

**The South African Insurance Association (SAIA) insurance
education programme: 2005 -2009**

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Authors:

Anja Smith (Cenfri)

Michal Matul (ILO Microinsurance Innovation Facility)

Sandisiwe Ncube (Cenfri)

Hennie Bester (Cenfri)

Benita Williams (Feedback Research & Analytics)



Tel: +27 21 918 4390

Fax: +27 21 918 4391

E-mail: tessa@cenfi.org

Physical address: USB Bellville Park Campus

Carl Cronje Drive, Bellville, 7530, South Africa

Postal address: PO Box 610, Bellville, 7535, South Africa

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FOREWORD

In 2008, the International Labour Organization (ILO) launched the Microinsurance Innovation Facility with a generous grant from the Bill & Melinda Gates Foundation to learn how to provide better insurance products to more low-income households. We focused on three areas in particular: a) the design of products that provided better value to low-income policyholders; b) experimentation with innovative institutional arrangements including alternative distribution channels, and c) methods for ensuring that low-income persons understood how insurance worked and could make informed purchasing decisions.

To learn about this third issue, the Microinsurance Innovation Facility was particularly keen to understand the experiences of the South African Insurance Association (SAIA). While individual companies may engage in consumer education efforts, generally we believe that it will be achieved more effectively if done by an industry association or the government, and therefore SAIA represented a very interesting learning partner. It was well known in international circles that SAIA had made major investments in financial literacy since 2005, and we wanted to know what the results were. Did low-income households have a better understanding of insurance because of SAIA's efforts? Which methods of raising awareness were most effective?

In an effort to add to the growing body of experiences on financial education in the insurance sector internationally, we commissioned a study to evaluate the SAIA's experience to achieve two main purposes: 1) To assist the SAIA to maximize the impact made by its projects going forward; 2) To make available the lessons from SAIA's experiences to the international community.

The study has resulted in several potential lessons that could assist the SAIA (and others) to maximize impact in future projects. These findings include the following:

- It would be sensible for the short-term insurance sector to concentrate on education specific to short-term insurance. This could increase financial literacy and capability in this category, and increase access to the products to the ultimate benefit of vulnerable consumers.
- The target market should ideally be expanded to include low-income individuals in a higher income category than is currently the case. As specified by the Financial Services Charter, the current target market is Living Standards Measure 1 – 5, however there are many people above this threshold who have assets and do not understand insurance.
- The cost versus reach of the different projects, as well as the impact of these projects on long term changes in levels of knowledge, skills, attitudes, and behaviour was difficult to measure. Nevertheless, it was found that the accredited training community workshop project had, in comparison with other types of projects and learning methods, not lead to the expected impact.
- The importance of better monitoring and evaluation as an integral part of SAIA's projects in future is emphasized, as the efforts in this regard have not been sufficient to assess actual impact of the projects.

I hope that this study will assist the SAIA in its future endeavours in the field of financial literacy and capability, and I commend it for its efforts thus far in this important activity. We look forward to supplementing these experiences with efforts being undertaken by



insurance associations in Brazil, Colombia and Kenya to generate more robust recommendations for the role of insurance associations in promoting insurance education of low-income households.

Craig Churchill

Craig Churchill

Team Leader, Microinsurance Innovation Facility

Social Finance Programme, International Labour Organization

Chair, Microinsurance Network



EXECUTIVE SUMMARY

The South African Insurance Association (SAIA), an industry body for short-term or general insurance companies in South Africa, developed and managed a financial education programme on behalf of the South African short-term (general) insurance industry during the period 2005-2009. During this period, SAIA spent more than R40 million (US\$5.3m) on financial education projects, reaching an estimated 15 million people. The objective of this study is to document and evaluate SAIA's overall experience in financial education in the insurance sector, as well as its experience with three individual projects which it has implemented since 2005. The evaluation is informed by a number of data and information sources, including a review of the available documents on SAIA's programme, key informant interviews and an analysis of the available data on the performance of SAIA's different financial education projects. The three projects which form part of SAIA's programme include:

- **Community Workshops project:** This project consists of financial literacy workshops aimed at specific low-income communities across South Africa.
- **Teacher Development project:** This project focuses on the development of a mathematical literacy resource to assist Grade 10 -12 teachers in teaching the national mathematical literacy curriculum.
- **Comutanet (Commuter Awareness) project:** This is an awareness project that is targeted at commuters. The project is implemented through various communication media at taxi ranks, train stations and other modes of public transport.

SAIA's programme is situated within the larger context of financial education and its objectives. Financial education can be defined as the teaching of knowledge, skills and attitudes to improve financial decision-making and promote proactive financial behaviour (Cohen and Sebstad, 2003; PFRC, 2005, OECD, 2005). It intended to improve the financial literacy or capability (terms that are used interchangeably in this paper) of individuals. If done well, financial education can reduce vulnerability and help to build assets, especially in low-income households. As recent developments in behavioural economics reveal, people are irrational and have problems with self-control, as well as valuing immediate rewards (Mullainathan and Krishnan, 2008). Therefore, it is becoming increasingly clear that financial education is not a once-off activity but an ongoing facilitation effort that should use consistent messages delivered by multiple channels in an integrated way. It also means that improving financial capability and access to valuable financial services are complementary goals: financial education leads to greater product take-up, while using products provides incentives to sustain proactive financial behaviour. Given its long-term nature and complexity, financial education should be delivered by multiple stakeholders, who should focus on their responsibilities *vis-a-vis* society and leverage on their respective strengths in order to improve welfare (Leach and Ludin, undated presentation).

The main rationale for implementing a financial education programme would be to improve financial capability (knowledge, skills and attitudes) overall, or with regards to a specific financial product, as well as to promote proactive financial behaviour. SAIA's financial education programme would therefore be considered successful for its member companies if evidence is found that the programme has led to increased financial capability in the insurance sector and "better" risk-management behaviour.



Financial education programme performance 2005-09:

SAIA's pooled approach to financial education programme was conceptualised as a response to the South African Financial Sector Charter's requirement that insurance companies spend 0.2% of post-tax profits on financial education. Rather than member companies complying with this requirement individually, SAIA undertook to pool and manage its member companies Charter-specific financial education contributions on their behalf.

The Charter set certain guidelines in accordance to which these funds had to be spent, with the following implications for SAIA's programme:

- *Limits spending on certain projects.* Media-based financial education (awareness) is limited to 20% of total financial education expenditure, while financial education programmes that are measurable and delivered in a face-to-face setting are to account for up to 80% of consumer education expenditure.
- *Limits branding and marketing by insurance companies.* Product marketing is not viewed as financial education and for booklets, branding has to be limited to 10% of the material, while it can only take up 5% of airtime in the case of radio and television programmes and is limited to 5% of all posters and other material. In the case of the SAIA programme, SAIA use its own brand rather than that of member companies as it is pooled initiative.
- *Suppliers of training required to be registered with appropriate authorities.* SAIA is only able to use training providers that have been accredited with the South African Qualifications Authority (SAQA) and provide training pegged relative to the National Qualifications Framework.
- *Sets target audience for financial education projects.* The Financial Sector Charter Council consumer education standards firmly establish black people within Living Standard Measurement (LSM) 1-5 as the target market for financial education initiatives.

Below, we highlight the key performance issues identified through the evaluation of SAIA's financial education programme for the period 2005-2009:

Outreach and scale achieved. SAIA's financial education programme is one of the biggest in this area in developing countries and sets an example for similar industry associations in other countries.

Collaborative approach offers value if focused on appropriate category of education. SAIA chose to follow a collaborative approach to financial education where the Charter-required financial education funds of members companies are pooled to allow for greater impact and reach. SAIA's financial education programme has contained both generic and insurance industry-specific (category-specific) content. While its focus on generic content is questionable as there are other institutions that may be better positioned to address this category of financial education, e.g. the Department of Education, industry associations are probably best positioned to facilitate industry-specific education in a comprehensive and integrated way (Leach and Ludin, undated presentation). Although financial service providers may also be able to provide industry-specific education, they have fewer incentives to do so as their emphasis is likely to be on education that will help them sell products, i.e. product-specific education. The collaborative approach followed by SAIA is likely to offer significant value as long as:



- it is focused on providing industry-specific (as opposed to generic) education; and
- the education interventions are designed and structured in a way that allows the target audience to access insurance products once the need for such products has been stimulated by the education intervention (i.e. allow for a link between product access and education and not remove all references to companies and products).

Well-informed strategic shift over the last four years. During especially the last year of its financial education programme, SAIA has started to implement a movement away from a pure “corporate social investment” approach to financial education to one speaking to the commercial objectives of its members companies interested in serving the low-income market. This was done by, amongst other things, responding to member feedback and through institutionalising a new approach to financial education in the form of SAIA financial education guidelines to which all member companies have to adhere.

Well-designed generic financial education materials. This includes the generic financial education material for both the Teacher Development and Community Workshops projects.

But less strategic approach to industry-specific education. SAIA recently started the transition from generic financial education to sector-specific themes, especially in the Comutanet and Community Workshops projects. This makes sense given its dual objectives of contributing to public good, while serving its members’ needs. However, the transition is still in early stages. While the Community Workshops project has started to place more emphasis on insurance material, insurance concepts have not yet been integrated well with other learning building blocks.

Limited monitoring of the outcomes of financial education programme. The Charter guidelines require 80% of financial education expenditure take place in a face-to-face setting as it is thought that the outcomes of this type of education is more easily measurable. SAIA’s Community Workshops project, which takes place in a classroom setting, is its most expensive (per person reached) and largest (from a budget perspective) project. The cost of this project is largely driven by its classroom nature, as well as the need to have all participants assessed. While participants in this project were assessed and data on their performance collected, this data has never been analysed before. An analysis of a sample of this data found several data inconsistencies, with data on some participants learning outcomes simply not being collected. Furthermore, the sampling methodology collected on the learning outcomes of the Comutanet (awareness project) is largely inappropriate and does not allow for the drawing on any definitive conclusions on whether participants financial capability increased (or, at the least, was likely to increase).

No direct links to insurance products or branding. SAIA has not yet established a clear link between its financial education initiatives, and access to products and marketing initiatives by its member companies. The main reason for this has been compliance with the Charter which does not allow branding of the content by individual insurers. In the absence of the Charter, however, the branding issue may be easily solvable and could be less of a problem than providing access to appropriate short-term insurance products. The latter is important as it can improve the results of financial education by giving people a way to be more proactive in managing risks, as well as attracting insurers to pool more resources for financial education. It will be important to ensure that the products to which access is provided provide value to their clients.



Recommendations for financial education programme 2010-15:

Based on the analysis and conclusions set out above, certain recommendations are made for consideration by SAIA as it shapes its financial education programme for the next five years (2010 – 2015). In short, the key recommendations are as follows:

Continued facilitation of buy-in. Straddling the divide between financial education as corporate social responsibility (CSR) and financial education as a strategy for commercial market development will require ongoing liaison with industry members and other stakeholders. SAIA must manage this ongoing tension proactively or risk losing the benefits of an integrated approach.

Redefining the target audience. The effectiveness of SAIA's financial education will be greatly increased if it redefines its target market to LSM 4-7 since the probability of this market purchasing short-term insurance is much higher than the lower LSM categories doing so. LSM 1-3 should become a secondary target market. Redefining the target market to this higher income segment will also align the short-term insurance access target market with the defined access target market for housing finance. As the main focus of low-income short-term insurance products has been on insuring household structures and content, this alignment will allow for much greater synergy between the two sectors.

Enable changed behaviour through better linkage between education and product access. The Charter requirements which limit branding and the potential of the education process turning into a marketing exercise has forced a great distance between the educational content, its delivery and the product providers and their products. While neutrality in the education process may be required in a heavily contested product market, the South African short-term insurance industry is still in its infant shoes with regards to low-income insurance products. This is not a product currently used by the low-income market and beneficiaries of the education would have very little pre-knowledge of this product. It would thus be important to more closely tie the products and their availability to the education process to allow beneficiaries to take up these products if they wanted to do so (following the education process). By not engineering or offering commercial insurers this link, the ultimate impact of projects have been strongly diminished and beneficiaries have been, to a certain degree, disempowered to act on their newly gained knowledge.

Better integration of projects into coherent programme. It is recommended that SAIA provides the necessary strategic leadership and structure the overall financial education programme, as well as the coordination mechanisms that will ensure optimum delivery of mutually reinforcing financial education messages. This could include designing two to three different education mixes (messages, channels, linked to other initiatives, linked to product access) that could be tested over the short term. This should yield better results than current traditional 'procurement' approach (call for proposals, picking the best three, but unrelated, projects).

Refocus content from generic towards risk management and insurance topics (industry-specific content). While the layering of financial concepts is important, risk-management education can be done with "light" links to budgeting, planning ahead, saving and debt management. This new focus will ensure that SAIA better meets the needs of its members.



This content menu could then be used effectively to adapt for different target segments and applied across a wide range of delivery channels.

Develop a holistic monitoring and evaluation framework. In the context of uncertainty about the Charter's continued existence, it would be important for SAIA to be able to demonstrate the impact of its financial education programme to its funders – the member insurance companies and other contributors to the programme. This means that data collected through the various projects would have to be better understood and analysed. If the available data does not allow for the drawing of clear conclusions on projects' impacts and outcomes, data collection approaches may need to be reconsidered and changed. To show results to the short-term insurance industry and to be able to continuously improve the program, it is very important to develop a holistic monitoring and evaluation framework. The balance needs to be found between rigour and costs. The approach can be as simple as that contained in a number of more specific recommendations in the document.

Institutionalise the programme within SAIA. The above recommendations cannot be implemented without SAIA increasing its management complement responsible for the financial education programme. In all likelihood, a programme leader, project manager and administrative support will be required. The expanded management team could gradually transit into a fully industry-funded initiative, with an initial subsidy or grant to cover its costs for the next three to four years. However, over the medium term, this will require an increase in SAIA's management fee and will require it to seek other core funding until it is possible to show its first impact results before transitioning to a fully industry-funded initiative.



1. Introduction

This study documents the experience of the South African Insurance Association (SAIA)¹, an industry body for short-term or general insurance companies in South Africa, in developing and managing a financial education programme for the South African short-term (general) insurance industry during the period 2005-2009. During this period, SAIA spent more than R40 million (US\$5.3m²) on financial education projects, reaching an estimated 15 million people³. The sustainability of SAIA's financial education programme can be attributed to the fact that the organisation has received continual support from members to successfully institutionalise a collaborative process. Furthermore, the reach of the financial education programme goes beyond urban areas, as there are initiatives that also reach rural and peri-urban areas.

The study is funded and commissioned by the Microinsurance Innovation Facility, housed at the International Labour Organization (ILO), to add to a growing body of experiences on financial education in the insurance sector. The objective of the study is to document and evaluate SAIA's overall experience in financial education in the insurance sector, as well as its experience with three individual projects which it has implemented since 2005:

- **Community Workshops project:** This project consists of financial literacy workshops aimed at specific low income communities across South Africa.
- **Teacher Development project:** This project focuses on the development of a mathematical literacy resource to assist Grade 10-12 teachers in teaching the national mathematical literacy curriculum.
- **Comutanet (Commuter Awareness) project:** This is an awareness project that is targeted at commuters. The project is implemented through various communication media at taxi ranks, train stations and other modes of public transport.

