South Africa

SASSA Grant Distribution

Improving the financial capability of grant recipients

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CONTENTS

List of Acronyms

ASISA	Association for Savings and Investments South Africa
BankSETA	Banking Sector Education and Training Authority
BASA	The Banking Association South Africa
CBDA	Cooperative Banks Development Agency
DMA	Developmental Microfinance Association
DSD	Department of Social Development
FAIS	The Financial Advisory and Intermediary Services
FE	Financial Education
FGDs	Focus group discussions
FMT	FinMark Trust
FSCA	Financial Sector Conduct Authority
FSB	Financial Services Board
FSPs	Financial Service Providers
IGPS	Integrated Grant Payments System
ILO	International Labour Organization
KII	Key informant interviews
KPIs	Key performance indicators
LSM	Living Standards Measure
M&E	Monitoring and evaluation
MFSA	Microfinance South Africa
NASASA	National Stokvel Association of South Africa
NCA	National Credit Act
NCF	National Consumer Forum
NCFEC	National Consumer Financial Education Committee
NCR	The National Credit Regulator
NGO	Non-Governmental Organisation
NPAT	Net Profit After Tax
OECD	Organisation of Economic Cooperation and Development

Executive Summary

South Africa has one of the largest social welfare transfer systems among the developing countries. In 2017/18, R151.6 billion was allocated towards South African Social Security Agency (SASSA) grants. In March 2019, over 17.8 million grants were distributed to South African citizens, which constitutes about 30% of the population. The number of SASSA grants disbursed to beneficiaries is expected to rise to 18.6 million in 2020. The grant system plays an important redistributive role, particularly because South Africa is a country with one of the world's highest rates of income inequality.

Financial capability is an important topic in South Africa and is especially important for grant recipients who are more vulnerable. Financial capability and the exercising of consumer choice are far more restricted when one has a low income in a society with various inequalities (such as gender), as is the case with grant recipients.

Seven different types of grants are distributed by SASSA: The most common grants are those for child support and foster care (55%), followed by old-age grants (35%). the remainder of the grants are made up of the care dependency, grant in aid, and war veterans' grants, which make up a smaller portion of the total. Given the important role that social grants play in the livelihoods of the poor and the communities they live in, it is appropriate to leverage this mechanism of cash transfer towards promoting greater income generation and security of livelihoods. In the context of South Africa today, empowering women and youth is of critical concern. This report stems from in-depth research into how the social grant system can be leveraged to improve the Financial Education (FE) of grant recipients, particularly of women and youth.

Financial capability is an important topic in South Africa and is especially important for grant recipients who are more vulnerable. Financial capability and the exercising of consumer choice are far more restricted when one has a low income in a society with various inequalities (such as gender), as is the case with grant recipients. However, the required competencies are generic and not unique to low-income earners or grant recipients.

An assessment of the financial capability of grant recipients was undertaken, based on an internationally adopted framework for FE competencies[1]. This framework was adapted to the South African and SASSA grant recipients' context. The framework was aligned with the National Consumer Financial Education Strategy (2013) and was used to establish and assess financial competencies through a combination of primary research (focus group discussions) and secondary data (FinScope 2018 and 2019, FSCA, and Organisation of Economic Cooperation and Development – OECD - reports). Aligned with the National Consumer Financial Education Strategy, the four thematic areas assessed were:

1. Financial control;
2. Financial planning;
3. Product choice; and
4. Financial knowledge.

1 The core competencies framework on financial literacy for the youth and adults were developed in response to a call from G20 Leaders in 2013.

The assessment defined specific profile segments across grant recipients based on their: financial capabilities, communication channels, and points of interaction with money management, financial service providers, and the FE providers. They were then described using key demographics to identify and recognise those segments. This helped in defining intervention strategies to address the identified gaps. Eight distinct profiles were identified, of which five priority profiles have been selected for strategic interventions:

1. Rural dependents;
2. Urban dependents;
3. Female dependents;
4. Urban breadwinners; and
5. The elderly.

A key finding was that being a dependent versus being a breadwinner had significant implications on an individual's choices and financial behaviour and hence a person requires specific financial competencies to be able to cope with one's circumstances. Another important finding was that women who received grants had a higher status in their family as breadwinners, a role which would otherwise be assumed by an older male in most households.

The study found that a few FE programmes exist at national level. They are primarily delivered by financial service providers and industry associations under their obligations as signatories to the Financial Sector Code. The content tended to be generic, and focused on awareness and knowledge as opposed to leading to actual financial behaviour change and thus to financial wellbeing. Further, these programmes did not have the capacity to reach grant recipients because of the limited range of opted delivery channels (predominantly classroom-based training workshops). However, three programmes stood out with regard to their relevance for grant recipients, despite their varying levels of success. These included the Department of Social Development's Money-wise programme and the Street Theatre programme by the Postbank, delivered at cash pay-points. In both cases, the primary limitation was the restricted reach and lack of scale of the programme. The third programme that provided the best fit for grant recipients was the FE programme offered by the SaveAct Trust, which is implemented alongside its savings group's model. SaveAct is a South African NGO operating across seven provinces. Over the past 10 years of its existence, it has supported over 90,000 individuals through its savings groups by providing access to community-based savings and credit through member-owned and managed groups. The groups are used as the platform for FE conversations, using interactive learning tools that promote peer-learning. 80% of group members are SASSA grant recipients. SaveAct's FE curriculum, co-developed with members, is hence particularly relevant to grant recipients.

Based on the findings of the assessment, the following financial capability focus areas for SASSA grant recipients were identified:

1. Exercising product choice;
2. Drawing and adjusting a budget;
3. Tracking expenses and sticking to budget limits;
4. Coping with emergencies and unforeseen circumstances; and
5. Being protected and accessing legal recourse.

The study proposes a strategy to enhance delivery of FE to SASSA grant recipients based on five interventions:

1. Embedding FE content relevant for SASSA grant recipients into existing financial service providers' programmes through a pre-defined national monitoring and evaluation (M&E) framework;
2. Scaling up the SaveAct model of community-based facilitated FE by embedding its approach into the activities of other community-based financially-oriented initiatives such as stokvels and financial cooperatives;
3. Developing a programme that focuses on a set of behaviour changes through digital FE targeting the 'dependents' profile with a specific focus on urban youth; and
4. Driving a consumer advocacy programme to increase awareness and capacity of local community-based resource mechanisms such as Legal Aid.

In order to move ahead with the proposed strategy, a multi-stakeholder coordinating body is proposed to ensure mobilisation of the required resources and to drive the development and implementation of an action plan. Aligning the stakeholders' activities associated with SASSA grant recipients with the work of the National Consumer Financial Education Strategy is critical for implementation of the proposed FE strategy. Existing resources of the different stakeholders have been carefully considered in the proposed strategy to ensure that it can realistically be coordinated and implemented. Integrating the governance, supervision, and implementation of selected interventions into existing coordination mechanisms or operations is essential to ensure both a smooth funding mechanism and the sustainability of the strategy.

1. Background

In September 2019, FinMark Trust, in partnership with the United National Development Programme (UNDP), developed a project that seeks to foster inclusive growth and lower poverty, particularly for women, by improving the efficiency of and increasing returns derived from social grant payments. The project aims to achieve its objectives by promoting tighter integration of social grant payments into the wider financial system and stimulating the development of digital ecosystems, while leveraging social grants as a catalyst to improving the livelihoods of the poor, particularly of women and youth. This will ultimately improve the effectiveness of the South African Government's social protection and inclusive growth objectives.

Given the role that social grants could have on the livelihoods of the poor and the communities they live in, it is important to leverage this mechanism of cash transfer into promoting sustainable livelihoods, and inclusive growth and thereby strengthening steps towards gender equality, and empowering women and youth.

1. Problem statement

Given the role that social grants could have on the livelihoods of the poor and the communities they live in, it is important to leverage this mechanism of cash transfer into promoting sustainable livelihoods, and inclusive growth and thereby strengthening steps towards gender equality, and empowering women and youth. This can be achieved by:

a. Exploring mechanisms that can be employed to increase the beneficial use of social grants to improve the grants' long-term impact on poverty reduction;
b. Considering the impact of social grants on social mobility and the long-term transitioning of social grant dependents to other sources of income and providing the enabling steps.

This report stems from in-depth research into how the social grant system can be leveraged to improve FE for the poor, particularly women and youth and presents the findings of the assessment of FE programmes and their relevance to SASSA grant recipients.

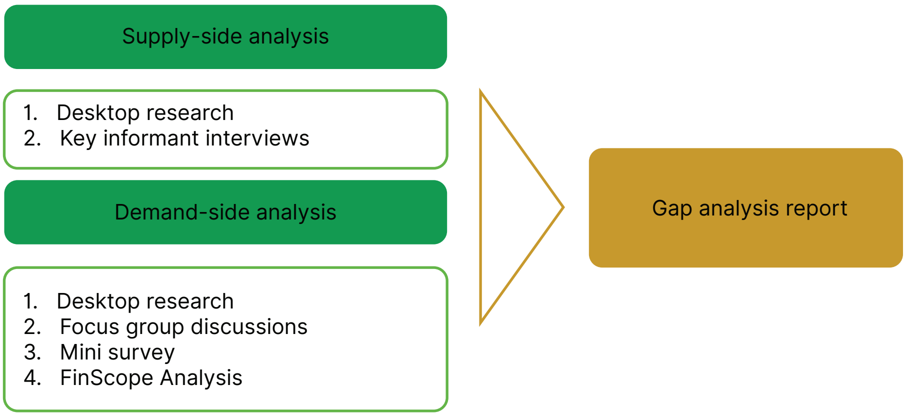
2. Methodology

The study assessed the main providers of and channels for delivering FE, the state of financial capability among SASSA grant recipients, and potential touchpoints that can be used to deliver financial capability interventions. The objective of the study was to conduct in-depth research on how the social grant system can be leveraged to improve the livelihoods of the poor, particularly women and youth, through enabling access to financial education. This was accomplished using three approaches:

1. Primary and secondary research conducted on FE resources currently available not only to grant recipients but also more broadly.
2. Analysis of gaps in the FE resources and opportunities to provide targeted FE to SASSA grant recipients.
3. Design of a relevant roll-out strategy for delivery of a targeted FE programme for grant recipient groups.

The steps and logic are outlined in Figure 1.

Figure 1: Study design



Study Design

The study design was a diagnostic encompassing desk research, followed by a supply-and-demand-side analysis. The supply-side approach targeted key stakeholders in the delivery of FE in South Africa. These include: government bodies, financial services regulators, financial services providers, and NGOs. The demand-side analysis focused on SASSA grant recipients to assess their levels of financial capability. The approach is discussed below:

i. Comprehensive desktop research

Desktop research was conducted to guide the data collection and analysis. This focused on the supply of FE content for SASSA grant recipients. The desktop research informed the listing of the stakeholders, experts, and service providers that implement FE training initiatives for the SASSA grant recipients who were interviewed as key informants. Additionally, the literature review provided insights into touchpoints that can be used to deliver financial capability interventions. The study reviewed literature on topics such as, financial education, poverty levels, media access, grants coverage from organisations such as SASSA, FinMark Trust, OECD, the Financial Sector Conduct Authority (FSCA), the South African Broadcasting Authority, the Publisher Research Council, the Establishment Survey, StatsSA, and the International Labour Organization (ILO).

ii. Supply-side analysis

The supply-side approach employed key informant interviews and a targeted literature review to understand the ecosystem of FE providers and channels relevant to SASSA grant recipients.

The supply-side analysis gives a holistic view of the ecosystem of stakeholders who deliver FE to SASSA grant recipients. It highlights key features of the programmes and their focus on delivering FE in South Africa. From the ecosystem mapping exercise, the following stakeholders were identified as key actors in the supply chain of FE in South Africa. A total of 26 key informant interviews were conducted, representing a cross-section of stakeholders. These included:

- Three commercial banks;
- Two insurance companies;
- Seven FE service providers;
- Three industry associations;
- Four public sector entities, including regulators and policy-makers;
- Two NGOs;
- An ombudsman, Post bank, and a consulting company.

As part of the ecosystem mapping exercise, the supply side assessed the different stakeholders' involvement in the delivery of FE. The objective of this assessment was two-fold: to identify scalable opportunities and identify scalable opportunities and specific bottlenecks that exist in the delivery of FE for SASSA grant recipients. This assessment provided insights into the opportunities and challenges that exist in the delivery of financial education. Chapter 4 of the report documents the focus and features of the existing FE programmes offered and used by different providers.

iii. Demand-side analysis

The demand-side analysis was conducted in two parts. First, it comprised a financial capability assessment that identified gaps in financial capability that can be addressed through a FE strategy. The financial capability assessment focused on insights into the knowledge, attitudes, and behaviours relating to money and financial services among SASSA grant recipients. This was articulated from the primary data gathered from seven focus group discussions and a mini-survey conducted among the focus group (FGD) participants. Second, the demand-side analysis consisted of a financial capability assessment of SASSA grant recipients, using a cross-referencing analysis of the primary research data with the FinScope analysis and desk research.

The FinScope 2018 and 2019 datasets have comprehensive modules, capturing financial behaviours of SASSA grant recipients. These provided an opportunity to explore financial capability competencies among SASSA grant recipients at a national level. The findings from the primary research are presented in the context of financial behaviours observed among SASSA recipients at a national level. Anchoring primary research findings against a nationally representative survey helped to overcome sampling bias that is usually linked to the use of small samples in FGDs and mini-surveys.

iv. Gap analysis

The gap analysis involved the identification and assessment of FE programme content and touchpoints that can be leveraged to deliver financial education, taking into account insights from the supply-side and financial capability assessment. The study explored the various channels/touchpoints for reaching SASSA grant recipients, based on their access to various media and communication devices. The study drew out a media plan that sought to deliver tailored content through appropriate channels, based on the distinct market segments identified among SASSA recipients. This approach was based on the Socio-Economic Measure (SEM) methodology that is widely used in media broadcasting.

3. Definitions

To develop an elaborate strategy for FE aimed at grant recipients, it is important to define the key concepts that underpin the strategy. The study provides definitions for FE and financial capability to outline the focus areas of the strategy.

i. Financial education

Financial education is defined as: '...the process by which consumers/investors improve their understanding of financial products, concepts, and risks, and through information, instruction, and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, know where to go for help, and take other effective actions to improve their financial well-being.'[2]

2 (OECD (2005), INFE

The OECD outlines that FE can take place at different moments and throughout several different interactions. They add that FE is most effective when it is not a ‘once-off’ initiative, but rather when messages are reinforced through different communication channels and throughout an individual’s lifetime. The main forms of FE can be:

- General awareness-raising campaign via websites, flyers, theatres, TV adverts, or radio-spots;
- Group training on FE focusing on knowledge and skills;
- Individual coaching sessions focusing on behaviours and attitudes;
- Peer-learning in the appropriate context, such as savings groups and stokvels that also provide the opportunity for habit-forming, and regularly repeated behaviour through their frequent meetings.

ii. Financial capability

Financial capability describes ‘the capacity to effectively manage financial resources over the life-cycle and engage constructively with financial products and services.’[3]

Financial capability is also defined as: ‘The ability of an individual to act with confidence in making the optimal choices in the management of his/her money matters.’[4]

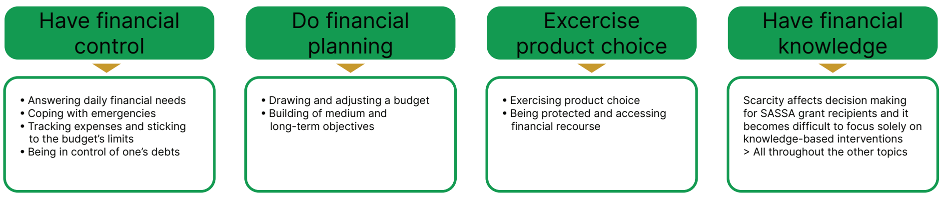
Financial capability depicts a complex notion between multiple layers that comprehend awareness, attitudes, confidence, knowledge, skills, and behaviours related to how people deal with and manage their money and financial issues.

The National Consumer Financial Education Strategy, developed in 2013, focuses on four main objectives for South Africans to be able to manage their finances well:

- Have financial knowledge;
- Do financial planning;
- Have financial control;
- Exercise product choice.

However, SASSA grant recipients specifically struggle with a structural lack of income that affects their decision-making. Hence, some of these objectives had to be further unpacked. The eight more detailed layers of financial capability were used in the scope of this assessment to analyse the financial capability needs of SASSA grant recipients.

Figure 2: Financial Capability Framework



3 FSA (2005), World Bank

4 Adapted from Financial Literacy Scoping and Strategy Study, FinMark Trust. (2014). Piprek, G.L., Coetzee, G., Dlamini, P.

2. Introduction and Country Context

Social grants and financial capability environment in South Africa

South Africa has one of the largest social welfare transfer systems among the developing countries. In 2017/18, R151.6 billion was allocated towards social grants. According to the National Treasury's 2019 Budget Review report, this spending rose to R162 billion in 2018/19, and will rise to R202 billion in 2020/21. In March 2019, over 17.8 million grants were distributed to South African citizens, about 30% of the population. The number of grants disbursed to beneficiaries is expected to rise to 18.6 million in 2020. The grant system in South Africa plays an important redistributive role, particularly because South Africa is a country with one of the highest rates of income inequality.

The most commonly distributed grants are for child support and foster care (55%), followed by old-age grants (35%). The remainder of the grants are made up of the care dependency, grant in aid, and war veterans' grants, which make up a smaller portion of the overall number.

Table 1: SASSA Recipient Profiles

Grant type	Main requirements to be able to receive the grant	Breakdown
Child Support	The primary caregiver must be a South African citizen, permanent resident or refugee. The applicant must be the primary caregiver of the child/children concerned. The child/children must be born after 31 December 1993.	6.1 million recipients, 55% of all SASSA grant recipients
Foster Care	The foster parent must be a South African citizen, permanent resident or refugee. Child must remain in the care of the foster parent(s). The child must have been placed in the legal foster care of the parents. Recipient cannot apply for more than six non-biological children. Recipient may not earn more than R48 000 a year (R4 000 a month) if single. If married, the combined income should not be above R96 000 a year (R8 000 a month).	

Care Dependency	The applicant must be a South African citizen, permanent resident or refugee. Child must be under the age of 18 years. The care-dependent child/children must not be permanently cared for in a state institution.	0.6 million recipients, 5% of all SASSA grant recipients
Disability	The applicant must be a South African citizen, permanent resident or refugee. The applicant must be 18 to 59 years of age. The applicant must submit a medical/ assessment report confirming permanent, severe disability. The applicant must not receive another social grant in respect of him/ herself.	
Grant in Aid	The applicant must receive a grant for older persons, disability grant or a war veteran's grant, and require full-time attendance by another person. Owing to his/her physical or mental disabilities.	(included in other grants)
Old Age	The applicant must be a South African citizen, permanent resident or refugee. Must be 60 years or older. The applicant must not receive another social grant for him/herself.	3.8 million recipients, 35% of all SASSA grant recipients
War Veterans	The applicant must be a South African citizen, permanent resident or refugee. The applicant must be 60 years or over or must be disabled. The applicant must have fought in the World War II or the Korean War.	0.06 million recipients, 0.5% of all SASSA grant recipients

Source: SASSA

The rising level of unemployment in South Africa (29 %+) remains a major issue, plaguing mostly the young population. During the 2019 Budget Speech, the Finance Minister announced that in the year to follow, South Africa was to spend R243 billion more than the country earns. South Africa remains a significantly indebted country. As a consequence, long-term solutions have to be implemented by the government in its efforts to be more financially stable, while at the same time trying to alleviate poverty and growing inequalities in an already socially stratified and challenged country.

