
- The second tested the application of the principles and the assumptions developed in the first phase through a national survey of 3 741 respondents (quantitative phase)

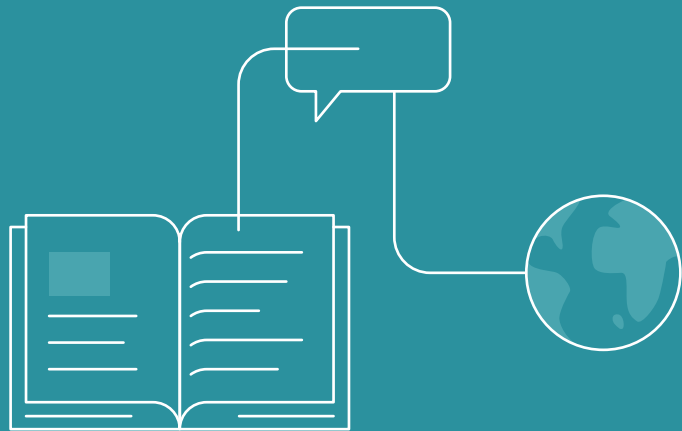
At the end of the first phase we, the researchers, concluded that the information needs of youth and adults are not that different. So we broadened our sample in the second phase to include both youth and people over 35.

In this report, you will find us referring to youth and to South Africans. Generally, when we refer to youth, we are talking about observations that came out of the first phase of the study. When we speak about South Africans, we refer to findings from the second phase.

We also speak about online and rural samples. Generally, the online sample is better educated and wealthier than the rural one. The full sample demographics are included in the research methodology in the last part of this document.

Looking at local and international literature, we saw that many behavioural economists believe that there are a composite set of factors that make us wired to make the wrong kind of financial decisions.

To break through these, we need a new approach to learning and teaching.



## More of the same won't work – move from education to persuasion.

The traditional approach to financial literacy education has been through theoretical, classroom-based interventions.

Our research shows that **more of the same won't work**: moving from financial literacy to financial capability requires a shift from education to persuasion.

This means:

**Interventions** at the right time and that are embedded into day-to-day behaviour.

**Information** which is easy to apply using 'rule of thumb', practical and actionable, and presented in a way that is simple to understand and culturally relevant.

Ongoing learning **experiences** that are participative, engaging and interesting, and run through a known, trusted and respected source.

## Reading list



1

**Beyond the Classroom: Evidence on New Directions in Financial Education,**  
IPA, January 27, 2017 <https://www.poverty-action.org/publication/beyond-classroom-evidence-new-directions-financial-education>

2

**Getting a fair deal? How to help vulnerable young people manage their money,**  
Action for Children, 2015 <https://www.actionforchildren.org.uk/resources-and-publications/reports/getting-a-fair-deal/>

3

**Wired for Imprudence: Behavioural hurdles to financial capability and challenges for financial education,**  
RSA, May 2015 <https://www.thersa.org/discover/publications-and-articles/reports/wired-for-imprudence>

4

**It's time to talk: young people and money regrets,**  
the Money Advice Service, 2014 [https://mascdn.azureedge.net/cms/mas\\_money\\_regrets\\_online.pdf](https://mascdn.azureedge.net/cms/mas_money_regrets_online.pdf)  
Alejandro Drexler, Greg Fischer, and Antoinette Schoar,

5

**Keeping it Simple: Financial Literacy and Rules of Thumb,**  
American Economic Journal: Applied Economics 2014, 6(2): 1 -31, [https://www.povertyactionlab.org/sites/default/files/publications/124\\_303%20Rules%20of%20Thumb%20AEJ%20Apr2014.pdf](https://www.povertyactionlab.org/sites/default/files/publications/124_303%20Rules%20of%20Thumb%20AEJ%20Apr2014.pdf)

# Over the last two years, we engaged with over 3 800 people

This report presents our learnings in three sections: context, content, and experience. These are the key points from each.

## 1 Context

### **My future is what I make of it:**

While most South African youth want the same things, the types of challenges they face impact the scale of their aspirations.

Many youth anticipate being self-employed and look forward to the challenge.

### **From life stages to life experiences:**

Traditionally, marketers have divided markets using a linear progression. We found that life does not work like this.

### **Money's too tight to mention:**

There is little frivolous expenditure, yet most South Africans don't make it to the end of the month or have a safety net if things go wrong.

## 2 Content

### **If you don't know what you don't know, you can't make informed choices:**

We need to help people understand that they have information gaps.

### **Everyone is interested in something, but nobody is interested in everything:**

For learning to happen, it's vital to match the audiences' need to the content.

## 3 Experience

**Learning is an ongoing process:** It takes continual layered messaging and conversations to change behaviour.

**People learn from sharing their own experiences:** Focus on facilitated conversational learning, not teacher-led instruction. Talking and thinking about things are often the first step to doing them.

**Conversations between family members are the dominant form of sharing information:** This is also an opportunity for information to get lost in translation, and for misinformation.

**The financially excluded and partially included are the hungriest for knowledge:** Start with the area of biggest interest and biggest need.

# 02

## Context



## In this section

1

### My future is what I make of it

We set out to speak to unemployed youth. These respondents were all hustling: they were doing infrequent casual work, running micro businesses, or helping family members with their businesses.

Many youth feel that the future is in their own enterprise. They aspire to run their own businesses rather than find formal employment.

Supporting this, we uncovered informal networks of knowledge sharing and mentoring in both townships and rural areas.

2

### From life stages to life experiences

Traditionally, financial services marketing has used a cradle-to-grave approach. This approach assumes that life stages can be a predictor of which products and services will best suit consumers' needs.

Life stages assume that life unfolds in a predictable linear pattern: You are born, graduate from high school, graduate from university, get married, have a child, retire, and die. Our research shows that the idea of life stages is no longer appropriate. Life is unpredictable and messy.

Life is also tough. Respondents told us about major setbacks that impact their ability to manage their risks, live debt free, and save for retirement.

3

### Money's too tight to mention

We discovered that most South Africans are prudent with money – looking for bargains and special offers when they shop and holding back on buying unnecessary luxuries. Yet most battle to make it to the end of the month and few have a safety net to make it through a small emergency.

It's also clear that more theory is not the answer to changing behaviour. Most South Africans know how to budget and many have drawn one up – yet very few are able to stick to it.

## Youth's goals are similar, no matter their socio-economic circumstance

We discussed life goals and setbacks with a cross-section of youth. In general, most life goals cannot happen without money.

We analysed the goals and they fell into these groups:



### Things

Being able to afford large purchases like a car or a house for myself or my parents.



### Experiences

A good education (leading to a fulfilling job or successful business), travel, and starting a family.



### Giving back

Inspiring others, giving back, and helping my siblings achieve success.

# Our Life Goal Framework reflects youth's aspirations

Youth's aspirations were sorted into things and experiences. Some are for their own benefit, some for the benefit of people around them.



Figure 1: Life Goal Framework

## My future is bigger than me alone

These youth aspire to look after their parents, siblings and children.

### In their own words

---



My goal is to be a successful business women, building my own tuck shop, supplying other shops and I don't want to sell only achaar and sell other products.

After trying achieve something in my business I make sure I support my mother and my younger brother for school pocket money.

Respondent: rural, self-employed, high school



Bentley and a Camps Bay house, Marketing Director at a JSE listed company, buy mom a house in Durban.

Respondent: urban, private college



Better job, providing my family, and taking my daughter to a better school for a better future.

Respondent: informal settlement, informal employment, high school



Having my own paid off house by the age of 25, being able to save half of my salary after paying all my expenses, paid-off car, taking my brother to school, being able to study further.

Respondent: urban, formal employment, university

## There are many factors that make it difficult for South Africa's youth to achieve their goals

We asked youth if they had experienced any setbacks that would make it difficult for them to achieve their goals. A wide range of answers emerged, with clear differences between disadvantaged youth and their more privileged counterparts.

### In their own words

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#### Unplanned pregnancies



My next goal is to ensure my sister goes back to school. She fell pregnant as a teenager and has not gone back to school.

Respondent: informal settlement, unemployed, high school

#### Recession and retrenchment



And as for my parents are not working, it's hard and my dad lost his job around 2013 and then I dropped out of school. Everything was fine at first.

Respondent: rural area, self-employed, primary school

#### Violent crime



When your friend gets stabbed and you are helpless. Two people were fighting in the tavern and I tried to intervene and I was stabbed.

Respondent: informal settlement, unemployed, high school

#### Incomplete schooling



For example you go to school without shoes. You cannot even afford to buy pads for your monthly period... I was the joke. I used a piece of fabric when I was on my period. Which girl my age still uses that? That was when I decided to stay at home.

Respondent: informal settlement, unemployed, primary school

#### Child and youth headed households



For me money is a big need because I am an orphan. When I get money I have to make sure all my needs are covered and that I tend to the needs of my siblings.

Respondent: informal settlement, unemployed, high school

#### Alcohol and drug use



Some of us make money illegally. I used to sell hardcore drugs. I have stopped selling drugs because I went back to school. It was good business because drug users are constantly making orders.

