



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

Financial education in the low income market: What works and what does not?

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SAIA Financial Education Part1

Intro

Agenda:

- Introducing SAIA
- Introducing SAIA financial literacy initiative: Challenges and solutions
 - Why?
 - How?
 - What?
- ILO Study:
 - ILO
 - SAIA
- Questions



Part 1: Intro

Introducing SAIA

- Trade association for short-term (property and casualty) insurers in South Africa - 58 members
- **Vision:** To promote and represent the interests of the short-term insurance industry, while leading and enhancing the efforts of the industry to become recognised and trusted as an important contributor to the South African economy and society
- **Mission:**
 - Encourage fair and ethical treatment of consumers
 - Represent the industry
 - Create environment for sharing and creating a common vision
 - Implement initiatives to enhance image and reputation of the industry
 - Promote understanding of short-term insurance
 - Promote awareness of industry and its contributions to society and economy



Part 1: Intro

Introducing SAIA Financial Literacy Initiative: Why?

- SAIA Mission
- Financial Sector Charter:
 - Transforming the disadvantaged sector
 - Increased access
 - Empowered through knowledge
 - Pros and cons
- Socio-economic reasons
- Building a market



Part 1: Intro

Introducing SAIA Financial Literacy Initiative: How?

- Industry pooled initiative
 - Maximise impact
 - Holistic, integrated approach
 - Centralised quality control
 - Single industry approach – target areas of concern
 - Everyone can have an impact (small companies)
 - Critical mass attracts partners
 - Drawbacks?
- New strategy to address social responsibility and pooled vs link with product uptake and company
 - Dual purpose



Part 1: Intro

Introducing SAIA Financial Literacy Initiative: What?

- 2005 – 2009: More than R40 million (USD 5.3 million)
 - (2010 + 2011 = a further R14 million (2 million USD))
- At least 3 projects per year:
 - Community Workshops Project
 - Teacher Development and School Leavers Project
 - Comutanet (Commuter Awareness) Project
- Reached more than 15 million people 2005 – 2009
 - And many more since!



Part 1: Intro

Introducing SAIA Financial Literacy Initiative: Community Workshops

- Financial literacy workshops in all 9 provinces, all areas including very rural areas
- Partnership with Community and Labour Constituency
- Using existing networks in communities
- LSMs 1- 5 (mostly 1 -3)
- Accredited training material – Financial literacy workbooks
- Cost vs reach:
 - R17 178 million
 - 48% of funds
 - 61 069 persons
 - Cost per person : R281 per person
 - High intensity of engagement
- Monitoring and evaluation:
 - Knowledge test, declaration of competence, feedback



Part 1: Intro



Community workshop attendees in KwaZulu Natal



Part 1: Intro

Introducing SAIA Financial Literacy Initiative: Teacher development project – School leavers

- Equip teachers with material & know-how to teach maths literacy at schools
- Grades 10 – 12 teachers, students, communities
- Workbook, cds, posters
- Workshops
- Cost vs reach:
 - R10 485 million
 - 30% of funds
 - 900 000 people
 - R12 cost per person
 - High intensity of engagement
- Monitoring and evaluation:
 - Evaluation forms to be completed by teachers
 - Electronically recorded by service provider
 - 2010: Additional evaluation of project



Part 1: Intro

Teacher/school leavers' project



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Part 1: Intro

Introducing SAIA Financial Literacy Initiative: Commuter awareness project

- Comutanet
- Empower commuters through various financial literacy messages using various media types
- Commuters travelling in taxis/mini buses: LSM 1 – 5 (-8)
- Radio & TV infomercials, live performances, info kiosks, cds
- Cost vs reach:
 - R6570 million
 - 19% of funds
 - 14 612 184 people
 - R0.44c per person
 - Level of intensity low
- Monitoring & evaluation:
 - Before and after surveys