The need for capacity building of SASSA social grants recipients

The implementation of the SASSA MasterCard system through Cash Paymaster Services (CPS) redefined how the grant system operated, resulting in a massive spike in the number of vulnerable South Africans holding a bank account. However, holding a bank account did not necessarily result in the financial inclusion of these grant recipients, as the accounts were merely used as a monthly cash-in-cash-out channel, and this raised consumer protection issues. Social grant recipients became heavily exposed to unscrupulous lenders. Cases of social grant recipients paying for several funeral policies without being aware of this were reported. This put a spotlight on the need for FE and consumer protection initiatives. Despite the termination of the CPS contract in September 2018 and SASSA appointing the Post Office to handle grant disbursements on its behalf, challenges related to exploitation of grant recipients due to their low financial capability remain. To promote financial well-being, particularly of those who are more vulnerable, sound financial inclusion should go hand-in-hand with sound financial capability initiatives that can efficiently impact beneficiaries. The improvement of grant recipients' financial capability will lead to their greater financial wellbeing which, in turn, will improve the livelihoods of many South Africans. When empowered to be more in control of their finances, vulnerable South Africans might turn towards creating more income-generating activities, while reducing their dependency on the social grants. Some 300,000 beneficiaries rely on cash payment for their grants. This financial behaviour can be explained by a variety of reasons, including physical and socio-cultural barriers.

Financial capability is an enabler of household's and people's financial wellbeing, and contributes to deepening financial usage. Therefore, the improvement of grant recipients' financial capability is a driver of financial wellbeing that will improve the livelihoods of these South Africans. Finding a balance between supporting the poorest and most vulnerable segments of the nation and sustaining a sound economic budget for the nation as a whole, is a critical challenge for South Africa in which the financial capability of grant recipients plays a significant role. Similarly, aiming to develop an inclusive and developmental economy can contribute to a better balance of the economic distribution in the country.

Overall, financial capability for grant recipients in South Africa is necessary to:

- Increase grant recipients' household and personal ability to achieve their medium- and long-term financial goals;
- Increase their households' and personal overall welfare;
- Enable grant recipients to build on their increased resilience;
- Support the most vulnerable segments to be able to cope with hardships, and avoid falling into food insecurity or deep and sustained misery;
- Improve the financial sector's ability to cater for the needs of low-income segments of the market;
- Foster South Africa's economic growth;
- Ensure that the nation's budget can become more sustainable and ensure that public expenditures are affordable for the nation, thus reducing the debt burden on the economy.

The impact of financial capability or the lack thereof is global and concerns all levels of a country's economy. However, its potential is not realised in isolation from a myriad of other factors that are required to be in play for an impactful outcome. All societies and contexts possess a range of conditions that either enhance or inhibit the potential for citizens to take advantage of such facilities. South Africa's society has some of the most severe structural and social impediments standing in the way of any positive impact and change for the poor, especially women and youth.

The impact of work on financial capability will be enhanced if it used to help build systemic changes, alongside sustainable economic pathways for grant recipients to be able to work their way out of poverty. Promoting links and integration within sustainable livelihoods programmes (for example, savings and enterprise initiatives) is likely to secure better long-term results.

3. Situation and Key Stakeholders' Analysis

Financial education in the context of grant recipients straddles the interests not only of civil society but also of several public sector agencies and society in general. Promoting financial capability of SASSA grant recipients is, in essence, a public service with different stakeholders having a possible active role to play. These entities and their existing and potential expanded roles are discussed below.

The Department of Social Development (DSD) is the government department responsible for providing social development, protection, and welfare services to the public. The DSD has an oversight role over SASSA, a national agency of the government created in April 2005 to distribute social grants. The key functions of SASSA are the administration and payment of social grants. This includes the processing of applications; verification and approval of applications; disbursement and payment of grants to eligible beneficiaries; quality assurance; and fraud prevention and detection.

Although neither the DSD nor SASSA, and by extension the Post Office, have the mandate to provide FE or to ensure that the beneficiaries have a minimum level of financial capability to make informed and responsible financial decisions, they all have the obligation to ensure that grant beneficiaries can access their grants cost-effectively and are able to utilise the funds for the sustenance of their household. For this reason, they are involved at varying degrees in the development, delivery, and promotion of FE programmes for grant beneficiaries.

The National Treasury (NT) plays an active role in the promotion of consumers' financial education. Its involvement is premised on the fact that there is a close link between a financially literate population and financial regulation under the umbrella of consumer protection and market conduct. FE cannot be relied on to take the place of consumer protection and market conduct financial regulation. Neither can one have such regulation in the absence of financial education. Financially literate consumers are in a better position to make effective financial decisions.

In 2011, NT released a policy document entitled A safer financial sector to serve South Africa better. It set the stage for an increased focus on consumer protection and the policy decision that South Africa should move towards a 'Twin Peaks' model of financial regulation. The Twin Peaks model led the separation of prudential regulation of financial institutions, locating it within the South African Reserve Bank. The responsibility for market conduct regulation and consumer protection was at the same time located within the restructured FSB as the FSCA that came into being in March 2018.

The Financial Sector Regulation Act, 2017 (FSRA) mandates the FSCA to be the driving force behind financial inclusion. It is within this context that consumer FE became a vital part of the consumer protection policy landscape. The Act also widened the scope of the FSCA's regulatory powers to include oversight over retail banks and credit providers. The objectives of the FSCA are to enhance the efficiency and integrity of financial markets; promote fair customer treatment by financial institutions; provide FE and promote financial literacy; and assist in maintaining financial stability. So the FSCA is expected to become a strong, dedicated market conduct supervisor (essential to an effective Twin Peaks system of financial sector regulation). At the same time, the integration of FE into the FSCA's regulatory function has been essential in building consumers' trust in the financial sector, to empower them to make better informed financial decisions. The FSCA's mandate for consumer education has been enhanced by the inclusion in the FSR Act of its ability to establish standards for consumer FE conduct.

One of the outcomes of the formation of the FSCA is the move towards promoting enhanced coordination of FE aimed at consumers by implementing a coordinated National Consumer Financial Education Strategy under the guidance of the NT. Currently, although many entities in South Africa are engaged in FE, the effectiveness, sustainability, and impact of these programmes are undermined by a low level of coordination.

The National Consumer Financial Education Committee (NCFEC), which is chaired by NT and has its secretariat at the FSCA, is aimed at redressing this. Members of the committee include representatives from trade unions, civil society, financial sector industry associations, the ombudsman schemes, financial self-regulatory organisations, government departments, and NGOs. The NCFEC's mandate is to develop the National Consumer Financial Education Strategy, to oversee its implementation and monitor performance, and to review the same on an annual basis.

To further understand grant recipients' financial capability, it is critical to assess whether the South African financial inclusion landscape can be considered sound. It is also important to assess whether there are any challenges in the marketplace; for example, a culture of non-repayment, pockets of over-indebtedness, or specific issues pertaining to access and use of financial services and products. Financial inclusion is not perceived as an end in itself, but rather as a means to achieve financial wellbeing when coupled with financial capability. Scams and unlawful banking and financing practices targeting SASSA grant recipients, as well as available financial recourse mechanisms, are also taken into consideration.

4. Status of Financial Education Provision

The promotion of FE in South Africa is championed by a broad spectrum of stakeholders. These are drawn from the public and the private sectors and NGOs. These stakeholders agree that there is a need for FE in the marketplace and also that FE is a public good. As seen previously, the South African Constitution also recognises the importance of protecting citizens and educating them about their rights.

From a public sector perspective, policymakers are concerned with identifying ways of enabling and enhancing the essential life skills of any individual in South Africa. For this reason, the FSCA, in its application of the FSC, has an objective of promoting basic FE to as wide an audience as possible and provides guidelines on how FSPs can deliver consumer FE.

From the private sector perspective for FSPs, FE is necessary to enable current or potential clients to make the appropriate product choices and to articulate their product needs. Appropriate financial product decisions can reduce the risk for financial (and retail) institutions. The propensity for high default rates and premature financial product 'drop-outs' may be reduced through effective FE. Therefore, FSPs and their respective industry associations generally view FE as contributing to reducing (their own) risk, while also benefiting current and prospective clients. Their educational objectives can be viewed as being part altruistic (client protection), part self-protection (risk-reducing), and partly driven by expansionary goals. The degree to which these goals apply can vary from one FSP to another. FSC guidelines on FE are, therefore, intended to prevent FSPs from promoting their own interests over those of the consumer.

The third stakeholder involved in the delivery of financial education, NGOs, tends to focus on specific target groups (vulnerable communities such as, the elderly, women's groups, and highly-indebted individuals). Their FE initiatives are, therefore, tailor-made for specific audiences. The work of NGOs in this context is of specific interest and relevance to this assessment as SASSA grant recipients fit the profile of vulnerable groups that NGOs tend to work with and target in their FE programmes.

Assessment framework

In conducting the assessment of the existing FE, the term 'provider' was used quite loosely to refer not only to entities that deliver the FE programme. It also includes funders and those that might only be involved in a specific component of a programme.

Keeping this context in mind, providers of FE programmes fall into the following broad categories:

- The government;
- The financial service providers (including both the FSPs and their representative industry associations);
- Financial education service providers;
- NGOs.

A broad range of FE programme providers were consulted to provide insight into the varied nature of the FE programmes. The sample was neither random nor inclusive but did provide comprehensive insight into the types of programmes and strategies, and enabled an in-depth analysis of selected programmes. Most major programmes were identified through an iterative process involving desk research, consultation, and referral. The logical framework below was applied in assessing the FE programmes:

1. Provider of the programme: Funder or implementer? Institutional motivation and goals of the FE programme.
2. Programme purpose: Programme rationale and objectives.
3. Programme content and target audience: An overview of the curriculum.
4. Impact assessment: The effectiveness of the programme against its objectives.
5. Scale and outreach: Channels used and number of beneficiaries reached.
6. Relevance/significance for SASSA grant recipients: Are SASSA grant recipients or similar profiles currently reached? Can they be reached? Is the content appropriate for SASSA grant recipients?

The following sections provide key findings of the existing FE programmes.

Government

The FE programme spearheaded by government departments and agencies such as FSCA and DSD tended to be broad-based. Their content did not relate to a specific sector, institution type or product class, but was rather focused on basic financial literacy concepts such as, the concept of money, budgeting, and savings. The content also tended to have a broader mass market target.

The government departmental programmes also tended to have a national focus, cutting across the industry, i.e. they were not specific to banking or insurance. However, despite this intention, all the national programmes assessed had very limited coverage in terms of the number of beneficiaries reached. This was primarily due to limited financial capacity and resources to reach the mass market. As a result of this resource constraint, in almost all cases, recent government department-driven programmes were being rolled out through strategic partnerships that leverage other resources.

With respect to content development, other than financial resources, the government departments also possessed limited technical know-how needed to develop FE programmes in-house. In most cases, the development of content was outsourced to subject matter expert service providers.

The Financial Sector Conduct Authority (FSCA)

Youth development campaign: The project that emanates from the partnership with the Department of Public Works provides financial literacy to participants of the Expanded Public Works Programme (EPWP).

Financial literacy schools speech competition. The FSCA plans to continue to coordinate national FE projects, such as the speech competition.

Money smart week: This is a campaign that is carried out by the NT in conjunction with the FSCA, the NCFEC, and the Financial Services Consumer Education Foundation (FSCEF). The initiative has packaged various FE initiatives offered by the public and private sector into a series of organised events aimed at making participants aware of their rights as consumers of financial products and services.

The FSCA website also provides consumers with access to information on their rights. It produces material on FE for general distribution. It encourages consumers to make enquiries and exercise their rights by raising complaints.

Financial sector

The assessment found that the involvement of the financial sector in FE in South Africa is complex, not only because of the different types of FSPs and industry associations but also because of the vast differences in product categories, target clientele, and size of institutions. While many (but not all) of the FSPs and industry associations have some form of programme labelled as FE, the character and scale of their programmes varies significantly. Despite the broad variation, the assessment revealed some patterns in terms of the types of FE provided by specific categories of financial institutions[5].

1. Sector-level associations and support organisations

The leading industry associations responsible for banking, microfinance, insurance, and long-term savings and investment were all surveyed.

i. Banking Association of South Africa (BASA)

The Banking Association South Africa (BASA) is a voluntary industry association for registered banks in South Africa. All 36 registered banks (national and international) are members of BASA. Its mandate is to provide a platform for banks to engage in profitable, responsive, responsible, inclusive, and sustainable banking. FE falls under BASA's financial inclusion division. Although BASA predominantly plays a facilitating role, the association has become an implementer in the area of FE.

Key programmes: BASA's FE programmes date back to July 2008, when the association introduced the Teach Children to Save South Africa (TCTS SA™) initiative, which is linked to Mandela Day. It targeted 90 schools through the 2008 pilot but reached over 200 schools. TCTS SA™ (now rebranded StarSaver™) seeks to inculcate a culture of saving among the youth and promotes volunteerism within the sector. Following its success, BASA turned the initiative into an annual programme, which is implemented through member banks and financial institutions, each of which has a national coordinator in charge of implementing the programme's activities. These activities are funded through the FSC-prescribed 0.4% Net Profit After Tax (NPAT) spend on financial education activities.

- **StarSaver™** is implemented in partnership with the National Department of Basic Education and the Provincial Departments of Education. The programme has been integrated into the Economic Management Sciences (EMS) curriculum and contains structured lesson plans. These teaching aids are downloadable from the BASA website for use by volunteer bankers and financial practitioners, as well as teachers, through 2-hour sessions with EMS learners. The learners' regular teachers continue building on the sessions after the volunteers have made their contributions. StarSaver™ had an Islamic chapter introduced in July 2009 to cater to the needs of learners in Muslim schools. In October 2009, the SADC Banking Association endorsed the then TCTS SA™, now StarSaver™, programme with in-country programme execution. In the 10 years of its implementation, the StarSaver™ programme has reached over 1.5 million learners nationwide through the combined participation of 23 banks and 43 financial institutions. The programme works with Ambassadors and Endorsing Voices, which positions the StarSaver™ programme as aspirational for young people. In March 2015, the Banking Association SA introduced the first ever financial literacy – FinLit Spelling Bee, a financial terminology competition for Grades 7 to 9. Visit www.starsaver.co.za.

Financial education delivery channels: BASA uses several delivery channels for rolling out its FE initiatives. These include classroom-based activities, the involvement of celebrity ambassadors, EduCamp, a financial literacy spelling bee, a website, social media, board games, industrial theatre, cinema, and storytelling. It also uses children's social and FE clubs that utilise the child-centred methodology.

5 Summary of FE programmes for banks and insurance companies that participated in the study may be made available upon written request to FinMark Trust. See annexure 3 for list.

Target beneficiaries: BASA's FE initiatives primarily target in-school learners. Other secondary target groups include teachers, volunteers, parents, and university/college students.

ii. Association for Savings and Investment South Africa (ASISA)

The Association for Savings and Investment South Africa (ASISA) was established in 2008 by members of the Association of Collective Investments (ACI), the Investment Management Association of South Africa (IMASA), the Linked Investment Service Providers Association (LISPA) and the Life Offices' Association (LOA). These associations were disbanded, and their staff, assets, and activities were transferred to ASISA. ASISA represents the savings and investment industry on the Consumer Financial Education Committee. The association has 120 member companies. Its FE activities aim to: (i) empower consumers of financial services to assess whether financial products are appropriate to suit their circumstances, (ii) identify predatory lending practices, (iii) promote a culture of savings, and (iv) familiarise consumers with recourse mechanisms. The association aligns its work with the Financial Sector Code, NT regulations, and the FSCA. In 2012, ASISA launched the Foster the Future Foundation, which is funded by member contributions. The Foundation seeks to pool resources from the investment industry so that the members can collectively address consumers' financial educational needs in the country.

Key financial education programme and delivery channels: The foundation's first project was the 'Saver Waya-Waya (to save all the time) project, which was implemented in Hammanskraal (Gauteng Province). The project was delivered through workshops, industrial theatre, and community radio sessions. It reached 7,506 community members through 161 workshops and 28 industrial theatre sessions.

iii. The South African Insurance Association (SAIA)

The SAIA represents the interests of the short-term insurance industry. SAIA, which has 58 members, has been implementing financial literacy initiatives since 2005. All members of the short-term insurance industry make a compulsory fund contribution towards improving the delivery of FE to South Africans through SAIA. The funds are channelled to support financial literacy projects, which are implemented by SAIA on behalf of its members. Through pooling resources, SAIA reaches hundreds of thousands of people, educating them about the importance of financial instruments such as insurance, banking, and funeral cover. The pooled funds are managed by the SAIA Consumer Education Committee and are channelled towards educating high school learners as well as poor South Africans living in impoverished regions, about financial literacy. Funds are used to upskill Maths literacy, and are also used to pay Accounting teachers needed to assist them in developing curriculum-linked programmes. The programmes target learners in Grades 9, 10, and 11, educating them in subjects such as Maths literacy, Accounting, and financial literacy. Other beneficiaries of this initiative include communities dispersed throughout the country. These people are reached through educational dramas broadcast on five community radio stations in five official languages. This programme will be increased until the information is available in all 11 official languages.

Key programmes: iCount is a teacher development project, which uses a step-by-step accounting resource to teach young learners how to improve their financial skills and change their attitudes and behaviour in managing finances. It focuses on the Accounting subject for Grades 10, 11, and 12. Managing Your Money is a Mathematics literacy resource for teachers, which is implemented in partnership with the FSB/FSCA. The Mathematics literacy materials are aligned with the Curriculum Assessment Policy Statement (CAPS). The radio project was implemented by SAIA in partnership with the FSB/FSCA. It aims to familiarise listeners with financial skills topics such as, budgeting, saving, and short-term insurance products. The programme is broadcast on several radio stations.

iv. South African Savings Institute (SASI)

SASI is an independent non-profit organisation dedicated to developing a robust culture of saving in South Africa. It fosters a culture of savings through initiatives that raise levels of awareness, cause debate, and develop a savings outlook that will influence decision-making by public and private sector institutions and consumers. SASI's financial literacy initiatives have been focused on conducting presentations and workshops to employee groups on debt management, dealing with garnishee orders, the importance of savings, and different savings instruments. The workshops are often undertaken in collaboration with the FSPs.

v. The Banking Sector Training Authority (BankSETA)

The BankSETA is a statutory body established by the Minister of Labour to support and grow the level of current and future skills as required in the banking sector. Its mandate entails engaging with stakeholders in the inclusive banking sector (such as micro-lenders, micro-enterprise lenders, and housing finance providers) to identify priorities for skills development and to develop appropriate skills offerings to address these needs. The BankSETA assesses skills development priorities in partnership with employers in the sector through an annual process. Its mandate is national and its consumer FE activities are limited mainly to credit. The BankSETA works together with BASA and the credit providers association to update its consumer credit materials to ensure that they focus on the whole credit cycle.

Delivery Channels: The BankSETA contracts service providers to deliver face-to-face training sessions on its behalf. Once the credit-focused consumer education materials have been updated, they will be disseminated by NCR's stakeholders through a variety of channels, including social media, websites, TV, banners, emails, and pamphlets. The BankSETA is also planning to launch a face-to-face training window, geared towards training those people who are not yet consumers of financial services. This window is expected to be rural-focused and may include training of workers from community-based organisations. The BankSETA will supply the materials and fund their delivery. Rural-based activities will mainly target financial cooperatives. Further Education and Training (FET) colleges will be included as well as community colleges (once they become active). The BankSETA generally prefers to make use of existing infrastructure and resources available on the ground, such as community centres, community leaders, and NGOs. The BankSETA budget for consumer education programmes consists of: (i) training for the general public (not for cooperatives), which represents less than R1 million annually and (ii) cooperative consumer education initiatives, which represent about R4 million, and are earmarked for a range of issues, including governance training for the board and loan management for staff and members.