Respondent: informal settlement, part-time employment, high school

## Our Life Setback Framework reflects the forces that impact youth in informal settlements and rural areas.

The Life Setback Framework categorises these forces across these three dimensions:

**Micro and macro:** The macro factors are at the top of the diagram, the micro ones at the bottom.

**Positive and negative:** Positive factors are on the right, negative on the left

**Within and outside your control:** Factors within your control are in the centre, those outside your control on the outer circle

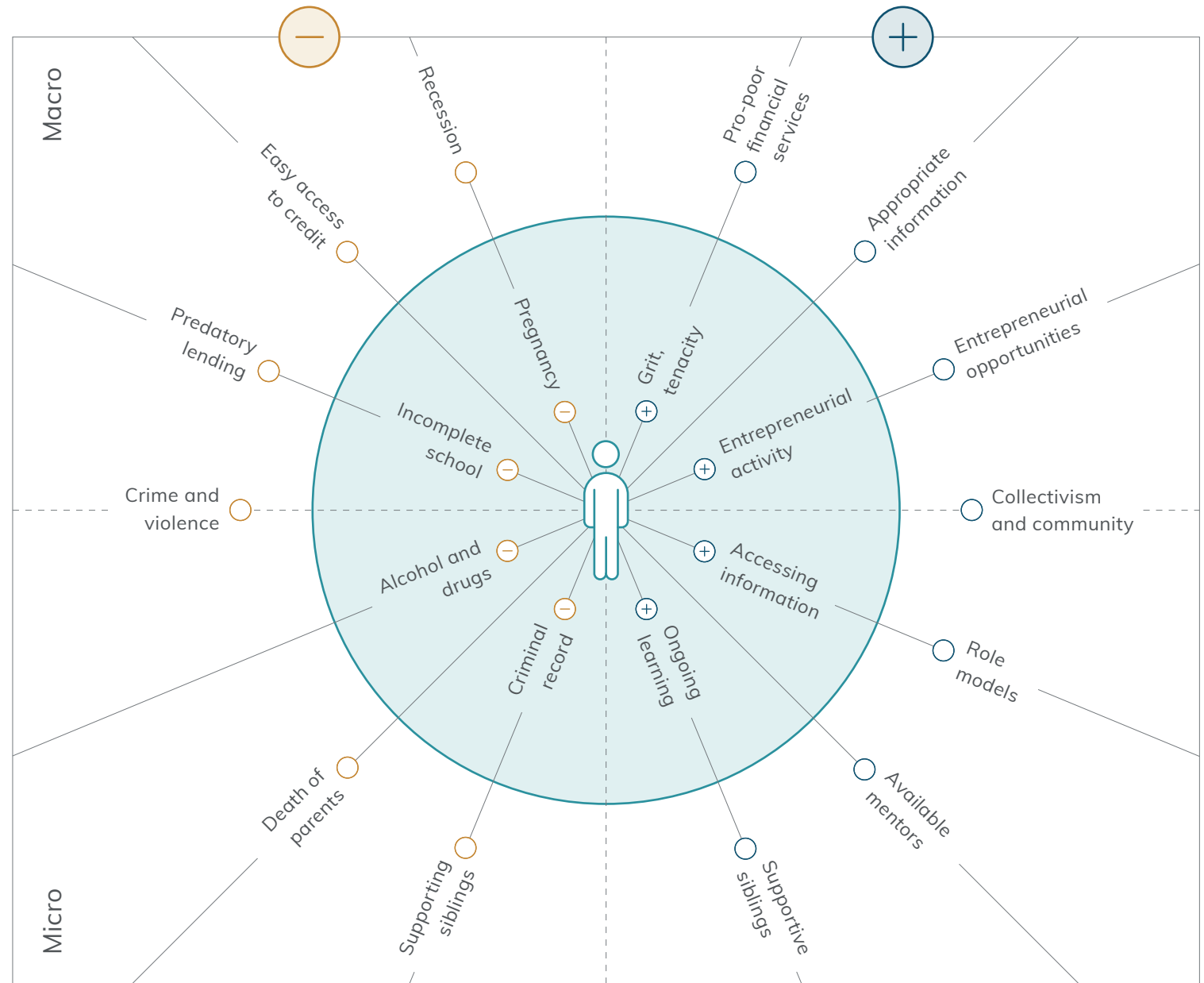


Figure 2: Life Setback Framework

○ Outside your control    ○ Within your control

## There is deep resilience, self-sacrifice and self-discipline

### In their own words

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We live in a shack. I want to have a music business because people in the township love music... I have to make it in life cause I live with my dad and take care of him financially. So, it is just us – the boys. Sometimes we do not cook and we eat bananas.

Respondent: informal settlement, unemployed, high school



My mother knows of all her kids that I am good at saving. Even if she needs paraffin for the stove, she would ask me for money cause she knows how good I am with savings.

Respondent: informal settlement, unemployed, high school

### Youth need trusted mentors to help them through their journey to financial literacy

We discovered that the most likely predictor of a healthy attitude towards money is the availability of a parental figure with whom youth can hold crucial conversations about money. This person does not exist for many of these youth.

The rural and township youth we spoke to would like to take financial advice from a successful business owner in their community.

When it comes to engaging with township and rural youth, it's important to use existing ecosystems rather than impose external methods. Knowledge and communication systems exist, using them will ensure that the programme is seen as legitimate and relevant.

### There are people who are willing to lend a hand

In the township and rural environments, we uncovered informal networks of knowledge sharing and mentoring.

While this was not the primary focus of our study, we observed a number of collectivist networked ways of working. These ways of working fell outside the traditional capitalist paradigm and outside formal measurements of economic activity.

We found successful business owners who had grown up in the township and now could easily afford to live in the suburbs. However, these people felt compelled to stay in the township and share their experiences to help township children turn their aspirations of running viable business into realities.

### Most youth believe their future is in their own enterprise

We experienced resilience and grit. For the unemployed, life is tough; yet no one that we spoke to sat at home and did nothing. Even those who we recruited as unemployed were doing casual work, running micro businesses, or helping family members with their businesses. Their goals are to grow their activities into viable businesses.

## Life is not a linear series of predictable events



Traditionally, financial services marketing has used a cradle-to-grave approach.

This approach assumes that life is a linear progression through predetermined life stages, and that these life stages can be a predictor of which products and services will best suit consumers' needs.

We found that life does not happen like this. Life is unpredictable and messy, and suggest rather using life experiences as predictors of product or information needs.

Life experiences are periods of major change, and in many instances, the context colours the experience and its impact. For example:

- > Having an unplanned child is a very different experience to having a planned one.
- > An amicable divorce is very different to an acrimonious one.

In the second phase of the study, we set out to test if the life experiences that respondents are going through correlate to the types of information that they are interested in.

We asked respondents to tell us if they had been through these experiences, are currently going through them, or have not experienced them.

To test if FSCA had left any crucial life experiences out of the learning material, we also asked respondents if they could think of other life experiences.

Most of the experiences that they mentioned are negative. These include illness, insolvency, crime, addiction, and immigration.

FSCA identified these 16 life experiences – each has financial consequences:

- |   |  |    |                                |
|---|--|----|--------------------------------|
| 1 | Matriculation (completing school)                      | 9  | Getting married                |
| 2 | Graduating from a tertiary institute                   | 10 | Live-in partner (cohabitation) |
| 3 | Leaving school or tertiary education before graduating | 11 | Divorce                        |
| 4 | Change in career                                       | 12 | Buying a car                   |
| 5 | Unplanned job loss or unemployment                     | 13 | Buying a house                 |
| 6 | Retirement   | 14 | Becoming an entrepreneur       |
| 7 | Starting a family                                      | 15 | Death of a family member       |
| 8 | Blended families                                       | 16 | Planning for my funeral        |

Figure 3: FSCA's life experiences tested

To test if FSCA had left any crucial life experiences out of the learning material, we also asked respondents if they could think of other life experiences. Most of the experiences that they mentioned are negative. These include illness, insolvency, crime, addiction, and immigration.



## In their own words

“Substance abuse that changes your life completely and coming into recovery is like a brand-new world.”

“Not being able to see my father because he just disappeared and no one knows where he is now. Even the police can't find him.”

“Criminal record. I have a qualification but I can't get employment.”

“A child diagnosed with brain tumor then discover the doctor cannot operate because she has TIP as well (low platelet count).”

“I have been depressed because of life experience, that I wanted to commit suicide. I have been broke going to loan sharks and unable to pay them back.”

“Sleeping with empty stomach because you don't have food to eat.”

“Being a breadwinner in your parent's house and take care of all your siblings including your parents.”

“The time I lost my new-born baby.”

“Banks who are hostile towards you as an entrepreneur. Facing liquidation or bankruptcy.”

“Battling a system that closes doors.”

“I have been homeless before, lived on the street but to me it was just a learning experience.”

# It is clear that times are tough

We asked respondents to answer these five questions about their relationship to money.

The percentages show the number of respondents who agreed or strongly agreed with the statements out of those who answered the question. The coloured segments show the count of these respondents.

We discovered that most South Africans are prudent with money – looking for bargains and special offers and holding back on buying unnecessary luxuries.

Yet most battle to make it to the end of the month, and few have a safety net to make it through a small emergency.

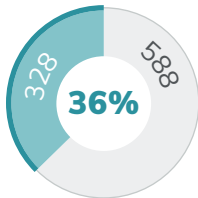
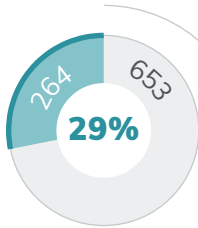
Key:

Agree

Neutral/Disagree

Agree

## RURAL



"I have enough money to make it to the end of the month."

"I have enough savings to get through a small emergency."

"It's okay to spoil myself and buy something I want but don't really need."

"I look for bargains and special offers when I shop."

"It's more important to be happy than it is to be wealthy."

## ONLINE

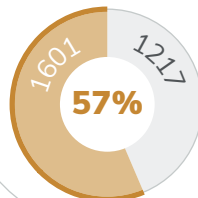
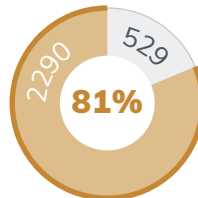
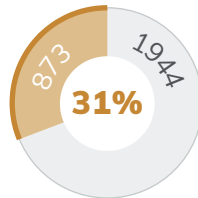
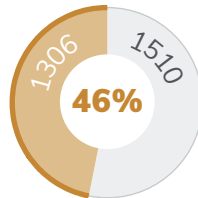
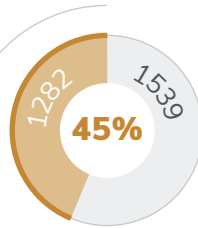


Figure 4: Attitudes towards money

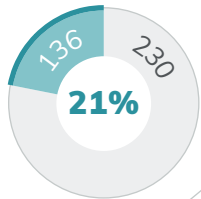
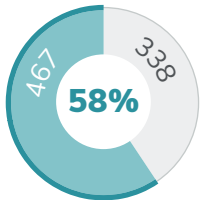
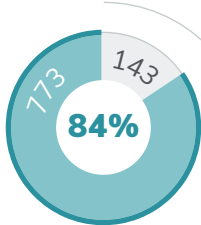
# Theory is not the answer to changing behaviour

We asked respondents to answer these three questions about budgeting.