Part 1: Intro

Comutanet Kiosks



Comutanet trailer promotion



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Part 1: Intro

ILO Study

- ILO launched Microinsurance Facility (2008)
 - 3rd area of focus: Methods for ensuring that low-income persons understand how insurance works in order to make informed purchasing decisions
- ILO reasons for study:
 - Recognised SAIA's efforts and wished to understand our experiences
 - Add to growing body of experiences in financial education in the insurance sector internationally and make available lessons learned
 - Assist SAIA in maximising impact
- SAIA reasons for study:
 - We need to maximise impact
 - Which projects work and why? How can we improve our results?
 - Maximise link between financial literacy and increased uptake of products
 - Needed info to strengthen negotiation power (Financial Sector Charter)



Part 1 ends with: Challenges and Questions

1. How do you get commercial companies to work together, and how does the fine line between financial education and marketing / branding influence this?
2. Should financial literacy be a social responsibility exercise or should it have a commercial motive? Can these two goals be combined and how?
3. Is there a link between financial literacy and increased access to financial services products? How do you establish this?
4. We have learnt that the measuring of impact is key in every project. How does one get a balance between the financial education and the research or monitoring and evaluation aspect in terms of focus and funds?



SAIA Financial Education Part2: ILO Study Learnings

Agenda

- More about our projects:
 - ILO findings and learnings per project
 - Findings and learnings: Content
 - Findings and learnings: Delivery
- Key general learnings
- Key recommendations



Part 2: ILO Study Learnings: Community workshops

- Cost and reach
- ILO – captured 1 620 records of assessment and workshop feedback electronically
- 78% of data was missing
- All learners assessed found competent:
 - Learner assignment, knowledge test, evaluation form
- Competency assessment analysis results questionable:
 - Efficacy of assessment tools? Target market?
- Telephonic survey:
 - Behaviour change?
 - Lasting impact?
 - Survey with small sample of participants trained in 2009
 - 57% can't recall attending (once-off training)
 - 56% useful, 30% very useful
 - Not appropriate target audience
 - Link between financial literacy and access: Not established, target audience, not linear



Part 2: ILO Study Learnings: Teacher Development Project

- Cost and reach
- Workshop evaluation forms and telephonic survey provides info on potential impact:
 - Forms, electronic capturing, telephonic interviews
- Teachers experienced workshops positively:
 - 29% excellent, 50% good, 16% average, 5% reasonable
- High rate of recall of workshop attendance by teachers surveyed telephonically:
 - 90% recall: 40% useful, 47% very useful
- Usage of resource material varies in frequency
- Available data does not allow for conclusions on increased financial capability by learners
- Number of pupils being reached is uncertain
- Impact of training on maths literacy unlikely to provide accurate assessment of project impact :
 - 2010 change: Independent research facility to test improvement in maths literacy,
 - 2011 change: research to determine change in financial literacy