Target beneficiaries: The BankSETA makes its training materials available to interested parties across the country. For cooperatives, the BankSETA's consumer education initiatives are focused not so much on employees of cooperatives, but rather on members of a cooperative. The BankSETA works in collaboration with the Cooperative Banks Development Agency (CBDA) and with the National Association for Cooperative Financial Institutions of South Africa (NACFISA) to avail the consumer credit training materials to financial cooperatives. Trainings take place during cooperative gathering sessions.

Relevance: The BankSETA is of the view that the area of impact assessment requires further development. It would like to explore practical and cost-effective ways of conducting impact assessments without infringing on the privacy of the beneficiaries. The BankSETA is interested in collaborating with partners to develop FE impact assessment tools and approaches.

Financial education training providers

1. Grounded Media

Grounded Media is a private training provider that started working on FE in 2006, initially with FNB, but now also with Standard Bank and Absa, and it is in discussions with Nedbank. The fact that Grounded Media is collaborating with all the mainstream banks speaks to the public good nature of FE and to the efficiencies that can be gained from collaboration. Grounded Media currently also delivers an FE programme (on long-term insurance) for the ASISA Foundation, with funding from Sanlam.

Grounded Media delivers FE programmes across eight provinces (except the Northern Cape) and to a wide spectrum of beneficiaries. The participants are sourced through different channels such as, from youth organisations, schools and colleges and, in some cases, through the Expanded Public Works (EPWs).

Delivery channels: Grounded Media has a network of trainers and facilitators present in all the provinces it works in. However, the delivery channel may at times be determined by the FSP that is commissioning the work. For example, the Standard Bank programme required that Grounded Media train local/community youth to become facilitators and community agents for its community banking programme.

The level of outreach differs depending on the design of each programme. The FNB programme, as an example, had 7,000 participants annually, while the ASISA Foundation/ Sanlam-funded programme reached 10,000 participants in 2019. Grounded Media also uses social media and USSD to increase its outreach and enhance its M&E processes.

Relevance: Grounded Media is working with a cross-section of providers in FE. Other than banks and insurance companies and their respective associations, it is also working with stokvels through NASASA. This presents an opportunity for enhanced collaboration with regard to both content and reach of FE programmes.

2. Avocado Vision

Avocado Vision is a private company that seeks to build and deliver training solutions that empower people and develop their insight to make better choices and live bigger lives. Its services for communities are geared towards both urban and rural communities countrywide. Avocado Vision’s FE training programme seeks to develop knowledge and skills in handling money and aims to create a savings culture. The training programme consists of five components:

1. managing my money;
2. saving my money;
3. credit;
4. providing for risks; and
5. planning to reach goals.

During the past five years, Avocado Vision has reached 189,471 people through its FE programmes.

Delivery Channels: Avocado’s financial literacy programmes are targeted at lower-income workers in corporate and government organisations. Financial education programmes are generally delivered in the local vernacular, using picture-based learning materials to address challenges related to low literacy and language barriers. The institution uses a variety of training delivery channels, which include simulated board games. The Drive Your Life course assists participants to design a road map for achieving their dreams.

Relevance: Similar to Grounded Media, Avocado Vision's programmes are funded or commissioned by the FSPs that are fulfilling the requirements of the FSC. They both collaborate with a wide spectrum of stakeholders. However, Avocado Vision's methodology has a strong emphasis on behaviour change and it, therefore, uses more interactive training methods, such as learning maps and delivery in a wide range of local languages, depending on the location and target audience.

2. Non-banks and NGOs

I. The South African Post Office

The South African Post Office (PO), and by extension the Postbank, is currently the single most significant institutional stakeholder for SASSA in the distribution of grants. The PO has a unique platform and channel for delivery of FE to grant recipients who get paid at cash pay points.

The Integrated Community Registration Outreach Programme (ICROP) for socially-excluded people in rural and semi-urban areas of South Africa, is an outreach programme that delivers social services through fully equipped mobile one-stop service units, or vehicles equipped with modern technology, facilities, and personnel. Its objective is to promote development, address poverty reduction, and social inclusion for isolated people. ICROP is used for grant payments in deep rural, rural, and semi-urban areas, which is where the most socially-excluded and isolated are found. This has proven to be the most effective platform and venue for the delivery of FE by the Post Office. During the ICROP events, different government service providers (Home Affairs, Police, Post Office, Postbank, SASSA) all have an opportunity to address the beneficiaries. For the Post Office and SASSA, this is the opportunity to deliver FE.

Street Theatre: Delivers 20 shows nationwide, focusing on SAPO, what is SASSA, what is Postbank, where to apply to get the card, what are the rules, how to access your funds, where to go in case of a dispute, and the use of the funds. Street Theatre involves SASSA, inviting grant recipients from a given community to go to a pay-point area, at which the PO would have set up a stage with performers or music being played. Street Theatre does not take place on a pay-day as the PO does not want to disturb the payment cycle but rather wants the beneficiaries to focus on the event.

The Post Office's assessment of main financial capacity and behaviour change needs: The key requirements for beneficiaries are considered to be information on how to stop living beyond their means, reducing reliance on mashonisas, education on legitimate FSPs, and access mechanisms for them to use these services. The proposed priority topics for the PO include:

- An accessibility platform for them to access funds;
- Security of the card;
- Avoiding scams/robberies at ATMs;
- How to prioritise spending.

According to PO, other considerations for an ideal FE programme include:

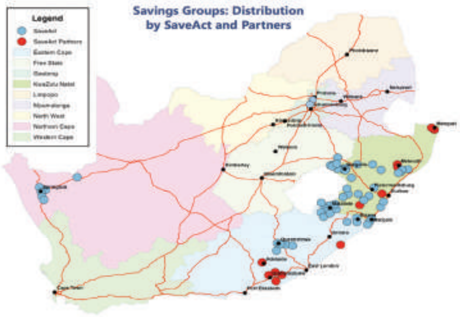
- Language – very critical to use the local/primary language of beneficiaries. For this reason, community radio stations make effective channels.
- Face-to-face, regardless of the location (shopping centre, SASSA office, community hall) this is the most effective and preferred channel – 90% will appreciate face-to-face. Only a recipients of them will benefit from radio spots. The profile of old-age grant recipients indicates that they especially need a trusted local person to interact with (local representative of the community). In terms of behaviour, adaptation to the different contexts of the provinces is required.
- Stokvels are considered a viable platform for the delivery of FE.

II. SaveAct

SaveAct was founded in 2005, in the KwaZulu-Natal Province of South Africa. It empowers poor and vulnerable groups through social and economic mobilisation to become drivers of positive change. Value Proposition: SaveAct builds on an existing savings culture, primarily training women in poor rural communities to form savings groups, become financially literate, and develop enterprise opportunities. SaveAct operates in seven provinces and implements its programme with partners and community-based trainers. In ten years, SaveAct, with support from its partners, has trained 90,000 members in well-functioning savings groups, to operate savings and lending activities, create emergency funds, and become financially literate.

Figure 3: Distribution of SaveAct's Savings Groups

- 4 800 groups, 98 000 members
- Mobilising: R450m pa (R4,487 per member)
- Sharing out capital once a year
- 91% women, 45% youth
- Average group size: 20 members
- 99% repayment rate on internal lending
- 80% of members receive SASSA grants



The Savings Model: Savings groups are trained and mentored in savings, lending, social fund management (for household emergencies), record keeping, adopting a constitution, and sharing out capital. Share-outs occur on an annual basis. A group follows a structured cycle towards independence. FE makes savings group members aware of the importance of managing their money, including household budgets. It equips them to anticipate and plan for bumps in expenditure, including unanticipated shocks. It emphasises the importance of saving and investing.

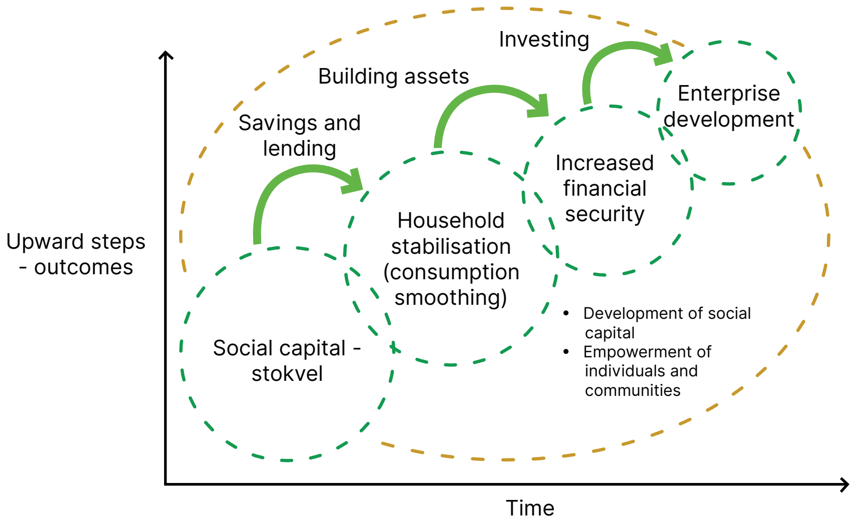
There are eight core modules:

- An introduction to household financial management;
- Managing debt;
- Planning and budgeting;
- Cash flow management;
- Planning for lifecycle events;
- Linking to banks;
- Awakening enterprise;
- Climate change awareness and mitigation.

The FE lays a foundation, alongside the financial services of the group, for members to enter into enterprise. The materials have recently been updated with the technical support of Positive Planet International (PPI), to speak more directly to women and youth, and adapting to climate change, taking cognisance of South Africa's sector education and training standards.

Relevance: SaveAct's FE is already targeted at the profile of SASSA grant recipients. 80% of its existing members are SASSA grant recipients. Membership of a savings group, in addition to the FE delivered, also provides access to relevant savings and credit facilities that fit the specific needs of the SASSA grant recipients' profiles. The embedding of FE into savings group formation provides for an efficient integration of activities, with FE being available at important teachable moments.

Figure 4: SaveAct Model



Relevance: SaveAct's FE is already targeted at the profile of SASSA grant recipients. 80% of its existing members are SASSA grant recipients. Membership of a savings group, in addition to the FE delivered, also provides access to relevant savings and credit facilities that fit the specific needs of the SASSA grant recipients' profiles. The embedding of FE into savings group formation provides for an efficient integration of activities, with FE being available at important teachable moments.

Summary of key findings from supply-side assessment

While most FSP education programmes are a result of the need to comply with the requirements of the FSC, a few organisations have comprehensive FE programmes that go beyond compliance. Key observations from the assessment are summarised below:

- Few providers have programmes with national coverage.
- There is a blend of in-house and outsourced delivery through service providers.
- Different channels in use include classrooms/workshops, TV and radio, print media, and mobile (for follow-up and tracking).
- There is increased awareness from providers of the need to track not only knowledge transfer, but also behaviour change.
- A few established and reputable FE training providers are working with the various FSPs and industry associations. This presents the opportunity for collaboration and reduces inefficiencies through duplication of initiatives.
- There is strong interest in the opportunity to participate in FE targeting SASSA beneficiaries.
- Other than the specific programmes from the DSD and from SaveAct, no programme focuses specifically on SASSA grant recipients specifically. There is a visible gap in content of the existing programmes in the market.

5. Status of SASSA Grant Recipients' Financial Behaviours and Financial Capability

This section identifies the financial capability gaps among SASSA recipients. These will be addressed through the FE strategy. This section also identifies key segments that will inform the tailoring of interventions to specific target groups.

i. Profile of SASSA grant recipients

The profiles below are drawn from various sources, including SASSA reports and FinScope data. These are compared against the demand-side survey conducted with respondents. The demand-side results are then compared with FinScope data results to anchor the findings on a representative survey. The results from the demand-side survey in the relevant sections below are presented as frequencies.

Grant types

Table 2 below shows that the most commonly distributed grants are the child support grants (70%). The second-largest group is that for old-age pensioners (20%). While 6% are disability grants, smaller proportions go to grants in aid (1%), care dependency grants (1%), or foster care grants (2%).

Table 2: Types of grants by proportion

Grant Type	Number of grants	
	In numbers	%
Child Support	12 716 853	70%
Foster Care	423 233	2%
Care Dependency	154 737	1%
Disability	1 070 933	6%
Grant In Aid	262 002	1%
Old Age	3 635 261	20%
War Veterans	71	0%
TOTAL	18 263 090	

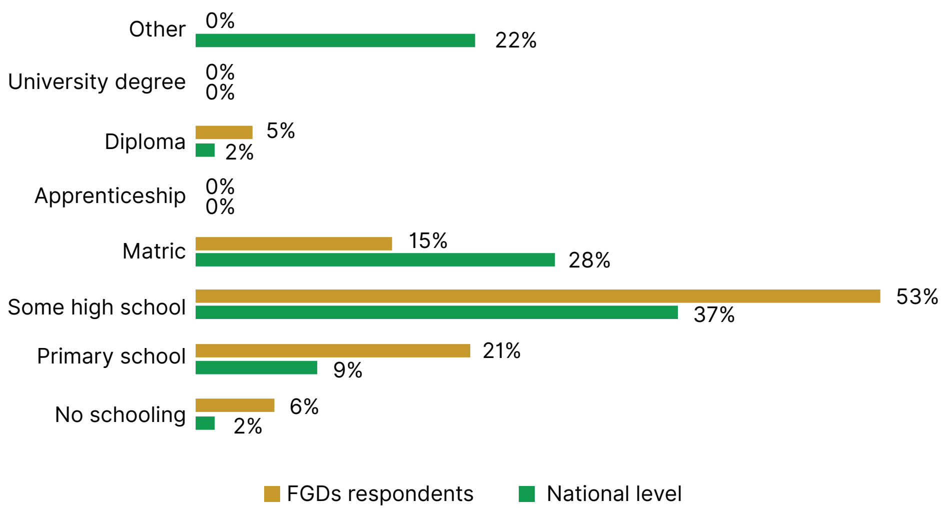
Source: SASSA reports, November 2019

Education

Figure 5 shows that SASSA grant recipients have some form of education, as only 2% of them declared that they had not been to school at all. Most of them (65%) have attended high school or even completed matric. This suggests that a large proportion of SASSA grant recipients can read, write, and do simple calculations. These skills are important in financial services usage, because they are applied when engaging with financial products. For example, in reading terms and conditions of banking products, or flyers on financial tips and advice, and filling in loan applications.

The results from the mini-survey were, to an extent, representative of the SASSA grant recipients. Most SASSA recipients (62 out of 66 interviewees or 94%) have some form of education, implying some level of literacy and numeracy. A small proportion has received tertiary education (3 out of the 66 interviewees or 4%), which mirrors the findings at a national level.

Figure 5: Education Level of Grant Recipients



Source: SASSA reports, November 2019

Income sources

In the FinScope 2018 findings presented in Table 3, the SASSA grant recipients who receive child support or foster child grants are combined into one group 'child support'. Around 58% of those receiving child support consider the grant as their main source of income. Beneficiaries who rely on a government old-age pension, a disability grant or war veteran grants rely mostly on the SASSA grants to sustain themselves (between 89% and 100% of them consider SASSA grants as their main source of income).

Table 3: Value of grants

Type of Grant	Value of grant at 1 October 2018**	Adult proportion getting the grant	Estimated population size	Proportion where grant is main source of income
Child Support	R410 per qualifying child	15.4%	6.1m	58%
Foster Child	R960 per child			
Government Old-Age Pension	R1 700 if age<75 R1 720 if age>75	9.6%	3.8m	93%
Government Disability/ Care Dependency	R1 700	1.5%	0.6m	89%
War Veteran	R1 720	0.1%	60 000	100%

Source: *FinScope 2018. *Note that we show child support and foster child grants as a single income category and refer throughout to this groups as 'child support'. Source: ** SASSA 'You and Your Grants'

Table 4 shows that SASSA grant recipients receiving an old-age pension, a disability grant or a war veteran grant were combined into one single category because the grant amounts were comparable. Recipients under these categories rely mostly on only their grant for their livelihood, compared with those who receive child support (or foster care) grants.

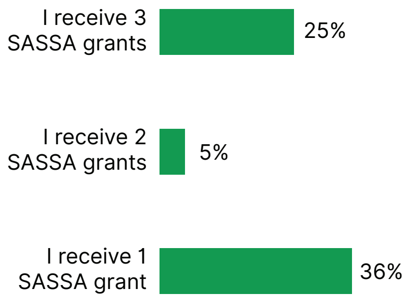
Table 4: Income sources

Main Income Source	39.7 million total adults	27.7% SASSA grant recipients	11 million SASSA recipient
	Proportion of adult population	Proportion of SASSA recipients	SASSA recipient's popn. Size
Child Support Grant	9%	33%	3.6 million
Money from Other Sources	22%	13%	1.4 million
Pension, Disability or Veteran Grant	12%	39%	4.2 million
Informal (piecework, hawking)	11%	5%	0.5 million
Formal	41%	10%	1.1 million

Source: *FinScope 2018

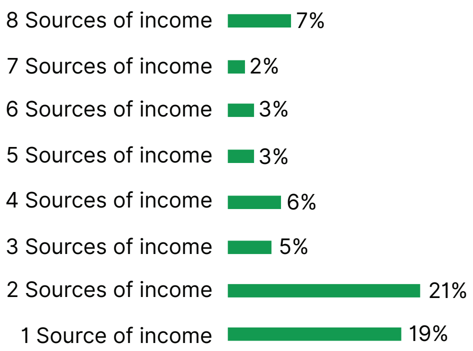
Information gathered during the demand-side research presented in Figures 6 and 7 shows that grants are the biggest source of income for most interviewed SASSA grant recipients (45). Most of the respondents receive only one SASSA grant, but had additional sources of income, suggesting that their source of income is diversified. This is a common coping mechanism for people in the low-income levels. The respondents who participated in the survey stated that they earn income from multiple sources, such as business (37), government support (28), remittances (22), and work-related activities (25).

Figure 6: Number of Grants Received



Source: FGDs

Figure 7: Number of Income Sources



Source: FGDs

Reminder of the amount of each SASSA grant type:

Table 5: Value of grant

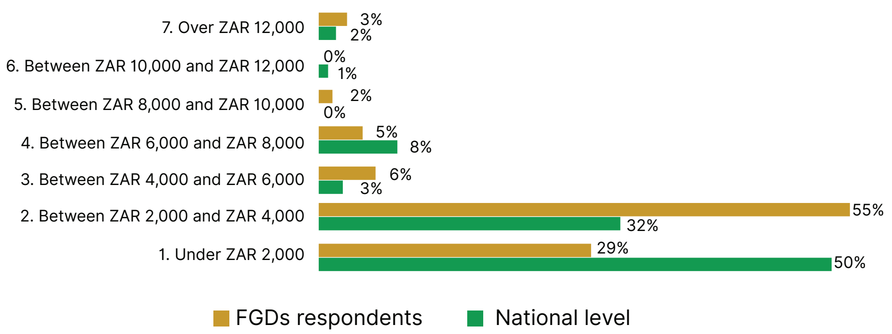
Grant Type	Value of grant per month
Care Dependency	R1 700
Child Support	R410
Foster Care	R960
Disability	R1 700
Grant in Aid	R410
Old Age	R1700/ R1720(>1720)
War Veterans	R1700/ R1720(>1720)

Source: SASSA, November 2019

Income levels among SASSA grant recipients

SASSA grant recipients fall into the poorer segments of the South African population, as shown in Figure 8. The FinScope results show that more than 86% of SASSA grant recipients have montly household earnings below R4 000 rands. This was also confirmed by findings from the mini-survey presented in Figure 8, which showed that of the 66 respondents who participated in the survey, 56 had household incomes below R4 000.