Methodology:

This document draws on a number of information sources, including interviews with the key SAIA financial education programme stakeholders conducted during February 2010, SAIA source documents and data on the three projects collected by their different service providers during project implementation. Some of this data has never been examined before and had to be captured electronically for the purpose of this study by Feedback Research and Analytics, a partner to this evaluation. Feedback also conducted telephonic interviews with small samples of participants of SAIA's Community Workshop project, as well as the Teacher Development Project (for more information on this, see Section 0). Together, these different information and data sources allow us to draw conclusions on the

¹ SAIA is a representative association with 55 members most of whom are short-term insurance companies. Key priority areas for the association include managing the short-term insurance industry's image and reputation, assessing the impacts of insurance and financial sector legislation for the association's members, and managing the various transformation initiatives which aim to improve access to insurance in disadvantaged and low-income markets. Ultimately, SAIA's value proposition to its members is in overseeing, managing and protecting their interests and those of the South African short-term insurance industry.

² Using the 3 month average US dollar/South African Rand exchange rate as on 30 April 2010. <http://www.oanda.com/currency/average>.

³ Based on estimates and assuming that the project impact goes beyond the reach of those who are directly impacted.



success of SAIA's overall financial education programme and individual project experiences during the period 2005-2009.

Approach:

Framing financial education. Financial education can be defined as the teaching of knowledge, skills and attitudes to improve financial decision-making and promote proactive financial behaviour (Cohen and Sebstad, 2003; PFRC, 2005; OECD, 2005). It is intended to improve the financial literacy or capability (terms that are used interchangeably in this paper) of individuals. If done well, financial education can reduce vulnerability and help to build assets, especially in low-income households. As recent developments in behavioural economics reveal, people are irrational and have problems with self-control, as well as valuing immediate rewards (Mullainathan and Krishnan, 2008). Therefore, it is becoming increasingly clear that financial education is not a once-off activity but an ongoing facilitation effort that should use consistent messages delivered by multiple channels in an integrated way. It also means that improving financial capability and access to valuable financial services are complementary goals: financial education leads to greater product take-up, while using products provides incentives to sustain proactive financial behaviour. Given its long-term nature and complexity, financial education should be delivered by multiple stakeholders, who should focus on their responsibilities *vis-a-vis* society and leverage on their respective strengths in order to improve welfare (Leach and Ludin, undated presentation). National strategies should be well aligned with the incentives for involvement in financial education of different stakeholders. For example, government may be better positioned to target youth with generic financial education in schools, while financial service industry bodies and providers are likely to have a comparative advantage in focusing on category-specific content linked to access to financial services.

Outputs vs. outcomes. In thinking about the evaluation of the success of a financial education programme, it is important to distinguish between outputs and outcomes. An output is typically defined as "an activity or deliverable implemented or produced" while an outcome is defined as the "result of the activity in terms of increased financial capability of the target audience of the intervention" (Financial Education Fund, 2008). If a financial education programme is to be successful, it would have to be designed in such a manner that the outputs which the programme produces allows for, over time, translation into outcomes that have a direct relationship with the primary rationale or objective of the programme. The main rationale for implementing a financial education programme would be to improve financial capability (knowledge, skills and attitudes), overall or with regards to a specific financial product, as well as to promote proactive financial behaviour. While the former is relatively simple to measure, it is hard to attribute behavioural change to a specific education intervention as there are many other factors that impact behaviour (Cohen et. al., 2010).

SAIA's financial education programme would therefore be considered successful for its member companies if evidence is found that the programme has led to increased financial capability in the insurance sector and 'better' risk-management behaviour. To arrive at this conclusion, we would not only require data on the outputs or deliverables of SAIA's projects, but also require data on the degree to which projects have allowed their beneficiaries to make better financial decisions, leading to better interaction with the general insurance sector in South Africa. The study thus not only focuses on documenting SAIA's various



projects and overall approach to financial education in the insurance sector, but also examines data collected during the course of implementation of the three projects to understand whether these projects have had any impact.

The study seeks to assess the benefits of the SAIA financial education programmes through an analysis of data collected from the three projects. There were a number of difficulties with the data collection process: a number of data inconsistencies were found, with large amounts of data simply not being collected, as well as inappropriate sampling methodology used in at least one project. Despite these hurdles, we are able to draw broad conclusions based on these data analyses.

The remainder of this document is structured as follows:

- Section 2 deals with the SAIA consumer education programme development and management, as well as the three key projects, during the four year period.
- Section 3 considers the degree to which the performance of the three projects has been measured during the course of their lifetime and what this tells us about the impact of the projects.
- Section 4 deals with stakeholder perspectives on the programme and its success.
- Section 5 focuses on the content and delivery of the various projects.
- Section 6 provides conclusions on the programme and its strengths, weaknesses and opportunities.
- Lastly, Section 7 provides recommendations for how the programme can be restructured and changed for better performance and impact.



2. Programme development, management and key projects

Context for financial education in insurance sector in South Africa:

South Africa characterised by low levels of financial literacy. Like many other countries, South Africa faces the complex task of tackling low levels of financial literacy within the general population. These low levels of financial literacy are evidenced by low savings rates, low take-up of financial services and products and a lack of understanding of basic financial terminology and concepts. Based on an analysis of FinScope 2007⁴, 48% of adults say they have a budget and approximately a third of adults say they are not saving at all (Melzer, 2008). Furthermore, according to an analysis of FinScope 2005, 13% of adults had never heard of the term ‘insurance’ while 22% had heard of the word but did not know what it meant. In addition, the analysis also shows that 35% of adults had never heard of the term ‘short-term insurance’ while, 25% had heard of the term but did not understand what it meant, (Melzer, 2008).

Beyond funeral insurance, low take-up of insurance products in the low-income market. According to Finscope 2009, approximately, 45% of the South Africa population had “some financial product covering a defined risk,” the bulk of which comprises funeral insurance, (Finscope, 2009). This is due to the cultural significance and importance attached to funeral insurance within the South African context. Data from the years 2006 and 2007 concerning the insurance usage within LSM 1-5⁵ confirms that the penetration of other financial products and other forms of insurance still remains low. In 2007, only 2.1% of adults within this group had a life insurance policy other than a funeral policy, and only 1.5% had any type of short-term or asset insurance policy (Eighty20, 2008 based on an analysis of FinScope 2007). We also see similar trends in the 2006 data with funeral insurance dominating insurance usage in both years.

Type of insurance product	2007	2006
Life cover excluding funeral	2.1%	2.2%
Credit life	0.4%	0.04%
Short term insurance	1.5%	0.5%
Funeral insurance	40.1%	33.2%

Table 1: Insurance usage within the LSM 1-5 group

Source: National Treasury of South Africa, 2006 and Eighty20 (2008) analysis of FinScope 2007.

⁴ Finscope, a FinMark Trust initiative, is an annual nationally representative survey assessing financial service usage and attitudes and opinions on financial services in South Africa.

⁵ The Living Standard Measure (LSM) is a tool used to segment the wider South African market according to individuals’ living standards. It uses location (urban vs. Rural), ownership of household assets and access to services to group individuals into one of ten LSMs through calculation of a composite indicator (Eighty20, 2005). LSM 1 is the lowest LSM, containing the poorest individuals in terms of the composite indicator, while LSM 20 is the highest category and contains the wealthiest individuals if ranked according to the composite indicator (Genesis, 2006).



Financial Sector Charter created to transform financial sector. Following the official end of apartheid in 1994, the Financial Sector Charter⁶ (FSC) was created with the objective of promoting transformation and Black Economic Empowerment (BEE) within all spheres of the South African financial sector. Providing access to financial products by the low-income population and promoting awareness of these products is viewed as being part of this objective. The Charter was the result of a voluntary negotiation process between representatives from government, business, labour and community between 2002 and 2004.

Charter set the course for the development of SAIA consumer education projects. The Charter and its access and financial education targets formed the main impetus for the development of SAIA's financial education programme. As the Charter's mandate is to improve the representation and participation of black people within all spheres of the financial sector in South Africa, it sets out a number of BEE targets which are to be achieved between 1 January 2004 and 31 December 2014. These targets cover various spheres of transformation relating to the promotion of BEE and the development of black owned businesses within the financial sector. The key targets include: increasing the number of black persons employed at senior management levels, increasing black business ownership and promoting procurement of products and services from black businesses. Another key Charter target relates to improving access to financial services (particularly for low-income households), and coordinating consumer financial education initiatives.

Charter identifies target groups and sets access targets. Section 8 of the Charter sets out the various access targets. Most of these targets are defined specific to the target group of black, LSM 1-5⁷ households. The targets stipulate that 80% of individuals in LSM 1-5 should have "effective access"⁸ to savings products and services, as well as "effective access" to transaction products and services. The Charter also includes insurance-specific targets and states that 6% of the LSM 1-5 group is to have *effective access* to short-term risk insurance products and services by 2014 (Financial Sector Charter, 2004). In contrast, the Charter sets a slightly higher income target market for housing finance access targets by defining this target market as individuals in LSM 5-7. According to the charter, housing finance access targets are set at a target market of "low-income housing for households with a stable income in excess of R1,500 per month and less than R7,500 per month" (Financial Sector Charter, 2004). By implication, this income range is higher than the initial target of LSM 1-5 where the maximum income level is set at R3,500.

Charter commits financial institutions to financial education expenditure. In addition to the access targets, Section 8.4 of the Charter, states "each financial institution commits, from the effective date of the charter to 2008, to annually invest a minimum of 0.2% of post-tax operating profits in consumer education" (Financial Sector Charter, 2004). These consumer

⁶ The charter is a "transformation charter in terms of the Broad-based Black Economic Empowerment [BBBEE] Act [Act 53 of 2003]," (Financial Sector Charter Council, 2010).

⁷ LSM – The Living Standard Measurement is a measure of the living standard using possessions as a proxy for wealth. One represents the lowest levels of wealth, whilst ten represents the highest. It would then make sense that in the context of this study, persons who are targeted are within the lower end of the LSM range.

⁸ Effective access in the Charter relates to improving the access of financial services to black persons who previously had no access to financial services. Furthermore, access relates to improved affordability, geographical access and knowledge concerning financial products.



financial education programmes should aim to empower “consumers with knowledge and skills to enable them to make informed decisions about their finances,” and ultimately improve access to financial services and products, (Financial Sector Charter, 2004).

Financial Sector Charter Council established to oversee Charter implementation. The Financial Sector Charter Council (FSCC) was created to oversee and manage the implementation of the Charter and its targets. The Charter Council also oversees the implementation of the FSC consumer education initiatives within the financial sector. The FSCC monitors whether stakeholders comply with its consumer education standards and the Charter’s access principles namely, physical accessibility, appropriateness, affordability, simplicity and non-discrimination. Embedded within the main financial education principles are consumer financial education standards and guidelines to implement them (see Table 2 below).

Charter Principle	Access	Consumer Education Standard	Implementation Guideline
Physical Accessibility		Consumer education programmes should be accessible to all.	Funds available must be set aside for optimal effectiveness to reach the greatest possible number of people. A minimum of 25% of expenditure on consumer education initiatives is to be allocated to the rural areas.
Appropriateness		Consumer education programmes must meet identified needs of the target groups.	Should be targeted at LSM 1-5 and consumers of credit for low income housing, SME development and agricultural development.
		Outcomes of the consumer education programmes are to be measureable in order to achieve points.	Suppliers of education must be qualified, registered and accredited by the appropriate authorities. And programmes should have material that deals with concepts such as basic financial literacy, financial services amongst others.
			Spending on media-based education (awareness) is limited to 20% whereas consumer education programmes that are measureable and delivered face-to-face are to account for up to 80% of consumer education spend.
Branding		Branding should be appropriate and should not overwhelm the educational material.	Product marketing will not count as consumer education.
			Booklets: branding limited to 10% of the material. Posters and other aids: branding limited to 5% of the material. Radio and television: branding limited to 5% of the airtime.
Affordability		Consumer education is to be offered free of charge.	Consumer education programmes are to be free of charge to participants and as such, no fees are to be paid or requested by providers of consumer education.



Simplicity	All consumer education materials should meet Charter requirements for simplicity, understandability and disclosure.	All materials are to be simple and easy to understand, and must be designed to meet the unit standards set out by the NQF. ⁹ Material should disclose generic non-company specific information to enable recipients to better understand information.
Non-discrimination	Material is to be available in all languages.	Materials are to be available in the most common languages of the province.
	Suppliers must comply with the procurement standards set out in the Charter.	

Table 2: Financial Sector Charter Council Implementation Guidelines for Consumer Education

Source: Financial Sector Charter Council

The main implications of the Charter’s financial education standards and implementation guidelines for the SAIA programme are as follows:

- *Limits spending on certain projects.* The implementation guideline that relates to the principle of “appropriateness” and, more specifically, the consumer education standard requiring the results of all projects to be measurable, states that spending on media-based financial education (awareness) is limited to 20% of total financial education expenditure. Financial education programmes that are measurable and delivered in a face-to-face setting are to account for up to 80% of consumer education expenditure. It thus seems as if face-to-face training was emphasised at the time of the Charter’s finalisation as it was thought that the results of these programmes would be better measurable than media-based projects. While the implementation guideline requires these projects to be “measurable”, there is no requirement in terms of the need to demonstrate impact on beneficiaries’ lives from the measured data.
- *Suppliers of training required to be registered with appropriate authorities.* The implication of this guideline is that SAIA is only able to use training providers that have been accredited with the South African Qualifications Authority (SAQA) and provide training pegged relative to the National Qualifications Framework.
- *Sets target audience for financial education projects.* The FSCC consumer education standards firmly establish black people within Living Standard Measurement (LSM) 1-5 as the target market for the various consumer education initiatives.

Uncertainty concerning the future existence of Charter. Although the Charter has not yet been gazetted under the BEE legislation and therefore has no legal standing, financial institutions had committed themselves to the implementation of these targets as the Charter Scorecard (measuring financial institutions performance against the various targets in the Charter) is still being used as a tool to decide which financial institutions qualify for the placement of government business. The uncertainty of the Charter’s future is due to negotiations having stalled around the various targets (including ownership targets) it sets

⁹ NQF – is the National Qualifications Framework as set out by the South African Qualifications Authority. This framework is used as a measurement of the various levels of education in South Africa. The NQF has 8 levels of education from level 1 – grade 9/national certificates to level 8 - Masters, Doctoral and Post doctoral degrees.



out. In order for the Charter to be gazetted and become legally binding, the four negotiating parties to the Charter (community, labour, government and business) have to reach final agreement on all the targets set in the Charter.

Programme origins:

In 2004, following the completion of the Financial Sector Charter negotiations, SAIA sent a questionnaire to member companies to enquire whether they would be willing to contribute and commit 0.2% of their post-tax profits to consumer financial education initiatives through a pooled approach managed by SAIA. Some members indicated their willingness to participate in a SAIA financial education programme. Following receipt of input from the questionnaires, SAIA arranged a workshop to engage members on the potential of a coordinated financial education initiative, as well as to discuss a potential approach with regards to the implementation process of the financial education projects. The SAIA Consumer Education Workshop took place on 28 September 2004 with a number of short-term insurance stakeholders, including SAIA member companies, Charter experts and broker bodies attending. In addition, the SAIA Board provided explicit support for this process.

Following the workshop, it was decided that SAIA would pool and manage its member companies' financial education contributions on their behalf and that implementation would be outsourced to service providers. The implementation of the consumer education initiatives would also involve partnerships between SAIA and other interested and relevant organisations. Consequently, this led to the establishment of a partnership between the association and the South African non-banking supervisor, the Financial Services Board (FSB) in the delivery of certain projects.