The percentages show the number of respondents who answered yes out of those who answered the question. The coloured segments show the count of these respondents.

Most South Africans know how to budget and many have drawn one up. Yet very few are able to stick to it.

## RURAL



Do you know what a budget is?

Have you drawn up a budget?

Do you normally stick to your budget each month?

## ONLINE

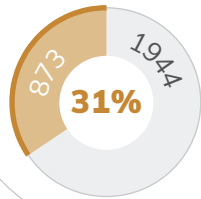
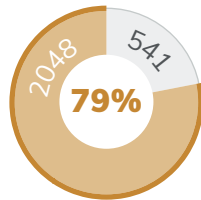
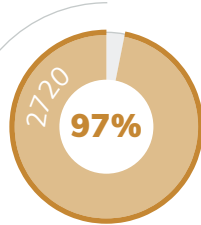


Figure 5: Attitudes towards budgeting

Key:

Agree

Neutral/Disagree

Agree

Agree

# 03

## Content



## In this section

1

### The context informs the content

The reality is that when you are unemployable, unemployed, underemployed, or involved in a failing business, you can't plan for the future. You can only manage your current expenses.

This is reflected in the information that respondents are interested in.

2

### Measuring interest in the content modules

FSCA developed a comprehensive learning series on financial literacy, covering all aspects of financial decision making.

We asked respondents which parts of the series interest them. We discovered that different topics are of interest to different audiences and, generally, rural respondents are more interested in learning than their online counterparts.

3

### Matching experiences to content

We set out to test whether life experiences are predictors of which topics interest a respondent. The answer is, unequivocally, yes. In this study, there is a statistically significant correlation between life experiences and topics.

However, we also realise that most people are going through more than one experience at once. We used cluster analysis to determine if there are people who have been through a similar set of circumstances. We then tested to see if these clusters are interested in similar things.

# Financial health impacts learning and planning horizon

The reality is that when you are unemployable, unemployed, underemployed, or involved in a failing business, you can't plan for the future. You can only manage your current expenses.

The diagram below shows our analysis of how financial health impacts on your current goals and the information that you need to be able to achieve these goals. As you move towards financial resilience, the financial planning horizon expands. As you sink into unmanageable debt, the planning horizon contracts to surviving day by day.

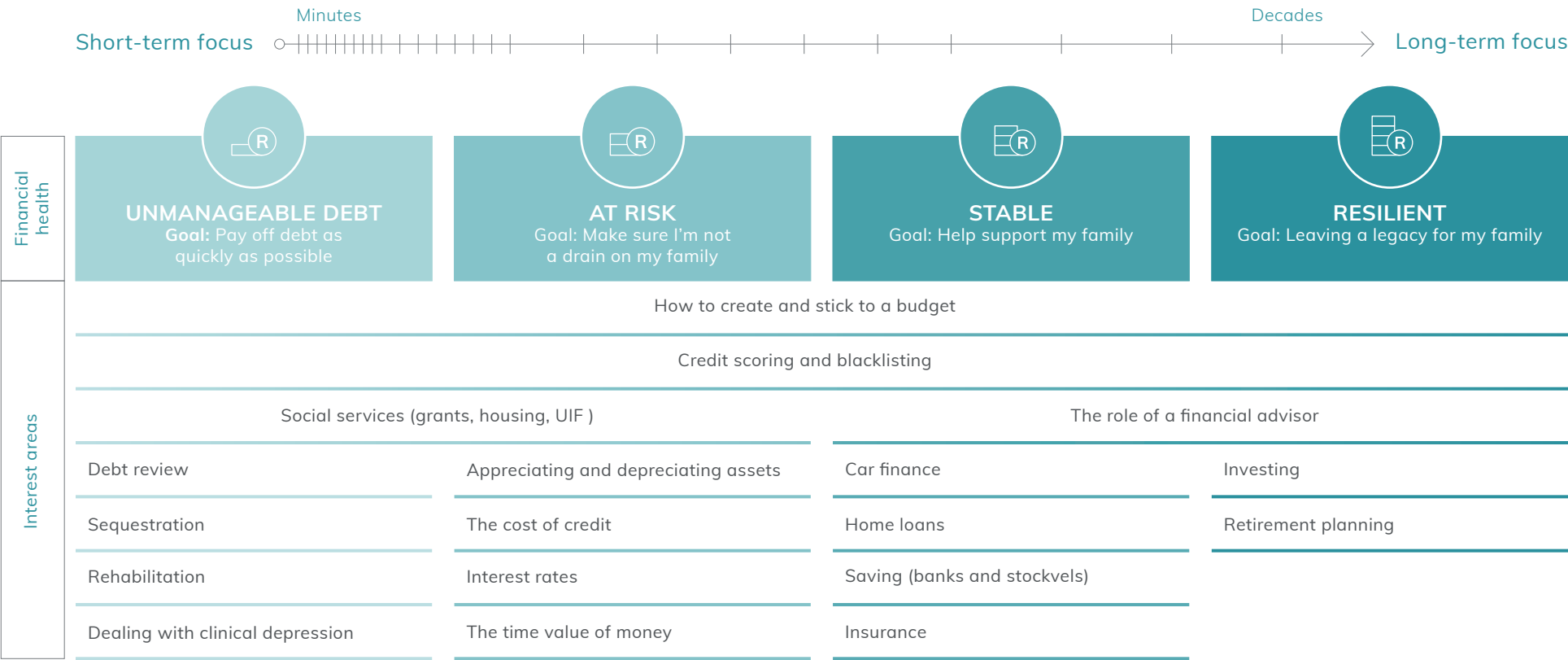


Figure 6: The relationship between financial health and interest areas

## You don't know what you don't know

There is a wide range of levels of financial literacy, ranging from people who lack basic conceptual building blocks, to those with an expert sophisticated understanding.

Here are some examples:

BASIC

EXPERT



“Yes, because I did not go to school and I could have learned or get more information from school.”

“Which bank would accept me since I’m unemployed, have no pay-slip, but can make money.”

“How to use an ATM, and send money using my cellphone.”



“How to register with SARS and in simple terms what tax deductible means.”

“How a credit score works.”

“How to buy shares and what to look for in choosing the shares. I thought of buying Pick'n'Pay shares when they first listed but didn't know how or who to ask.”



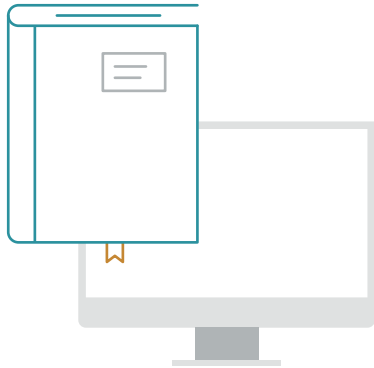
“Yes, the true value of depreciation and how misleading a figure the cpix is.”

“The difference between risk and volatility.”

“That saving and utilizing leverage wasn't a swear-word.”

“How to manage a balanced portfolio and evaluating risk on a portfolio level and not just an asset level.”

## Introducing the FSCA MyMoney Learning Series



After the first round of research, the FSCA and Trainiac, developed the FSCA MyMoney Learning Series. It is a comprehensive learning series on financial literacy, covering all aspects of financial decision making.

**The learning series has five themes, with 18 topics and 31 packages.**

It is designed as a series of stand-alone modules which can be run in any order, depending on the needs of the people in the classroom. We set out to test which content people were interested in, and if different kinds of people were interested in different content.

The table on the following page shows the number of people who either want to know, or really want to know out of the number of people who answered the question.

We compare the answers from rural respondents, online respondents who have not worked in financial services, and online respondents who have worked in financial services.

## Topics of interest in the FSCA MyMoney Learning Series

This table shows the number of people who either want to know, or really want to know, out of the number of people who answered the question. We compare the answers from rural respondents, online respondents who have not worked in financial services, and online respondents who have worked in financial services.

	R	On	FS
Claiming unclaimed pension benefits	80%	67%	57%
Managing your money when you retire	84%	62%	51%
Choosing the right investment	86%	62%	47%
Managing investments	87%	60%	45%
Identifying & reporting financial scams	85%	63%	44%
When to save and when to invest	85%	60%	44%
Your financial rights & responsibilities	83%	62%	43%
How to complain about unfair treatment	83%	59%	42%
How to start investing	86%	54%	38%
Managing money in your business	80%	54%	45%
Investments like shares & unit trusts	81%	55%	40%
Planning for retirement	82%	52%	40%
Fixed & variable interests investments	80%	55%	38%

	R	On	FS
Keep good financial records	84%	53%	36%
Understanding investment risk & returns	82%	54%	36%
Dealing with the stress of debt	79%	52%	39%
Making & managing a will	83%	52%	35%
What to ask before signing a contract	71%	55%	40%
Choosing the right insurance	82%	50%	34%
Understanding insurance	83%	48%	31%
Starting a business	61%	51%	44%
Saving for unexpected events	74%	45%	33%
Setting financial goals	74%	46%	31%
Services offered by financial advisors	76%	46%	27%
Creating & sticking to a budget	76%	43%	29%
Finding a financial advisor	78%	39%	24%

	R	On	FS
Understanding compound interest	62%	45%	29%
Understanding forex	48%	49%	38%
What banks offer	63%	44%	26%
Bitcoin & other digital currencies	46%	47%	40%
Paying tax	56%	37%	24%
Stokvels & informal savings	46%	40%	30%
Understanding bank charges	48%	40%	23%
Applying for social grants	25%	44%	39%
Qualifying for social grants	24%	45%	39%
Cash, bank cards, debit orders & transfers	50%	34%	20%
Understanding store account statements	54%	26%	14%
Choosing a bank	43%	31%	17%
Reading your payslip	44%	24%	13%

Figure 7: Ratings of the FSCA's MyMoney Learning Series Topics

R: Rural and township respondents

On: Online respondents (excluding financial advisors)

FS: Financial advisors who responded online

# FSCA MyMoney Learning Series themes

The top three themes were the same for both rural and online audiences.