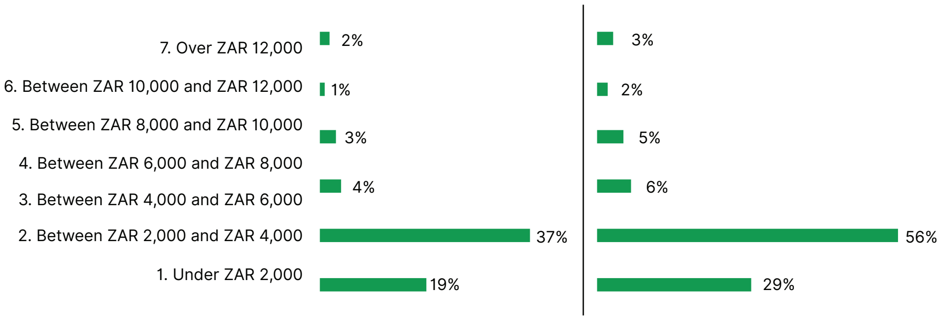
Figure 8: Income Levels



Source: FGDs. *FinScope 2019

Based on the demand-side research presented in Figure 9, most of the 66 interviewed SASSA grant recipients earn between R2 000 and R4 000 monthly for their household.

Figure 9: Household Income Level



Source: FGDs.

Socio-Economic Measures (SEMs)

The Publisher Research Council (PRC) and Broadcast Research Council of South Africa (BRCSA) use the SEM to depict living conditions of South Africans more accurately than the previously used living standard measures (LSMs). The SEMs range from 1 to 10. To allow for better planning and analysis needs, particularly in the media industry, the PRC defined five 'Supergroups'. The table below shows that most of the SASSA grant recipients (86% of the overall number of SASSA grant recipients earn less than R4 000 a month, based on FinScope 2019 data) fall into Supergroup 1.

These Supergroups can be defined as below[6]:

Table 6: SEM profiles

Supergroups[7]	SEM score	Average income	Employment	Average age	Education
Supergroup 1	1 to 15 SEM 1 - 2	R4 417	40%	33	Primary or less 14%, some high school 51%, matric 32%, university/post matric 2%
Supergroup 2	16 to 30 SEM 2 - 3	R5 988	47%	33	Primary or less 9%, some high school 42%, matric 44%, university/post matric 5%
Supergroup 3	31 to 65 SEM 4 - 7	R8 913	53%	35	Primary or less 5%, some high school 36%, matric 49%, university/post matric 10%
Supergroup 4	66 to 85 SEM 7 - 9	R19 593	63%	39	Primary or less 2%, some high school 46%, matric 46%, university/post matric 32%
Supergroup 5	86 to 100 SEM 9 - 10	R43 308	68%	43	Some high school 11%, matric 42%, university/post matric 47%

6 https://www.bizcommunity.com/Article/196/19/195896.html

7 PAMS 2019

Geographical locations

According to 2019 SASSA reports, SASSA grant recipients are scattered across the provincial regions of South Africa. The majority of the grant recipients reside in KwaZulu-Natal (above 20% of received grants). Significantly large proportions of SASSA grant recipients are from the Eastern Cape (16%), Gauteng (16%) and Limpopo (14%).

Table 7: Grant recipients by location

Prov	FGDs respondents*		Social grants in November 2019*		Beneficiaries in March 2019**	
	In numbers	In %	In numbers	In %	In numbers	In %
EC	13	20%	2 858 276	16%	1 682 122	15%
FS			1 039 034	6%	650 178	6%
GP	23	35%	2 778 664	15%	1 791 719	16%
KZN	30	45%	4 053 296	22%	2 363 953	21%
LP			2 581 460	14%	1 504 547	14%
MP			1 535 623	8%	903 259	8%
NW			1 271 408	7%	289 216	3%
NC			497 285	3%	769 127	7%
WC			1 648 044	9%	1 079 384	10%
Total	**66**	**100%**	**18 263 090**	**100%**	**11 033 505**	**100%**

Source: *SASSA, November 2019. **Annual report on social assistance, 1 April 2018-31 March 2019

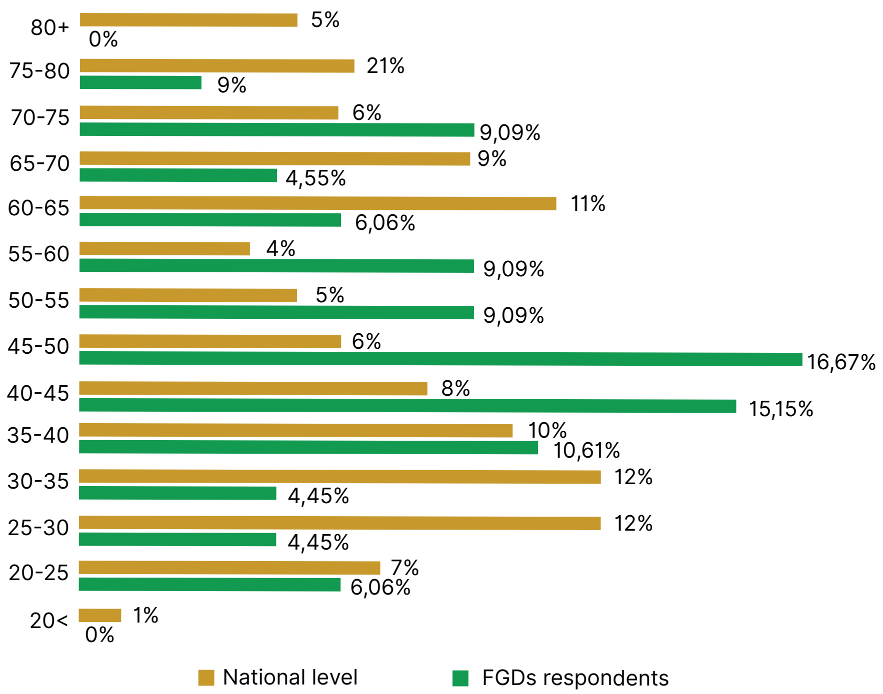
The results from the demand-side research focus on three of the four main areas in South Africa where SASSA grant recipients are located[8]: KZN, Gauteng, and Eastern Cape. Limpopo grant recipients have not been interviewed by design, because their living conditions could be considered close to those in KZN or Gauteng.

Age

According to SASSA (2019), SASSA grant recipients are composed of two main age groups: young people between 25 and 35, who account for 24% of the SASSA grant recipient population (2 871 544 people), and older people between 60 and 70, who account for 20% (2 379 822 people). However, Figure 10 shows that the demand-side research indicates a strong bias towards SASSA grant recipients between 40 and 50, and gathers only about 10% of respondents for the younger major group of recipients (25 - 35) and about 10% of the older major group of recipients (60 - 70).

8 The research initially aimed at interviewing SASSA grant recipients from the Northern Cape, but because of the COVID-19 crisis, those FDGs could not take place.

Figure 10: Grant recipients age groups



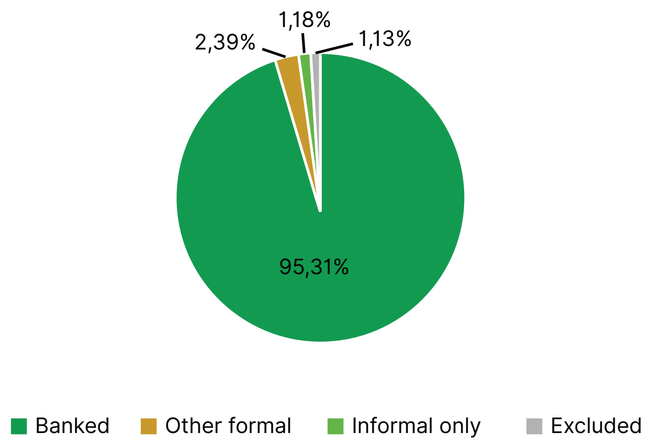
Source: SASSA, Annual report on social assistance, 1 April 2018-31 March

ii. Financial behaviours and levels of financial inclusion

While levels of financial inclusion are not necessarily indicative of the financial capability levels, they remain an important consideration in the development of a national FE strategy.

Access strand for SASSA grant recipients

Figure 11: Financial access strands

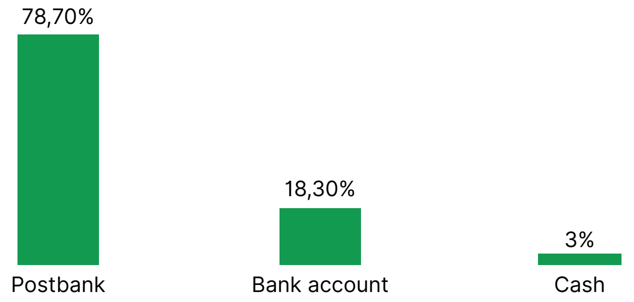


Source: FinScope 2018

The 2018 FinScope access strand shows that the vast majority of SASSA grant recipients receive their grant through a bank account (see Figure 11). This stems from the fact that all SASSA grant recipients have access to a bank account. Only 1.13% of SASSA grant recipients cash out their money at SASSA cash pay-points.

Grant disbursement channels

Figure 12: Grant Déboursement Channels



Source: FinScope 2019

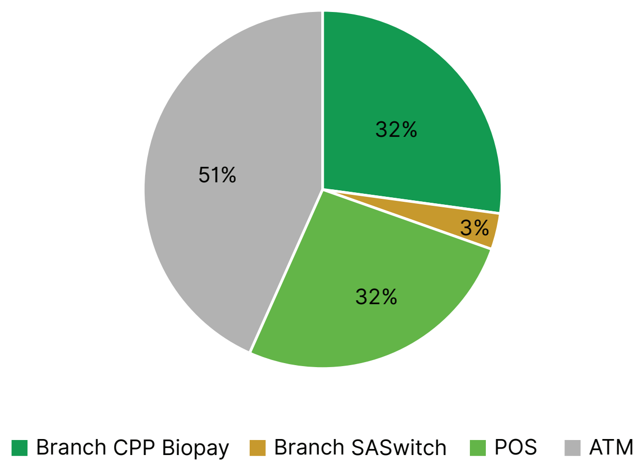
Figure 12 shows high levels of access to bank accounts among SASSA grant recipients. All SASSA grants are disbursed through banking channels. The 3% who stated that they receive their grants in cash represent those grants that are disbursed in cash at SASSA pay-points. When grants are paid through bank accounts, SASSA grant recipients are exposed to banking products. They can thus more easily acquire skills to be able to choose relevant financial products and services

These findings are confirmed by a SASSA (2019) report, which highlights that a majority of SASSA grant recipients are paid through Postbank and their SASSA card. They account for 71% (7 974 841) of all SASSA beneficiaries. Postbank also pays another 98 425 beneficiaries through an Mzanzi account. Mobile banking remains a secondary payment channel for most SASSA grant recipients.

Access to the SASSA funds

According to SASSA reports in November 2019, most beneficiaries (51%) go to an ATM or retail shops (32%) to access the funds they receive from SASSA – more than 84% of grant money is withdrawn through these channels on a monthly basis. Other recipients withdraw their grants at bank counters, the Post Office or other pay-points.

Figure 13: SASSA grants withdrawal channels

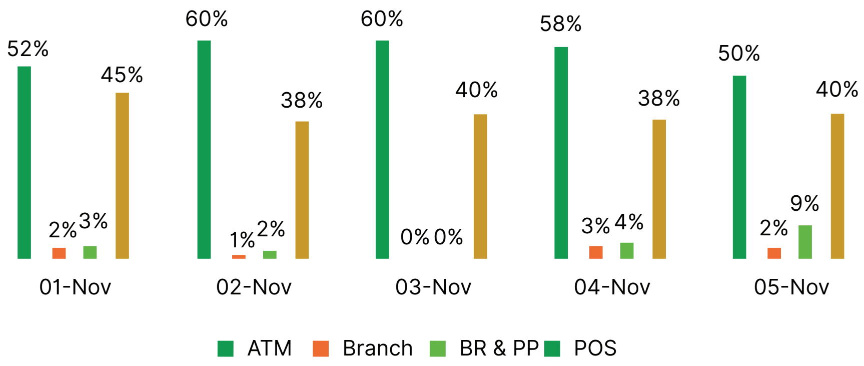


Source: SASSA, November 2019

The demand-side research was aligned with these national results. Most respondents from the mini-survey withdraw their money at ATMs (51), retail shops (32) or Post Office counters (29). Some SASSA grants are withdrawn at various pay-points or as direct bank deposits.

According to SASSA (2019), withdrawal patterns of SASSA grants suggest that every month, more than 85% of all grant money received by recipients is usually withdrawn within the first 5 days of the month. Most of the card transactions in November 2019 (the month of the field research) were made month via ATMs and Payment of Service (PoS) during the first days of the. These results show a strong cash inclination among SASSA grant recipients.

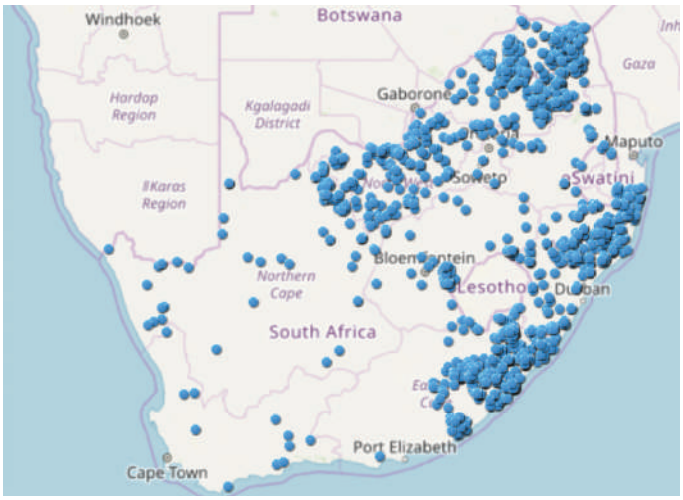
Figure 14: SASSA grants withdrawal patterns



Source: SASSA, November 2019

According to SASSA (2019), the realignment of pay-points is ongoing to ensure that SASSA grant recipients use fewer pay-points; thereby improving SASSA's efficiency. The national coverage will primarily be focused on the eastern parts of the country, in order to reflect the geographical spread of SASSA grant recipients: KZN, the eastern part of the Eastern Cape, Limpopo, and North West. With fewer pay-points, recipients may be incentivised to withdraw all their money at once to reduce the cost of accessing their grants.

Figure 15: SASSA grants pay-points



Banking services providers for SASSA grant recipients

According to SASSA reports in November 2019, 86.8% of SASSA grants' beneficiaries use the three following banks: Postbank, Grindrod, and Capitec.

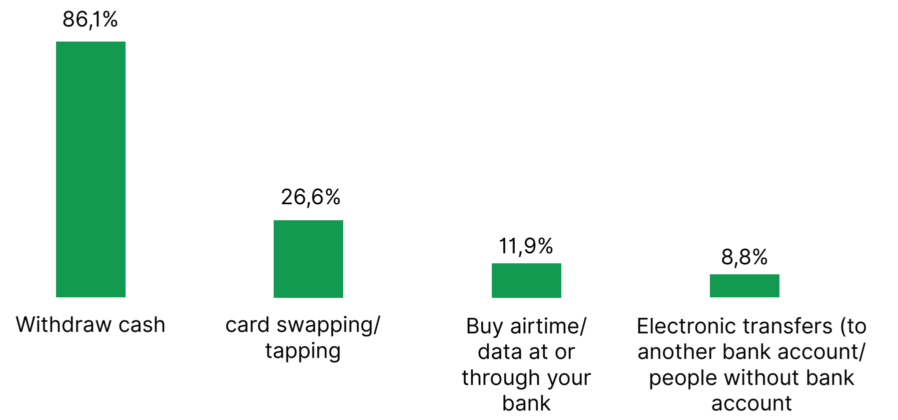
Table 8: Banks serving grant recipients

BANK	APRIL 2019	NOV 2019
ABSA BANK	298 526	295 892
AFRICAN BANK	16 085	15 778
ALBARAKA BANK	170	193
BANK WINDHOEK	137	
BIDVEST BANK	15 554	15 694
CAPITEC BANK	746 963	785 338
FINBOND / NET1		2 692
FINBOND MUTUAL	50 084	48 528
FIRSTRAND BANK	401 289	390 696
GRINDROD BANK	1 042 824	985 673
GROBANK LTD	15 883	16 101
HABIB OVERSEAS	3	3
HBZ BANK	11	12
INVESTEC BANK LTD	14	71
ITHALA	14 647	14 351
MERCANTILE BANK	264	278
NBS	53	2
NEDBANK INCORP BOE	13	12
NEDBANK LIMITED	345 678	340 146
NEDBANK NAMIBIA	34	
POSTBANK	7 822 611	8 073 266
Integrated Grant Payments System (IGPS)	7 718 221	7 974 841
MZANSI	104 390	98 425
SASFIN	1	1
STANDARD NAMIBIA	2	
STANDARD SA	251 846	248 456
STATE BANK OF INDIA	1	1
TYMEBANK	14	61
UNIBANK	2	1
Grand Total	**11 022 709**	**11 233 246**

Source: SASSA, November 2019

Bank usage

Figure 16: SASSA grants withdrawal channels



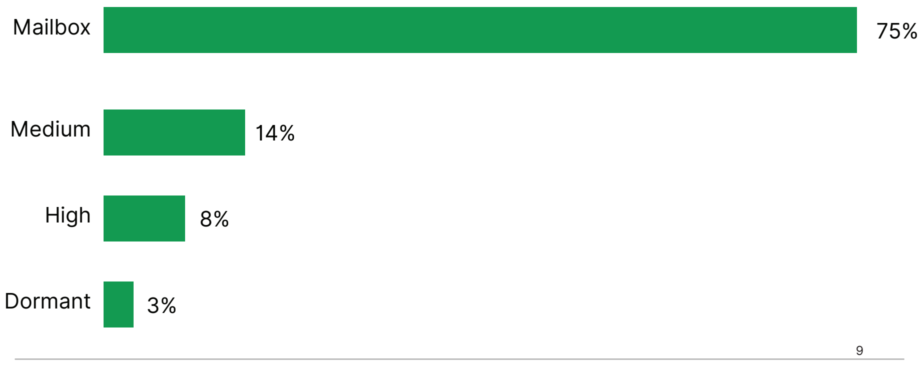
Source: FinScope 2019

Strong cash inclination for SASSA recipients. Figure 16 shows that there is a strong preference for cash, over digital channels, among SASSA grant recipients. Around 85% of grant recipients withdraw cash. Almost a quarter of SASSA of them use their cards to swipe at PoS devices. Small proportions of the SASSA recipients buy airtime (12%) or transfer money electronically using their accounts (5%).

The FinScope 2019 findings presented in Figure 17 also show that, despite high access to bank accounts by SASSA recipients, most of these accounts are used merely as mailboxes (75%). In addition, around 85% of grant recipients withdraw all their money in a single transaction and in the first days of the month, as previously shown by the SASSA findings, which indicated daily withdrawal patterns of SASSA grants after grant payments.

Bank usage among SASSA grant recipients

Figure 17: Bank usage patterns



Source: FinScope 2019

9 Dormant Mailbox - No transaction done in one month; Money withdrawn as soon as deposited; Medium - three or fewer transactions per month; High - more than three transactions per month.