Furthermore, a general framework for implementing the consumer education initiatives was developed at the workshop:¹⁰

- *SAIA consumer education team*: The consumer education team is to be the first port of call with regards to project selection. The SAIA consumer education team (including the manager) have the responsibility of considering the various proposals, sifting through them and sending through the recommended mix to the consumer education committee.
- *Utilisation of Consumer Education Committee*. It was decided to use the existing SAIA Consumer Education Committee to become a custodian to the project. The committee considers the SAIA consumer education team's recommended proposals, and reviews them and then makes recommendations to the Project Panel. The Project Panel then makes the final decision with regards to which projects to fund. The Consumer Education Committee meets on a monthly basis to discuss SAIA consumer education projects. Items on the Committee's agenda include report backs on the implementation of the various projects and discussion on future projects and emerging issues.

The Committee consists of representatives of SAIA's member companies, and while SAIA has 55 members, not all of them are represented on the Consumer Education Committee. All members are invited to participate but due to a number of reasons they

¹⁰ The SAIA FSC Report on Consumer Education Initiatives: 2004



opt not to be represented on the committee. An example of such members that opt out include: companies that are reinsurers, and small or niche insurance companies. At present 16 member companies are represented on the committee, as well as companies such as Alexander Forbes, Zurich Re and the Ombudsman for Short-term insurance.

- *Project Panel.* It was agreed to establish a Project Panel at arm's length from SAIA who would make the final decisions on which financial education projects to fund. The Panel, consists of representatives from key stakeholders and partners such as the Financial Services Board¹¹ (FSB) (which serves as an observer member), the Department of Trade and Industry, consumer representatives and other consumer education experts from organizations such as the Finmark Trust. In addition SAIA representatives sit on the panel, including a Financial Sector Charter expert who represented the short-term insurance industry during negotiations. Furthermore, the FSB is not only a member of the panel but they are also a crucial partner which participates in many of the projects. The Project Panel typically meets only once a year to approve projects, although it will meet outside its annual scheduled meetings if urgent project approvals are required. The Panel may refer proposals back to SAIA and the Consumer Education Committee if it is of the view that a project needs to be adjusted.
- *Results of all projects should be measurable and measured.* The Charter Consumer Education Implementation guidelines state that a standard of measurability must be met by suppliers of consumer education goods and services. In order to do so, consumer education suppliers must be registered, qualified and accredited by the relevant authorities, assessors and facilitators must be trained. Training methodologies must be approved by the South African Qualifications Association (SAQA) and aligned to the National Qualifications Framework (NQF)¹² (Financial Sector Charter Council, 2010). The implication of this is that training interventions must be moderated and assessments carried out once interventions are completed. For instance, with regards to the Community Workshops project, basic assessments are carried out to test participants' knowledge and understanding of concepts taught during the workshops. In line with this requirement, appropriate measurement tools and procedures were incorporated into all the various SAIA consumer education projects.¹³
- *Need to guarantee financial education Charter points for participating companies.* SAIA reports back to the FSCC on its various projects to ensure the association has adhered to the FSCC consumer education guidelines. This, in turn, ensures that members are credited with the relevant Charter scorecard points. While the FSCC states that funding should be spent within the year during which funds are contributed, the project cycle

¹¹ South Africa's non-banking financial services regulator.

¹² Under the supervision of SAQA, the South African Qualifications Authority, the development of various educational qualifications is guided by the NQF (National Qualifications Framework). The SETA (Sector Education and Training Authority) oversees the development of more skills and industry-oriented qualifications. Each sector in the economy falls under an industry-specific SETA, for example there is a SETA for the electricity, hairdressing and financial sectors/industries. The SETA offers an alternative path to formal education through apprenticeships, workshops and on the job learning, which are then credited with a certain number of points. Over time, the accumulation of these points can potentially lead to the equivalent of a formal qualification such as a degree. Therefore, the Inzala project is focused on skills development and the number of points it accumulates to a level 2 NQF qualification. All qualifications under the NQF framework including SETA qualifications are subject to ETQA (Education Training Quality Assurance) procedures which include moderation and assessment of SETA and NQF qualifications. Furthermore, SETA and NQF training is to be provided through an accredited provider with a learner management system which will oversee the implementation of ETQA moderation and assessment processes. Inzala – Consumer Education Report, September 2006.

¹³ SAIA FSC Consumer Education Projects 2007 – Final Report.



does not allow SAIA to always fulfil this requirement. There often are time lags within the contribution collection process which ultimately affects the implementation of the project. Hence, SAIA has negotiated with the FSCC that as soon as member companies make their contributions to the SAIA pool, members can claim their financial education expenditure points.

Project management:

SAIA charges a management fee to oversee and co-ordinate this collaborative process. The fee constitutes 5% of the first R2 million (US\$ 268,131) in contributions received plus 2.5% of any additional amount.¹⁴ The fee ensures that the organisation is able to have access to resources and funding that will enable it to successfully administer this project. Although not going directly towards the salary of any involved SAIA staff members, the funds received allows SAIA to cover (directly and indirectly) a number of expenses related to its management role. This includes monitoring the progress of projects through interacting with various service providers, day-to-day administration activities (including bookkeeping related to project expenditures and incomes) and legal support (especially with regards to contracting) provided by SAIA's in-house legal advisor.

At the time of writing, the project management duties were shared between two SAIA staff members, with the financial education programme only forming a small part of their total portfolio of projects to manage and oversee.

Project manager role has not been continuous. There has been limited continuity with regards to the project manager role of the SAIA financial education programme as the role has been filled and shared by three different individuals during the last four years. This has not assisted with continuous improvement of the SAIA financial education programme. However, despite the lack of continuity in the project management role, there has been a clear and continuous leadership of the SAIA financial education programme provided by an internal champion for the programme. Through the champion's active involvement in the programme, this individual has gained significant expertise and knowledge that make her an invaluable participant in the programme.

Project implementation timeline varies from year to year. Despite annual variations, SAIA aims to initiate and complete projects within a set timeframe. In terms of the FSCC consumer education guidelines, all contributions collected from the previous financial year's post-tax profits are required to be spent in full by the end of the current calendar year. For example, profits generated during a particular year, in this case the year 2009 would be declared in February or March of the next year, that is, early 2010. Ideally, after declaration, these profits would be collected by SAIA at the end of March 2010 and have to be spent by the end of that calendar year. However, it is important to note, there are many factors that influence the timing of the various project implementation procedures. For example, in 2009, the SAIA consumer education team delayed its decision with regards to project selection because they were waiting for the charter to be gazetted.

¹⁴ SAIA FSC Consumer Education Interim Report back: 2007



Figure 1, below, briefly describes the annual project cycle.

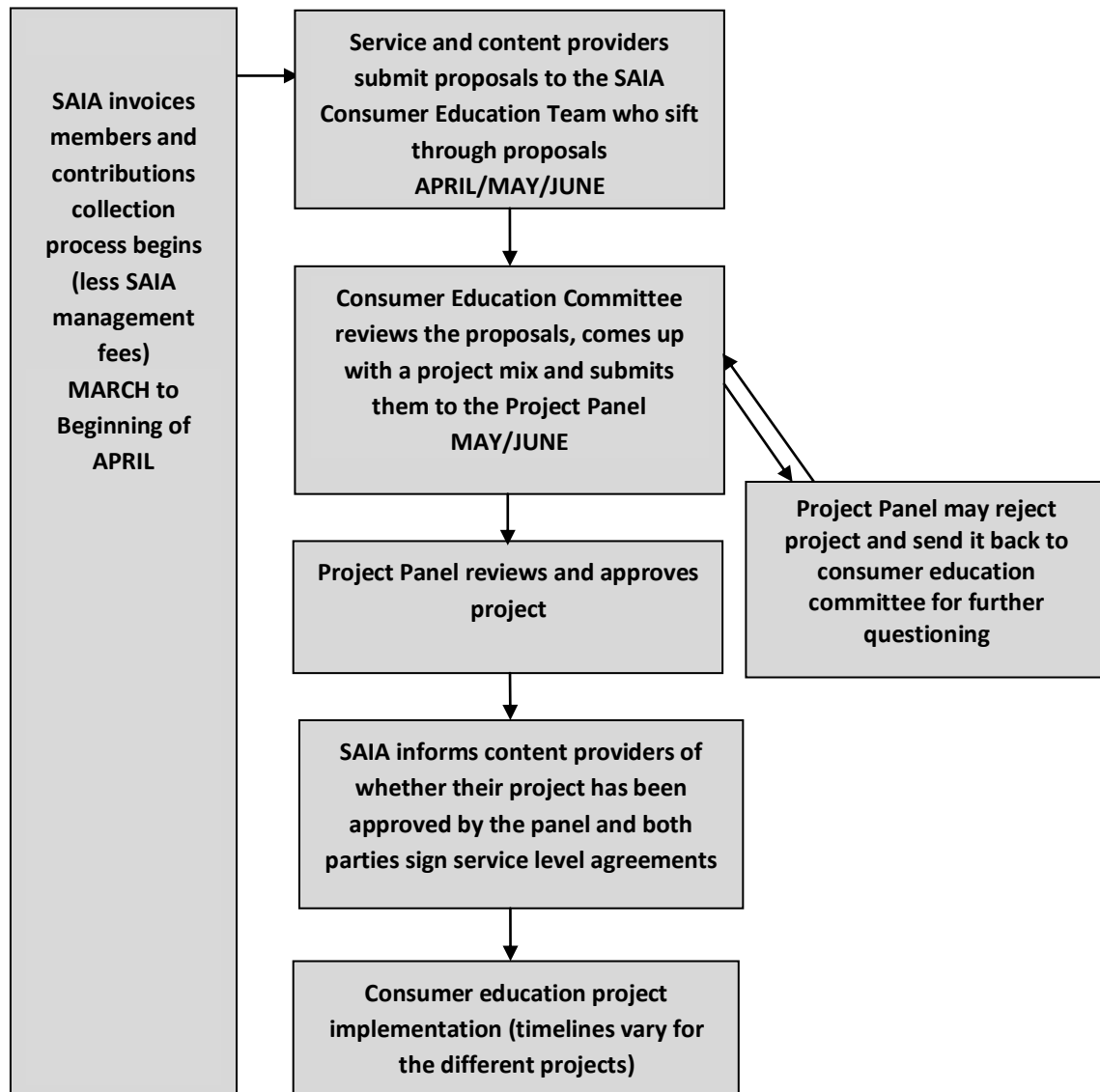


Figure 1: Annual project approval and implementation process

Source: Interviews with Vivienne Pearson, SAIA Image & Reputation, and Consumer Education Programme Education Manager, 2010.

The financial education programme governance structure relies on the Consumer Education Team to do the initial reviewing and sifting of applications, while the Project Panel reviews the recommendations made by the Consumer Education Committee. While the aim of this governance structure is to promote oversight and accountability for the project and provider selection, the separation between the Committee and Panel may lead to a misalignment in strategy. This problem is likely to be exacerbated if there exists poor communication channels between the two structures and the rationale for project selection is not properly communicated to the Panel. Even if it is communicated, the fact that two bodies are involved in the project selection process makes implementation of one, coherent strategy difficult.



Project partnerships:

Apart from the funding received from its member companies, SAIA has successfully managed to mobilise funding from parties external to the short-term insurance industry. Its coordinated approach to financial education projects has attracted interest from a number of parties as diverse as departments of provincial governments and individual life insurance companies. SAIA has a successful partnership with the Financial Services Board (FSB), South African's non-banking financial services regulator, which contributes both financial and non-financial resources such as advice and intellectual property to SAIA's financial education projects. The FSB is an active and supportive partner with regards to the decision making process around the development, planning, oversight, implementation, monitoring and evaluation of the initiative.

SAIA considers which projects to implement on an annual basis. Once projects have been selected, SAIA will approach the FSB with the different projects. The FSB then has the opportunity to select a project for participation and co-funding, if aligned with its strategic priorities. Once a project has been selected, SAIA and the FSB will follow a collaborative approach in helping to further develop the project. This has assisted in creating a basic level of accountability and transparency concerning the implementation processes of the project. As a result of negotiating a collaborated effort with the FSB, SAIA signed a Memorandum of Understanding with the FSB on the 21 April 2005. The memorandum was drafted with inputs from both SAIA and the FSB and it provides for service level agreements to be signed between SAIA, the FSB and the individual service providers.¹⁵

The FSB, in total, has contributed approximately R8.5m¹⁶ (US\$1.1m) towards the SAIA financial education initiatives, (particularly the Teacher Development and Comutanet projects).¹⁷ SAIA has also received funding from the Association for Savings and Investment (ASISA) formerly known as the LOA, or the Life Offices' Association¹⁸. In previous years, ASISA contributed significantly to the Community Workshops project and was identified as the key partner of the project along with SAIA. In 2008, Sanlam (a life insurer and sister company of Santam, a short-term insurance company) contributed R1m (about US\$134,000) to the Teacher Development project. At the time, SAIA had received enough contributions to only fund two of its three main projects and additional funding was needed to implement the Teacher Development Project. Furthermore, SAIA also received funding from other non-financial sector partners such as the Western Cape Department of Education which will contribute funding towards the translation of the training material into Afrikaans for the Teacher Development Project.

¹⁵ SAIA FSC Report Consumer Education Initiative, 2004.

¹⁶ This figure includes funding for the 2010 Comutanet and Bright Media projects

¹⁷ Email communication with Ms Adele Joubert, SAIA Public Relations Officer.

¹⁸ Life Assurance industry representative body.



Change in strategic direction:

Rebalancing of corporate social investment and commercial objectives. Since the programme's inception in 2005, the Charter goals and objectives have defined the boundaries for the structure and implementation of the projects. SAIA recognised the Charter guidelines, particularly the target market of LSM1-5, as a conflicting matter early in the process. SAIA informed the Charter Council that it wishes to re-debate the guidelines, as well as the limitation on funds to be spent on 'awareness projects'. During the last two years, some of SAIA's member companies have also begun to express concerns that the way the programme is designed and targeted may not benefit their ultimate commercial goal – educating potential low-income insurance clients about insurance to the point that they are able to make informed insurance decisions and insurance take-up increases. The concerns of these companies have focused mainly on two issues:

- The guidelines set by the Charter have not allowed insurance companies to directly tie their products and brands to the education process, making it difficult for education beneficiaries to respond to their newly gained knowledge and awareness through the purchase of a product.
- The Charter-required targeting (LSM 1-5) has not allowed participating member companies to optimally benefit from their investments in the financial education programme. While LSM 1-5 is the segment of the population that currently has the lowest take-up of general insurance products, it also comprises the financially and asset-poorest group of the population. In order for people to purchase general (asset) insurance, they would at least require some assets (house, car, sufficient household content) and sufficient income to want to spend it on an insurance product. General insurance usage amongst the next highest LSM groups (LSM 6 and 7) is also low and some insurers have argued that these groups should be included in SAIA's target market for financial education.

Some companies have expressed concerns about the seemingly limited linkage between business practices and the consumer education programme. However, others believe that SAIA's financial education programme should be a neutral platform for educating low-income South Africans about financial matters without any expectation of a direct business impact (a so-called "corporate social investment" approach).

In recognition of some of these expressed concerns, as well as uncertainty about the Charter's future existence SAIA embarked on a process to create a new strategic direction for their financial education programme during 2008.

