

CAPACITY BUILDING FOR FINANCIAL LITERACY

MICROINSURANCE AND THE LINK WITH CONSUMERS' LITERACY

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THE SOUTH AFRICAN CASE

A world problem

Driving the great South African debate

- Past discrimination & social injustice
- Financial vulnerability of the poor
- Social development hampered

Reasons for South Africa's challenge

- Financially underserved citizens – 19 m or 63% of adult population
- 94 % black
- 68 % un-banked
- 95 % no formal insurance
- 38 % have some form of community-type funeral or burial protection
- 8 % have formal retirement savings
- 79 % earn less than USD 100 per month

2008 Literacy workshops determined income origins

- 27 % employment
- 34 % government grant
- 20 % self-employed
- 19 % reliant on family & friends

BACKGROUND TO FINANCIAL LITERACY & MICROINSURANCE IN SA

Independent measurement

Participant comment

Financial literacy projects financially generic to date

Greater focus on asset & property insurance covers

Link between literacy efforts and asset & property product

Potential consumers need assistance in identifying appropriate
Asset & property insurance products

Mzansi standards

- affordability
- simplified structure
- plain language
- traditional insurance concepts challenged



Product identification

FINANCIAL LITERACY TARGET GROUP

The Charter's target group

- Black citizens within LSMs 1 to 5
(household income less than USD 300pm)

Consumer Education Standards

- Physical Accessibility
- Affordability
- Appropriateness
- Simplicity
- Non-discriminatory

Collaborative effort – co-ordinated, complimentary projects

Non-branded – unbiased & credible

Long-term benefit

COMMUNITY WORKSHOPS

R32.7m (USD2.8m) + R12.5m (USD 1.1m)

Financial literacy community workshops

- Accredited programme: “Managing your Money”
- Facilitators reside in provinces where they run workshops – language & culture addressed
- Recruitment of learners from labour and community constituency networks by regional project co-ordinators
- 8 hours facilitated workshops
- Monitoring, evaluation & project reporting
- Project auditing

9 Languages (Zulu, Xhosa, Sotho, Tsonga, Venda, Tswana, Pedi, English, Afrikaans)

9 Provinces

73 387 attendees since project began in 2006 (other provider in 2005)

Kubugwana kwa mugudi

U langa tshelede yavho



Learner booklet

Managing your money





Rural Church Venue near Idutywa –
Eastern Cape Province



Rural Church Celebration near Idutywa –
Eastern Cape Province



Rural Church Workshop near Idutywa –
Eastern Cape Province



Attendees Bushbuckridge Workshop



Bushbuckridge Secondary school workshop
– Limpopo Province



Nyamvubu Co-operative – Craigie Burn
Dam region – KwaZulu-Natal



Imizamo Yethu Workshop – Hout Bay – Cape
Peninsular

MASS MEDIA REACH

Mediums of message transfer

- Rank TV infomercials (16 TV screens – 12 x 12m – 3 months)
- Star Radio infomercials (24 major taxi ranks – 3 months)
- Star Tax Music infomercials (5000 cds in taxis for 6 months – 58 mins)
- Commuter FM infomercials (train stations – 3 months)
- Roving Stage performance 5 stages to various ranks over 36 days. (Competitions, role plays)
- Kiosks shows (30 kiosks over 6 weeks, 2 promoters 3 x 1 hour vibe times)

Theme 1 - Money Management & budgeting

Theme 2 - The responsible use of credit

Theme 3 - Asset & property insurance

Theme 4 - Consumer rights & responsibilities

Theme 5 - Mzansi-type asset & property insurance product

SAIA FSC CONSUMER EDUCATION INITIATIVE 2007 - COMUTANET



KIOSKS

**TRAILER
PROMOTION**



FINANCIAL LITERACY IN SCHOOLS

Teacher Development – Bright Media

- Project timelines November 2007 – August 2009
- 12 660 teachers from 3 900 secondary schools
- Estimate 70 520 pupils reached annually directly through the teachers & further 400 000 students through the resources distributed
- Research and development of material in line with National Curriculum for Mathematics Literacy – Grade 10, 11 & 12
- Printing and distribution of resources:
 - 10 000 multimedia resource files were developed, printed and distributed to teachers
 - Teachers received the resource file, CDs with pdf resource file material, posters, worksheets, assignment sheets, answer sheets, etc.

EMS PROJECT

New schools subject – Economic Management Services

Partners – National Department of Education & the Financial Services Board

Subject Material produced to reach Grades R to 9

Focussing on:

- The financial environment
- Leadership and management
- Entrepreneurship
- Financial & consumer knowledge & skills
- Economic & management sciences learning outcomes
- The economic cycle
- Sustainable growth & development
- Managerial, consumer & financial knowledge & skills
- Entrepreneurship knowledge & skills

CUSTOMER FOCUS GROUPS

Research commissioned September 2007

Research objectives

- Understand the limited uptake in asset insurance in the low income market
- Gain insight of the awareness & understanding of
 - the concept of asset insurance
 - perception of the value proposition
 - affordability
- Sample design
- What respondents valued
 - Time for family and socialising with friends
- Feelings about being a South African
 - Negative about high levels of crime
 - Positive about new freedoms
 - New freedoms
 - Job market opportunities
 - Availability of skills development
 - Thriving economy
 - Possibility of owning a house now more attainable

RESPONDENTS VIEWS TOWARDS MICROINSURANCE

The group's revised view of and need for insurance

Reasons for not using insurance

Assets worth insuring

Some confusion surrounding insurance terminology

Reasonably priced insurance would be purchased

High level of trust

Conclusion

- Desperate need for product education
- Aimed at those with even low but regular income
- Stand-alone contents cover to be considered
- Cell phone cover linked to contents as cost saving
- Create awareness at point of sale

CONCLUSION

Awareness of the target group of our financial sector

Project measurement confirms reach and success

Reassess target group

More aggressive linkage - financial literacy & micro-insurance product

Increased focus on microinsurance

Sustained effort

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THANK YOU