Insights gathered from the FGDs suggest that SASSA grant recipients revert to cash for several reasons: They fear that the money will not stay in the bank account from one month to another (knowledge and perception issues),, and there is a perception that money in their accounts will be sent back to SASSA (i.e., they think not using all their money gives a picture that they do not need the grant).

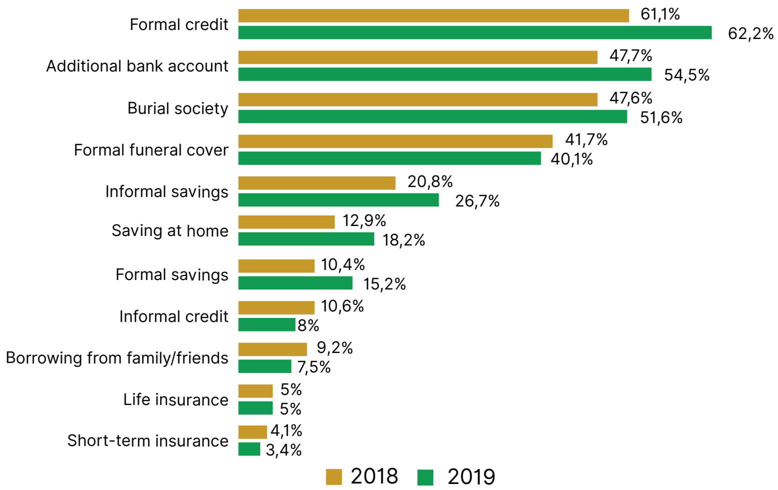
Additionally, SASSA due to transportation costs, logistics, and concerns over withdrawal fees, recipients cannot afford to travel to their banks to withdraw cash several times in the month. Here, mobile banking could be a relevant solution for SASSA grant recipients to avoid the opportunity costs of using bank withdrawal services. Such a response would require ensuring that transaction fees were affordable and addressing customers' fears linked to using bank accounts and mobile money for making payments. It is thus important to highlight that the focus groups discussion respondents' conduct showed that they have fears related to transacting with their cards. Older SASSA grant recipients also feel more comfortable with tangible bank accounts.

Uptake of other financial products by SASSA grant recipients

Uptake of other financial products by SASSA grant recipients

Figure 18 shows the FinScope 2018 and 2019 results on the uptake of different financial products by SASSA recipients:

Figure 18: Financial product uptake



Source: FinScope 2018 and 2019

Overall, the results show that SASSA grant recipients have access to a broad range of financial products. The two main insights from the trends on inclusion are:

1. Improving financial inclusion among SASSA recipients between 2018 and 2019. Overall, there has been a positive trend in uptake across most financial credit, except for informal credit, short-term insurance, and formal funeral cover. Trends in the use of formal cover show that at least 13% of SASSA grant recipients have more than one funeral cover product. This may be sign of over-insurance among grant recipients.
2. Increased levels of access to credit pose a risk of over-indebtedness. Using the 2019 results, the product market view shows that SASSA recipients are increasingly relying on formal credit (62%), as opposed to those who use savings (informal saving 27% and formal saving 15%). Most of the borrowers are borrowing to cover day-to-day expenses, such as food (42%), clothing (25%), transport (12%), and bills (11%). The increases in borrowing levels, coupled with low levels of savings, may result in over-indebtedness in future. Therefore, it is important to implement interventions aimed at cultivating a savings culture among the beneficiaries to foster their financial capability and financial health.

iii. Financial capability among SASSA grant recipients

The financial capability assessment, conducted in line with the National Consumer Financial Education Strategy of 2013, identified gaps in financial capability among SASSA grant recipients. These gaps will inform the interventions that will be recommended in the FE strategy. The outcome of the financial capability assessment is presented below:

Answering daily financial needs

Challenges in meeting day to day needs. Evidence from key informant interviews indicates that most of the SASSA grant recipients struggle to meet their daily financial needs. This is due to two main reasons: (i) low-income, or (ii) mismanagement of the available funds. The majority of the grant recipients who participated in the seven FGDs, indicated that they struggle to cover their daily needs. This was true for both the savings and the credit group (SCG) members and those who did not belong to any SCG or stokvels. However, this is more pronounced for those who were **not part of any Savings and Credit Group or any stokvels.**

Strong income effect on financial behaviour. Overall, evidence from primary research shows strong interlinkages between income and observed financial behaviours. Socio-economic profiling of SASSA grant recipients shows that most of the beneficiaries and their households earn between R2 000 and R4 000 a month, with an average household size of five. The key informants indicated that the income of most grant recipients is inadequate to cover living expenses. They also indicated that this is observable in how SASSA grant recipients manage their finances.

This income effect of financial behaviour usually manifests itself in a present bias called **scarcity.** This bias has a strong negative impact on financial decision-making[10]. An example is a case with payday loans, where borrowers tend to borrow at significantly higher interest rates than they would normally pay. This is because they face an urgent financial obligation that results in them disproportionately discounting the cost of borrowing in favour of immediate access to a financial product to address their needs[11]. Financial decision-making in conditions of scarcity is impaired, and consumers tend to value immediate gratification over benefits that would be derived in the future[12]. Scarcity also tends to limit individuals' planning horizon, which in turn impairs their financial capability.

Income effects vary by racial segments. Evidence from desk research (FSCA and OECD) shows that financial services usage differs by race. The FSCA and OECD highlight that Coloured and Black African groups are more likely to use informal credit systems when faced with a shortfall in income. This observation may be related to interracial economic inequalities.

SASSA grant recipients struggle with money management. The FGDs revealed challenges with financial discipline and money management. Most of the FGD participants had a good sense of the difference between needs and wants. However, across groups, financial discipline seems to be lacking. Most respondents acknowledged that they found themselves incurring unplanned expenses. In some cases, the respondents ended up spending on what they considered to be non-essential items such as junk food and beauty products, at the expense of necessities.

10 https://journals.sagepub.com/doi/full/10.1509/jppm.16.157

11 https://journals.sagepub.com/doi/full/10.1509/jppm.16.157

12 https://www.cgap.org/sites/default/files/publications/slidedeck/module5-updated.pdf

Coping mechanisms for respondents to avoid unplanned expenses, included going to pay-points instead of malls and shopping centres because the latter are the places that present temptations for unnecessary expenditure. As 'every penny counts for them' (KII), this is a positive indicator that beneficiaries are aware of existing triggers that can put them off-balance. Unplanned expenses can be detrimental to their financial lives. However, this is also concerning, as SASSA's strategy with regard to pay-points is to reduce rather than to increase them.

Urban youth are prone to unplanned expenses related to the purchase of status goods. The problem of unplanned expenses is more prevalent for specific segments of SASSA grant recipients, such as urban youth. Key informant interviews highlighted that urban youth exert a social status-oriented money belief: They tend to spend more on items that can promote their social status compared with that of their peers. As one interviewee mentioned, 'They have Nike sneakers but no food on the table' or 'They can go to bed hungry'. Urban youth are more geared towards spending on unnecessary items before spending on food, rent, or paying off their debts and bills.

Adverse financial conditions may result in a vulnerable female population. Demand-side research shows that female youth SASSA grant recipients seem to be vulnerable when it comes to coping with daily financial needs. Young female recipients of grants tend to be female household heads, either single or with husbands working remotely, who are single-handedly responsible for the expenses of the household and any children. They also sometimes have other dependents. They tend to have several sources of income, such as a small economic activity, selling items or seasonal jobs. They may also revert to negative coping mechanisms, such as the 'sugar daddy or blesser'[13] trend.

The results on catering for daily needs also revealed the following positive behaviours among SASSA grant recipients:

Older SASSA grant recipients demonstrate responsible financial behaviour. Key informants indicated that older SASSA grant recipients 'at least have food on the table' and prioritise their needs over their wants. They tend to buy more in bulk as soon as they receive their SASSA grants, having withdrawn it all at once. With the bulk-buying practice, they manage to plan their food on a short-term basis and to get by for a whole month.

Rural youth demonstrate better capacities to cater for day-to-day needs. The key informant interviews show that rural youth are better at controlling their spending than those from urban areas. They seem to be focusing on their household's needs first, as they have to contribute to the home, and personal needs would come after that. Anecdotal evidence shows that they are better at meeting daily financial needs.

Coping with emergencies and unforeseen circumstances

Heavy reliance on debt to meet unforeseen expenses. Most SASSA grant recipients rely on credit to cope with emergencies or unforeseen circumstances. The respondents highlighted that they often borrow from family and friends to meet unexpected financial obligations. Moneylenders (loan sharks) are usually the last option, mainly because their loans often attract high interest rates. The FGDs revealed that there is a limited contribution from their savings for emergencies. This was also supported by the FinScope findings, which showed that most grant recipients tend to use credit products rather than savings products.

The FSCA and OECD indicated that the 'Majority of adults have no substantive reserves that they would be able to draw upon in the face of an unanticipated loss of income. This is a problem that – perhaps unsurprisingly – primarily affects the poor'.

13 An older man who often has multiple girlfriends onto whom he lavishes gifts and money in exchange for sex and companionship

It is important to note that, based on the FGDs being able to cope with unforeseen events and building a financial cushion to meet unplanned expenses, is not one of the main drivers for savings for SASSA grant recipients. Exploring the different savings mechanisms and different reasons for saving, as well as bringing in insurance mechanisms could be useful for **all SASSA grant recipients.**

According to key informant interviews, members of savings groups that integrate FE sessions manage unplanned expenses better than members of these groups that do not offer such education. Along with the savings methodology and the social fund the groups put in place in case of emergencies, the groups explore solutions on how to save for risks such as death and disease, by means other than using credit (usually informal and even loan sharks).

Tracking expenses and sticking to a budget

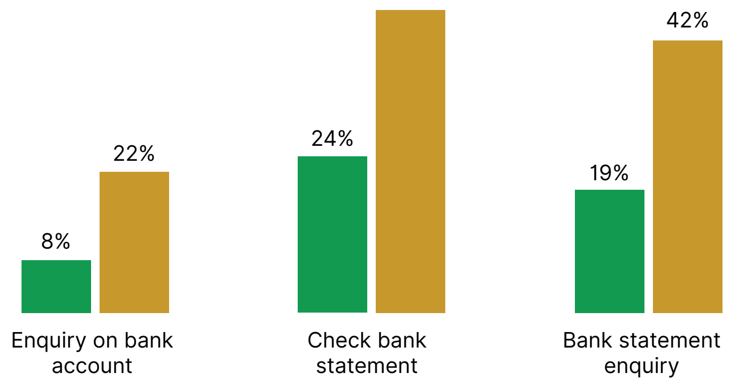
SASSA grant recipients lack skills in tracking expenses or sticking to set budgets. The FGDs revealed that most of them struggled to track their expenses and stick to budget limits. This may be a consequence of not tracking their expenses and income, but also of the overwhelming effect of a high prevalence of unplanned expenses among low-income respondents. Only a few participants indicated that they tracked their bank statements or recorded expenses, which they then reconciled against a set budget.

Part of this is can be interpreted as a result of the fact that some of the FGD participants only tracked their expenses mentally, without systematically recording them. These findings are consistent with trends observed in the results of FinScope 2019 related to tracking spending when having a bank account. Figure 19, showing expense tracking within a bank account, demonstrates that SASSA grant recipients track their spending considerably less than the rest of the South African population.

Key informant interviews highlighted that tracking expenses was particularly difficult for the older segment of SASSA grant recipients, who tend to rely on their memories to monitor their budget. The older segment and rural populations tended to rely on bulk-buying as a way of making sure they could stick to their income.

Expense tracking behaviour within a bank account: (95% of SASSA grant recipients are banked)

Figure 19: Expenses tracking behaviour

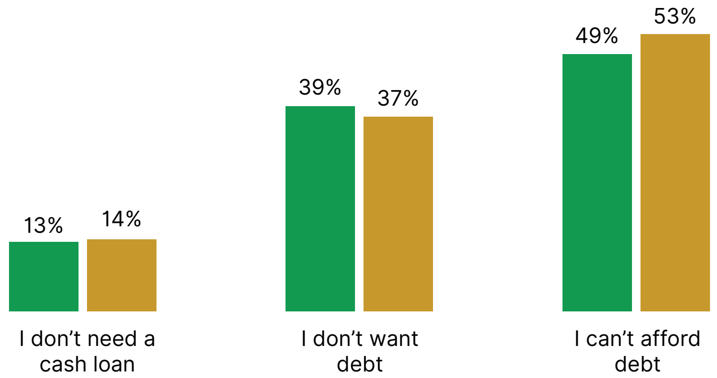


Source: FinScope 2018

their debts. However, there was strong evidence of taking up loans to pay existing debts, which can lead to over-indebtedness. This was affirmed by findings from the FSCA and OECD[14], which 'found that 35% of those in the low LSM group agreed that their debt load was too high. It is the poor who suffer the most from bad debt in South Africa'. This would indicate a possible risk of over-indebtedness for SASSA grant recipients.

Figure 20 shows that there was a perception among non-borrowers that the cost of borrowing was prohibitive. More than half of those who did not take up a credit product cited that they could not afford to borrow. A good indicator of financial capability is the decision by a consumer not to take up a financial product based on the 'cost-benefit' analysis of the product.

Figure 20: Reasons for not borrowing



Source: FinScope 2018

Drawing and adjusting a budget

Limited skills in practically drawing up a budget. The findings from primary research showed that most interviewed SASSA recipients knew what a budget was. However, most respondents showed that they had difficulty in practically drawing up a budget. Other FGD participants indicated that drawing up a budget was often a stressful exercise for them. This was also corroborated by evidence from the key informant interviews. The interviewees indicated that SASSA grant recipients often incurred expenses that exceeded their income, thus managing funds in a budget came with a lot of trade-offs that may make budgeting a stress-inducing exercise.

Another distinct problem in terms of managing expenditure was the inability among FGD participants who were running small businesses, to distinguish between personal and business income and expenses. They highlighted that this was a challenge because they often had to use personal funds to finance their businesses and could not, therefore, separate the two.

Anecdotal evidence from key informant interviews showed that members of savings-related groups were better at preparing a budget and planning for their monthly spending. This competency went hand-in-hand with being part of a savings-related group that **provided FE** as part of their methodology, as SaveAct does. **Non-savings-related group members** seemed to be struggling much more than others in putting together a budget and would consider budgeting as a 'simple list of groceries' or 'a plan that would freefall from heaven'. Anecdotal evidence indicated that **youth**, in general, also tended to struggle with the budgeting exercise.

14 FSCA & OECD, 2017: 'Financial Literacy in South Africa: Results from the 2017 South African Social Attitudes Survey'

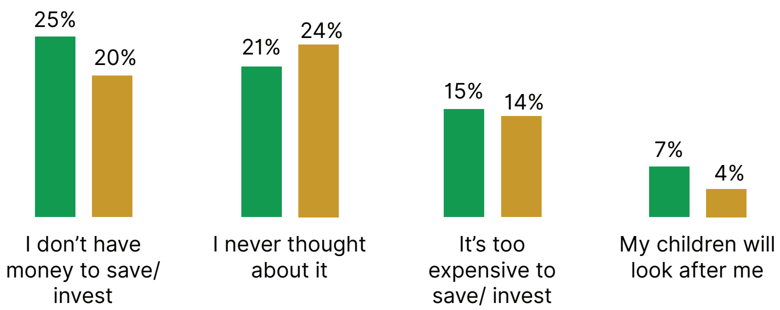
Based on the findings of this research, implementing a budget was perceived as challenging for all segments of the SASSA group recipient population and, even more so for the older and younger segments of the population.

Building of medium- and long-term objectives

Strong awareness of the importance of long-term planning among SG members. Most of the FGD participants indicated a strong awareness of the need for long-term financial planning. The primary evidence showed that most members saved for purchasing household furniture. Some participants indicated that they saved to start a small business, so that they could have multiple income streams.

Lack of salience on the need for saving among non-savers. Figure 21 shows that saving was not a high priority for a significant proportion of SASSA grant recipients, with 24% of them providing the reason that they 'do not have enough money to save'. A further 21% indicated their 'lack of awareness of the importance of saving' as the reason why they do not save. These trends did not vary significantly from the overall population and indicated a problem, considering the relatively high uptake of credit previously discussed. This implied that most of the population who were not saving at present will not have any reserves to address unexpected expenses in the foreseeable future, thus limiting their financial resilience[15].

Figure 21: Reasons for not saving



Source: FinScope 2018

15 https://s3.amazonaws.com/cfsi-innovation-files/wp-content/uploads/2017/01/28024714/Eight-Ways-to-Measure-Financial-Health_Exec.-Summary.pdf

Rural population demonstrating better awareness of the need for saving compared to the urban population. The results from FinScope showed that fewer people in rural areas demonstrated a lower awareness of the need for saving. In rural areas, 31% of those who were not saving cited their lack of awareness (I never thought about it) as the reason why they were not saving, compared with 35% in urban areas.

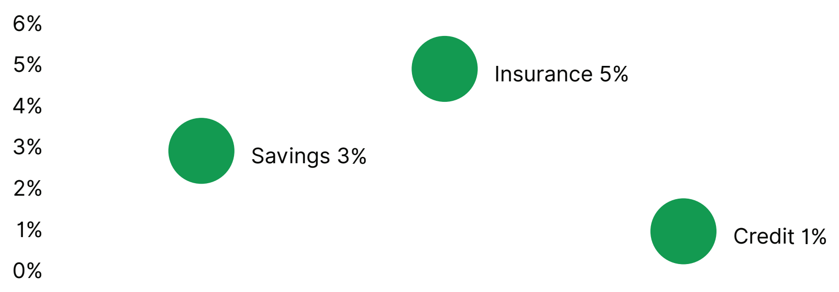
Low-income constrains long-term financial planning. The South African Social Attitudes study (2017) by FSCA and OECD showed that 'that poor households do not have surplus economic capital that can be used in long-term financial plans for savings or investments. Moreover, a lack of regular secure income in many poor households makes most forms of financial planning problematic and impractical.' Financial planning for SASSA grant recipients remains cognitively challenging regarding either making use of savings or investments.

The same report acknowledged that the poorer South African segments struggled to plan or have a plan for their retirement. Being old and retired seemed to be daunting and worrisome for many of the poorer segments of the populations as 'many of the poor are deeply worried about how they live when they are old and can no longer work'. This attitude towards the future and their inability to work is more likely to be salient for 'poor, uneducated, and unemployed individuals [who] are far more likely to be doubtful about their planning'.

Income constraints more pronounced in urban areas compared with rural areas. Overall, FinScope findings showed that of those who were not saving, 26% cited that they did not have enough money to save. When segmenting this result by locality, those who said they did not have money to save lived mostly in urban areas. In rural areas, a proportion of 20% cited not having money as the main reason for not saving, compared with a large proportion of 40% in urban areas.

Exercising product choice

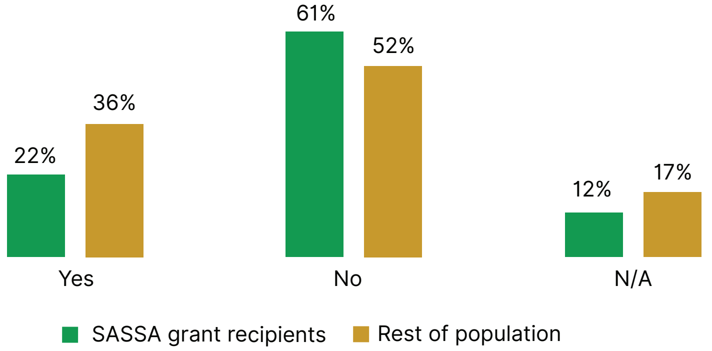
Figure 22: Financial product knowledge



Source: FinScope 2018

High levels of knowledge on savings, credit and insurance. Figure 22 shows the financial knowledge related to financial products observed among SASSA grant recipients. The results come from self-reported reasons for not having a financial product within the savings, credit, and insurance market. The results showed that only a few respondents cited lack of knowledge as the driving factor (savings 3%; credit 1%; or insurance 5%). This points to high levels of financial product knowledge among SASSA grant recipients across the various products.