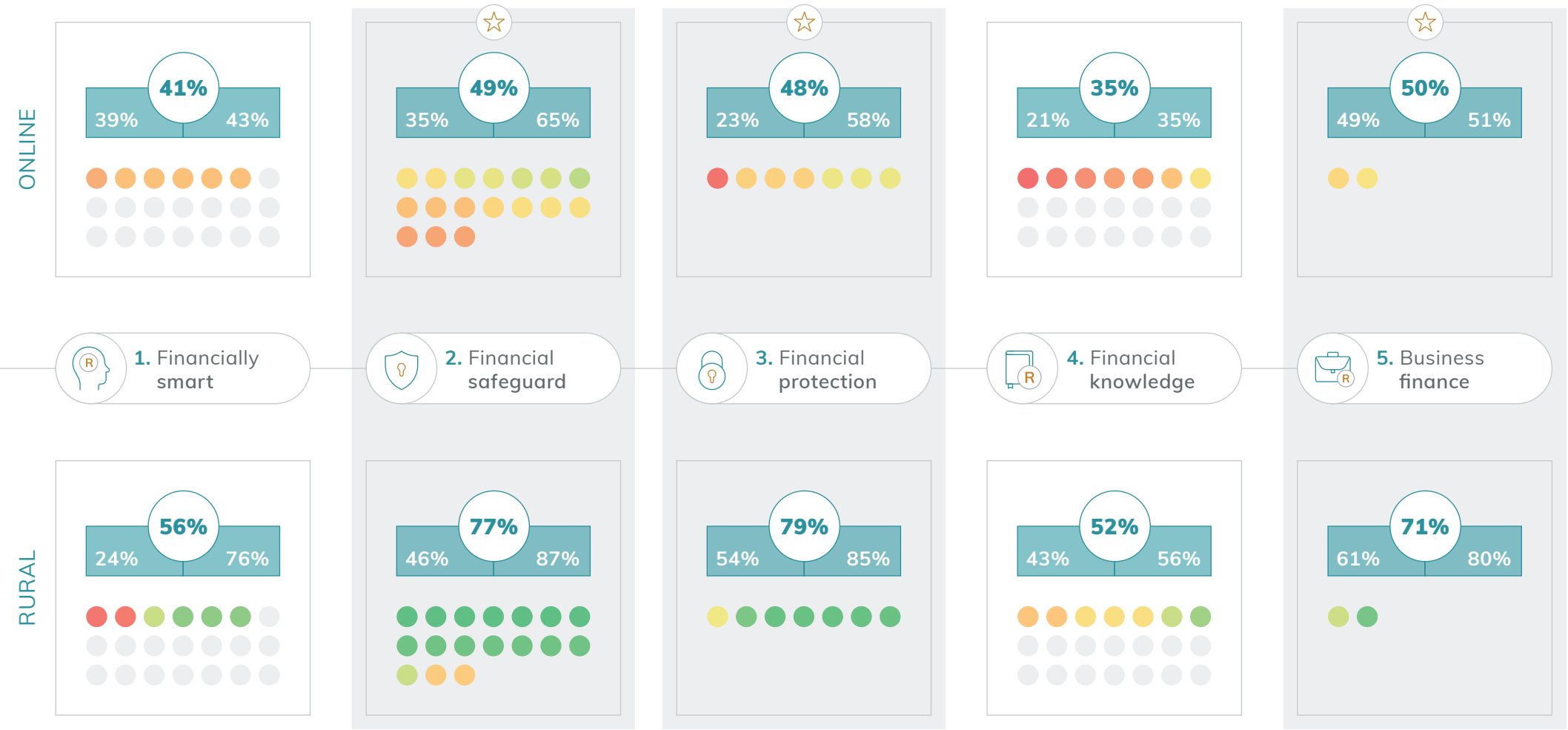


Figure 8: Ratings of the FSCA's MyMoney Learning Series Themes

We set out to test if your life experiences play a role in what you are learning about. The answer is, unequivocally, yes. There is a statistically significant correlation between the life experiences you are going through and the topics that interest you.

However, we also realise that we go through more than one experience at the same time. Rather than look at experiences in isolation, we looked at them in combinations.

We used cluster analysis to determine if there are people who have been through a similar set of circumstances and, then, if these people are interested in similar things.

Three clusters emerged for the rural dataset, and three clusters for the online one.

## The rural data has three clusters: making a plan, stepping out and grit

This figure describes each cluster, then list the top ten topics that interest the people in it. The number tells you how big the cluster is.

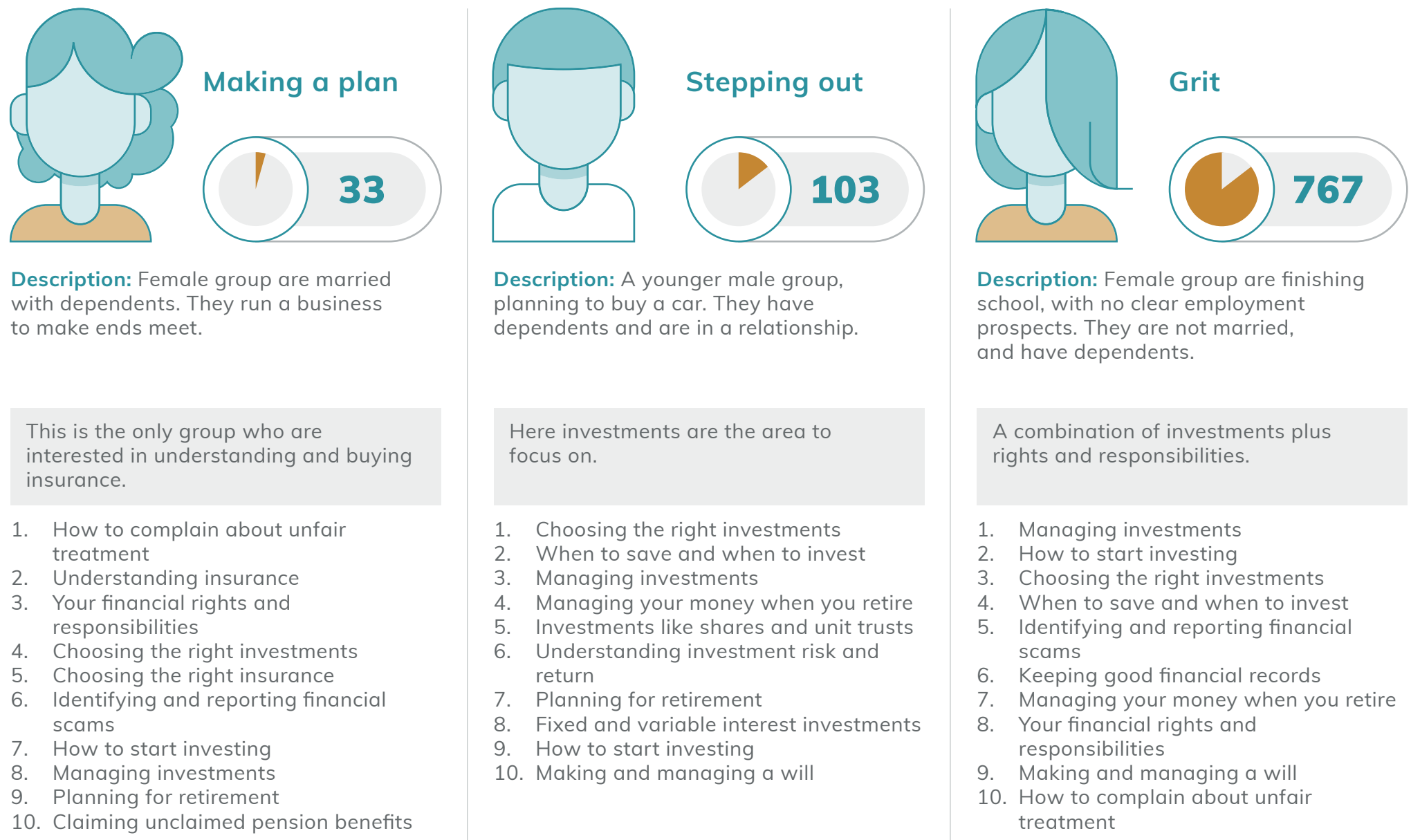


Figure 9: Rural clusters

## The online data has three clusters: starting out, getting ahead and in control

This figure describes each cluster, then list the top ten topics that interest the people in it. The number tells you how big the cluster is.