New strategy has been developed and in force since 2009. On 26 November 2008, the SAIA Board approved a new financial education strategy. This was communicated to members in early 2009. Prior to the ratification of the new strategy by the board, SAIA had already been engaging with its members and the consumer education committee regarding this matter. The new strategy affects all members, regardless of whether the industry is to be subject to the targets set by the Charter. With the change in strategic direction, SAIA also developed a new set of guidelines on financial education expenditure to support its strategy. The strategy states that should the Charter continue to exist, the Charter's guidelines on financial education expenditure will apply, while if the Charter ceases to exist SAIA's own set of guidelines on financial education expenditure will apply to all its and member



companies' financial education projects. If the Charter should continue to exist, SAIA will attempt to renegotiate certain aspects of the Charter guidelines, including the prescribed target market of LSM 1-5 and the prescribed ratio between awareness and education projects.

The rationale for the new strategy is two-fold:

- *A recognition by SAIA and its member companies that it is their social responsibility and duty to educate and empower potential insurance clients in the low- to lower income segments of the South African population.* This social obligation is one that goes beyond the requirements of the Charter and is seen as a strategy that contributes to the long-term sustainability and funding of the various financial education initiatives.
- *A commercial or market development response to their members' needs.* There has been growing concern by certain members that the financial approach taken until recently has not allowed their insurance business and expansion into new (lower) income segments to derive optimal benefit.

In short, the new strategy redirects SAIA's financial education projects in terms of the following areas:

- *Contribution to SAIA's financial education made mandatory as part of SAIA membership.* Prior to the new consumer education strategy, contributions towards SAIA's financial education programme were on a voluntary basis. Although the Charter required all insurers to spend 0.2% of post-tax profit on financial education, SAIA's members had a choice whether they wanted to spend this money through the SAIA collaborative approach or through their own projects. Most members elected to do so through SAIA's programme. However, the new strategy makes it mandatory for all SAIA member companies to spend 0.2% of post-tax profits on financial education, whether the Charter continues to exist or not. Furthermore, it is required that at least half of the mandatory financial education contribution (0.1% of post-tax profits) be contributed to SAIA's programme. If a company chooses to contribute only half of the 0.2% to SAIA and spend the remaining half on its own, the internal financial education expenditure has to adhere to the set of new financial education expenditure guidelines issued by SAIA. Certain SAIA members have indicated that it would lead to a better funding mechanism if member companies' contribution to SAIA's financial education programme is based on revenue or market share, rather than profit. This is viewed as a better approach as it would allow for greater stability in the financial education fund, while (theoretically) companies' contributions would be aligned with the level of benefit received.
- *Target group changed to include all South Africans.* The initial SAIA consumer education guidelines (which were in line with FSC requirements as well as international best practise) stated that the target audience of its financial education projects should be clearly identified as low-income individuals in LSM 1-5. Prior to the development of the new consumer education strategy, SAIA members (and SAIA) had expressed concerns that spending their funds on LSM 1-5 and, in particular the majority of funds on LSM 1-3 (through the Community Workshops project), would not allow them to achieve take-up of their products as these individuals are least likely to be financially capable of taking up the products they have to offer. SAIA's new strategy and associated guidelines specifically states that "the target audience [for financial education projects] should



include all South Africans, recognizing that the majority of the population are low income individuals” (emphasis added, SAIA, 2009a).

- *Use of branding allowed.* The SAIA guidelines for expenditure on financial education under the new strategy explicitly state that “branding is allowed” but that it “should not be the main feature of the content” (SAIA, 2009a). However, it is still cautioned that “marketing and/or commercial information will not be seen as financial education and cannot be included in the required SAIA spend” (SAIA, 2009a).

The Three SAIA projects:

Each of the three main projects has its own history and context (see a summary of the three projects in Table 3 below). While contributions from members were first collected in 2004, the projects only were only implemented from 2005 onwards once projects had been selected and SAIA had consolidated and solidified the various implementation processes

In all or most years of the consumer education initiative, the project that has received the most resources has been the Community Workshops project, followed by the Teacher Development project. In line with Charter requirements, the Comutanet (commuter awareness) project has received the least funding in all or most of the years as it is considered a media-based and awareness project.



	Community workshops	Teacher development	Commuter awareness
Provider	Inzala	Bright Media	Comutanet
Objective	Empower low-income rural communities with basic financial literacy and concepts	Empower teachers with financial literacy resources to better equip them to teach the official mathematical literacy (an alternative subject to pure mathematics) syllabus	Empower commuters with basic financial concepts through various forms of media, infomercials
Target audience	LSM 1-5, but mostly LSM 1 -3 attend	Grade 10 – 12 teachers (and their pupils and communities)	Commuters within LSM 1-5, but up to LSM 8 (i.e. all commuters that travel through certain transport hubs)
Content	Financial literacy workbooks	Workbook accompanied by CDs, and posters	Radio and television adverts, infomercials, live interactive activities on roving stages
Delivery	Workshops in rural and communal areas through community and labour networks	Materials are distributed to all schools, with workshops being held in underperforming and low income schools as (per Charter requirements to target LSM 1-5). The workshops are an additional resource to assist teachers in low income schools who have the most urgent need and are most likely to be ill-prepared.	Through billboards, roving stages, large television sets at various taxi ranks, radio stations and audio programmes played within the taxis

Table 3: Summary of objectives, target audiences, content and delivery of SAIA projects

Source: Authors' own use of information provided by service providers



3. Measuring performance

Although SAIA, as part of the requirements posed by the FSC and SAIA member companies, has collected data on the outputs of projects over the last five years, the form of data collected generally does not allow for strong conclusions to be drawn on the impact of these projects on project beneficiaries' financial capability or the overall impact of these projects on SAIA's member companies. SAIA maintains that its first priority is maximising the funds available for the implementation of projects rather than comprehensively understanding the impact of these projects, but it also recognises that it is important to understand whether the projects are having any impact if it is to offer value to its member companies. SAIA, therefore, recently started to place greater emphasis on data collection during and upon completion of projects (specifically in the Comutanet and Teacher Development projects, as discussed below).

In sections below, two approaches are taken to better understanding the performance and impact of SAIA's three financial education projects.

The first approach relies on the traditional cost-benefit methodology. However, this is done in the absence of information or data on project outputs and what this implies about potential project outcomes and impact. This methodology involves assessing the total cost of each individual project in comparison to the number of people who attended (or have been impacted) by that respective project. The second approach draws on an analysis of the information and data available on the different projects as well as an incorporation of the results of telephonic interviews and participant assessments in the case of the Teacher Development and Community Workshop projects.

3.1. Costs versus reach

As will be highlighted more clearly, the type of data collected during the implementation of SAIA's three projects (to date) does not allow for the easy and reliable quantification of benefits to SAIA, its members, contributors and the project beneficiaries (potential insurance clients). Despite this, for at least two of the projects, data on the number of beneficiaries benefitting from the projects has been collected since they were first implemented in 2005. It is important to highlight that, for the purposes of this study, various approximations and estimations were carried out to ensure that broad level qualitative conclusions are drawn

In the figure below, we capture data on per-beneficiary costs of each of the projects for the years 2005-2008. Unfortunately we were unable to obtain accurate figures for the Comutanet project and as a result, the attendance figures for the project are exaggerated. In some years these figures are based on number of persons who went through the various ranks and not the actual number of persons who were exposed to the project. Appendix A contains more comprehensive information on project expenditure.

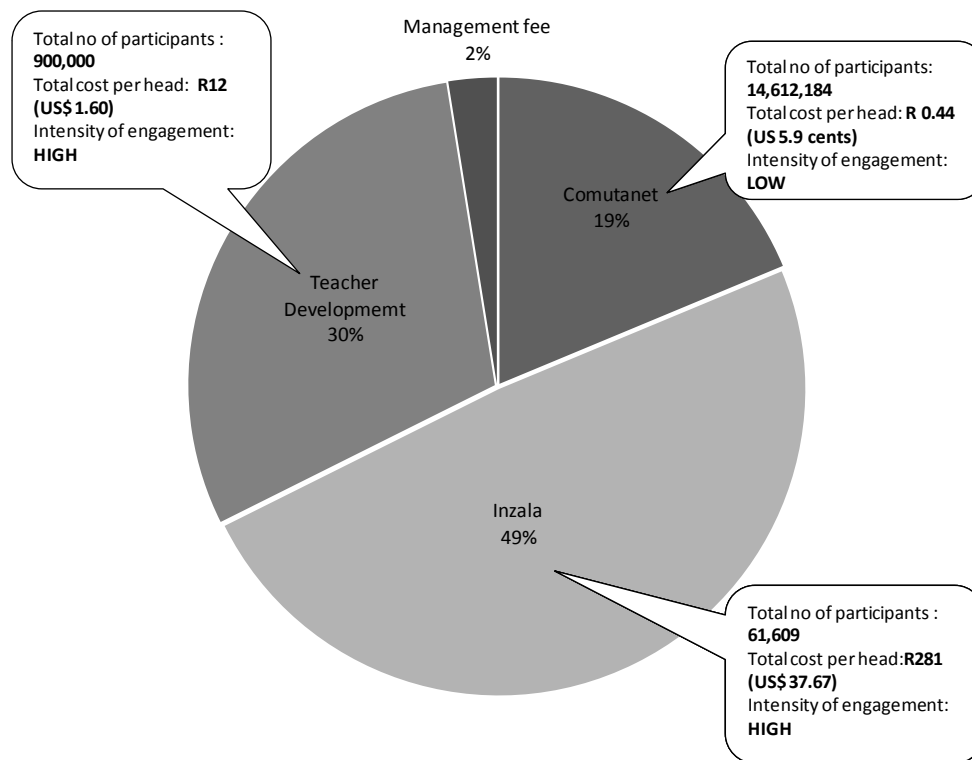


Figure 2: Analysis of overall project expenditure from 2005 - 2008¹⁹

Source: Authors' own calculations based on SAIA FSC Consumer Education Projects Reports from 2005 - 2008/9 (SAIA, 2005, 2006, 2007, 2008, 2009a, 2009b)

Different levels of engagement create difficulties with cost-per-head analysis. While there are broad level conclusions that can be drawn from a cost-per-head analysis, comparisons with regards to cost-efficiency would be difficult to carry out due to the varying levels of target audience engagement within the three different projects. For instance, the Comutanet project has the lowest cost per head, but the project has the lowest level of engagement with the target audience as there is no face-to-face training but rather awareness creation through media such as radio and large television screens. On the other hand, the Community Workshops project has a higher level of target audience engagement as they rely on face-to-face training, and active interactions with the trainers and the material.

Community Workshops project has the highest cost-per-head. The Community Workshops project has the greatest spend per head at R281 (US\$38) per person, followed by the Teacher Development project (which incorporates potential number of learners reached) at R12 (US\$ 1.61) per head and lastly, the Comutanet project at a cost of R0.44 (US\$0.06) per head. Furthermore, with the Community Workshops project the targeted group are the participants of the workshop while with the Teacher Development Project it is the pupils.

¹⁹ A number of assumptions were made for this analysis to be possible. A) Teacher development project: figures were unavailable for the year 2006, hence the average for the years 2005, 2007, 2008 was used as a substitute for 2006 and added back, and this resulted in an approximate figure of 10,000 teachers. It is assumed that each teacher teaches 3 classes, that is a total of 90 students per teacher. We then multiplied this figure by the number of teachers, that is 10,000 x 90 pupils. B). For the Comutanet analysis the only data that was close to being statistically significant and acceptable was for the year 2008. The data for 2008 looked at the number of people who went through various taxi ranks where the Comutanet project had been implemented. We took this figure and multiplied it by four for the years 2005 through to 2008.



Project	Total per project	Percentage	Total persons
Comutanet	R6,570 million (US\$ 880,878)	19%	14,612,184
Inzala	R17,178, million (US\$2,303 million)	48%	61,069
Teacher Development	R10,485 million (US\$1,405 million)	30%	900,000
Management fee	R888,885 (US\$119, 168)	3%	N/A
Total	R36,784 million (US\$4,931 million))	100%	15,573,253

Table 4: Total expenditure per project, and total persons attended from 2005 - 2008

Source: Authors' own calculations based on SAIA FSC Consumer Education Projects Reports from 2005 - 2008/9 (SAIA, 2005, 2006, 2007, 2008, 2009a, 2009b)

Project reaching the largest number of individuals receives the smallest portion of the total budget. Comutanet is the project reaching the largest number of people at the lowest cost per head, but over the course of the implementation of SAIA's consumer financial education programme it has only received 19% of the annual expenditure. Despite the exaggerated number of persons reached, we would assume that even if the number of beneficiaries is significantly reduced, the project still reaches a far greater number of people than the other projects. In the same light, with regards to the Teacher Development project, the analysis included the potential number of students reached, while this figure may be exaggerated, it still gives us a basis to draw a high level conclusion.

3.2. Community Workshops project

Various sources of data collected during course of workshop. Inzala, the training and content provider for the Community Workshops, collects and stores an information package (in paper format) for all workshop participants that complete their training. This includes a knowledge test (completed immediately after the workshop), a learner assignment completed during the course of the workshop, a declaration of competence (completed by the course assessor²⁰) and a learner feedback form on how the course was experienced.

For the purpose of this study, we captured 1,620 records of assessment and workshop feedback data electronically²¹. Although the data provides some information on learners' experiences and their assessed competency, significant amounts of data are missing or were not recorded at all and we are thus unable to usefully employ the data collected.

²⁰ In line with the Financial Sector Charter Guidelines, face-to-face training needs to be moderated and assessed in line with the South African Qualifications Authority Framework.

²¹ Inzala stores the above information for the more than 70,000 attendees (to date) of their financial education course in paper format. With the aim of capturing results for 1,500 attendees of these training workshops, 60 workshops were sampled with the assumption that these workshops would have an average attendance rate of around 30 people per workshop. In reality, however, the average number of workshop attendees was 27 per workshop, translating into a total sample of 1,621 learners. Information packs for workshop participants were collected from Inzala and captured in an Access database. 100 of the 1,620 records captured were quality assured, and a negligible error rate was found.



Missing data limits assessment of learner feedback. Although the assessment form included questions on workshop participants’ assessment of the usefulness of training and their engagement with the concepts covered²², approximately 87% of the data is missing and we are unable to conclude on this in any way.

Almost all learners assessed were found competent. As part of the workshops, all workshop participants’ competency had to be assessed, as seen in Table 5 below. The competency assessment consisted of the successful completion of a learner assignment (a simple budgeting exercise), a simple knowledge test and the completion of a workshop evaluation form. Table 5 below indicates that in terms of the data collected, about 94% of all learners in the sample were assessed as competent upon completion of the workshop (assessed competent against all three criteria mentioned above). Only 2% of the sample’s learners were found to be incompetent, while for 4% there was no overall competency assessment available.

Overall competency assessment	Number of respondents	% of respondents
Competent	1,518	93.7
Incompetent	36	2.2
Missing data	66	4.1
	1,620	100

Table 5: Overall competency assessment of workshop participants

Source: Authors’ own calculation using data collected by Feedback Research & Analytics, (2010a).

Competency assessment analysis results questionable. Almost all (94%) of candidates assessed were considered to be competent. With such an exceptionally high rate of respondents being assessed as competent, this potentially raises questions about the efficacy of the assessment tools. The data capturing exercise pointed out many inconsistencies in assessors’ evaluation of competency, with some workshop participants being declared competent in the absence of a knowledge test or learner assignment or, in some cases, the absence of any evidence substantiating competency.

Telephonic survey conducted. While the above data provides a snapshot of the assessed learning at the workshop, it provides no information on whether it led to any behaviour change or had a medium-term or lasting impact on the workshop participants’ lives. In order to obtain indicative information on the likely impact of the workshop on the participants’ lives, telephonic interviews were conducted with a small sample of participants that attended training during 2009²³. Key data points from the interviews and their implications are discussed below.