Figure 23: Financial product knowledge



Source: FinScope 2018

Limited understanding of the difference between financial products. Another dimension of financial product knowledge is the ability to distinguish between financial products. This enables consumers to compare across products to decide on a financial product best suited for their needs. Figure 23 compares this financial capability between SASSA grant recipients and the rest of the population. Overall, the results reveal a significant gap in understanding the difference between financial products. Figure 23 shows that 60% of the SASSA grant recipients indicated that they did not understand the differences between the various financial products. This was significantly higher than the rest of the population. Half of those who did not receive SASSA grants did not have a good understanding of differences between financial products.

Overall, the results show that despite SASSA grant recipients having a good knowledge of the various products, their ability to have a comprehensive and correct understanding of financial product offerings within the market is limited. This gap in financial knowledge presents a challenge when these individuals take up a portfolio of financial products.

Being protected or accessing financial recourse

The research team struggled to gather further information about the awareness of SASSA grant recipients regarding their current access to financial recourse or whether they felt secure when accessing financial products. This, in itself, is already an important result as it may indicate that the notion of consumer protection might be absent in most of SASSA grant recipients' minds. This may suggest a lack of awareness regarding their rights and existing consumer protection mechanisms. It is to be noted that these mechanisms may not be easy and convenient for SASSA grant recipients to access.

Key informant interviews indicated that **non-members of savings-related groups** were less aware of existing financial recourse mechanisms. **Rural populations** also seemed to be left behind on this aspect, as access to the right recourse mechanisms is more difficult for them because credit and non-credit ombuds are better represented in urban areas.

iv. Summary of findings from the financial capability assessment

The key insights drawn from the study are drawn from financial behaviours observed from financial services usage and the results from the financial capability assessment.

Financial capability focus areas based on the findings:

1. Exercising product choice

Strong preference for informal financial products. Overall, SASSA grant recipients tended to choose informal financial services over formal alternatives. The FGDs revealed a general mistrust of financial institutions, which often translated into the mailbox withdrawal patterns observed on SASSA accounts. The trends in financial inclusion indicated that uptake of financial services among SASSA grant recipients was slowly improving. However, uptake of multiple funeral cover products pointed to over-insurance among grant recipients and to their possible vulnerability to unscrupulous selling. About 13% of the grant recipients had more than one funeral cover product. This requires additional research to explore whether the use of multiple insurance products is appropriate risk-coping behaviour, or over-insurance on the part of beneficiaries.

2. Drawing and adjusting a budget:

Budgeting skills lacking in most of the grant recipients. The pronounced practical skills gap in drawing up budgets made budgeting a stress-inducing exercise as it made them even more aware that their money was scarce. The FinScope (2019) findings show that around 77% of SASSA grant recipients did not use a personal budget. The FGDs indicated that those who used a budget mostly used a mental budget to balance their income against expenses. Overall, SASSA grant recipients lacked the confidence to develop and stick to a budget. There was an evident lack of knowledge on what constituted an efficient budget and financial planning.

3. Tracking expenses and sticking to budget limits

Most SASSA grant recipients struggled to track their expenses and adhere to budget limits. This can be interpreted as a consequence of failing to use a ledger to track expenses against income. The FGDs showed that unplanned expenses were prevalent among SASSA grant recipients. The grant recipients had a good awareness of the triggers of unnecessary spending but there is need to implement nudges that encourage responsible financial behaviour.

4. Coping with emergencies and unforeseen circumstances:

Heavy reliance on debt to meet unforeseen expenses. SASSA grant recipients demonstrated a lack of awareness regarding the need for saving among non-borrowers, which may negatively affect financial resilience and their ability to cope with unforeseen expenses. When SASSA grant recipients save, savings to build their financial cushion and being able to cope with emergencies were not their top priorities.

5. Being protected and accessing financial recourse:

The findings revealed that there was a lack of awareness among SASSA grant recipients of consumer rights and consumer protection, or the recourse mechanisms.

6. Analysis of Communication Channels

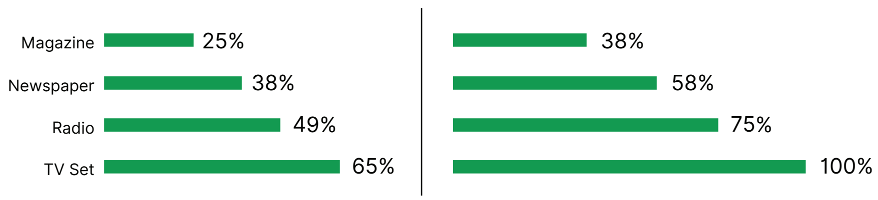
The analysis of communication channels details the most appropriate communication channels for the specific messages and target market segments. The media used for the strategy includes above-the-line (ATL), below-the-line (BTL) media, and through-the-line (TTL), client communication through financial service providers or industry bodies, and face-to-face training or seminars. Given the fact that SASSA grant recipients rely heavily on community-based organisations, such organisations have been singled out from the BTL component. The reasoning behind this step is to explore in further detail how community-based organisations can be a specific communication channel to impart FE initiatives. The frequency (for example, of radio talk shows or advertisements) or duration (for example, of exposure on posters or billboards) will be further determined in the strategy. Most of the results in this section are based on the deduction that most of the SASSA grant recipients (about 85%) fall into the SEM 1 and SEM 2 groups. As the SEM is widely used for media broadcasting by the PRC and the Broadcast Research Council (BRC), SEM is used as the reference to analyse media audiences and define an appropriate strategy.

Above-the-line media (ATL)

Communication plays an important role in the fundamental operation of a society and media are crucial partners when it comes to broadcasting generic educational messages. It links people and businesses, facilitating communication, the flow of ideas and information, coordinating economic activities and development, and offers ease for spreading messages across the targeted populations.

Based on the information gathered during the qualitative research, most SASSA grant recipients had access to media. The media devices accessible to most SASSA grant recipients included television, radio, and print media. It can be assumed that access to a media device implies access to media through such a device. Access to media, frequency out of 66 respondents and % of the respondents:

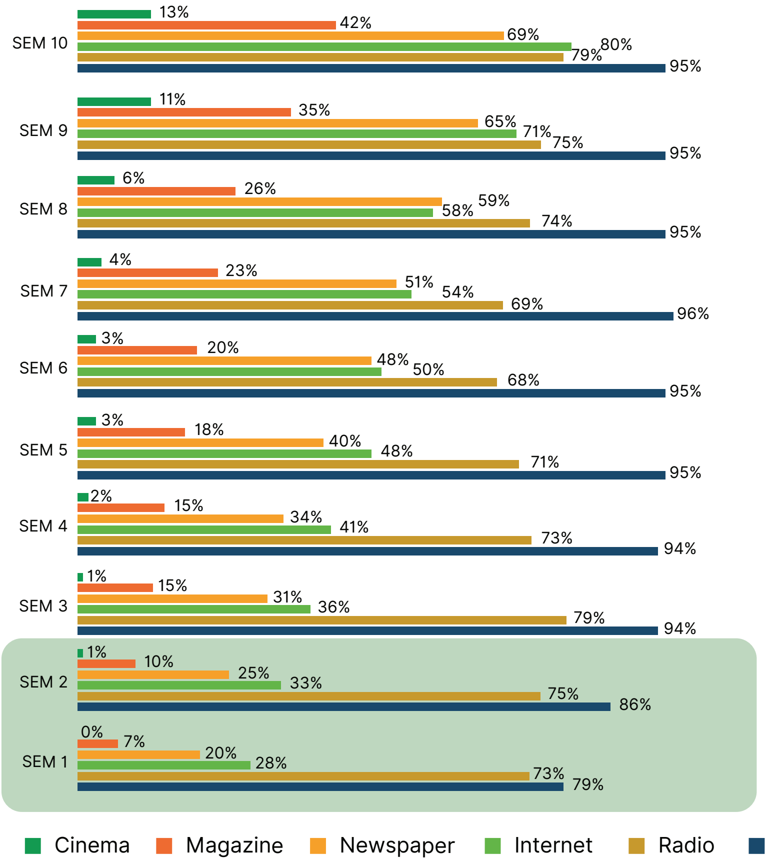
Figure 24: Access to media



Source: FGDs

Based on the Establishment Survey (2018) presented in Figure 25, the three main channels to target the lower SEMs are television, radio, and the internet. Newspapers, magazines or the cinema were only infrequently used by SEM 1, SEM 2, and then by SEM 3.

Figure 25: Access to media by SEM profiles

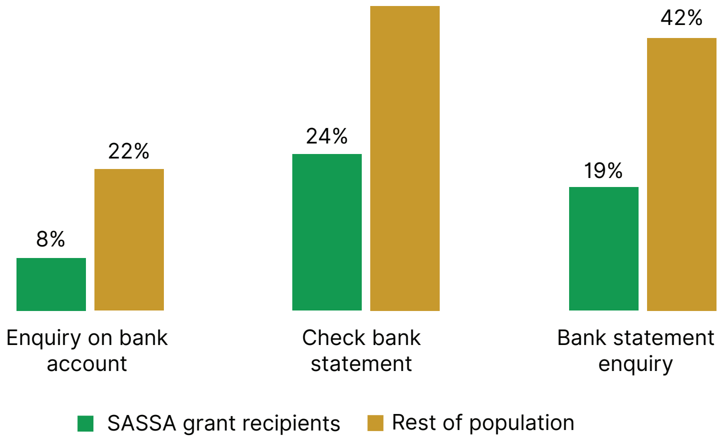


It is important to note that no media reached the lower segments by more than 70%. Face-to-face integration remains critical to reach out to a certain part of these segments.

Television

Figure 26 shows that television is watched mostly by SEM 2 and SEM 3. The SEM 2 represented 16% of the TV audience between July 2019 and June 2019, making it the most important SEM when it came to watching TV. SEM 2 was closely followed by SEM 3, gathering 14% of the nationwide audience. When it came to SEM 1, TV had a lower coverage (9%) compared with SEM 2 and SEM 3. This makes **TV appropriate for reaching out to SASSA grant recipients falling in the SEM 2 and SEM 3 categories, as shown in the graph below.**

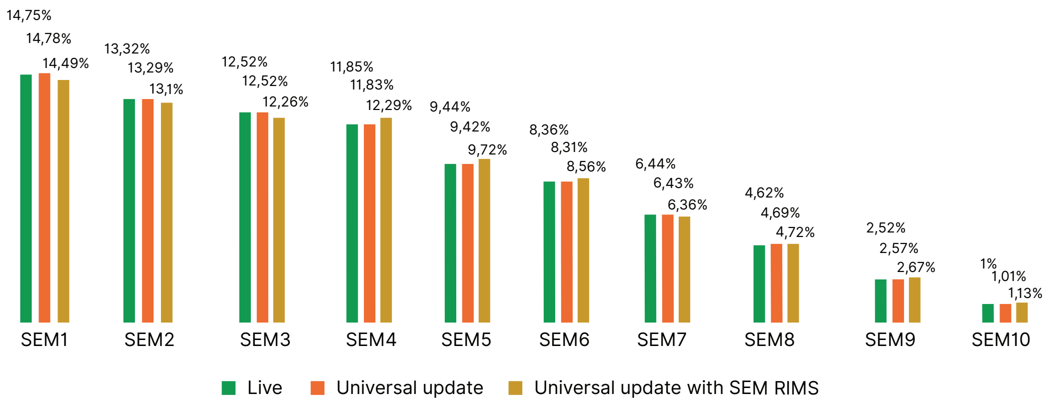
Figure 26: Access to TV by SEM profiles



Source: Establishment Survey, BRC TAMS UPDATE of October 2019

TV channels watched by SASSA grant recipients are important in order to embed FE messaging in the most appropriate channels. SABC1 and etv were the channels mostly watched by people in SEM 1 and SEM 2. Very few people in SEM 1 and SEM 2 watch SABC3 or DSTV. These two channels are, therefore, not appropriate for reaching the SEM 1 and SEM 2 segments. SABC2 is a viable option for segments that watch neither SABC1 nor etv. **This implies that the two channels are important in targeting SASSA grant recipients.**

Figure 27: TV channels watched by SEM profiles



Source: Establishment Survey, BRC TAMS UPDATE of October 2019

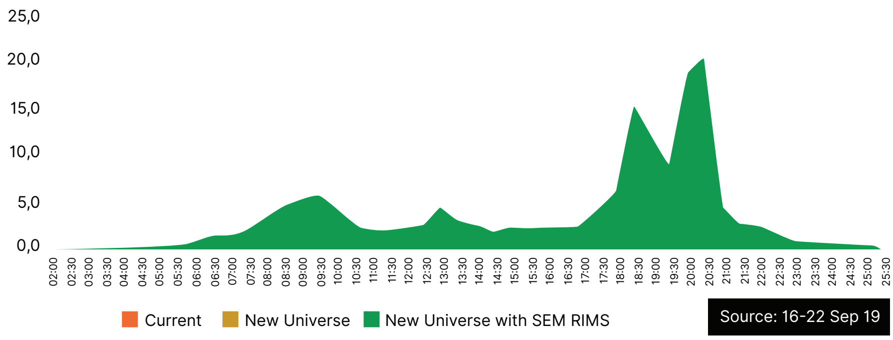
As shown in Figure 27, SABC1 is the first choice channel for lower SEMs (SEM 1 and SEM 2 in particular). Programmes on SABC1 attract many viewers, thus, it could be a potential platform for embedding FE content[16]. Uzalo (8.30-9pm on Wednesdays), Generations, the Legacy (8-8.30pm on Wednesdays), Skeem Saam (6.30-7pm on Tuesdays), Isidima (7.30-8pm on Wednesdays) or even Uzalo Omnibus (2-2.25pm on Sundays) could be valuable drama and soap programmes where messages could be integrated. Also, the news could be interspersed with specific FE topics on a regular basis. Specific news programmes, such as Xhosa News (7-7.30pm on Thursdays) or Zulu News (7-7.30pm on Wednesdays), could be considered.

Demand-side research also indicates that SABC1 is a relevant channel but mostly for Nguni speakers. To target SASSA grant recipients who do not speak isiXhosa or isiZulu and can only speak Afrikaans, English, Tshivenda, Sesotho, Sepedi, Setswana or Xitsonga, etv is a good alternative.

Demand-side research also indicates that TV is an effective channel for reaching older people who watch programmes at home. They mostly watch entertainment shows, drama, and comedies.

Overall, viewers watch SABC1 mostly between certain times, usually between 5pm and 9.30pm, as shown in Figure 28. This is indicates that the aforementioned programmes draw much attention from viewers.

Figure 28: Access to TV by time

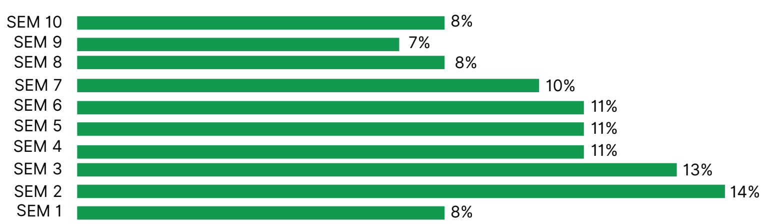


Source: Establishment Survey, BRC TAMS UPDATE of October 2019

Radio

According to the BRC RAM™ (2019), radio is listened to mainly by people in SEM 2 and SEM 3. The SEM 2 segment constituted the largest proportion (14%) of radio listeners between January 2019 and December 2019. Other segments with significant proportions included SEM 3 (13%) and a small proportion (8%) of radio listeners consisted of people in the SEM 1 segment. This implies that **radio is an important channel to reach SASSA grant recipients belonging to the SEM 2 and SEM 3 segments.**

Figure 29: Access to radio by SEM profiles



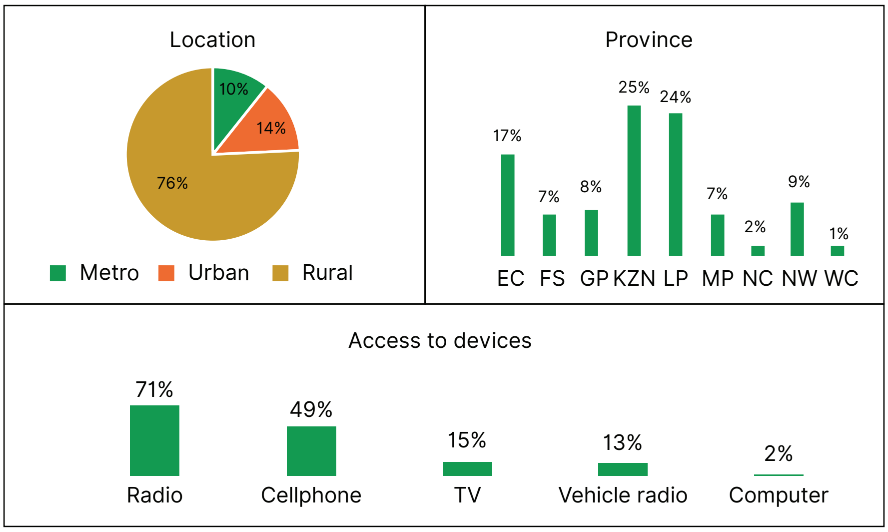
Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

16 The Broadcast Research Council of South Africa, April 2020 Top TV programs

People falling into the segments SEM 1, SEM 2, and SEM 3 are mostly rural-based. Most of the people falling into these segments are from KwaZulu-Natal, the Eastern Cape, and Limpopo Provinces. These people listen to the radio mainly via their radio devices and secondly, through their cellphones, as shown in the graphs below.