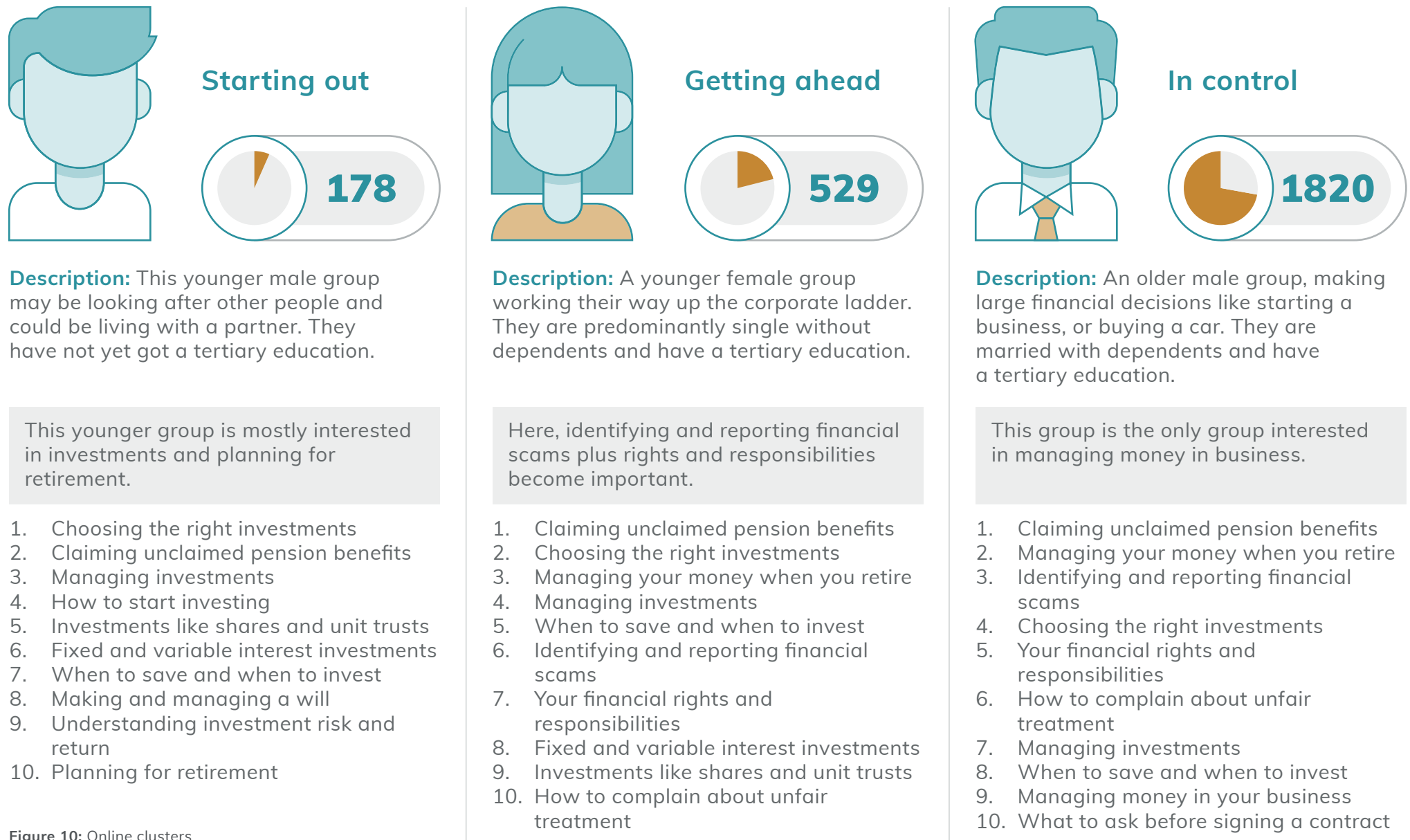


Figure 10: Online clusters

# 04

## Experience



## In this section

### 1 How we learn

After the focus groups, respondents felt they had learnt something – even though all we had done was try to understand what they don't know. They were sharing ideas and experiences with each other and, through doing this, they were learning.

But to engage in a meaningful conversation, you need a common language. Few of the youth we spoke to are able to engage using the language of the financial services sector.

### 2 Who should teach us

We found that learning about money happens in an ecosystem: it starts at home, is reinforced at school, and then further reinforced in the workplace or through specialist advice. However, there are critical gaps in the infrastructure to support this learning – this includes at home, at school, and in the workplace.

### 3 Who wants to learn

We asked respondents if they would be interested in taking a course to learn more about money.

Those who have the greatest need, have the greatest interest.

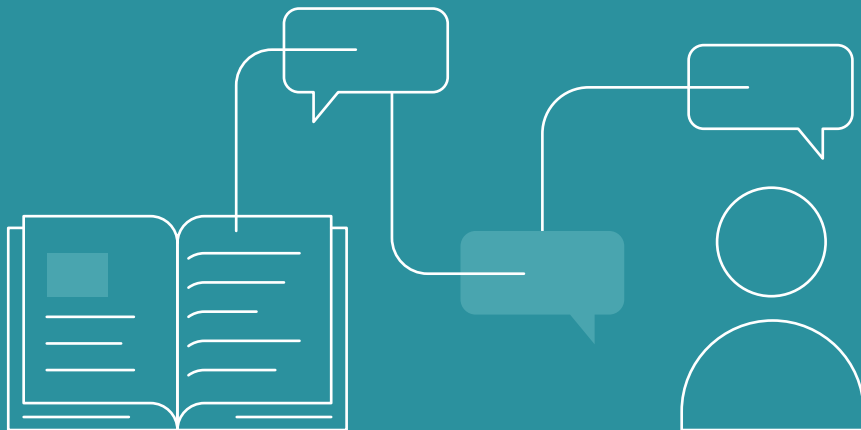
**733 (80%)** rural respondents wanted to take the course, compared to **1002 (57%)** online respondents.

## Learning is a conversation

Respondents left the groups feeling that they had learned something – even though all we had done was try to understand what they don't know.

## People share tips on how to save

Youth already speak about money with their peers – not about how much they have, but about how to make the little that they have go further.



“

“The group was fun; I learnt a lot about finance. I think you should do it more often; it even helps to be open.”

Respondent: rural, employed, high school

“

“Honestly I don't regret attending this workshop because it is very important and I am going to share this information.”

Respondent: informal settlement, self-employed, high school

“

“It was a great discussion, had time to reflect on how I've been living my life.”

Respondent: urban, employed, high school

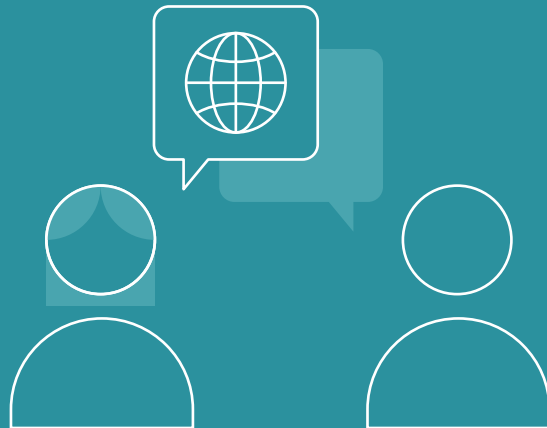
“

“It's my responsibility but you find out about these things through other people's experience... After what he said I am going to think of using my mom instead of myself (to finance my car).”

Respondent: urban, student

## To converse properly you need a common language

Few of the youth we spoke to are able to engage using the language of the financial services sector.



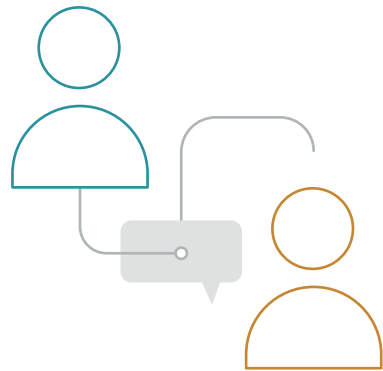
“How many units do you have to sell to break-even, taking into account all your costs?”

WAS TRANSLATED INTO



“How many scones do you have to sell so that you have enough money to buy ingredients to bake scones the next day”

Some meaning was lost, as we were looking for an understanding of direct and indirect input costs.



## An introduction to story map learning

Story map learning is based on the premise that adults learn best when they are actively engaged in conversation, and that pictures are a great way to get people talking.

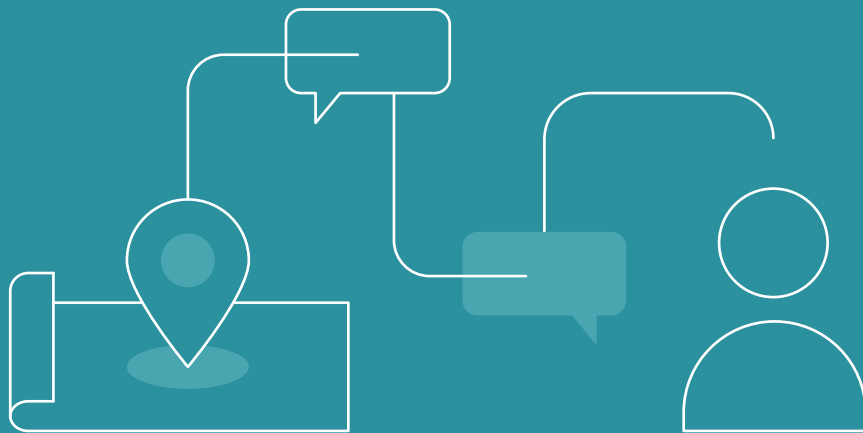
Story maps show a snapshot in time, a bird's eye view into a community and the things that are happening. As there are a diverse range of events and experiences, participants are able to find situations they can identify with. This becomes an entry point into a conversation.

Learning happens through conversations with peers who share experiences, guided by a facilitator with subject matter knowledge.

## Story map learning encourages conversations

The room came alive as respondents got off their chairs and gathered round the maps. As they found relatable aspects, the respondents started to tell the story of what they thought was happening, and how they could apply that to their own context.

The FSCA's MyMoney Learning Series is made up of interactive maps, window cards, explainer cards, a board game, booklets, pamphlets, z-cards, posters and handouts.



“No, it’s better with the map because you can look at the pictures and laugh a little and then you imagine if it was you what would you do.”

Respondent: rural, self-employed, high school



“I think it would be awesome, it’s more interactive. I think you learn more from other people.”

Respondent: urban, student



“It’s all there for you. What is left for you is only how you choose to plan your things and to pay more attention.”

Respondent: urban, formal employment, high school

## Learning happens in an ecosystem

We asked **3 741** respondents what they wished they had learned about money, and who they felt the best person to teach them would have been.