²² Participants were asked to respond to the statements “The training will help me manage my money better” and “I understood most of what was covered”.

²³Data was collected from a sample of the Inzala MYM project participants using a telephonic survey. The sampling frame was an attendance list with the participants’ names and contact details provided by the training service provider. The survey consisted of six questions requesting feedback on the workshop and how they have been able to apply what they learnt. A stratified random sample of participants from the 2009 project was drawn for the interviews. 100 respondents were randomly selected from the INZALA complete learner record database. Although this sample cannot be regarded as statistically representative, it does confirm some of the information that was collected during the workshops. Of the 100 sampled



About half the people interviewed could not recall attending the training. 57% of the participants interviewed were able to recall participation in the workshop. If participants did not remember participating in the workshop, the interview was terminated. The results are disappointing but this may be due to the poor education design with education delivered in the form of an ad-hoc stand alone workshop, rather than a continuous learning process facilitated by refresher messages in various forms. This result clearly demonstrates that a once-off training intervention may not be sufficient to impact on individuals' financial capability. It is highly likely that if the participants are unable to remember attending the course, they may also have forgotten the concepts they were exposed to at the workshop.

Participants believe that the workshops have allowed them to better manage their personal finance. Of those persons who could recall attending the workshop, 56% found it useful while 30% found it very useful.

Figure 3 below depicts the results for the full survey sample. Those who could not recall attending the workshop is reflected as "unknown". Of the total sample of 88 respondents reached, only 4.5% (4) indicated that they currently have short-term insurance, with only 1% of the sample reached (1 respondent) indicating that they obtained short-term insurance following their workshop attendance. In interpreting this figure it is important to keep in mind, that the link between financial education and changed financial behaviour is not linear. Furthermore, as is explored in the sections below, this may not have been the appropriate target audience if part of SAIA's rationale for financial education is to eventually impact on product take-up.

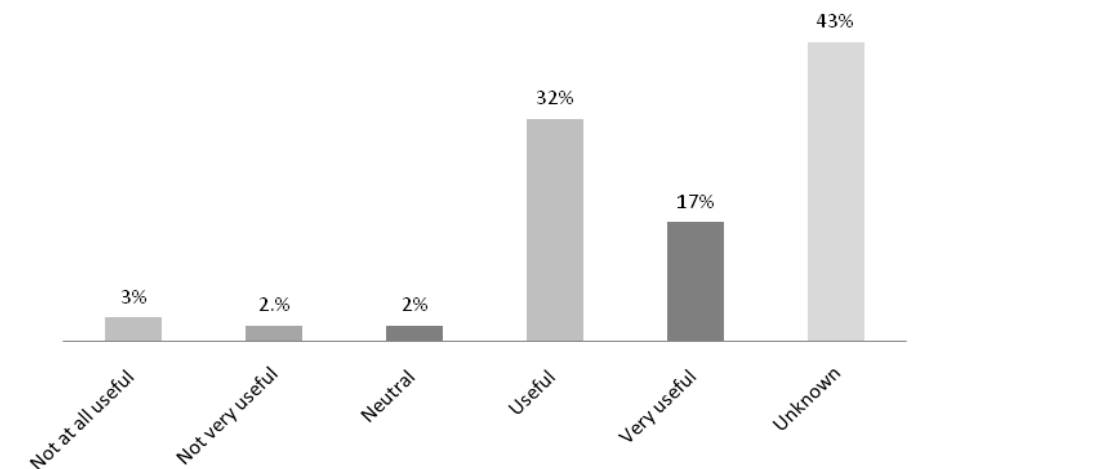


Figure 3: Assessment of usefulness of the workshop

Source: Telephonic interviews conducted by Feedback Research & Analytics (2010b)

Participants indicated that they would like to obtain short-term insurance in future, but this not an option currently because of limited assets. The target group for these workshops is LSM 1-5 who have limited resources and assets which negatively impacts their ability to purchase short term insurance. Over 56% of respondents stated that they intend to

participants, only 88 were reached and interviewed telephonically during April 2010. These numbers are reported as percentages in the report.



purchase or acquire short term insurance in the future. However, at the time of the interview, respondents indicated that it is not necessary or possible for them to obtain short-term insurance as they do not have any large assets to insure.

3.3. Teacher Development project

Workshop evaluation forms and telephonic survey provides information on potential impact. Teachers are required to complete an evaluation form on the training workshop at which the resource material is shared with them. The evaluation form, in broad terms, captures their responses to questions relating to facilitator presentation skills, activities in the course, new knowledge of the resource and preparation to implement it. Bright Media then captures the teacher assessment forms in electronic format. Responses from the evaluation forms of Grade 10 and 11 teachers trained during 2008 were captured and analysed to arrive at conclusions concerning teachers' experience of the workshops, as well as the potential reach of the impact of the workshops. Furthermore, as part of this project in order to supplement the available data, telephonic interviews were conducted with a small sample of teachers that attended workshops during 2009.²⁴

Teachers experienced workshops positively. According to the analysis of the 2008 evaluation forms, teachers provided mainly positive feedback concerning their workshop experiences. About 29% of teachers rated the workshop activities as excellent, while approximately 50% rated it as good, and 16% rated them as average while almost 5% rated them as reasonable. Most teachers rated their own knowledge of the resource in a positive light with, 27% of teachers indicating they felt confident that they had excellent knowledge of the resource, and 55% stating they felt they had good knowledge of the resource. Teachers also rated the practical elements of the workshop and once again the response was positive. 26% of teachers rated these elements as excellent while almost 53% rated them as good. Despite the importance of the previous ratings mentioned, the key litmus test would be whether teachers felt they were prepared to implement the material. 20% of teachers felt they were excellently prepared, while 54% felt they had a good level of preparation. 1.1% of teachers rated that their preparation as poor.

As part of the workshop evaluation forms completed by Grade 10 and 11 teachers that attended the 2008 workshops, data was collected on the number of teachers potentially reached through the training. Teachers that attended the workshops provided information on the total number of teachers teaching Mathematical Literacy at their schools. If it is assumed that the teachers that attended the workshops would share the workshop resource material with their colleagues, it is possible to arrive at a higher number of teachers impacted ("teachers reached") than simply provided by the number of teachers that attending the workshops. Table 6 below demonstrates that the effects of the resource material and associated training can be extrapolated significantly if teachers share their material and training inputs with other Mathematical Literacy teachers at their schools.

²⁴ A stratified random sample of participants from the 2009 project was drawn for the interviews. Bright Media randomly selected 10 respondents (1 district coordinator, and 9 teachers) per province from their complete learner record database. Although this sample cannot be regarded as statistically representative, (due to its sample size) it does confirm some of the information that was collected during the workshops.



Province	Number of teachers trained	Teachers potentially reached
Eastern Cape	129	190
Free State	228	411
Gauteng	165	360
KZN	99	128
Mpumalanga	92	102
North West	177	245
Northern Cape	128	235
Western Cape	167	343
Total	1,187	2,014

Table 6: Measure of number of teachers impacted.

Source: Feedback Research & Analytics, 2010c

High rate of recall of workshop attendance by teachers surveyed telephonically. 90%²⁵ of teachers' interviewed could recall their participation in the workshop. Furthermore, of the teachers that were able to recall attending the workshop, the majority experienced it as useful (40%) or very useful (47%). 64% of the teachers indicated that they found the training relevant, while 33% said they found it very relevant. Both these groups of teachers also mentioned that the resource material and training helps them explain concepts easier, use examples better, apply better material in class and spend the official time required on financial literacy issues. Other findings from the telephonic interviews state that the workshop helped teachers improve and build on financial literacy skills taught in the official curriculum. In addition, teachers also stated that they learnt new concepts and how to teach the curriculum component on finance effectively. Of the respondents able to remember attending the course, 82% continue to use the material.

Usage of resource material varies in frequency. Teachers that continue to use the material dedicate about 3 months (one term) to directly using, consulting or referring to the MYM workshop training material in any academic year. However, the group varies in how frequent during the term they use the material. Some dedicate between 2 to 3 weeks on financial literacy and incorporate the MYM (Managing your Money) lessons during this period, whilst others refer to the material on an ongoing basis throughout the stipulated financial literacy teaching period during the school year.

Available data does not allow for conclusions on increased financial capability by learners. Although the data indicates that a large number of Mathematical Literacy teachers were reached and that the impact of the course was potentially extrapolated through these teachers' sharing of the course material with other teachers at their schools, it does not allow for conclusions on whether the resource material and training provided to teachers had any impact on the financial capability of the learners in their Mathematical Literacy classes. SAIA has recently recognised this link and intends to find a way with future projects

²⁵ There were 81 teachers sampled in the MYM training in 2009. Of these, only 42 were reached and interviewed telephonically. These numbers are reported as percentages in the report.



to test the link between teachers' attendance of the workshop and learners' financial capability.

Number of pupils being reached uncertain. The actual number of pupils being reached has not captured in the workshop evaluation forms. For the purposes of this study, it was estimated that each teacher potentially reaches 90 students.²⁶ This highlights the fact that per teacher there could a large number of students being reached, and ultimately this speaks to the reach and impact of this project.

As part of its set of deliverables to SAIA during 2010, Bright Media is planning to do a study focused on assessing the impact of its training on learners. Bright Media has contracted an independent research partner to conduct a study on the impact on Mathematical Literacy scores of learners whose teachers attended the training (over a few years) compared to those that did not attend the training (a pre-and post-type study using existing scores of Mathematical Literacy pupils).

Impact of training on Mathematical Literacy unlikely to provide accurate assessment of project impact. The implication of the telephonic survey data is the existence of a potentially very weak link between the material provided to teachers and impact on Mathematical Literacy performance if teachers only use and refer to the MYM material for a relative short part of the academic year. Trying to relate the Mathematical Literacy performance of learners to the Teacher Development project may therefore not be the best way to test the impact of the project on learners' lives, especially if SAIA's ultimate goal with the project is increasing the financial capability of learners rather than simply increasing Mathematical Literacy marks.

3.4. Comutanet Project

Over the years, Comutanet's monitoring and evaluation of the project has taken the form of a basic survey carried out in the commuter areas (mainly taxi ranks) where the commuter financial education campaign was implemented. In 2007 and 2008, Comutanet contracted Freshly Ground Insights²⁷, a market research company, to carry out pre- and post-campaign surveys instead of the previous basic surveys, at various taxi ranks across South Africa. The pre and post-surveys captured two types of data that are important for understanding the target market and impact of the project. Firstly, it collected basic demographic data on the respondents, including race, gender, age, and employment status and income category (correlating with LSM status). Secondly, using basic Yes/No questions, respondents' knowledge on the subjects covered during the Comutanet campaigns was tested. This includes questions on money management (budgeting), the responsible use of credit, short-term insurance and consumer rights and responsibilities.

For both the 2007 and 2008 surveys, candidates were randomly selected, and interviews were conducted in English, with interviewers providing explanations in the local vernacular where necessary. It must be noted that for the year 2007 Freshly Ground conducted a post

²⁶ It was assumed that each teacher teaches 30 pupils per grade for grades 10, 11 and 12.

²⁷ Both Freshly Ground Insights and Comutanet are owned by the Primedia Group.



campaign survey only. Therefore we are unable to draw any conclusions regarding change and impact from these post-campaign survey results.

The study will focus on the 2008 survey as there are results available from both the pre- and post-campaign surveys. The 2008 campaign surveys were conducted in the Nelspruit, Mdantsane, Bloemfontein, Springs, Pietermaritzburg and Newcastle taxi ranks. Of these taxi ranks, Newcastle was the only taxi rank where a post campaign survey was not conducted. . The pre-survey was conducted just before commencement of the 2008 Comutanet campaign during October 2008, while the post-survey was conducted 4 months later during February 2009. Random samples of approximately 300 respondents for both the pre-and post-surveys were drawn from these 6 taxi ranks (Banks, 2010). Given the small sample size relative to the very large number of individuals that are estimated to move through these taxi ranks on a daily basis, the results of these surveys are simply indicative of the likely impacts of the campaign and do not provide representative conclusions on the impact of the campaigns.

Below, we include demographic data from the pre- and post-surveys, as well as data on their knowledge levels on various topics before and after the completion of the campaigns.

Majority of survey participants earn less than R3,500 (US\$ 469) per month and are aged between 25 – 44 years. Table 7 (below), contains an analysis of the demographics of both the pre and post surveys across all the taxi ranks. As per the requirements of the Charter, a high percentage of survey participants were black. Most participants were also employed, particularly as full time employees followed by part time employees. For both surveys the majority of participants earned below R3,500 (US\$ 469) and of that group 52% and 39% of them earned below R 1,000 (US\$ 134). A minority of participants earned above R3,500 (US\$ 469) which is in line with Charter requirement which states that the focus should be on the LSM 1-5 group who earn below R3,500 (US\$ 469). In both years, over 60% of the participants interviewed were between the ages of 25 and 44 years. The age group with the highest number of participants was the 25 to 34 years group. For both years, this age group represented over 40% of the survey participants.



	Pre-2008	Post-2008
Percentage of respondents		
Race		
Black	97%	92%
Employment		
Full time	46%	52%
Part time	19%	15%
Unemployed	20%	8%
Other - employed	6%	6%
Student	9%	19%
	100	100
Income		
Above R3,500	4%	17%
Below R3,500	44%	44%
Below R1,000	52%	39%
	100	100
Age groups		
18-24	20%	27%
25-34	44%	45%
35-44	26%	19%
45-54	7%	7%
55+	3%	2%
	100	100

Table 7: Demographics of participants of the 2008 post and pre surveys

Source: Authors' analysis of data provided by Freshly Ground Insights

Survey aimed to assess participants' knowledge of key insurance and financial concepts. The survey aimed to assess the impact of the campaign through asking participants questions which tested their knowledge of key insurance and financial concepts. The findings from the survey are presented in Table 8 below.



	Period	Yes	No	Unknown	Total
1. Do you know what short term insurance is?	Pre	19.7%	80.3%	0	324
	Post	35.5%	63.5%	0	318
2. Do you think funeral insurance is a form of short-term insurance?	Pre	9.3%	10.5%	80.3%	324
	Post	16%	19.5%	64.5%	318
3. Do you think property insurance is a form of short term insurance?	Pre	6.7%	13%	80.3%	324
	Post	14.1%	21.4%	64.5%	318
4. Have you bought any short-term insurance policies in the past 6 months?	Pre	5.3%	14.5%	80.3%	324
	Post	9.4%	26.1%	64.5%	318
5. Have you heard of something called Mzansi Insurance?	Pre	23.5%	76.5%	0	324
	Post	29%	71%	0	318
6. Do you know what excess on your insurance policy means?	Pre	61%	39%	0	324
	Post	46%	54%	0	318
7. In the last 6 months have you attended a presentation where someone has explained how to manage your money and your financial rights and responsibilities?	Pre	13%	87%	0	324
	Post	30%	70%	0	318
8. Do you remember seeing these presentations at a taxi rank?	Pre	14%	86%	0	324
	Post	21%	79%	0	318
9. Would you go to the Ombudsman for Short-term insurance if you had a complaint against a short term insurance company?	Pre	9%	91%	0	324
	Post	6%	94%	0	318

Table 8: Assessment of participants' understanding of financial and insurance related concepts

Source: Authors' analysis of data provided by Freshly Ground Insights

Difficulty in assessing the understanding of key insurance-related concepts. Both the pre- and post-2008 surveys show that there are low levels of understanding of key insurance related concepts. Only about 20% and 36% of participants in the pre-2008 and post-2008 surveys, respectively, knew what the term 'short-term insurance' means. It must be noted that after the completion of the 2008 campaign, there was an increase in the number of respondents who understood the term short-term insurance of approximately 14%. It is difficult to assess the understanding of key concepts such as understanding of short-term insurance in relation to funeral insurance, and property insurance as a large majority of the responses for these questions were not recorded. Out of the data analyzed, in the pre- and post-surveys only about 7% and 14% of participants understood short-term insurance as being property insurance. 9.3% and 16% participants misunderstood short-term insurance as being funeral insurance.