Radio listenership profiles for SEM 1:

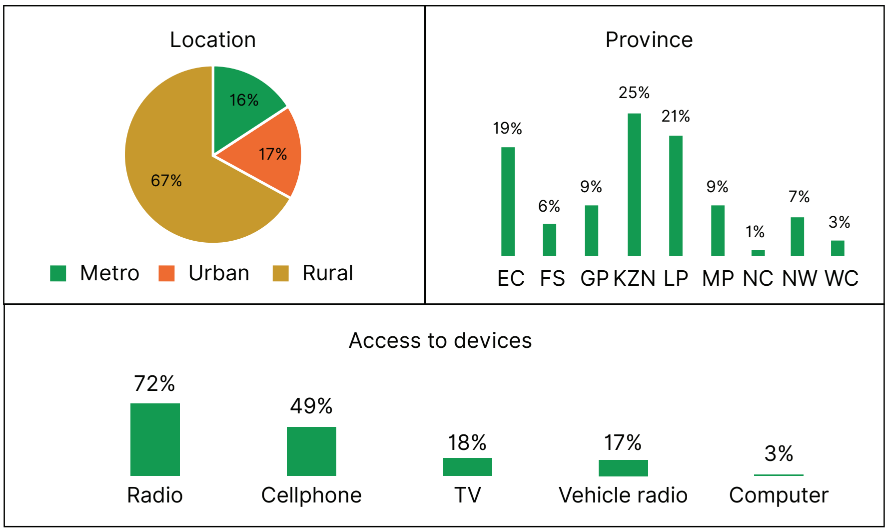
Figure 30: SEM 1 radio listenership by location and device



Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

Radio Listenership Profiles for SEM 2:

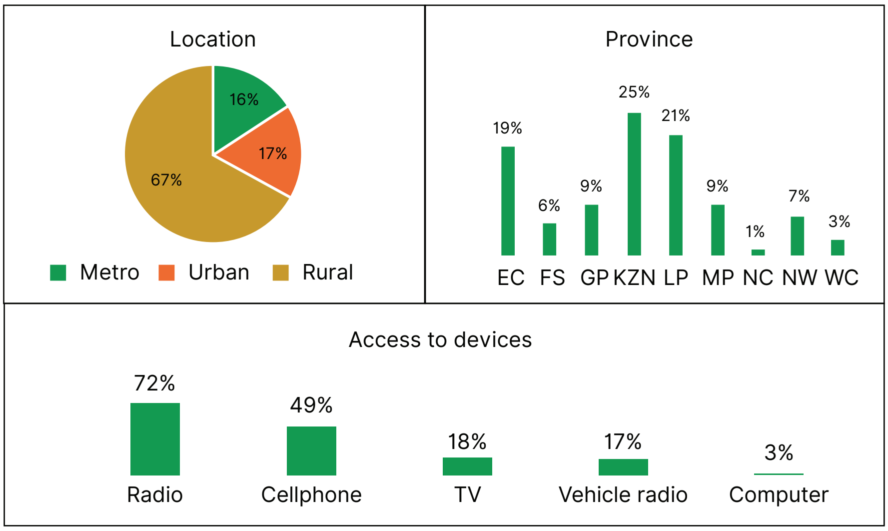
Figure 31: SEM 2 radio listenership by location and device



Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

Radio listenership profiles for SEM 3, relevant for a few SASSA grant recipients:

Figure 32: SEM 3 radio listenership



Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

South Africa has a total of 296 radio stations (40 commercial/public radio stations, 256 community stations). According to the BRCSA, 13 of these radio stations have above 1 million active and frequent listeners[17]: These are Ukhozi FM, Umhlobo Wenene FM, Metro FM, Lesedi FM, Thobela FM, Motsweding FM, Gagasi FM, RSG, Jacaranda FM, Ligwalagwala FM, East Coast Radio, and Munghana Lonene FM. According to the BRC RAM™ (2020), these are the main radio stations that reach SASSA grant recipients, as shown in Table 9.

Table 9: Radio listenership by SEM profiles

SEMs Segments	Relevant radio stations (above 20% of listenership comes from this SEM) by order of importance
SEM1 - Radio Listeners Population: 2,9 millions (7,7%)	Inkonjane (33%), *X-K FM (28%), Maputaland (25%), Alfred Nzo (23%), Radio Khwezi (22%), Phalaphala (21%), Nongoma (20%), Munghana Lonene (20%)
SEM2 - Radio Listeners Population: 5,1 millions (13,7%)	Nongoma (45%), Vukani (40%), Munghana Lonene (32%), Radio Khwezi (31%), Unitra (UCR-FM) (29%), Phalaphala (28%), Thobela FM (25%), Mahikeng (24%), Ligwalagwala (24%), Forte (23%), Capricorn (22%), Maputaland (21%), Alfred Nzo (20%)
SEM3 - Radio Listeners Population: 4,9 millions (13,1%)	Inkonjane (40%), Forte (38%), Moretele (34%), Unitra (UCR-FM) (31%), Maputaland (31%), Vukani (29%), Nongoma (28%), trufm (27%), Mahikeng (22%), Umhlobo Wenene (21%), Ligwalagwala (20%), Alfred Nzo (20%).

Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

17 BRC RAM, Listenership Research Report, Jan 2019-Dec 2019

- Common radio stations across SEM 1 and SEM 2 include: Nongoma, Munghana Lonene, Radio Khwezi, Phalaphala, Maputaland and Alfred Nzo.
- Radio stations common across SEM 1, SEM 2 and SEM 3 (SEM 3 are less of a focus for SASSA grant recipients, so less emphasis is put on this segment), include: Nongoma, Maputaland and Alfred Nzo.

Most of the listeners from SEM 1, SEM 2, and even SEM 3 are from KZN, the Eastern Cape, and Limpopo.

Table 10: Radio listenership

Provinces	Through which channel	Main location to listen to the radio	Average listening time per day	Main peak hours
KZN	Device (84%)	Home (97%)	3h54	- 5.30am - 9am - 3pm - 3.30pm - 6pm - 7.15pm
Eastern Cape	Device (74%)	Home (97%)	3h42 much longer hours Monday-Friday	- 6.15am - 9.15am - 1pm - 2pm: Mon -Fri, small peak - 6.45pm - 9pm: Sat - Sun, small peak
Limpopo	Device (64%)	Home (98%)	3h54 longer hours Monday-Friday	- 5.45am - 9am - 5.45pm - 8.45pm

Source: BRC RAM™, February 2020 Release Presentation, 12 Month Rolling: Jan'19-Dec'19

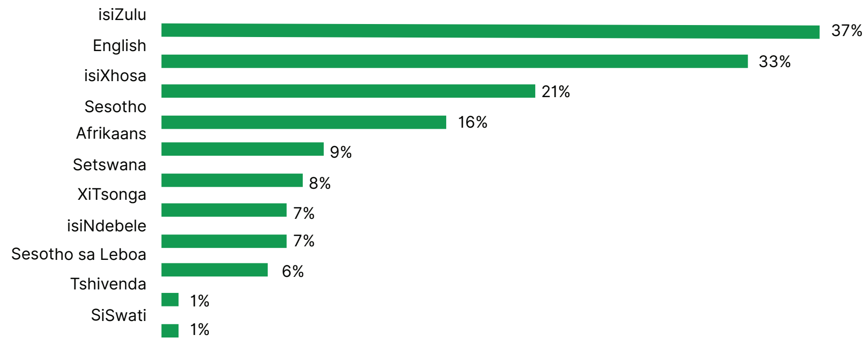
Demand-side research also indicates that afternoon stories in local languages on the radio are very relevant for older SASSA grant recipients.

Newspapers

Newspapers are the third most used media for the lower SEMs. Although they have less reach compared to TV and radio, newspapers remain useful in spreading educational messages across a population. Demand-side research indicated that local or community newspapers are a particularly relevant channel of communication for SASSA grant recipients. Examples include newspapers such as Isolezwe or Ilanga. Demand-side research revealed that the Daily Sun and the Sunday Sun are potential channels at national level. Messages published in those newspapers should be in the local languages and, in order to attract attention, they must have appealing visuals and be entertaining. Research recommends the use of comics to move away from text-based messages towards images and visuals. While newspapers seem to be relevant to both rural and urban targets, they tend to reach mainly the older segments of SASSA grant recipients.

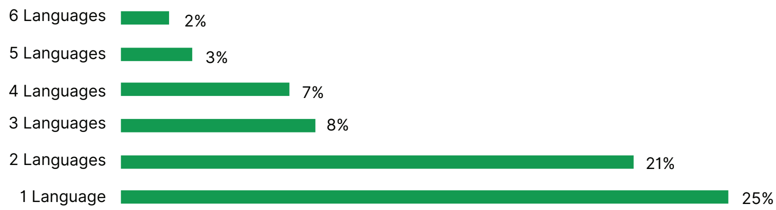
Languages

Figure 33: Languages spoken by grant recipients



Source: FGDs

Figure 34: Number of languages spoken by grant recipients



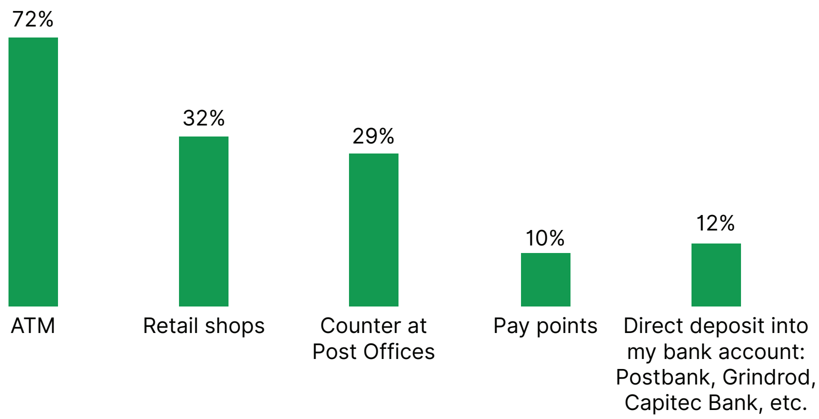
Source: FGDs

Figure 34 shows that of the SASSA grant recipients interviewed, of those who spoke two languages (21 interviewees), most spoke isiZulu and English (18 interviewees).

Below-the-line media (BTL)

Potential touchpoints at withdrawal (Frequency** out of 65 respondents)

Figure 35: Potential touchpoints for grant recipients



Source: FGDs

Internet

According to the We Are Social 2018 report[18]:

- Internet penetration in South Africa had reached 54% of the overall population in 2018;
- Internet users: 54% of the population;
- Mobile internet users: 51% of the population;
- Average daily time spent using the internet via any device: 8h32min;
- Access the internet most often via a smartphone: 69% of the population.

These trends in internet penetration present ample opportunities for the delivery of FE interventions. According to the FSCA and OECD report, the internet is the main source of learning for the high LSM groups (about 10% of people in the high LSM groups compared with only 3% in the low LSM group[19]).

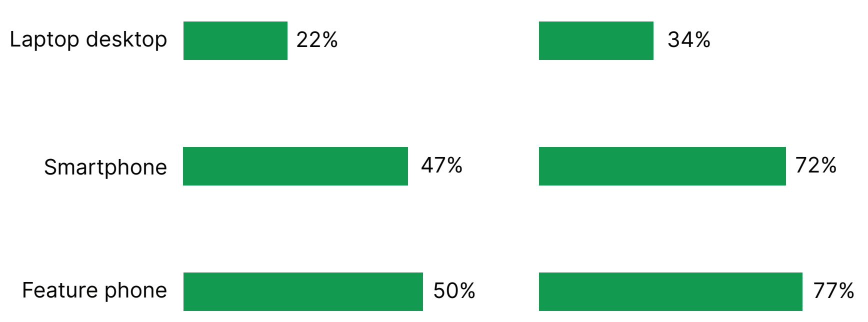
This is because poorer segments of the community tend to rely more on personal relationships than on the internet to learn new practices and skills when it comes to managing money.

The internet is a relevant channel for the younger segments of the SASSA grant recipients and for those who own a smartphone. Other technologies, such as Chatbots or USSD technologies, could also be explored for the younger SASSA grant recipients who only own a feature phone.

Mobile and other digital devices penetration

- Active social media users: 32% of the population;
- Average daily time spent using social media via any device: 2h48min;
- Unique mobile users: 67% of the population;
- Percentage of mobile connections that are pre-paid: 85% of the population;
- Mobile connections as a percentage of the population: 153% of the population;
- Active mobile social users: 28% of the population;
- Phone penetration (any phone): 95% of the population;
- Smartphone penetration: 60% of the population;
- Laptop or desktop computer: 24% of the population;
- Tablet computer: 12% of the population.

Figure 36: Access to devices



Source: FGDs

18 https://www.slideshare.net/wearesocial/digital-in-2018-in-southern-africa-86865907

19 Survey from FSCA & OECD 'Financial Literacy in South Africa: Results from the 2017 South African Social Attitudes Survey'

Demand-side research presented in Figure 36 shows that mobile penetration is high among SASSA grant recipients, specifically among the youth. Mobile phone penetration is also high for lower SEMs, especially feature phones. Figure 36 also shows that most (47 out of 66) of the FGD participants had access to a smartphone. FinScope (2018) findings show that 48% of SASSA grant recipients have a smartphone. Key informant interviews indicated that social media, such as Twitter, Instagram, Facebook or LinkedIn, as well as mobile applications, are relevant channels to reach younger SASSA grant recipients.

Community-based communication channels

Demand-side research indicates that SASSA grant recipients who belong to stokvels, or savings and credit groups, have better financial capabilities than other SASSA grant recipients. This is because they share a platform to talk in trust about financial issues, and to share advice. This is effective in promoting positive financial behaviour. Evidence from the key informant interviews suggests that savings and credit groups from SaveAct and its partners are even more effective than stokvels, because most of the groups participate in FE conversations as part of the group savings approach. This is key to building the following competencies: meeting day-to-day financial needs, drawing up a budget, coping with emergencies, and building towards medium- and long-term objectives. **Savings-oriented groups are, therefore, relevant channels through which FE can be integrated further.**

Key informant interviews indicated that community-based organisations, or organisations at a community level, are appropriate channels to implement FE initiatives because they are close to SASSA recipients and are, therefore, easily accessible. Community-based organisations also have a high trust perception among SASSA grant recipients. Municipalities can play a role by availing community halls or community centres for FE purposes.

Church halls could also be made available for FE training. Key informant interviews indicated that churches may be open to this approach because it attracts young people. Wednesday prayer meetings could be relevant touchpoints. Churches present an opportunity to reach both urban and rural segments.

The key informants indicated that Youth Clubs could be particularly relevant for urban youth, providing that their format remains entertaining and interactive. According to the FSCA and OECD report, lower LSMs struggle to access financial advice via a financial advisor who could support them in making sound financial decisions: 'Advice from a financial advisor was identified by 23% of the high LSM group as the most influential source of information. This can be compared to 5% of the low LSM group, 8% of the lower middle, and 10% of the upper middle LSM groups'. Being able to access experts could support SASSA grant recipients in managing their money more effectively. The same report showed that poorer segments of the South African population were more likely to rely on their social relationships regarding their money matters: 'Poorer people in the country were more likely to say that their friends were the people who taught them the most about personal finances. Almost a fifth (17%) of the low LSM group cited their friends as sources of learning, compared to just about a twentieth of the high LSM group.'[20] Personal relationships through personal bounds remain critical for SASSA grant recipients when they have to make sound financial decisions. **Community-based organisations, civil society organisations, local places, youth clubs, churches, and friends and family are critical to passing on FE messages.**

Face-to-face interactions remain critical for most of the SASSA grant recipients. These interactions can take several forms: community theatres, individual sessions, group sessions linked to savings, and credit groups or stockvel meetings, individual coaching through and at community centres or municipality centres.

20 Survey from FSCA & OECD 'Financial Literacy in South Africa: Results from the 2017 South African Social Attitudes Survey'

Through-the-line (TTL) media

TTL advertising involves an integrated approach, where ATL and BTL strategies are combined.

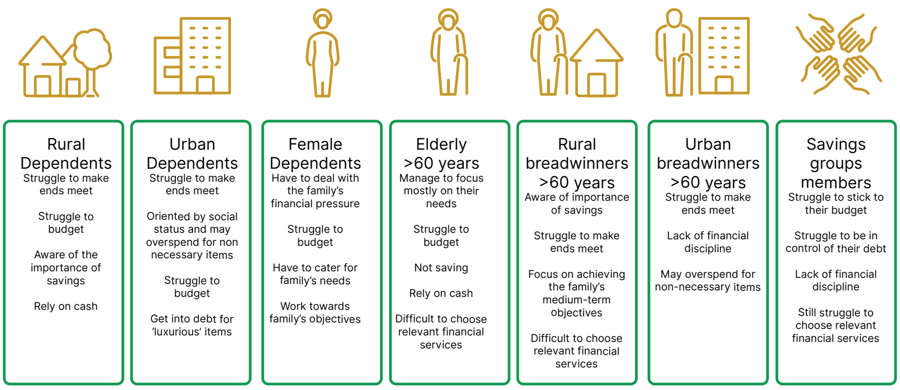
As a rule of thumb, integrating relevant messages in existing media channels and operations is a more efficient way of changing behaviours. Hence, using a holistic TTL media campaign to support SASSA grant recipients becoming more financially capable is highly recommended.

7. Recommendations Based on Supply and Demand-side Analysis - Focus Areas of Strategy

Summary of profiling of SASSA grant recipients

Based on the demand-side research, SASSA grant recipients can be broken down into eight segments, as follows:

Figure 3: Financial capability segments



Based on the results of the demand-side research, the financial capability needs of the eight segments can be presented as follows:

Figure 38: Financial capability – Mapping of learning objectives per segment

	Answering daily financial needs	Coping with emergencies and unforeseen circumstances	Tracking expenses and sticking to the budget's limits	Being in control of one's debt	Drawing and adjusting a budget	Building of medium and long-term objectives	Exercising product choice	Being aware or accessing financial recourse
Overall SASSA grant recipients	High priority	Very high priority	Very high priority	Very high priority	Drawing High priority Adjusting Very high priority	High priority	Very high priority	Very high priority
Elderly	Medium priority	Very high priority	Very high priority	Very high priority	High priority	High priority	Very high priority	Very high priority
Middle aged adults		Very high priority		Very high priority	High priority			Very high priority
Rural adults	Medium priority		Very high priority			High priority	Very high priority	
Urban adults	Very high priority		High priority	Very high priority	Medium priority	Very high priority	High priority	
Dependents		Very high priority	Very high priority			Very high priority		Very high priority
Rural dependents	Medium priority							
Urban dependents	Very high priority							
Female dependents	High priority						Between High priority & Very high priority	
Members of savings oriented groups	Medium priority	SG + FE Low priority Stokvels High priority	Very high priority	High priority	Drawing Low priority Adjusting High priority	Low priority	High priority	Very high priority

Very high priority · High priority · Medium priority · Low priority

Summary of profiling of SASSA grant recipients

- Most SASSA grant recipients receive child support grants or old age grants.
- SASSA grant recipients fall mainly into SEM 1 and SEM 2 and some into SEM 3.
- While their education, literacy, and numeracy may be limited, almost all of them attended some form of basic education.
- Beneficiaries receiving old-age pensions, a disability grant, or a war veterans grant, receive the same amount of money and usually have one source of income.
- Most of the SASSA grant recipients (other than old-age pension, disability, and veteran grant recipients) have several sources of income.
- Most of the SASSA grant recipients’ households have a monthly income of less than
- R4 000.
- A fair portion of SASSA grant recipients live in rural areas, mostly in three provinces; KZN, the Eastern Cape, and Limpopo.
- SASSA grant recipients are mostly young, aged between 25 and 35, or old (between 60 and 70).
- Most SASSA grant recipients have access to media devices, such as TV sets and radio devices. Internet access is high among the younger segments of the target population.
- SASSA grant recipients are formally financially included but their use of financial services, including their bank account, is very limited. A fair portion of SASSA grant recipients withdraw their grant money within the first five days of the month when/after collecting their grant.

As shown in Figure 38, some segments show more pressing financial capability needs than others. From this assessment, it is clear that members of savings-oriented groups were less of a priority than other SASSA grant recipient segments, as they already exhibited relatively higher financial capability.

SASSA grant recipients belonging to existing savings-oriented groups and stokvels have:

- Better financial capability and have access to an efficient platform via the groups to strengthen their financial capacity even further.
- Skills gaps are still pronounced in some aspects of budgeting and money management.

However, it is important to note that not all savings group members have desirable financial capability levels. Figure 39 shows that the level of financial capability within these groupings varies, depending on whether FE is provided and on what the content and mode of delivery of the financial education is.

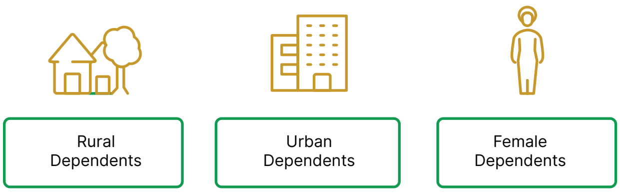
Figure 39: Different levels of financial capability for members of savings-oriented groups

Priority Segments

Based on the results of the demand-side research, the following segments are considered a priority for the overall strategy:

i. Dependents

Figure 40: Dependents segment



The dependents segment comprise mostly the youth who receive the foster care and the child support grants. Rural dependents often face challenges in catering for their day-to-day needs, owing to a lack of economic opportunities and limited sources of income. On the other hand, urban dependents struggle to make ends meet as their financial behaviour is usually status-driven. This makes them prone to unplanned expenses, including borrowing money often to be able to purchase luxuries. The appropriate channels to reach these segments include digital channels and, especially social media.

