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South African Insurance Association

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## SAIA Guidelines for Consumer Financial Education Programmes

In agreement with international best practice, as well as South African authorities' expectations, that all role players in the financial services sector have an important role to play in consumer financial education with regards to financial literacy topics, the SAIA has adopted a strategy that requires all its members to contribute 0.2% of after-tax profits to consumer financial education programmes. In terms of the SAIA policy, at least half of this 0.2% needs to be contributed to the SAIA collaborative pool of funds with the balance of the spend on their own programmes.

The funds should be spent according to Financial Sector Charter requirements, should the Financial Sector Charter (Charter) govern the sector, or according to the guidelines set out in this document should the Charter not govern the financial services sector.

SAIA members will be required to report on this spend on an annual basis. The report on the previous year's spend - based on the financial results of the year prior to the year in which implementation takes place – will be expected by the end of April of a particular year. A simplified reporting format will be made available to members by the SAIA.

### Guidelines

#### 1. Definitions

- Following the OECD (Directorate for Financial and Enterprise Affairs in the United Stated of America) definition of financial education, also used by the Financial Services Board (FSB), financial education is "*the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to* *make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being*". Financial education therefore includes improving the levels of knowledge, skills, and attitudes that will lead to behaviour change.

## 2. Guidelines: Principles

- Providing financial education to consumers should form part of a financial institution's good governance and business practice in respect of their relationship with their clients. This would include providing information, appropriate disclosure and appropriate advice at point of sale according to any relevant legislation, regulation and/or good practice, but also creating financially aware and literate clients in the long term.
- Financial education should be provided in a fair and unbiased manner, and be non-discriminatory.
- Programmes should be co-ordinated and fit into a sector and/or national programme. Therefore, programmes should take cognizance of the national consumer financial education framework / strategy as approved by the Financial Services Board (FSB), and should seek to fit into this overall strategy. In addition, programmes should seek to fit into the sector initiative and follow the SAIA guidelines.
- Financial education programmes should provide context. For example, should the target audience be lower income, lower educated people, basic financial principles such as budgeting, saving, etc should provide a starting point. General principles regarding insurance, and specifically short-term insurance should provide the back-drop for product information, etc.
- Financial education should be seen as a long-term commitment, although short-term outcomes may be the starting point of a programme. Financial education should be seen as a continuous, ongoing commitment towards clients and potential clients.
- Financial education programmes should be designed to meet the needs of the target market, and should take into account the literacy and financial literacy levels of the target market.

- Financial education programmes, and the outcomes of these programmes, should be shared at a general level in terms of the SAIA requirements as well as a national framework or strategy to prevent duplication and encourage learning.

## 3. Guidelines: Good Practices

- Financial education programmes should be holistic, comprehensive and complementary.
- Financial education could include generic financial literacy concepts, generic short-term insurance financial literacy concepts, as well as general product information.
- Objective information on risks and products and how these relate to the needs of different target audiences should be encouraged.
- A clear distinction should be made between financial information/education and marketing/commercial information. Commercial financial information should be disclosed as such and must fall outside of the consumer education spend required by the SAIA of its members.
- Financial education should be appropriate. The target audience should be identified clearly. The message, content, and delivery mechanisms used should be aligned to the target audience. Information/education provided should be simple and understandable. In South Africa, such education should preferably be provided in the language/s best understood by the target audience.
- Financial education should have specific objectives.
- Financial education should be monitored and assessed to ensure appropriateness and impact.
- Consumer financial education should, if at all possible, attempt to create a link between the consumer financial education and increased access to financial services products.

## 4. Guidelines: Consumer Financial Education Programmes

In line with the above good practices, the following guidelines relate specifically to financial education programmes/projects:

- **Accessibility**

  - Financial literacy programmes must be free of charge.
  - Financial education programmes should make use of different delivery mechanisms, including the media and all other potential vehicles, in order to attempt to reach as many consumers as possible.

- **Appropriateness**
  - The target audience should include all South Africans, recognizing that the majority of the population are low income individuals.
  - The target audience should be clearly identified.
  - The objective/s of the programme should be clearly identified.
  - The language, message, content, and delivery mechanism must fit the target audience as well as the objective.
  - Content must be simple and understandable.
  - Content must be in context, i.e. generic financial literacy concepts, and/or generic short-term insurance concepts should be included in product specific consumer education to provide context and promote basic understanding.
  - Marketing and/or commercial information will not be seen as financial education and cannot be included in the required SAIA spend.
  - Branding is allowed but should not be the main feature of the content. In fact, experience shows that if the content is good and understood, brand recognition will follow almost automatically. On the other hand, heavily branded material often suffers credibility problems.
  - Content should not be paternalistic.
  - Programmes should consider at least one of the following: reach, frequency, depth of message, as well as follow-up messaging.
  - The size of the target audience should be appropriate and linked to the type of programme and the specific delivery mechanism used, i.e. a face-to-face workshop should ideally not include more than twenty to thirty people in the workshop.

- **Quality**
  - Content of financial education programmes should be accurate.
  - Content should be appropriate to the target audience.