Low take-up of short-term insurance products. 5% and 9% of respondents of the pre and post surveys had purchased insurance products. While there is a 4% difference in insurance product take-up, this figure is small and, given all the caveats associated with the survey, it would be impossible to determine whether this increase in take-up is attributable to the education campaign as there are a variety of factors that may have influenced this figure.

Surveys highlight areas of weakness with regards to data collection and sampling methodology. The pre- and post-surveys highlighted weaknesses in the data collection process. Critical questions which could have provided useful insights had numerous blanks. Furthermore answers are assessed on a simple yes or no basis and there is the possibility that survey participants and interviewers may not fully understand concepts that are addressed in the survey.



4. Stakeholder perspectives

During the course of this study, a wide sample of stakeholders was interviewed on the history of the programme, their involvement to date and perspectives on its efficacy and future. Table 9, below, provides a summary of stakeholder perspectives on the programme, the level of importance of the respective stakeholders to the success of the programme, their main incentives to be involved, their contribution to the project and what can be done to retain their involvement.

Stakeholder	Main message communicated on SAIA programme during interviews	Importance for project success - Low, Medium, High	Main incentives to be involved	Threat of dropping out - Low, Medium, High	Contribution - key resources/capabilities	Strategy to get involved/be retained
Target group	Community Workshops target group - low level of recall of training attendance; Teacher Development Project - useful resource	High	Latent demand for financial literacy	Medium	Commitment to learn that needs to be created	Make it relevant and engaging, with multiple follow-up messages.
Insurance companies active in low-income market	Would like SAIA programme to be more market development-orientated	High	Market development	High	Ensure financial education strategy meets needs and concerns. Potential biggest supporter of programme, if done right. Core funding contribution	Tailor financial education projects to have financial capability impact and demonstrate this through quality research
Other big insurance companies	Happy with current SAIA approach to financial education (uncritical view)	High	Social obligation	Medium	Core funding contribution	Create projects that speak to both social obligation and market development imperatives, demonstrate impact through quality research
Other small insurance companies	Happy with current SAIA approach to financial education (uncritical view)	Low	Social obligation	Medium	Core funding contribution	Create projects that speak to both social obligation and market development imperatives, demonstrate impact through quality research

Stakeholder	Main message communicated on SAIA programme during interviews	Importance for project success - Low, Medium, High	Main incentives to be involved	Threat of dropping out - Low, Medium, High	Contribution - key resources/capabilities	Strategy to get involved/be retained
FSB	Concerns about, provider involvement in directing the teacher development programme, the need for acceptance that the regulator has legislative requirements to work within which could cause delays as well as a need for enhanced project management expertise.	Medium	Mandate for financial education, insurance supervisor	High	Financial education expertise, coordinating other generic education that SAIA can leverage, legal and other human resources, funding contribution	Allow for close involvement in financial education strategy and overhaul of projects, attempt alignment with other FSB financial education projects.
ASISA	Did not meet	Low - Medium	SAIA programme useful existing channel to spend financial education funds on insurance-specific education	Medium	Additional funding contribution	Demonstrate impact through quality research
Other financial institutions (e.g. long-term insurers, banks)	Did not meet	Low	SAIA programme useful existing channel to spend financial education funds	Medium - not a high level of involvement to date	Additional funding contribution	Demonstrate impact through quality research
Government (National Treasury, Department)	Did not meet	Medium	Social and regulatory obligation and mandate	Medium	Taking a lead on generic education in schools.	Demonstrate value of generic education in schools

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Stakeholder	Main message communicated on SAIA programme during interviews	Importance for project success - Low, Medium, High	Main incentives to be involved	Threat of dropping out - Low, Medium, High	Contribution - key resources/capabilities	Strategy to get involved/be retained
of Education, etc.)						
Financial education providers	More room for creative approach required - layering of messages	High	Income source and social fulfilment	Low	Programme design and implementation; providing inputs; continuous improvement.	Create a pool of committed financial education providers; engage over long-term, but monitor quality regularly
Consumer protection groups, labour unions	Happy with approach to date	Medium	Protection of consumers, development and empowerment of low-income market	Medium	Linkages with community groups, labour	Provide quality education to members, constituents.
Financial education experts	SAIA should focus on industry-specific rather than generic financial education	Medium	Income source, learning	Low	All should back SAIA programme and influence government policy	Involve in programme strategy, implementation oversight, impact research

Table 9: Stakeholder perspectives on various projects

Source: Authors' own

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While all stakeholder perspectives are important, the ones of specific interest to this study are those that are of high importance to the success of the programme. In particular, this group of stakeholders includes the target audience of the various projects, SAIA member companies that are active in the low-income insurance market (or actively trying to develop this market) and large SAIA member companies.

All SAIA member companies pose high threat of dropping out of project if their main incentive(s) to be involved is not actively addressed. Due to the financial impact of the recent economic recession, SAIA member companies' ability to contribute a fixed percentage of their profits may come under pressure and contributing to the financial education programme may be seen as pointless. However, by actively meeting their rationale to be involved in the project and explicitly speaking to both the market development and social imperative for financial education, as well as demonstrating the impact of the projects through quality research, their involvement can be retained.



5. Content and delivery

This section of the document discusses the content and delivery of the various SAIA consumer education projects. In Box 1 (below) we make reference to the emerging best practices for microinsurance education as derived by a recent review of various microinsurance education projects.

Box 1: Emerging best practices for microinsurance education

Where there are limited resources, focus the microinsurance education programme on risk management. Risk management is the most critical component of microinsurance education as it contributes to both the the comprehension and uptake of microinsurance products. Microinsurance education should encourage and promote proactive risk management through the discussion of various risks to assist with preparedness. Such preparedness will also assist to reduce vulnerability to risk events.

Where more resources are available, follow a layered approach to microinsurance education. Start with basic topics such as money management, adding additional topics such as risk management.

Consumer protection needs to be incorporated into the curriculum. Consumer protection should be a mandatory topic dealt with in microinsurance education as it ensures that the learners (who are often low-income people) are less vulnerable and are more knowledgeable concerning their rights and access paths to recourse.

An integrated programme with a combination of various communication elements is required. A microinsurance education programme is one that should be integrated and combined with various communication mediums. For example, such a programme would use a combination of elements such as: mass media for basic messages, workshops and (where there are sufficient resources) individual counselling.

Microinsurance education should be a pooled effort. Microinsurance education needs to be a pooled effort with support from various parties as no one stakeholder has the resources to be able to change the risk management behaviour of an entire market.

Cost effectiveness and sustainability are prerequisites. During the conception of a microinsurance education programme, a clear sustainability strategy needs to be devised as this will assist ensure cost-effectiveness. Such a strategy could incorporate details pertaining to the business model and the various costs associated with this microinsurance education programme.

Source: Dror, I., Dalal, A. & Matul, M. 2010

Content analysis:

In this sub-section, we review the main concepts, sequencing, key messages and the way they have been packaged (adult learning principles, pedagogical mix, and methods to make it engaging) in SAIA's three financial education projects. The analysis is an attempt to understand to what extent the content addresses key gaps in insurance literacy: knowledge (understanding of concepts), skills (being able to use insurance for effective risk-



management) and attitudes (opinions, culture and self-confidence). It goes one step further by analysing the mix of contents for general financial literacy, risk-management practices, insurance concepts and information on specific products, consumer protection, as well as the relationship between the education and marketing messages.

SAIA has worked closely with the FSB and financial education providers to adapt various materials for its financial education projects. In a nutshell, the focus to date has been on generic financial education concepts such as money management, budgeting, borrowing and debt management, savings, insurance and introducing the world of financial services to low-income South Africans. More details on the content approach to date is provided in Table 10 below.

	Community Workshops	Teacher's Development	Comutanet (commuter awareness) project
Content	<ul style="list-style-type: none"> • Recent change – move to include more insurance content • Old curriculum/content – 5 modules (8 hours split into two sessions): <ol style="list-style-type: none"> 1. Earning money – sources, taxes, net income; 2. Spending money – types of expenses 3. Budgeting - creating a budget for case study, and for the learner's family 4. Borrowing and lending - debt, debt reduction plan 5. Saving, investing and insurance - saving goals, bank account, other ways of saving, long vs short-term insurance, Mzansi policy, comparing formal to informal • New curriculum/content (since 2010): <ol style="list-style-type: none"> 1. Insurance – types of insurance, why one needs insurance (briefly on risks), insurers and offerings 2. Earning money – sources, taxes, net income 3. Spending, saving, investing money – types of expenses, ways of saving and investing, 4. Budgeting - creating a budget for case study, and for the learner's family 5. Consumer credit insurance and managing debt • No market research, adapting to target group just through the pilot test, with small window to incorporate any changes. 	<ul style="list-style-type: none"> • 10 lessons, each lesson to be delivered during the course of a week, totaling about 6 school mathematical literacy lessons: <ol style="list-style-type: none"> 1. Money management – why it matters? 2. Prices, inflation, spending wisely 3. Personal budgeting 4. Family budgeting, business budgeting 5. Growing money, compound interest 6. Managing debt 7. Saving 8. Banking services 9. Risk and insurance 10. Consumer rights and responsibilities • Grade 10, 11, 12 – same topics for 10 lessons with different exercises and level of complexity depending on the grade • Risk and insurance concepts: what is insurance, short-, long-term insurance, main insurance products, main advantages and red flags, attitudes towards insurance, business insurance, unemployment fund, excess payments, risk factors, probability and insurance premiums, false claims • Focused more on concepts, rather than strategies; greater focus on skills rather than attitudes – probably relevant for youth and education at schools • Besides scenarios, the toolkit includes: worksheet for learners, assignment sheets (including homework), poster with the curriculum map and teacher's instructions at the back, assessment suggestions 	<ul style="list-style-type: none"> • Short messages around the following themes (summarized in a brochure): <ul style="list-style-type: none"> ○ Money management ○ Debt and credit ○ Short-term insurance ○ Rights and responsibilities of consumers ○ Mzansi standards • Evolution from simple messages on financial practices, demystifying financial services -> Mzansi -> product linkages (2010); drive towards behavioral change • A booklet developed by SAIA on insurance basics, why it matters, red flags, and introduction to 6 main types of short-term insurance [but this is not really distributed – more for trainers] • Facilitators are also equipped with the FSB's consumer education booklets 1 (money management, budgeting, borrowing and debt management, saving, planning ahead, insurance – different types, retirement funds, credit bureau, complaints), 2 (money mgmt and formal financial services) and 3 (guide to personal finance and making the best use of financial services)

	Community Workshops	Teacher's Development	Comutanet (commuter awareness) project
Strengths	<ul style="list-style-type: none"> • Simple materials, generic financial literacy well covered, especially budgeting • Good case studies and referral to learner's own family • Good exercise on getting familiar with insurers and their offerings_(but should be a bit more processed) and good link of consumer credit insurance and borrowing – those kind of linkages are worth exploring to make insurance discussions relevant to learners • Good mix of adult learning methods 	<ul style="list-style-type: none"> • Toolkit content, clear instructions for teachers • All elements in the package, gradual increase in complexity – aligned with general education strategy in schools • Good focus, all relevant concepts 	<ul style="list-style-type: none"> • Good FSB background materials, right focus of the campaign and good evolution of content over the last three years.
Weaknesses	<ul style="list-style-type: none"> • Limited market research, just pilot testing • Old curriculum/content: <ul style="list-style-type: none"> ○ Earning/spending money modules – too descriptive; added value? – can be addressed in budgeting session ○ Borrowing section is too short (either drop it or expand); there is more about smart debt than what is mentioned there; the message about borrowing goals (investment vs. spontaneous spending) should be communicated. ○ It makes more sense to talk about saving in the context of emergency expenses for risk-management and insurance education ○ Would be worth to talk more about risks, how people cope with risks, and do more comparison on informal ways vs. insurance ○ An exercise on Mzansi insurance would be useful – otherwise this is a bit dry • New curriculum/content: <ul style="list-style-type: none"> ○ Starting with insurance is not logical; insurance should be preceded by more discussion on risks 	<ul style="list-style-type: none"> • Impact conditional upon systematic realisation of money lessons in grade 10, 11, 12 • The actual content can be only be assessed when evaluation at students level is conducted (like a lab experiment); otherwise it is hard to judge if this is a good balance between engagement and complexity • Many additional concepts are introduced that are not financial literacy basics, e.g. Gant chart for project plan • May be too complex – can be further simplified; besides mathematical literacy content there should be a space to change attitudes children inherit at home – or at least teachers needs to know what the core message are to convey • Short on risks and insurance – compared to other financial literacy concepts • Might be worth to introduce the risk pooling concept – it is imaginative and helps learners to understand the difference 	<ul style="list-style-type: none"> • Very simple messages- can be enough for some segments, but might be not sufficient for some; this is proved by evaluations that are quite poor • Not sure how the consistency is assured; might be too many messages for mass media campaign • Some of the movie scripts are not as engaging as they could be, a bit too static.

	Community Workshops	Teacher's Development	Comutanet (commuter awareness) project
	<ul style="list-style-type: none"> ○ Now part 3 is very artificial, especially about saving – this is not really reflected later on in budgeting or financial plan ○ Consumer credit insurance example is a bit complex...not sure how this is linked to debt management component ● Learner's booklet – should be more visual with tools for learners ● Unrelated blocks while these are building blocks, either you should aim at financial plan or if narrowed down at risk-management plan. There is no conclusion, action plan in this curriculum 	between insurance and savings.	

Table 10: Content analysis of various projects

Source: Authors' own analysis



Good generic financial education content. SAIA and its partners have succeeded in developing good content to teach generic financial education concepts. The topics have been well selected and, in most cases, the levels of teaching have been adapted to the cognitive skills levels of the target groups. It also provides a good blend of knowledge and skills, as well as demystifying stereotypes and changing negative attitudes. It has been developed according to adult learning principles: specific educational tasks are provided through good exercises and it is attempted to make the content relevant and immediately applicable to a learner's life situation. This overall assessment of the generic content is substantiated by some of the project performance findings presented in Section 3, with most of the individuals who can recall participating in the Inzala workshops finding the content useful, while more than 70% of teachers trained by Bright Media rated the content as good and are confident that they were well prepared to teach mathematical literacy classes.

Most financial education experts agree that financial education must be delivered in the form of building blocks (the comprehensive approach). Education is best provided if the content starts with the first level of information and knowledge (money management), building other topics around it (planning ahead, risk-management, financial services) and then adding more complexity to each area. However, in the context of limited resources it is likely that the comprehensive approach may not be a realistic one. Therefore, more recent thinking in financial education departs from the assumption that stakeholders should focus on their core theme, but position their specific theme or area of interest within the larger financial services and financial education picture (Leach and Ludin, undated). When SAIA started with financial education, it followed the comprehensive approach since this was also the approach of the Charter.