We coded the responses and these four broad areas emerged:

- 1 At home
- 2 At school
- 3 From a company
- 4 With a professional advisor

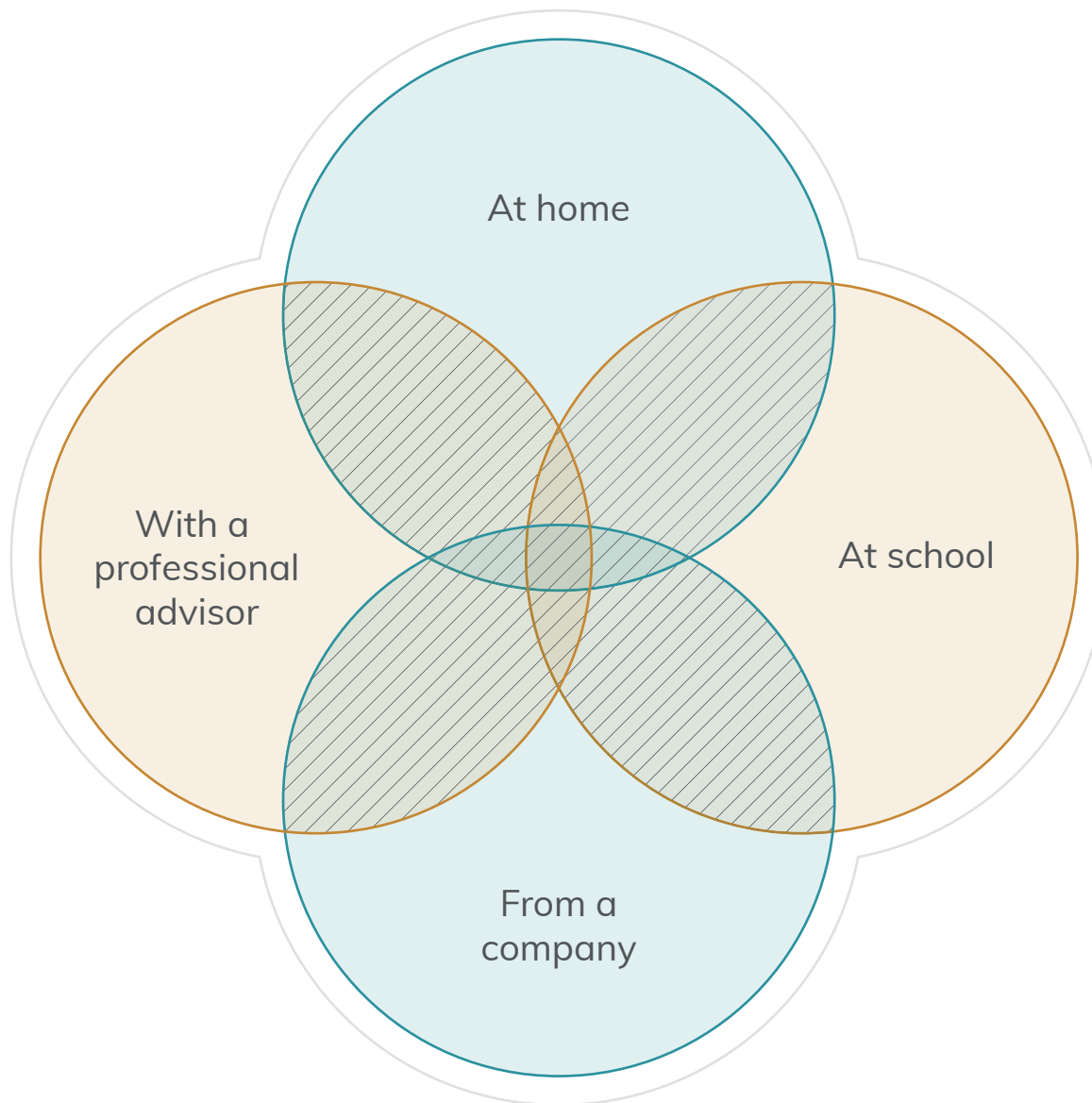


Figure 11: The financial literacy learning ecosystem

## In their own words

---



Starts at home with parents. Tertiary as well as school must lay emphasis on financial literacy. Your first-time employer should do this compulsory for youth. Your Banker or Sales consultant at a branch. Financial Advisors.



Parents, and then the first person who helped you when you opened your very first bank account.



I think it should be a responsibility of not only the parents, but also to have at least basic financial knowledge taught at schools which will enable the learner to at least know who to approach for further advice.

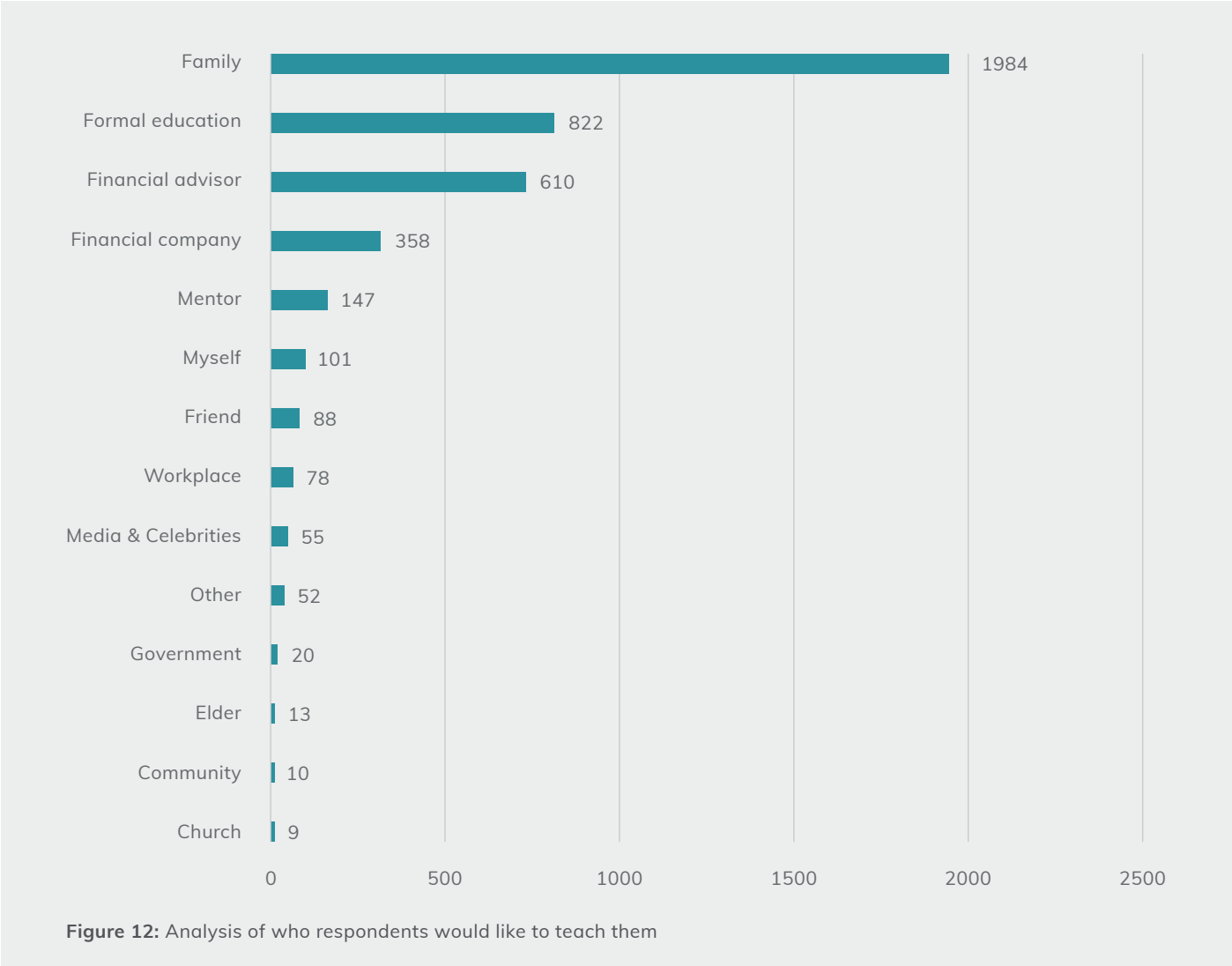


Every day we learn in life, it would have to be a range of different people who can deposit diff nuggets in my life.

# Learning starts at home

Most respondents felt a family member is best placed to teach good financial habits.

- Family**  
Mother, father, sister, or brother
- Formal education**  
Primary, secondary, or tertiary school
- Financial advisor**  
A formally qualified financial advisor
- Financial company**  
An institution like a bank or insurance company
- Mentor**  
Someone in the community I can relate to
- Myself**  
My own efforts – reading and asking around
- Friend**  
Someone I know and like
- Workplace**  
A manager, workmate, or HR department
- Media and celebrities**  
Financially-focused influencers, gurus, and authors
- Government**  
Regulators and social services
- Elders**  
Elders in the community
- Religious spaces**  
Formal religious institutions like a church



## It is not as straightforward as it seems

Your parents are not able to help you, because:

**They lack the education**

“Parents, if they knew about it and wasn’t victims of apartheid.”

**They lack the experience**

“One would think your parents. My parents earned too little to probably even think of investing or saving.”

**They are not around**

“Anyone with responsibilities or I can say any person that grew up poor with no parents like me.”

Schools don’t work because:

**What is taught is not appropriate**

“Schools should also be the best place to learn all this in real time and not outdated material, that no longer applies.”

**The teachers aren’t competent**

“Should be taught in school but historically school teachers are financially illiterate.”

**Not everyone gets to go to school**

“At school, only if I had a chance to even attend school at that time.”

**Not every degree helps you with money**

“My older daughter majored in Economics and looks after her family well and has assisted me now. I hold a BSc degree useless when it came to my financial wellbeing.”

## Those who have the biggest need, have the greatest hunger

We asked respondents if they would be interested in taking a course to learn more about money. Those who said yes were:

- 1 **733 (80%)** of the rural sample
- 2 **1002 (57%)** of online who have not worked in financial services
- 3 **350 (49%)** of online who have worked in financial services

## Not everyone wants to learn in the same way

We asked respondents how they would like to take this course. They could choose between online, face-to-face, or both. They could also enter in an 'other' option.

