FINANCIAL LITERACY EDUCATION WITHIN A DEVELOPMENTAL SOCIAL WORK PARADIGM

Dr. Lambert Engelbrecht
Dept. of Social Work
Stellenbosch University
lke@sun.ac.za
Reference:

Available at:
http://scholar.google.co.za/citations?user=YUORtfMAAAAJ&hl=en
TO EXAMINE FINANCIAL LITERACY EDUCATION WITHIN A DEVELOPMENTAL SOCIAL WORK PARADIGM

- Context
- Providers
- Content of programmes
SCOPE OF FINANCIAL LITERACY

- Ability to work with money
- Reflects financial behaviour, habits and competencies
- Basic level of knowledge, skills and values:
  - To manage range of money-related activities
  - To understand and perform financial tasks
  - To respond to everyday financial life events
- Requires basic reading & maths skills
FinScope Study (2004)

- One-third in SA not banked
- 59% partially banked
  - financially vulnerable
- Welfare recipients
  - Reactive money management
  - Debt
  - Impedes ability to use information
  - Constraint in income generation activities
CONTEXT OF FINANCIAL LITERACY WITHIN A DEVELOPMENTAL SOCIAL WORK PARADIGM

- Basic proficiency in dealing with financial services institutions
- Basic understanding of:
  - Savings
  - Budgeting
  - Insurance
  - Credit
  - Borrowing
  - Debt
  - Investing
  - Assets
A FINANCIAL LITERATE PERSON

- Able to counter financial exploitation
- Analyse financial situations
- Make informed financial judgments
- Strategise
- Reach financial goals
- Communicate about financial issues without discomfort
IN ESSENCE

- Able to translate financial knowledge skilfully into behaviour
- Able to manage a financial plan for the future
- Participating in financial mainstream of society
- Experiences a sense of economic empowerment and well-being
PROVIDERS

• Financial Sector Charter
  – Broad-Based Black Economic Empowerment Act (Act 53 of 2003)
  – National Economic Development and Labour Council (Nedlac)
  – Commitments
    • 0,2% for consumer education
    • 0,5% for Corporate Social Investment projects
      – Financial literacy programmes
...PROVIDERS

- Poor, disenfranchised and rural communities remain neglected
- Financial institutions
  - have not infrastructure to reach poor communities
  - less interested in poor communities
    - do not present market expansion opportunities
  - Programmes might be a guise for
    - marketing
    - communicating product usage information
...PROVIDERS

• Non-profit organisations
  – Main providers to lower end of financial market
  – Programmes limited in outreach
  – Lack resources
...PROVIDERS

- Financial institutions and NGOs
  - Different points of departure
  - Similar proposed outcomes
- Opportunities for partnerships?
- “Marrying” social and development goals?
CONTENT OF PROGRAMMES

Teaching

Dollars & Sense

Implementing Financial Education In a One-Stop Setting

implementing a Financial Education Program in Your Community

A STEP-BY-STEP RESOURCE GUIDE FOR MAKING CON...

Beyond Budgeting to Financial Literacy

HSBC Financial Literacy Programme

SIFE and HSBC in 2007

Application

Visa's financial literacy programs for Central and Eastern Europe, Middle East, and Africa (CEMEA) region are in Russia, South Africa and Dubai.

Taking an evaluation of The Smith Family's MoneyMinded® program...
CONTENT OF PROGRAMMES

ONE-SIZE-FITS ALL
FINANCIAL VALUES

- Realistic financially sound values
- Wants vs needs
- Responsible consumer behaviour
- Pitfalls in purchasing and consumption
BASIC BANKING

- Rationale of banking services
  - Why they are used
- Different types of accounts
  - How to use them
- How to open a bank account

*Theme 2*
FINANCIAL PLANNING AND BUDGETING

- Figuring out expenses
- Developing a basic line-item budget
- How to do financial planning
RELEVANCE AND OPTIONS FOR SAVINGS

- Importance and benefits of savings
- Methods of savings
- How to develop a savings plan
- How to maintain savings
- Types of saving instruments
- Assurance

Theme 4
CREDIT AND DEBT MANAGEMENT

- Understanding credit
- Importance of paying bills on time
- Consumer loans
- How to recover from bad credit
- How to avoid ongoing indebtedness

Theme 5
ASSET BUILDING AND HOME OWNERSHIP

- Credibility of different assets
- Preparing for home ownership
- How to buy a house
- Home loans
- Additional housing-related financial matters

Theme 6
CONCLUSION

- Financial illiteracy will not be “cured”
  - By on-time benefits
  - Single lectures
- Not because financial literacy education is ineffective – the “cure” might be inadequate