Gradual move from generic concepts towards greater emphasis on risk-management and insurance. SAIA recently started the transition from generic financial education to sector-specific themes, especially in the Comutanet and Community Workshops projects. This makes sense given its dual objectives: contributing to public good while serving its members' needs. However, the transition is still in early stages. For example, while the Community Workshops project has started to place more emphasis on insurance material (see Table 9), insurance concepts have not yet been integrated well with other learning building blocks. Starting the new material with insurance is not a logical approach and is likely to confuse learners. The general financial education material introduces key concepts to allow the learner to create a financial plan for their individual households. In the SAIA context, the overall focus should rather be on risk-management and insurance, while the final goal should be capacitating learners to create a risk-management plan, where each learner identifies key household risks, analyses different risk-management strategies (including insurance) and plots a strategy to use a variety of risk management strategies together to optimally manage their risks. This goal can be achieved without introducing many generic financial education concepts, but it should be embedded in concepts and material on budgeting, saving and debt management as shown in Box 2 below. Last but not least, it is important to communicate the same basic message to people on a regular basis (this approach is well illustrated in the Bright Media school resource materials).



Box 2: Risk management module in Kenya

The Swedish Cooperative Centre (SCC) and Microfinance Opportunities (MFO) have adapted a generic risk-management financial education module to a particular setting in Kenya. The module will be taught as a self-propagating education programme managed by individual savings and credit cooperatives (SACCOs), whose members are also served by the Cooperative Insurance Company with their health/life insurance product – Bima ya Jamii. The education will be spread over two to three months, with ten sessions focusing on risk-management and insurance, but also touching on other relevant financial education concepts:

- *Introduction to study circle methodology:* How adults learn, choosing a leader, role of participants, planning learning sessions.
- *Risks:* What is a risk? How can risk affect you? Which risks pose the greatest challenges?
- *Risk management tools:* What is protection? Identify protection (before) and reaction (after) measures.
- *Savings:* how to save more money? Where can you save? Use of savings or credit?
- *Introduction to insurance:* Myths about insurance, welfare associations and pooled risks, compare welfare association and insurance.
- *How insurance works:* Insurance terms, cost-benefit analysis, frequently asked questions (FAQs).
- *Different types of insurance products:* Basics of health insurance, basics of life insurance, basics of property insurance.
- *How to submit a claim:* Terms for claiming, practice filling out a claims form, advice for filling out a claims form.
- *How to find the best insurance products for you and your family:* Choosing the best insurance provider, questions to ask the insurance provider, good and bad techniques for communicating with family members and making decisions together, develop and action plan to purchase insurance
- *How, when and why to renew:* What is a renewal? Consequences of not renewing your insurance policy, what to consider before renewal, to renew or not to renew your policy.

Source: Swedish Cooperative Centre and Microfinance Opportunities, 2010

Content design informed by limited market research. Given limited resources, there have been few attempts to research key gaps in the financial literacy of the target groups. While the research may not have been necessary to develop generic content, it can be useful in informing the development of a good approach to teach low-income people about risk-management and insurance. This may have been part of the reason why the target audience of the Comutanet programme has not yet achieved substantial change in terms of knowledge and attitudes. The field of risk-management education is still unexplored. However, it is of utmost importance to understand how people talk about managing risks, what they do know, and how this knowledge on insurance can be improved in order to achieve SAIA's new objectives.

Talking about risks might seem far too obvious and basic, but is crucial for success. Recent lessons from the field of behavioural economics indicate that education material needs to



make risks salient to ensure that people are able to make timely decisions concerning their risk management. Often, people are overoptimistic about their finances and underestimate the probability of adverse events occurring, and therefore defer important financial decisions (Mullainathan and Krishnan 2008, 2010). In other words, if people do not experience disastrous events or do not hear about others' adverse experiences, they are less likely to purchase insurance products. Therefore, it is important to continue reminding people about an array of the most prevalent risks in their communities and lives. This is an important part of financial education on risk-management and insurance, which is virtually absent in SAIA's materials.

Compare insurance with other risk-management tools. The ultimate objective of SAIA's financial education programme is that people should become sufficiently informed and empowered to make better risk-management choices. To make education on risk management relevant to people, the education material on risks should be immediately followed by a discussion on how they manage those risks currently, how informal risk management strategies can be improved and how they can be complemented by formal financial services. This will allow people to gradually start to appreciate the benefits of insurance. It is also important to distinguish between 'high severity-low frequency' and 'low severity-high frequency' risks. While the former are covered by insurance, the latter should be covered through other approaches such as informal arrangements (e.g. burial societies) or savings, with some of both types of risks to be covered by government safety nets. In short, higher insurance take-up cannot be achieved without securing uninsurable risks through other mechanisms (as people are more concerned by high-frequency risks). In the SAIA education materials these links are explored (good summaries of advantages and red flags for different type of insurance topics), but the opportunity to make the links more explicit, embed them within other risk-management strategies and to construct certain learning tasks around these themes, is not used.

Delivery analysis:

In the delivery analysis sub-section, we consider the different channels and tools (workshop, mass communication, individual counselling) through which different education material and content is delivered, the strengths and weaknesses of the various channels, their costs and performance and the link between consumer education and product delivery.

SAIA has used a variety of channels over the last five years, ranging from the more 'traditional' stand-alone workshop approach for the lowest income groups, training for teachers and incorporating financial education in the school curriculum, to a multi-channel mass communication approach to target commuters. The latter approach has included episodes on televisions located in taxi ranks, radio and music CDs and interactive open-air sessions at kiosks and roving stage trailers.

Good evolution into a more integrated delivery approach. SAIA's Comutanet project is a good example of how different channels can be integrated to convey and reinforce the same consistent messages. The reinforcement of the same message through different channels is becoming an emerging best practice in financial education. However, this could be taken one step further with SAIA integrating all its financial education projects into one coherent



whole. As shown in Table 11 below, all the channels have strengths and weaknesses, which can be, respectively, leveraged or reduced when integrated into one programme. Workshops are costly but allow more interaction with the most demanding target groups. Schools present a good platform to integrate various initiatives as explained below, while mass communication efforts play a role in awareness raising and underpinning all other initiatives with key messages transmitted through various channels.

	Community workshops	Teacher's program	Commuter awareness project
Delivery	<ul style="list-style-type: none"> Delivered in one shot – one day, two 4-hour sessions Through organized community structures (stokvels, burial societies, coops, women's groups) in community venues LSM 1-3 mostly (ref in report); now planned change to LSM 4-5 2-day Training of Trainers – 8 trainers per session 	<ul style="list-style-type: none"> Materials and training for teachers to be used within Mathematical Literacy school curriculum. Teachers recruited through provincial Department of Education. Important endorsement by government. 3-hour workshop for 60 teachers. Equipped with resource book and CD Targeting underperforming schools 	<ul style="list-style-type: none"> Minibus taxi, bus and train stations; nine provinces Channels (2009): <ul style="list-style-type: none"> star music audio (CD with music and education messages) to be used by minibus drivers – 5000 CDs, changing them often rank TV – fixed TV screens on 14 ranks, 2.5 minute clip, 2-4 times per day, 7 days a week, 2 weeks per month Commuter radio – same broadcast frequency as above Kiosk, Gazebo, leaflets – Interactive open sessions facilitated by trained moderators, leaflets designed using FSB booklets, 15 kiosks, face-to-face interaction in local languages, 3 one hour sessions per day; also Gazebo promotions – mobile units doing the same thing as kiosks Roving stage trailer - All this was also strengthened by 5 tailor-made mobile promotional units – also with trained facilitators Used at the same time for approx 3 months Facilitators trained by SAIA/FSB
Strengths	<ul style="list-style-type: none"> National footprint, targeting the most illiterate Different local languages; skilled trainers Easy recruitment through Inzala stakeholders (low cost, good quality) Allow introduction of more complex topics. Good training of trainers 	<ul style="list-style-type: none"> Huge potential to further leverage work in schools Endorsement by government 	<ul style="list-style-type: none"> Depending on distribution model, there is a huge potential to link it to marketing by individual insurers Using different channels to reinforce same messages Hard to measure – but at least some attempt to measure that evolves in the right direction – still figures seem to be inflated and there should be a way to get to more realistic ones. Cost-effective in reaching many people.

Weaknesses	<ul style="list-style-type: none"> • Full day is too much! Cannot compromise impact with costs – better balance needed (especially if more integration) • Poor performance tracking (outputs sufficient; but not much information on client satisfaction and knowledge change) • Bad targeting • No follow up, ongoing facilitation required 	<ul style="list-style-type: none"> • Including ready-to-use materials for pupils may encourage more teachers to try it out • 3 hours for training of teachers is definitely too short; teachers are like others, they are financially illiterate. • Broken link – not reaching end-users 	<ul style="list-style-type: none"> • Changing commuter market (combination of train and shuttle buses – old taxis will slowly disappear). Provantage (Comutanet’s competitor) says that the future is in in-bus and train television and activities rather than in campaigns around small taxi ranks. Comutanet is presented in just 20 out of 55 main (interchange) taxi ranks in SA, their infrastructure is old and not adapted – commuters are unable to properly see TV screens etc; open air workshops and kiosks is an old idea – now you need to engage with people on a one-on-one basis because they are all in waiting lines; only engage during the rush hours because otherwise you may only be targeting unemployed people. • Might consider adding additional touch-points – phone-in, sms options – where people can participate more. • Limited interaction with learners, which makes it hard for mass communication to achieve impact when not integrated with other channels (workshops, individual counseling).
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Table 11: Analysis of delivery of various projects

Source: Authors’ own analysis



Ad-hoc interventions have little impact. This conclusion is substantiated by an analysis of the of the Community Workshops project, which despite good content has not achieved significant impacts as half of the participants are unable to recall their participation, and very few have taken any action following the once-off education intervention. One-day interventions do not incentivise people to change their behaviour and are not effective as concentration spans are generally limited to the first one to two hours of education. Workshops can be a good channel for financial education as long as short sessions are spread over a longer period of time and the content and messages are strengthened by other channels, which convey similar messages. To achieve behavioural change there is a need for ongoing provision of the same messages for at least three to five years.

Schools are great idea for financial education, but current project should be more leveraged. Schools are good venues for financial education – the youth start their adult life with better financial literacy levels, they can influence their parents’ behaviour and are an attractive segment for insurers. Endorsed by the government and the FSB, the Teacher Development project is a very good start. However, it can be further leveraged by incentivising teachers to use the material and adding additional activities to engage children more (e.g. additional quiz at the provincial level – ‘the best finance manager of the year’). Bright Media’s ideas about organising additional workshops for parents resonate well with the first point above on the call for more integrated approach. This delivery approach is a way to develop the market and build relationship through a trusted partner.

Use of different channels by Comutanet should be better understood. The Commuter Awareness project is designed in line with best practices for awareness campaigns. But its discernable impact on the target group’s knowledge and attitudes has been negligible. More time may be required to impact the knowledge and attitudes of this group with the same messages, or as mentioned earlier, the content should be reviewed, or the mix of delivery channels is not optimal. The latter issue should definitely be explored more closely in light of comments from Comutanet’s competitor, Provantage, about the changing commuter market and the slow adjustment of Comutanet to these changes. In brief, Provantage argues that the future lies in a combination of train and shuttle buses, while old taxis will slowly disappear. Therefore, other mass-based modes of transport should also be investigated.

No direct links to insurance products or branding. SAIA has not yet established a clear link between its financial education initiatives and access to products and marketing by individual insurers. The main reason for this has been compliance with the Charter that does not allow branding of the content by individual insurers. In the absence of the Charter, however, the branding issue may be easily solvable and could be less of a problem than providing access to appropriate short-term insurance products. The latter is important as it can improve the results of financial education by giving people a way to be more proactive in managing risks, as well as attracting insurers to pool more resources for financial education. It will be important to ensure that the products to which access is provided provide value to their clients. Access to products that offer no or limited value could undo the good effects of financial education. With limited know-how, this is not an easy task as an insurance association needs to ensure objectivity and cannot promote the products of just one particular company. Some ideas that have been tested by other associations include introducing a basket of products from different insurers, informing insurers about the details of various activities and opening an opportunity for them to be creative in building on those,

introducing vouchers with price discounts and promotions by different insurers (and distributing them randomly).





6. Conclusions: SAIA collaborative approach

SAIA has chosen to follow a unique path in its approach to financial education. Pooling mandatory financial education contributions by member companies and spending it on their behalf presents a new model with many learning opportunities. Table 12 below, sets out the main benefits and drawbacks associated with the collaborative approach as practiced by SAIA.

Benefits	Drawbacks
<ul style="list-style-type: none"> • Able to fund large scale projects for maximum impact – countrywide, inclusive, able to reach many more people. • Centralised quality control. • Potential for integrated approach - complementary projects, co-ordination, no duplication of effort, consistency of message (if done right). • Single industry approach – target areas of concern, credibility of message, credibility & image and reputation of industry, industry speaks with one voice. • Makes it possible for all companies to have an impact –also smaller companies with limited resources. • Improved monitoring and potential for learning. • Critical mass of a large project attracts partners thus further maximising impact. 	<ul style="list-style-type: none"> • Link between education, brand association and product access may get lost if not approached creatively. • Takes more monitoring and evaluation and research effort to demonstrate the commercial imperative of financial education – not able to demonstrate impact on a single company’s bottom line. • May discourage financial education innovation by individual member companies. • May limit the learning experience for individual companies (however, learning associated with a collective process may be less costly than individual learning processes).

Table 12: Benefits and drawbacks of SAIA collaborative approach

Source: Pearson, 2008 with authors’ inputs

Collaborative approach offers value if focused on appropriate category of education. In weighing up the benefits and drawbacks of the collaborative approach it is important to keep in mind the category of education which SAIA’s programme has targeted during the last five years. SAIA’s financial education programme has contained both generic and insurance industry-specific (category-specific) content. While its focus on generic content is questionable (there are other institutions that may be better positioned to address this category of financial education, e.g. the Department of Education), industry associations are probably best positioned to facilitate industry-specific education in a comprehensive and integrated way (Leach and Ludin, undated presentation). Although financial service providers may also be able to provide industry-specific education, they have fewer incentives to do so as their emphasis is likely to be on education that will help them sell products, i.e. product-specific education. The collaborative approach is likely to offer significant value as long as:



- it is focused on providing industry-specific education; and
- the education interventions are designed and structured in a way that allows the target audience to access insurance products once the need for such products has been stimulated by the education intervention (i.e. allow for a link between product access and education and not remove all references to companies and products).

In order to allow insurance companies to benefit from industry-specific education, it would be important to not lose sight of the commercial imperative. The financial education intervention must continually evaluate whether the industry-specific education is having any impact on member companies' (or the industry collectively) bottom lines.

SAIA's programme response conceptualised for social/political rather than commercial reasons. The Charter's financial education expenditure requirement and guidelines, and SAIA's institutional response to it, places great emphasis on where money should be spent and who should be contracted to spend the money, rather than emphasising ultimate impact and increased financial capability. However, the Charter with its access and financial education objectives was ahead of its time. It required insurance companies together with other formal financial institutions in South Africa to start spending money on financial education when the field was still in its infancy.

Over time, the SAIA programme has matured from a politically motivated to more commercially sustainable approach. While insurers may initially have viewed their contributions to SAIA (through the Charter's political expenditure requirements) as a form of tax, their attitude towards financial education expenditure has changed over time. There is a growing realisation that appropriately designed financial education interventions can positively influence commercial bottom-lines of insurance companies through impact on issues such as product take-up and policy persistency.