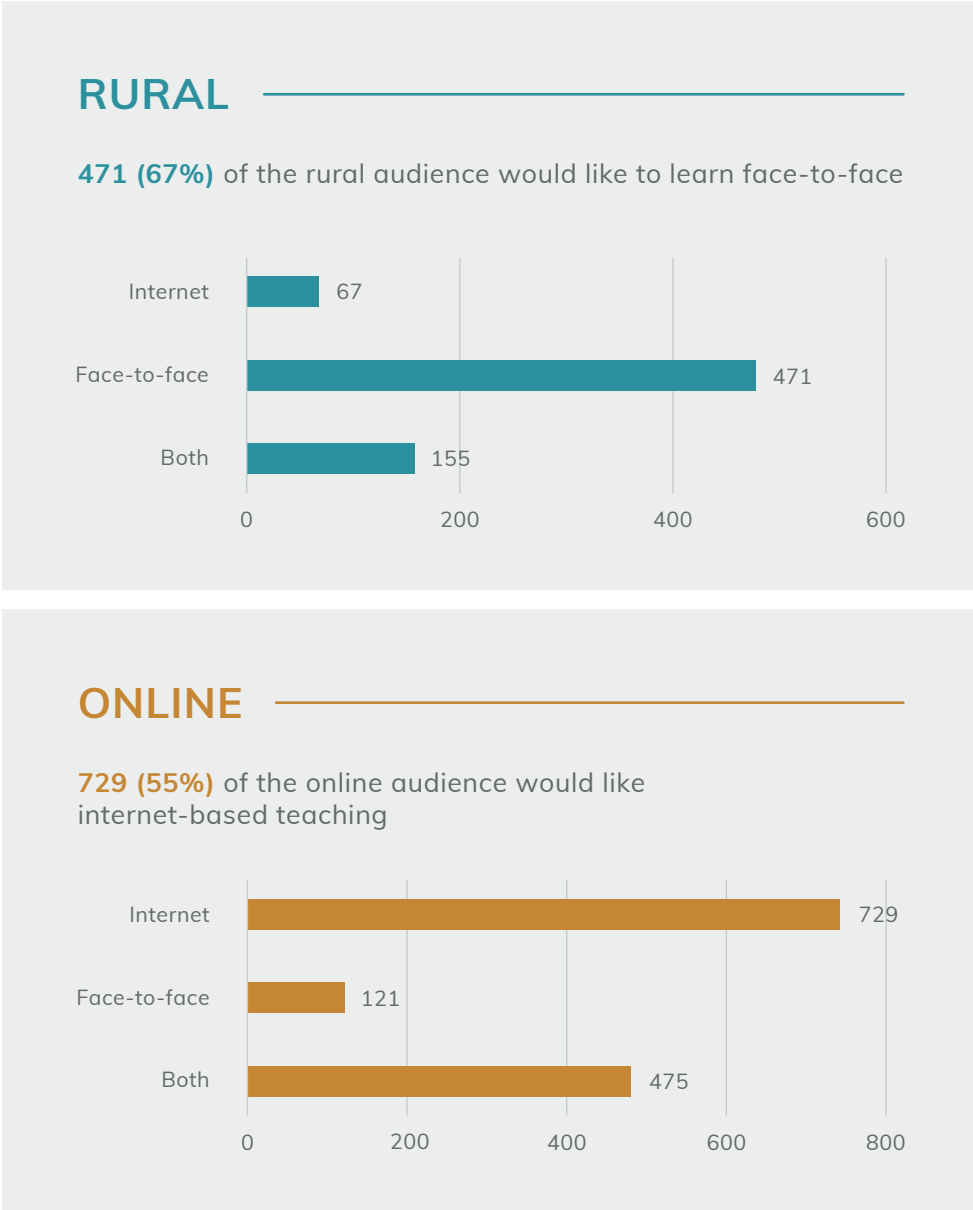


Figure 13: Analysis of preferred learning methods

Most respondents chose one of the predetermined options.  
We did get some suggestions for other ways of learning.

These include:

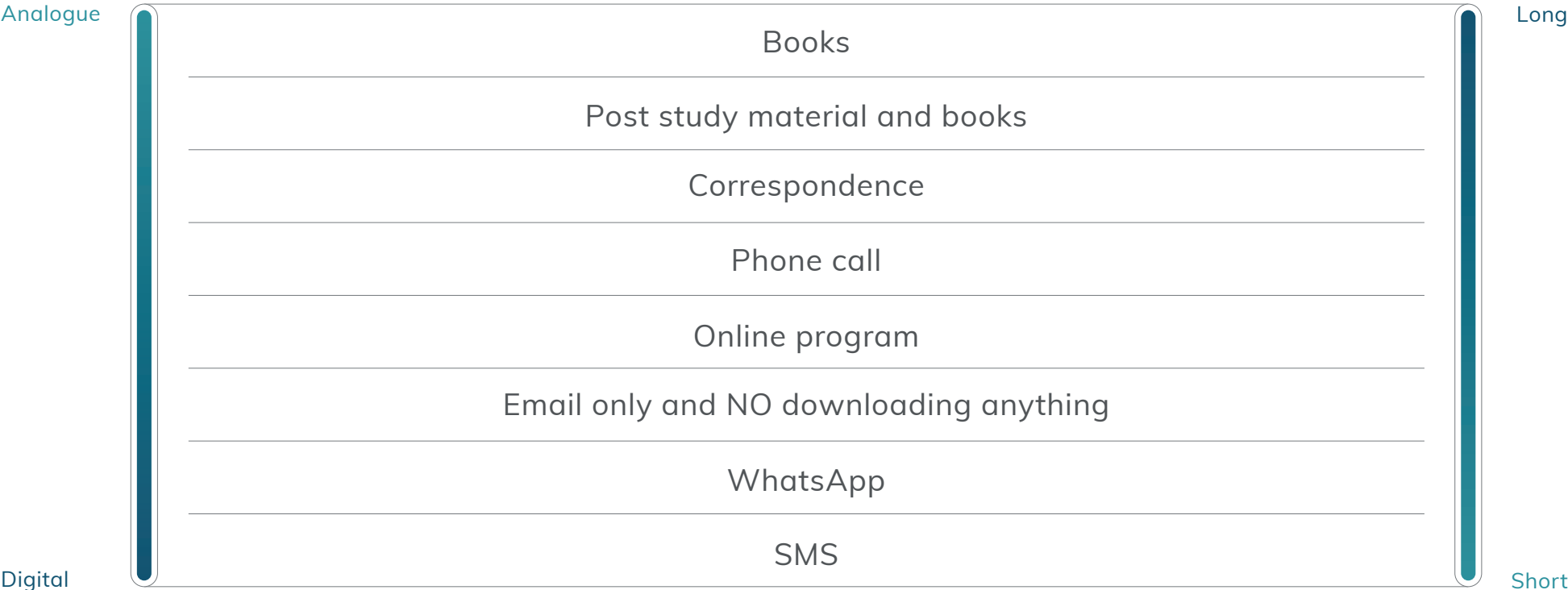


Figure 14: Suggested learning methods

# 05

## Conclusion



## In conclusion



The research shows that many South Africans are hungry to learn how to make wise decisions about money; and that effective financial literacy programmes are relevant, engaging and ongoing.

The FSCA, working with Trainiac, applied these insights to develop the comprehensive MyMoney Learning Series. The approach is based on the learner's needs, and uses adult learning principles to help South Africans have critical conversations about money.

It is based on a solid body of evidence, that pulls together international best practice and local realities. It is also groundbreaking and has no precedents.

We suspect that it will not be easy to deploy and that there are many factors that will impact both the roll-out and reception of the series.

If these factors can be identified, measured and managed, we believe that the FSCA has an opportunity to significantly improve the way that South Africans make financial decisions.

# 06

## The research methodology



## The research methodology



The research had two phases:



1

### Qualitative phase

The first determined key principles through a literature review and focus groups.



2

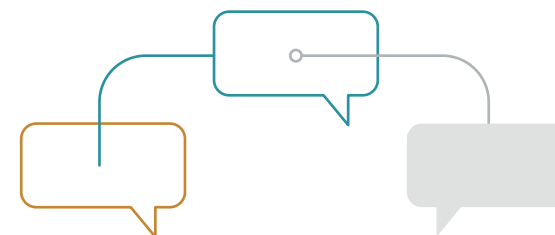
### Quantitative phase

The second tested the application of the principles and the assumptions developed in the first phase through a national survey of 3 741 respondents.

# The qualitative phase

A series of in-depth conversations to determine key principles

We set out to explore what youth want to know about, and if map-based learning is a viable teaching method.



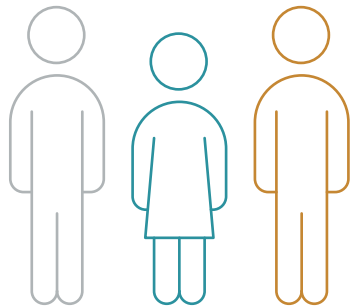
## The sample

The groups ran for 90 minutes. We spoke to 62 respondents aged between 18-23. They came from a range of socio-economic circumstances.

<p><b>Hyde Park</b> Suburb English</p>	<p><b>Motsoaledi</b> Informal settlement Vernacular (Zulu &amp; SeSotho)</p>	<p><b>Rabokala</b> Rural Vernacular (Zulu &amp; SeSotho)</p>
1. Degreed, formal employment	1. Never been formally employed	1. Never been formally employed
2. No degree, formal employment	2. Temporarily unemployed	2. Temporarily unemployed
3. First generation university students	3. Self-employed	3. Self-employed
4. Students at private universities	4. Informal employment	

Figure 15: Phase one focus group sample frame

## The qualitative phase



### How the groups were run

The sessions were constructed to help us understand respondents' relationship to money while exploring their goals, setbacks, and information gaps.

We ran a series of exercises to encourage reflection and stimulate discussion before moving into in-depth, focused conversations.