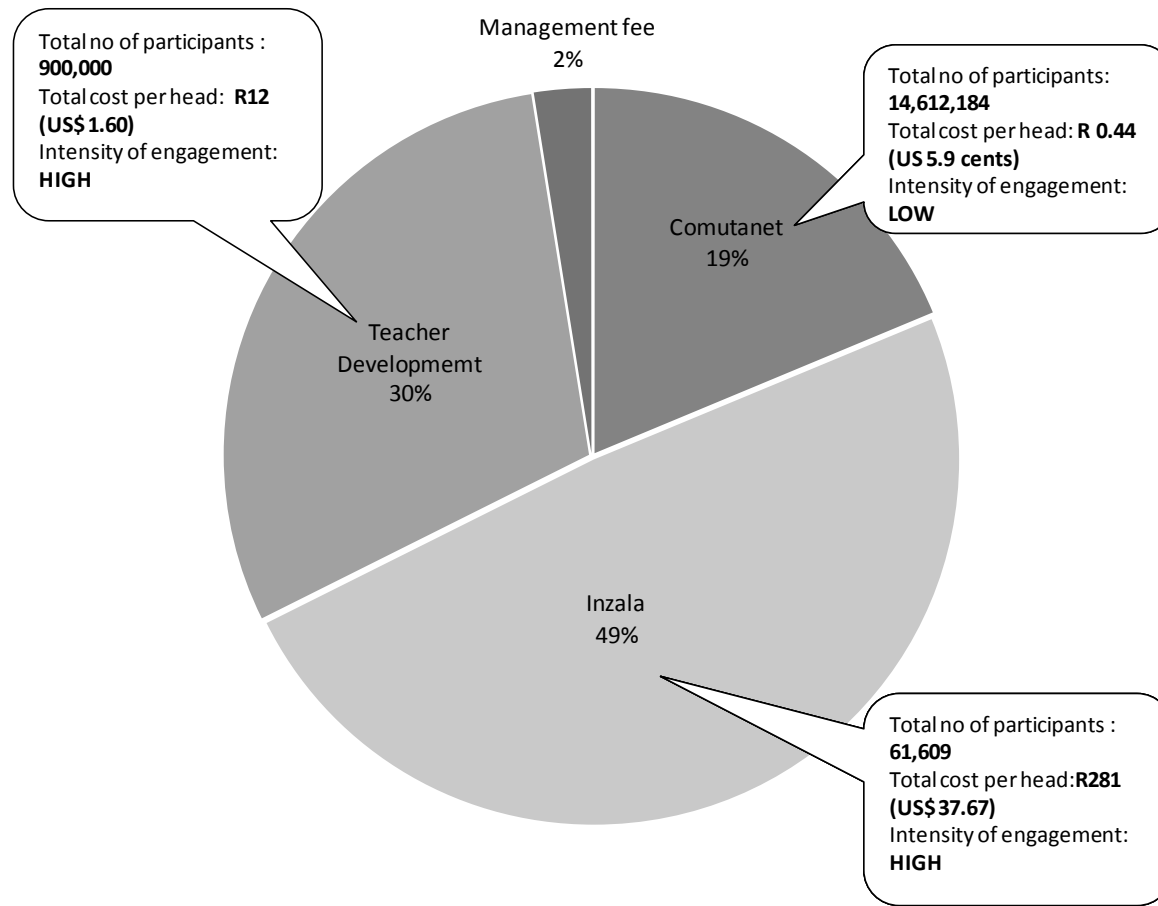


Part 2: ILO Study Learnings: Commuter Awareness Project

- 2005/6 : Comutanet basic survey
- 2007 – 9: Independent research facility
- Pre and post surveys
- Understanding the market and the impact
- 2009: Post survey only
- Study focused on 2008: Random samples drawn from 6 taxi ranks
- 300 respondents
- Small sample size – only indicative
- Findings:
 - Majority earn less than R3500 per month (Charter)
 - Assess knowledge of key insurance and financial concepts
 - Low levels of understanding of insurance
 - Low take-up of insurance products
 - Weakness regarding data collection and sampling methodology



Part 2: ILO Study: Overall project spend and reach



Part 2: ILO Findings and Learnings

Content

- Good generic financial education content
- Gradual move towards risk management and insurance
- Content design informed by limited market research
- Talking about risks is crucial for success
- Compare insurance with other risk management tools



Part 2: Part 2: ILO Findings and Learnings: Delivery

- Ad hoc interventions have limited impact (Community Workshops)
- Schools are great for financial education, but should be leveraged more
- Using more different channels
- No direct links to insurance products or branding



Part 2: ILO Study Learnings: General

- Outreach and scale
- Collaborative approach offers value if focused on appropriate category education:
 - Industry specific
 - Link with access
- Well informed strategic shift over last four years
- Well designed generic material
- Less strategic approach to industry specific (Charter)
- Limited monitoring and evaluation
- No direct links to insurance products or branding



Part 2: ILO Study Recommendations

- Continued facilitation of buy-in – Charter
- Refining the target audience – Charter
- Enable changed behaviour through better linkage between education and product access
- Better integration of projects into coherent programme
- Refocus content from generic towards risk management and insurance topics
- Develop a holistic monitoring and evaluation framework
- Institutionalise the programme within the SAIA



Part 2: Using the ILO Study Findings and Learnings

- 2010 – Shift already
- 2011:
 - Projects currently being implemented
 - Financial Sector Charter negotiations:
 - Target market
 - Content
 - Type of projects
 - Delivery mechanism
 - Link between products and financial literacy



Part 2: SAIA Financial Education Initiative

Questions?



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Thank you!