Commercial willingness to contribute to a pooled approach may diminish in absence of political imperative and hard evidence on impact. While insurance companies may be willing to contribute their 0.2% of post-tax income to financial education expenditure while there is a political imperative to do so, this willingness may disappear if the Charter and its financial education expenditure requirements cease to exist. SAIA has attempted to institutionalise financial education spending by requiring all SAIA members, whether the Charter exists or not, to spend at least 0.2% of post-tax income on financial education and half of this through SAIA. However, SAIA ultimately exists to serve its members. If they no longer wish to participate in this project it would have to do away with the mandatory expenditure requirement. Going forward there is thus a strong imperative on SAIA to demonstrate the link between financial education and commercial benefit to its members.

The SWOT analysis presented in Table 13 (below) provides an approach for summarising SAIA's experience with the financial education programme during the last five years, as well as flagging opportunities and risks to SAIA and its stakeholders. The subsequent recommendations build on the identified strengths and opportunities, while suggesting options to mitigate potential weaknesses and threats.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong leadership provided by SAIA champion • Variety, duration and persistency of financial education projects have created sufficient factual base for strategic adjustments to be made. • Active and interested Consumer Education Committee • Good generic financial education content • Some good education content providers (Comutanet, Bright Media) • National footprint • Centralised quality control • Strong relationships and credibility with critical institutions 	<ul style="list-style-type: none"> • Lack of continuity of SAIA programme management limited senior management time available for financial management within SAIA. • Suboptimal governance arrangements that delinks ownership (SAIA members) from final decision-making • Inappropriate target market – LSM 1-3 (the current primary target market) unlikely short term insurance clients • Poor design of financial education material and interventions: delivery not integrated between and within projects, content too generic • Absence of comprehensive and integrated monitoring and evaluation (M&E) framework (although now beginning to emerge) • Bulk of resources spent on once-off, stand alone workshops which has very limited impact • Limited market research to inform design of content (especially with regards to risks and current risk-management strategies) • No linkages to insurance products access and branding
Opportunities	Threats
<ul style="list-style-type: none"> • Reallocation of resources to achieve more efficient and effective delivery of financial education • Stronger strategic leadership and programme coordination by SAIA • Greater alignment of financial education interventions with SAIA member needs • More direct response to other stakeholder needs • Creation of strategy and implementation approach that better speaks to market development needs • Transition from generic financial education content to content focusing on insurance and risk-management concepts • Well-positioned to assist in establishing linkages between education and product access and education and company branding for member companies • Well positioned to be an international leader in the area of insurance-specific (and industry body-led) financial education 	<ul style="list-style-type: none"> • Inability to demonstrate impact may lead to unwillingness amongst members to continue with financial education contributions • Despite new financial education strategy, demise of the Charter may lead to unwillingness to continue with financial education contributions • Inability to implement more effective financial education interventions due to Charter constraints • Difficulty to close gap between financial literacy and financial capability

Table 13: SWOT analysis of SAIA collaborative process

Source: Author's own analysis



7. Recommendations

Based on the analysis and conclusions set out above, we make the following recommendations for consideration by SAIA as it shapes its financial education programme for the next five years (2010 – 2015):

Strategic direction:

- *Continue collaborative approach.* Continue and strengthen the industry-wide collaborative approach to financial education and increasingly focus it on providing insurance-specific financial education.
- *Strategic adjustments required.* Adjust the financial education strategy to take account of (1) emerging financial education best practices (please see Box 2), (2) the interests (commercial and social responsibility) of SAIA members, and (3) the interests of other stakeholders. These considerations, rather than a mechanical implementation of Charter guidelines that are no longer aligned with financial education best practices, will be more effective in bringing financial education to low-income South Africans. These changes will help ensure the sustainability of SAIA's financial education programme.
- *Secure industry buy-in for the strategic shift.* Straddling the divide between financial education as corporate social responsibility (CSR) and financial education as a strategy for commercial market development will require ongoing liaison with industry members and other stakeholders. SAIA must manage this ongoing tension proactively or risk losing the benefits of an integrated approach.
- *Redefine the target audience.* The effectiveness of SAIA's financial education will be greatly increased if it redefines its target market to LSM 4-7 since the probability of this market purchasing short-term insurance is much higher than lower LSM categories. LSM 1-3 should be a secondary target market. Redefining the target market to this higher income segment will also align the short-term insurance access target market with the defined access target market for housing finance. As the main focus of low-income short-term insurance products has been on insuring household structures and content, this alignment will allow for much greater synergy between the two sectors.
- *Increase linkage between financial education process and available products.* The Charter requirements limiting branding and not turning the education process into a marketing exercise, has forced a great distance between the educational content, its delivery and the product providers and their products. While neutrality in the education processes may be a required in a heavily contested product market, the South African short-term insurance industry is still in its infant shoes with regards to low-income insurance products. This is not a product currently used by the low-income market and beneficiaries of the education would have very little pre-knowledge of this product. It would thus be important to more closely tie the products and their availability to the education process to allow beneficiaries to take up these products if they wanted to do so (following the education process). By not engineering or offering commercial insurers this link, the ultimate impact of projects have been strongly diminished and beneficiaries have been, to a certain degree, disempowered to act on their newly gained knowledge.
- *Integrate different projects into one coherent financial education programme.* SAIA must take the strategic leadership and structure the overall financial education programme as well as the coordination mechanisms that will ensure optimum delivery of mutually reinforcing financial education messages. This could include designing two to three different education mixes (messages, channels, links to other initiatives, linked to



product access) that could be tested over the short term. This should yield better results than current traditional 'procurement' approach (call for proposals, picking the best three, but unrelated, projects).

Governance and management:

- *Revise the governance structure.* Optimum corporate governance aligns ownership with final decision-making. The current arrangement whereby the owners of the SAIA financial education programme (the member companies) are represented on the Consumer Education Committee which is only advisory in nature to the Project Panel (consisting primarily of external stakeholders and which makes the final decisions on project allocation) is therefore unsustainable. We recommend that the Project Panel becomes advisory or consultative in function, while the final decisions on expenditure rest with the Consumer Education Committee. Note that an alternative approach is to co-opt financial education experts and representatives of key stakeholders onto the Consumer Education Committee, creating one strategic body with final decision-making powers. The executive role will then be played by SAIA management.
- *Lengthen contract periods with service providers.* Service providers should be contracted for longer periods (up to three years) to allow more consistent delivery and better planning and project management. Budget uncertainty can be managed within the confines of the service agreements. In this way better strategic implementation can be achieved and service providers will be able to better develop their internal resources.
- *Institutionalise financial education within SAIA.* The recommendations contained in this section cannot be implemented without SAIA increasing its management complement responsible for the financial education programme. In all likelihood, a programme leader, project manager and administrative support will be required. The expanded management team could gradually transit into a fully industry-funded initiative, with an initial subsidy or grant to cover its costs for the next three to four years. However, over the medium term, this will require an increase in SAIA's management fee and will require it to seek other core funding until it is possible to show its first impact results before transitioning to a fully industry-funded initiative.

Content and delivery:

- *Refocus content from generic towards risk management and insurance topics.* While layering concepts is important, risk-management education can be done with 'light' links to budgeting, planning ahead, saving and debt management. This new focus will ensure that SAIA better meets the needs of its members. This content menu could then be used effectively to adapt for different target segments and applied across a wide range of delivery channels.
- *Reconsider the community workshops project.* This study shows that the community workshops project has suffered from (1) inappropriate targeting, (2) a format not conducive to retention of learning, (3) less than optimum material and delivery, and (4) slack monitoring of outputs and outcomes by the service provider. This delivery channel should therefore be reconsidered and, at the very least, integrated and coordinated with other delivery channels.
- *Consider mass transport mediums used.* The report revealed some questions as to which mass transport mediums may be the most effective in reaching the SAIA target market for financial education. Assuming a refocus from LSM 1-3 to higher LSM categories, SAIA



should consider which mass transport mediums will be most appropriate to reach the higher LSM categories.

- *Strengthen liaison with other consumer education initiatives.* The increasing focus on insurance-specific financial education will require SAIA to leverage other financial education initiatives that focus on generic education. It may be necessary to restructure the current relationship with FSB and pursue more linkages with bank industry and other industry bodies.
- *Explore creative ways of linking education with product access.* A task force composed of those insurers that are active in the low-income market may be a good next step forward. Such a task force should explore integrating product delivery by individual insurers with the delivery of SAIA's collaborative financial education programme – and area in which best practices do not yet exist.

Demonstrating impact:

- *Develop holistic monitoring and evaluation framework.* In the context of uncertainty about the Charter's continued existence, it would be important for SAIA to be able to demonstrate the impact of its financial education programme to its funders – the member insurance companies and to other contributors to the programme. This means that data collected through the various projects would have to be better understood and analysed. If the available data does not allow for the drawing of clear conclusions on projects' impacts and outcomes, data collection approaches may need to be reconsidered and changed. To show results to the short-term insurance industry and to be able to continuously improve the program, it is very important to develop a holistic monitoring and evaluation framework. The balance needs to be found between rigour and costs. The approach can be as simple as the one suggested below.
- *Draft a logical framework behind SAIA interventions* (input-output-outcome-impact) and develop a set of *key performance indicators to be tracked especially for outputs* (number of workshops, mass channel activities, etc.) and *outcomes* (changes in knowledge, skills and attitudes). More market research would be useful to arrive at proper wording for the latter in main local languages. Market research will also help to explore gender differences that are instrumental to design a good consumer education campaign for personal finance.
- *Deploy simple pre- and post surveys²⁸*, using statistically significant samples, modelled after the surveys designed by Freshly Ground Insights for Comutanet and apply these to all initiatives. Ensure a cost-effective way of data analysis on a regular basis.
- *Design more rigorous (perhaps following the randomised control trial approach) ad-hoc analyses of certain key aspects of the SAIA programme.* It is too costly to do randomised evaluations of the programme as a whole but, on the other hand, it might be too costly to invest in something that we are not sure about. Therefore, SAIA should identify 2-3 key issues that are worth exploring in-depth to inform further programme development.

²⁸ Questionnaires could include up to fifteen knowledge and attitude questions specifically relevant to insurance and risk management concepts, up to five questions on socio-demographics, as well as questions on previous experience with consumer education and insurance usage now and in the past. It will be important for the interviewers to ensure that the data is collected in a comprehensive manner – a low response rate on many of the Freshly Gound Insights Comutanet questionnaires means that this data is not useful. This will require regular quality monitoring, as well as more in-depth analyses to segment the market for consumer education, which are much demanded by individual insurers to align their marketing strategies with SAIA consumer education programme



This could include: 1) testing the way people engage and react to frequent but short interactions at taxi ranks – in order to design the most cost-effective mix with regards to frequency and timing; or 2) testing to what extent parents and youth interact on the content while the education is provided to both – in order to see if it is worth to invest in workshops for parents integrated with Bright Media school programme.

- *Attempt to measure behaviour change for the most cost-effective education mix linked to access to products (currently Comutanet).* Show the first results as soon as possible, but also clarify expectations on what can be achieved with financial education: increasing financial capability first, with behavioural change likely to only follow in the medium-term, provided that there is access to valuable products and right linkages between education and marketing.
- *Secure funding for evaluation.* SAIA should approach the various donors interested in evaluating financial education to fund these evaluation exercises.



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Appendix A: List of interviewed stakeholders

Organisation	Person met	Position
SAIA	Mr Barry Scott	Chief Executive Officer
SAIA	Mr Ronnie Napier	Chairman
SAIA	Ms Vivienne Pearson	Former SAIA Manager for Image and Reputation
SAIA	Ms Adele Joubert	Public Relations Officer
Financial Sector Charter Council	Ms Busi Dlamini	Chief Operating Officer
OUTsurance	Mr Trevor Devitt	Head of Communications
Finmark Trust	Ms Astrid Luden	Independent Consultant and expert on financial education
Marketworx Africa	Ms Gerda Piprek	Director
Ombudsman for Short-term insurance	Brian Martin	Ombudsman
Mutal and Federal Insurance Company	Michael McCann	Regional Sales Manager
ComutaNet	Derick Mzondeli	Former National Sales Director
Financial Services Board	Mrs Olivia Davids	Head Consumer Education Department
Lion of Africa Insurance	Mr Adam Samie	Chief Executive Officer
Hollard	Mr Jeremy Leach	Principal of Business Development and Divisional Director
Provantage	Mr Steve Inman	National Sales Manager
Regent	Ms Lulama Dlamini	National Marketing Manager
Bright Media	Ms Ingrid Bruynse	Managing Director
Inzala	Mr David Bodley	Director
NEDLAC/Community and Labour and Inzala	Honourable Joyce Moloi-Moropa	Member of Parliament, Deputy Chairperson of the South African Communist Party and Chairperson of the Parliamentary Committee on Public Services
Santam	Ms Ray-Anne Sedres	Head of Integrated Sustainability Management
Etana Insurance	Mr Carel Nolte	Head of People and Brand



Appendix B: Total project expenditure and project cost per head²⁹

Year	Community workshops	Comutanet	Teacher development	Total
2005				
Expenditure	R 5,489,975 (US\$ 736,016.30) (71.05%)	R 936,738 (US\$ 125,584.26) (12.12%)	R 1,300,000 (US\$ 174,285.16) (16.82%)	R 7,726,713 .00 (US\$ 1,035,885.72) (100.00%)
No. of people reached	11,850	3,653,046	2,400 ³⁰	
Cost per head	R463.29 (US\$ 62.11)	R0.26 (US\$0.03 cents)	R 541.67 (US\$ 72.62)	
2006				
Expenditure	R 4,761,124.50 (US\$ 638,302.57) (51.82%)	R 1,500,333.79 (US\$ 201,143.01) (16.33%)	R 2,926,111.98 (US\$ 392,290.69) (31.85%)	R 9,187,570.27 (US\$ 1,231,736.27) (100.00%)
No. of people reached	14,109	3,653,046	<u>Not available</u> ³¹	
cost per head	R 337.45 (US\$ 45.24)	R 0.41 (US\$ 5.49)	Not available	
2007				
Expenditure	R 2,959,591.68 (US\$ 396,779.16) (37.88%)	R 2,194,371.98 (US\$ 294,189.59) (28.08%)	R 2,659,562.89 (US\$ 356,555.65) (34.04%)	R 7,813,526.55 (US\$ 1 047 524.40) (100%)
No. of people reached	23088	3,653,046	2213	
Cost per head	R 128.19 (US\$17.19)	R 0.60 (US\$0.08)	R1,201.79 (US\$ 161.11)	
2008				
Expenditure	R 3,970,702.01 (US\$ 532,334.18) (41.75%)	R 1,939,064.97 (US\$ 259,961.723) (20.39%)	R 3,600,000.54 (US\$ 482,635.90) (37.86%)	R 9,509,767.52 (US\$ 1,274,931.81) (100%)
No. of people reached	12022	3,653,046	2840	
Cost per head	R 330.29 (US\$44.28)	R 0.54 (US\$0.07)	R682.77 (US\$91.54)	
Total persons reached:	61,609	14,612,184	900,000	
Total Cost	R 17,178,393.19 (US\$2,303,030)	R6,570,508.74 (US\$880,878.59)	R 10,485,675.41 (US\$1,405,767.40)	
Total cost per head	R281 (US\$37.67)	R0.44 (US\$0.06)	R12 (US\$1.60)	

²⁹ Source: SAIA FSC Annual Consumer Education Reports (2005 – 2008)

³⁰ This figure was a rough estimate. SAIA FSC Consumer education report back 2005, furthermore this figure represents teachers who were present at the workshops and excludes pupils. Furthermore this applies to all figures for the different years.

³¹ Figures for 2006 are not available. Hence, an estimate was calculated based on averaging figures from the other years.