- The message should be reinforced in different ways, including frequency, repetition, etc.
- The quality and appropriateness of service providers used should be of prime concern. Service providers should be able to prove the necessary skills, qualifications and experience in their area of expertise. Trainers/facilitators should be skilled, qualified and/or trained in their fields of expertise, as well as with regards to the specific content of the message. Such skills should be monitored and evaluated throughout the programme in order to ensure that these are appropriate. Care should be taken when appointing service providers and clauses and penalty clauses to ensure delivery should be considered when contracting service providers.
- Should the message be an in-depth message using a face-to-face delivery mechanism, the content should be appropriately in-depth and should ideally not be a once-off intervention.
- Should the message be more about awareness creation, the message should ideally be repeated frequently using different channels to reinforce the message to ensure that the message is internalized.
- Messaging should preferably include information about where consumers can access relevant information when they need to do so.

- **Monitoring and evaluation or measurement**
    - Although the terms monitoring and evaluation are used here, it is emphasized that the objective is to ensure that the financial education spend has maximum impact, in order to ascertain whether the funds spent were worthwhile, and to be put in a position to more effectively select projects that would have a positive impact in future.
    - Consumer financial education is currently a very new field and very little information exists on what works and what does not work. Therefore, the measurement of the impact of projects is extremely important, as is the sharing of this knowledge with others to build a body of knowledge to the benefit of all role players in this field.
    - It is therefore very important that every financial education programme is monitored and assessed/evaluated in order to make sure that the objectives of the project have been met.

- The implementation of the programme should be monitored on an ongoing basis to ensure appropriate impact. Eg the number of people reached, the number of workshops/broadcasts/industrial theatre shows, classroom interventions, the quality of the delivery of the message, the quality and appropriateness of the message, etc.
- Assessment/evaluation or measurement of outcomes should be included in the programme to include transfer of knowledge, skills, attitudes, and behaviour change if possible.
- Assessment should include the assessment of the target audience, or a sample thereof, as well as the facilitators and/or trainers if relevant.
- Some financial education outcomes will be immediate, others will become apparent over time. Assessment/evaluation or measurement should therefore take place before and immediately after an intervention, and – if appropriate – followed up over time from between 3 – 12 months after an intervention, if at all possible.
- In some cases the outcome would be only apparent after time, such as increased uptake of financial services products.
- The assessment/evaluation or measurement should always take the objective of the programme into account.
- Assessment/evaluation or measurement should include quantitative and qualitative methods, if possible and appropriate.
- Evaluation/assessment or measurement could differ from project to project. It might not always be possible to show specific, absolutely true results and/or impact, as we are talking about attitudes and behaviours of people that could differ according to circumstances. In addition, innovative ways of getting the financial education messages across should be encouraged which means that the methods and/or delivery mechanisms used could be very new, very different and very creative. However, this does not mean that evaluation/assessment or measurement should be abandoned. This should still form an important part of the process, albeit it possibly that an imperfect way to assess/evaluate or measure needs to be followed.
- A balance should be sought between the amount of money spent on the actual financial education programme and the monitoring and evaluation or measurement component. Both aspects are important, but it is important to

remember that consumer financial education projects should be about consumer financial education on not about research.

- **Information sharing and collaboration**
    - o The dissemination of the results of the evaluation/assessment or measurement of a programme and/or projects is important. It is crucial that the results of different types of programmes and/or projects are shared to ensure that they have a positive impact and are pursued by more role players. The sharing of such information is therefore required by the SAIA that will in turn be required to share this with the FSB in order to establish a database of financial education programmes and/or projects that will seek to coordinate and inform financial education programmes and/or projects across South Africa.
    - o General information sharing with regards to the programme and/or project and the results of the assessment/evaluation or measurement of the programme and/or project will therefore be required from SAIA members as a basic requirement.
    - o Information sharing on projects that are deemed to give a competitive advantage could be general, but general information about the type of project, type of delivery mechanism, type of content, as well as measurement or impact assessment will be expected.
    - o SAIA members who wish to share information with the SAIA on projects deemed to give a competitive edge in detail, but do not wish to share this information in detail to a wider audience, could do so as the SAIA could then share the general information with a wider audience and not the detail.
    - o SAIA members who wish to only share general information as per the points above, should clearly state so when they report to the SAIA.
    - o When members undertake their own programmes and/or projects in addition to their participation in the SAIA pooled initiative, collaboration with partners is strongly encouraged to ensure wider impact and upliftment of key public bodies. For example, members may wish to collaborate with public/national bodies such as SAIA, FSB, National Consumer Tribunal or the Ombuds amongst others. This will also address any concerns that programmes are

pure marketing as these bodies will also ensure scrutiny of the quality of the activities.

**Conclusion**

The above mentioned guidelines are relatively general and non-specific in order to encourage innovation while at the same time attempting to promote the implementation of appropriate, quality, coordinated, and meaningful consumer financial education programmes and/or projects by SAIA and its members.

The SAIA Consumer Education Guidelines as documented in this document should be revised periodically, preferably annually, in order to take into account new trends, needs, and expectations.

**Sources**

The sources used to research the topic of international good practice and guidelines with regards to financial education that resulted in the above guidelines, include:

Good Practices for Consumer Protection and Financial Literacy in Europe and Central Asia: A Diagnostic Tool. (August 2008) The World Bank.

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