These were the exercises we ran:

1

**Unprompted:** Write down your goal, setback

2

**Unprompted:** Write down the things you wish you had been taught about money

3

**Sort these cards into three piles: important, unimportant and unknown**

Cards developed using chapters in the current learning guide and concepts from the G20 / Organisation for Economic Co-operation and Development outcomes

4

**Exploration of map-based learning:** Respondents gathered around a learning map and we ran a typical exercise using map-based learning

5

Discussion around ideas for promoting the course

Figure 16: Phase one focus group methodology

# The sample for the national survey

	ONLINE	RURAL
Total	2824	917
Recruitment	Two different panels	Random intercept
Interview	Online self-completion	Face-to-face interview
Location	South Africa	Eastern Cape, Gauteng & North West

## Race

Total	917		2824		3741
	Rural		Online		
Asian			30	1%	30
Black	917	100%	788	28%	1705
Coloured			202	7%	202
Indian			116	4%	116
Mixed Race			9		9
Won't say			107	4%	107
White			1208	43%	1208
No answer			364	13%	364

## Age

Total	917		2824		3741
	Rural		Online		
18 – 15	222	24%	136	5%	358
26 – 35	365	40%	504	18%	869
36 – 45	143	16%	551	20%	694
46 – 55	91	10%	463	16%	554
56 – 65	72	8%	466	17%	538
66 – 35	24	3%	344	12%	368
No answer			360	13%	360

## Education

Total	917		2824		3741
	Rural		Online		
None	27	3%	11	0%	38
Primary	141	15%	17	1%	158
Secondary	592	65%	594	21%	1186
Diploma	104	11%	757	27%	861
Degree	47	5%	568	20%	615
Postgrad	4		520	18%	524
No answer	2		357	13%	359

Figure 17: Phase two sample composition

## Relationship

Total	917		2824		3741
	Rural		Online		
Single	305	33%	508	18%	813
Relationship	396	43%	342	12%	738
Married	147	16%	1385	49%	1532
Divorced	13	1%	147	5%	160
Widowed			28	1%	28
Won't say	56	6%	47	2%	103
No answer			367	13%	367

## Gender

Total	917		2824		3741
	Rural		Online		
Female	497	52%	1140	40%	1619
Male	435	47%	1310	46%	1745
No answer	3	0%	374	13%	377

## Dependents

Total	917		2824		3741
	Rural		Online		
No dependents	260	28%	901	32%	1161
Dependents	656	72%	1531	54%	2187
No answer	1	0%	392	14%	393

## Employment

Total	917		2824		3741
	Rural		Online		
Full-time job	310	34%	1584	56%	1894
Part time	607	66%	1240	44%	1847

## Financial experience

Total	917		2824		3741
	Rural		Online		
Worked in Financial Services			712	25%	712

Figure 17: Phase two sample composition

## The quantitative phase



### The questionnaire

The questionnaire was developed specifically for this project, so it was the first time that it was run. As researchers we faced the perennial challenge of developing a questionnaire short enough to generate meaningful, considered responses – and in-depth enough to answer all the questions we needed to explore.

During the analysis, we uncovered questions that we would have liked to ask, and a number that were actually not that interesting. If we ran the research again, we would create some refinements, but leave the bulk as is.



### Method of analysis

The survey generated both structured and unstructured data.



### Clustering

Respondents were asked what life experiences they had encountered, providing categorical data. This data was analysed using a two-stage clustering process.

As the data are categorical, a log-likelihood distance measure was used. The optimal number of clusters were determined using the Bayesian Information Criterion (BIC) approach. Cluster stability was checked by randomising the data case start point and clusters produced during different runs were statistically similar.

One challenge encountered was that some important life events were not statistically independent of each other, a requirement for categorical two stage clustering. To counter this, rural and online respondents were clustered separately and unique solutions were created for each of these groups.

Within each of these groups some events were also not independent. An alternate data set, where these variables were combined, produced similar clustering effects. So it was determined that this assumption was not critical in this case.

# 07

## The design behind the FSCA MyMoney Learning Series



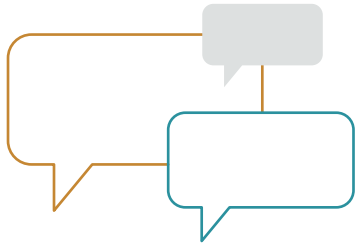
## In this section



This final section of the report, written by Trainiac, presents the thinking behind the FSCA's MyMoney Learning Series.

The FSCA's MyMoney Learning Series creates understanding through delivering engaging, interactive opportunities that are tailored to the audience's needs

## From talking heads to honest conversations



To create strategic opportunities for understanding, the FSCA MyMoney Learning Series moves away from the traditional training style, where facilitators pass on information to participants, and rather uses questioning techniques and process facilitation to encourage participants to share experiences, ideas, and opinions. This creates an environment that is engaging, interactive and immersive to encourage participants to change their behaviour.

For participants to be engaged and learn from the conversations, the topics must be relevant and the material must be at the right level of detail. In the South African context, this is particularly challenging as participants arrive with different levels of prior knowledge. The learning series is designed to build on participant's exposure and knowledge, based on their own experiences.

Facilitators need to be both comfortable with the material and skilled moderators to guide conversations where participants understand and apply the material.

## The right content at the right time

The research covered in the previous chapters shows that learning happens best when discussion topics are relevant and interesting to the audience. The research also exposed that not all learners are interested in the same topics.

Historically, financial literacy programmes have been developed in a linear manner, where the topics are delivered in a fixed order. The FSCA's MyMoney Learning Series breaks this convention and is designed for customised and adaptable learning. Facilitators have the ability and freedom to choose the topics and tools that work best for their specific audience's needs.

The material ranges from foundational concepts to advanced topics.

- > It is broken into five themes, which are further divided into sub-topics.
- > Topics can be covered from 30 minutes to four hours, depending on the complexity of the content or the interest of the participants.

Theme 1	Topic	Sub-topic
Financially smart	Good financial habits	Save for unexpected expenses
		Interest How to budget
		Be in control of your finances
	Social grants	Social grants

Theme 2	Topic	Sub-topic
Financial safeguard	Financial assistance	Financial advisor
		Financial plans
		Getting financial advice
	Savings	Savings vs investments
		Informal savings
		Banking products
	Investments	Understanding investments
		Making an investment decision
		Fixed and variable interest investment products
	etirement	Planning for retirement
		Claim unclaimed pension benefits
	Digital currency	Digital currency
	Insurance	Short-term and long-term insurance

Theme 3	Topic	Sub-topic
Financial protection	Safeguard your finances	Safeguard your finances
	Scams	Scams
	Scams Financial stress	Scams Financial stress
	Last will and testament	Last will and testament
Theme 4		
Financial knowledge	Working with money	Payments
		Bank account
		Currencies
	Earnings and tax	Payslips
		Tax
	Statement and bills	Statement and bills
	Contracts	Contracts

Theme 5	Topic	Sub-topic
Business finance	Start a business	Start a business
	Finances and business	Finances and business

## Patterns that work – visual and tactile learning

The FSCA's MyMoney Learning Series uses learning maps and other visual tools to help participants shift their understanding and close their knowledge gaps.

- + The learning maps illustrate key information on specific topics.
- + Conversations are often animated as these maps help to depersonalise typically sensitive subjects, allowing the learners to immerse themselves in the experience.
- + The maps and tools are used as prompts for exploration and conversation.
- + The FSCA's MyMoney Learning Series design focuses on turning content that is often dry and disengaging into visual and tactile learning that is memorable and relevant.



Figure 18: Scams poster




Figure 19: Life Experiences environmental map



## How to create a budget

Let us take a look at the difference between a month and a year.




Visit [www.familybudget.org](http://www.familybudget.org) for more information on how to create a budget. You can also find a budget template for your family.

## My budget and tracking

**My budget – month 1**

*Remember: One step at a time!*

Let us take a look at the difference between a month and a year.




Visit [www.familybudget.org](http://www.familybudget.org) for more information on how to create a budget. You can also find a budget template for your family.

**My budget – month 1**

*Remember: One step at a time!*

Let us take a look at the difference between a month and a year.



Visit [www.familybudget.org](http://www.familybudget.org) for more information on how to create a budget. You can also find a budget template for your family.

**My budget – month 1**

*Remember: One step at a time!*



## Grant stories:

### War veteran's grant

**Grant stories:**  
**War veteran's grant**

**Grant stories:**  
**War veteran's grant**

**Grant stories:**  
**War veteran's grant**

**Grant stories:**  
**War veteran's grant**



## Needs vs. wants •

### Needs

Needs are the things you cannot live without.

Here are some examples:

- Food
- Shelter
- Clothing









## Needs vs. wants •

### Wants

Wants are the things you can live without.

Here are some examples:

- Expensive summer clothes
- Television
- Eating at fancy restaurants
- Computers









## Needs vs. wants •

### Needs

Needs are the things you cannot live without.

Here are some examples:

- Food
- Shelter
- Clothing







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# Equipping facilitators to support learners

Each topic has a facilitator guide that sets out the learning outcomes to be achieved.

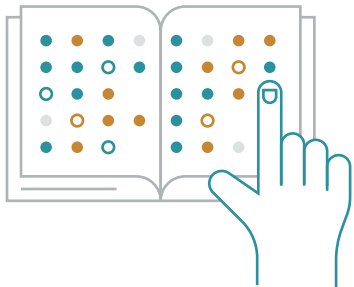
✚ The facilitator guide details how to run each activity using structured conversations, together with the tools to support the learning experience.

✚ Each topic has been designed to draw on participant's experiences and includes ice-breakers and facilitator etiquette when engaging with diverse audiences. Consequently, the facilitator guide details delivery methods that are easily adaptable to participant's needs.



Figure 23: Extracts from the facilitator guide

## Adapted to the needs to marginalised groups



The blind, partially sighted, deaf and hard of hearing have a right to dignity and to live a full independent life.

Part of this rests on a working knowledge of financial literacy. The FSCA worked together with representative umbrella organisations like The South African Council for the Blind (SANCB), DeafSA, National Institute for the Deaf and eDeaf to modify the FSCA's MyMoney Learning Series to meet the needs of these marginalised groups.

For the deaf and hard of hearing, the material remained predominantly the same, but delivery would be through advocacy groups using facilitators who are skilled in training the deaf and hard of hearing. For the blind and partially sighted, some of the material will be reconceptualised to a more tactile and auditory approach.

## Supporting ongoing learning online



Learning does not end in the classroom.

> Participants can continue their journey to financial Independence by visiting [www.fscamymoney.co.za](http://www.fscamymoney.co.za)

> To find out more, contact the FSCA through the contact us link on [www.fscamymoney.co.za](http://www.fscamymoney.co.za)

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