Another distinct group in the dependents segment comprises female dependents. They are usually middle-aged women who rely on child support grants as their main source of income. Female dependents face financial pressure because, in addition to providing for their children, they have to cover most of the household expenses from the small amounts they receive from the grants, even when they are not the breadwinners. An appropriate channel for this segment is TV, although though it has a lower reach. Social groupings, such as stokvels and savings groups, are also alternative channels that can be used to reach dependents.

Anecdotal evidence from the research indicated that, in some contexts, women who have access to financial means through the grant, may find themselves in a contestation with their spouses over the control of these funds. This has, in some cases, led to gender-based violence. The NGO community can play a significant role in social support and in empowering women to navigate the vagaries of gender-related contestation and violence.

ii. Urban breadwinners

These are often unemployed or informally employed people. They struggle to make ends meet because of their low income and tend to rely on multiple sources of income. Evidence from the demand-side research showed that they are often faced with unplanned expenses. Some people in this segment also overspend on unnecessary or non-essential items. Based on the research, this segment can be effectively reached through TV and radio. Digital channels are also appropriate as a large proportion of this group have access to smartphones.

iii. Elderly

This segment prioritises paying for needs over non-essential items. However, they often lack budgeting skills and struggle to keep track of their expenses. As a result, those in the elderly segment often do not have savings, despite demonstrating good financial management behaviours. The other financial capability focus area is the overreliance on informal financial services and cash, pointing to underlying mistrust or an inability to engage with formal financial services. This suggests that those in the elderly segment have difficulty in choosing relevant financial services, specifically those provided by formal institutions.

This segment is effectively reached through TV and radio channels. Gaps in digital literacy make digital channels less suitable for this segment.

Content and financial education messages

The content of FE for SASSA grant recipients should focus on reducing stress related to money scarcity and living with very scarce means. Based on the demand-side research, priority should be placed on learning to cope with financial risks and unforeseen circumstances, as well as mitigating potential risks of over-indebtedness to ensure that SASSA grant recipients can more efficiently meet their daily needs.

Out of the eight possible focus areas, priority should be given to the following five focus areas for SASSA grant recipients:

- Exercising product choice in a well-informed manner;
- Drawing up and adjusting a budget;
- Tracking expenses and sticking to the budget limits;
- Coping with emergencies and unforeseen circumstances;
- Being protected and accessing financial recourse.

These five focus areas have to be addressed in the overall awareness-raising campaign that will be targeting all SASSA grant recipients. Of these five specific focus areas, some will then be specifically targeted for key segments, as highlighted in the relevant segmentation section.

i. Exercising product choice:

There is a reasonably good awareness of financial products among SASSA recipients. They do, however, experience challenges when trying to differentiate between products, thus lacking in-depth product knowledge. SASSA grant recipients' access to financial products is improving and becoming more diversified, which may indicate that some of their financial needs may also increasingly be covered. SASSA grant recipients would benefit from more information about digital financial services (benefits and risks). Information about comparing the different means of using their SASSA cards and using the money they have in their bank account would also be beneficial for them. Specific information about funeral cover policies should be looked at, as such insurance forms a significant proportion of SASSA grant recipients' over-insurance.

ii. Drawing up and adjusting a budget:

The pronounced skills gap in drawing up budgets and adhering to budgets remains a stress-inducing exercise for most grant recipients as it makes them even more aware that their money is scarce. Most of the interviewed SASSA grant recipients who run a small business or activity, also exhibited their inability to keep personal and business income or expenses separate. Messages around the importance of budgeting, nudging SASSA grant recipients positively around the need to budget and how to draw up a budget that they will have to adhere to, will also be beneficial.

iii. Tracking expenses and sticking to the budget limits:

Most of the SASSA grant recipients struggle to track their expenses and stick to budget limits. It is also noteworthy that SASSA grant recipients track their spending considerably less than the rest of the South African population. Initiatives that focus on how to keep track of expenses will be beneficial for SASSA grant recipients.

iv. Coping with emergencies and unforeseen circumstances:

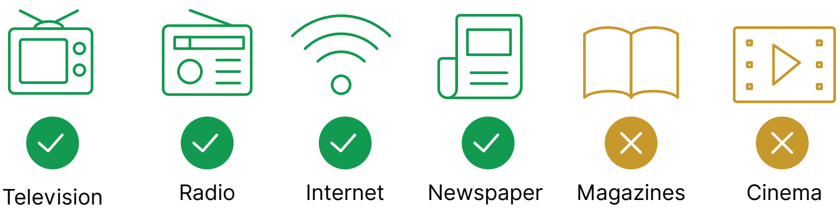
The content of FE for SASSA grant recipients should focus on teaching them how to assess risks and prepare for unforeseen circumstances, as well as on finding relevant solutions to face those. Savings and insurance should be introduced in this context and not solely in the context of building medium- or long-term goals. Any content regarding coping with unforeseen circumstances should be addressed in a sensitive manner. Such topics are stress-inducing for SASSA grant recipients and may drive them even further away from becoming more financially capable

v. Being protected and accessing financial recourse:

The research indicated that most of the SASSA grant recipients were unaware of consumer protection and that the mechanisms were seen as potentially difficult to gain access to. The content of FE initiatives targeting SASSA grant recipients should focus on explaining their consumer rights, put them in contact with the relevant people in their community or neighbouring area, and such access needs to be made practical. Supplying information and creating awareness aimed at curbing unscrupulous practices in the insurance sector should be included in the FE initiatives. It is recommended that existing consumer protection mechanisms be upscaled that specific interventions targeted at SASSA grant recipients be designed. The research shows that, despite the existing legislation, such mechanisms barely exist in South Africa. Progress thus needs to be made in this key area to give a 'voice' to the vulnerable.

Communication channels

Communication channels



- The three main channels to target the lower SEMs are television, radio and, to a lesser extent, via the internet. Newspapers, and particularly magazines, or the cinema, are seldom used by SEM 1, SEM 2 or SEM 3. These three main channels will be critical channels for the awareness-raising campaign, targeting all SASSA grant recipients, not only specific segments.
- It is important to note that no media reaches the lower segments by more than 70%.
- Face-to-face interactions remain critical in reaching most of the segments. Community-based organisations, civil society organisations, local places, churches, as well as friends and family are critical to passing on FE messages.
- Using a holistic TTL media campaign is highly recommended to support SASSA grant recipients in becoming more financially capable.

TV is especially important for SEM 2 and SASSA grant recipients falling into SEM 3. SABC1 and etv are critical to target SASSA grant recipients. Uzalo, Generations the Legacy, Skeem Saam, Isidima, or Xhosa News and Zulu News are suitable programmes to embed the relevant FE messages.

To target SASSA grant recipients who do not speak isiXhosa or isiZulu and can only speak Afrikaans, English, Tshivenda, Sesotho, Sepedi, Setswana, or Xitsonga, etv is a good alternative. TV is a potential channel to reach out to older people.

Radio is especially important for SEM 2 and SASSA grant recipients falling into SEM 3. SEM 1, SEM 2, and SEM 3 remain predominantly rural-based, living mostly in KZN, and listen to the radio mainly via their radio devices or on their cellphones. Common radio stations across SEM 1 and SEM 2: Nongoma, Munghana Lonene, Radio Khwezi, Phalaphala, Maputaland, and Alfred Nzo. Across the three main identified provinces, listenership is more important in the morning between 6am and 9am, as well as in late afternoon around 6pm. Depending on the provinces, a media strategy would have to take some small differences into consideration.

Afternoon radio programmes in local languages are effective for reaching older SASSA grant recipients.

Newspapers, such as Isolezwe or Ilanga at a local level or the Daily Sun or the Sunday Sun at a national level could be good channels for FE communication. Messages should be in the relevant local languages, very visual (use of comics) and entertaining. Newspapers seem to be relevant to both rural and urban targets but are slightly more targeted at the older segments of SASSA grant recipients.

Internet can be a useful communication channel but mainly for the younger segments of the SASSA grant recipients and for those who have a smartphone. Other technologies, such as Chatbots or USSD technologies, could also be explored for reaching the youth segment. Social media, such as Twitter, Instagram, Facebook or LinkedIn, as well as mobile applications, are relevant tools for younger SASSA grant recipients.

Languages. Depending on the provinces, the FE content will have to be translated into the different local languages. isiZulu and isiXhosa being prevalent languages. English remains a language that a good number of SASSA grant recipients can understand, even if it is not their preferred and most convenient language to communicate in, particularly in the rural areas.

Face-to-face interactions remain critical for most SASSA grant recipients. These interactions can take several forms: Community theatres; individual sessions; group sessions linked to savings groups or stokvels meetings; individual coaching at community centres/halls or municipality centres; community-based organisations; civil society organisations; youth clubs; church halls/churches; and friends and family are critical to passing on FE messages. Savings-oriented groups are very relevant channels through which FE can be integrated further, particularly when these groups already integrate FE conversations into their methodology (see SaveAct and its partners).

Strategic interventions

The purpose of the Financial Capability Strategy for SASSA Grant Recipients is to provide a framework for implementing a sound, coordinated, efficient, and well-targeted approach that is embedded in the existing National Consumer Financial Education Strategy. The current strategy should optimise existing resources to support strengthening the financial capability of SASSA grant recipients. The strategy is comprised of several components:

- Component 1 – Learning objectives for each consumer segment or the financial capability strategy;
- Component 2 – Stakeholder coordination, implementation and funding;
- Component 3 – Monitoring and evaluation framework;
- Component 4 – Implementation plan.

Based on these components, it is recommended that a few key interventions in the context of the Financial Capability Strategy for SASSA Grant Recipients be prioritised. These are detailed below in order of priority:

1. Embedding grant recipient relevant content into existing financial service providers' consumer FE programmes through a pre-defined national M&E framework. Such an M&E framework would include details around key indicators, content, and outputs relevant to grant recipients.

2. Embedding FE content into savings-related groups (SCGs, stokvels, financial cooperatives, etc), while mobilising additional resources. The intention will be to replicate SaveAct's model, while ensuring sufficient scale can be reached by supporting additional networks and organisations supporting similar community-based organisations.
3. Developing behaviour-change-driven digital solutions targeted at dependents and the youth segment through a chatbot or a mobile application that will nudge the behaviour change needed to lead to better financial decisions, especially important for urban youth who struggle to balance their daily needs and 'luxurious' consumption.
4. Developing participatory and engaging community-based initiatives targeted at elderly people through venues, such as village theatres at pay-points or other community centres.
5. Downscaling existing consumer protection mechanisms that currently only serve consumers in the formal sector and those better informed through formal education. Examples of mechanisms that are better suited for SASSA grant recipients include 'Legal Aid SA[21]' at a municipal and national level.

Enabling environment and coordination

Coordination of FE is critical to ensure that the voices of the poorest South Africans and, more specifically, SASSA grant recipients, are heard at a national level. Hence, the proposed interventions should be integrated into the National Consumer Financial Education Strategy. It is also recommended that SASSA grant recipients be represented in the Financial Education and Consumer Protection working groups.

- Governance: It is recommended that a Sub-Steering Committee be defined, focusing on the SASSA grant recipients within the existing National Consumer Financial Education Committee;
- Coordination: there should be a secretariat for SASSA grant recipients' financial capability – DSD in coordination with the FSCA;
- Implementation: Creation of a SASSA grant recipients working group, sharing of content and integration of key performance indicators (KPIs) into the M&E framework;
- Funding: Integration into FSCs.

Enhanced M&E for Financial Education, including alignment with routine national studies

To be able to put together a meaningful financial capability strategy for SASSA grant recipients, it is critical to put a clear and practical M&E framework in place in coordination with all relevant supervisors: DSD, SASSA, the Ministry of Finance, and the FSCA.

However, once the M&E framework is in place, it is critical to update and refine it along the implementation of FE initiatives. A clear process to collect and analyse data will be necessary to ensure that the framework remains meaningful.

Furthermore, this M&E framework would benefit from better initial data gathering with a comprehensive financial capability benchmarking survey conducted regularly. The frequency would have to be decided by the FinCap Committee. It is critical to emphasise that such a financial capability benchmarking survey is substantially different to a financial inclusion survey (the likes of a FinScope). Financial inclusion data is important for financial capability but is not limited to this. Coordination between financial inclusion surveys and financial capability surveys has to be clearly defined, differentiated, and put in place at a national and supervisory level.

21 Legal Aid SA is an independent statutory body established by the Legal Aid South Africa Act (No. 39 of 2014). The objective of Legal Aid SA is to make available legal assistance to the poor and vulnerable at state expense.

Annexure

Annexure 1 - Authors

Positive Planet International (PPI)

Positive Planet International's (PPI) mission is to support women and men around the world in creating a better world for future generations. PPI was initially created in 1998 to alleviate poverty through the development of microfinance. Today, PPI combines three main areas of intervention: Supporting inclusive finance; the promotion of entrepreneurship; and Support to inclusive value chains, to help develop sustainable livelihoods.

SaveAct

SaveAct was founded in 2005, in the KwaZulu-Natal Province of South Africa. Its mission is to respond to poverty in the region by promoting savings and credit groups as effective instruments for accessing financial services, building sustainable livelihoods, and empowering women and other vulnerable groups. It empowers poor and vulnerable groups to become drivers of positive change through social and economic mobilisation. SaveAct now works in seven provinces, with the aim of growing a national savings movement, supported by a range of stakeholders to enable SG members to realise their aspirations.

Since 2013, PPI and SaveAct have been working together to promote a more inclusive financial landscape in South Africa. In 2012, PPI launched the second phase of the Initiative for Embedded Financial Education (IEFE) in South Africa, and provided SaveAct with technical assistance. Since then, PPI and SaveAct have worked together to embed a FE curriculum into SaveAct's Savings Groups (SG) operating model. PPI provided market research, technical assurance, and advisory services to empower clients with financial skills and knowledge. More recently, PPI is facilitating the accreditation of SaveAct's FE training materials with the National Qualifications Framework Standards. Over their few years of collaboration, both organisations have been able to understand the basic financial capability needs of SaveAct members and similar profiles of end-users. Among SaveAct's members of the SCGs, about 80% are social grant recipients.

Annexure 2 – Detailed study process

This study draws insights from both primary and secondary research to achieve its key objectives. These include the following steps:

1. Comprehensive desktop research

Desktop research was conducted to guide data collection and analysis. This focused on the supply of FinEd content for SASSA grant recipients. The desktop research informed the listing of the stakeholders, experts and service providers that implement FinEd training initiatives for the SASSA grant recipients who were interviewed as key informants. In addition, the literature review provided insights into touchpoints that can be used to deliver financial capability interventions. The study reviewed literature on topics such as: financial education, poverty levels, media access, grant coverage from organisations such as SASSA, FinMark Trust, OECD, FSCA, the South African Broadcasting Authority, the PRC, the Establishment Survey, STATSSA, and the ILO.

2. Key Informant Interviews

The objective of the subsequent key informant interviews was to map out the providers of FinEd training initiatives, as well as the 'touchpoints' (channels and potential stakeholders) that could be used to roll-out FinEd initiatives for SASSA grant recipients. The key informant interviews focused on the existing and prospective service providers as well as 'touchpoints' where FinEd messages and initiatives can be embedded

3. Primary Research

A more in-depth qualitative research complemented the desktop research. The primary research employed focus group discussions and a mini-survey targeting SASSA grant recipients. The research also employed demand-side key informant interviews to validate findings from the FGDs and survey. The objective of the primary research was to identify the financial issues and financial problems that SASSA grant recipients face. This enabled the development of tailored FE interventions that address the identified gaps. The desktop research was used to inform target segments of SASSA grant recipients based on the diversity of profiles: gender, age, types of SASSA grants received, and geographical locations. This enabled a targeted approach to identify SASSA grant recipients' training needs. Aligned with the National Consumer Financial Education Strategy developed in 2013, the primary research explored the following financial capability competencies:

i. Have financial control:
   - » Answering daily financial needs;
   - » Coping with emergencies;
   - » Tracking expenses and sticking to the budget limits;
   - » Being in control of one's debts.

ii. Do financial planning:
   - » Drawing up and adjusting a budget;
   - » Building of medium- and long-term objectives.

iii. Exercise product choice:
   - » Exercising well-informed product choices;
   - » Being protected and accessing financial recourse.

iv. Have financial knowledge.

4. FinScope Analysis

The FinScope 2018 and 2019 datasets have comprehensive modules capturing financial behaviours of SASSA grant recipients. This provided an opportunity to explore financial capability competencies among SASSA grant recipients at a national level. The findings from the primary research are presented in the context of financial behaviours observed among SASSA recipients at a national level. Anchoring primary research findings against a nationally representative survey assisted in overcoming sampling bias normally linked to the use of small samples in FGDs and mini-survey.

Annexure 3 – List of interviewed institutions

3 Banks • Capitec • Nedbank • FNB	2 Insurance companies • Hollard • Old Mutual	7 FE providers • Avocado Vision • Chartered Academy • Driven • Grounded Media	• FinHealth • Guarantee Trust • Stokpowa
5 Public sector entities • NT • FSCA • SASSA • BankSETA • DSD	3 Industry association • BASA • ASISA(*ASISA Foundation) • MFSA	Others • Postbank • SEF • SaveAct • Credit ombudsman	

Annexure 4. Summary of Financial Education programmes for specific banks and insurance companies.

1. Banks

i. Nedbank

Nedbank, through its client engagement department, launched the MyFinancialLife™ financial literacy programme in partnership with SASI. MyFinancialLifeTM is a free online personal financial management tool that allows consumers to view and manage their consolidated financial position. The online tool seeks to empower consumers to manage their finances, understand their spending habits, save, and plan towards achieving their financial goals. The bank further launched the MyMoneyMap™, which is a free online tool for children and parents (including non-Nedbank clients). The tool assists children to manage their pocket money. With assistance from their parents, the tool equips children to become acquainted with money management issues – teaching them how to spend, save, grow, and make good use of their money.

Target beneficiaries: The Nedbank programmes mainly target in-school youth as well as adults who make use of banking services.

Financial education delivery channels: Take place mainly through online platforms.

ii. First National Bank

Similar to other commercial banks, First National Bank (FNB) has been implementing the StarSaver programme for the past eight years and has reached over 60,000 children countrywide. Its FE programmes are designed to instil the 'money smart' concept. Topics include budgeting, investing, savings, credit, home-ownership, and small business development. FNB's FE and related tools are implemented in partnership with other organisations, such as local employers, schools, and non-profit organisations.

Key programmes and delivery channels: FNB uses the Wisconsin Bankers Association's (WBA) 'Bankers Teaching Financial Literacy' programme for its financial literacy training, which is geared towards children and adults. The programme involves hundreds of bankers who volunteer their time to conduct consumer education sessions in their communities. Through this roll-out strategy, FNB has made over 40 presentations annually, reaching over 1,600 students and adults.

FNB has demonstrated its growing commitment to FE by establishing a dedicated team of nine people with a presence in seven provinces (excluding Northern Cape and the Free State). In 2020, the bank will be rolling out an 'innovation stream' to test different models, in an effort to assess what does and does not work. The bank will ultimately tweak its FE content and create an integrated consumer education programme.

Delivery channels: Repeat messages delivered through various sources. The intention is to develop the best strategy to reach participants in churches, community-based programmes, and within government. Roll-out of face-to-face workshops and the launching of regional radio and TV programmes is envisaged to reinforce learning. This campaign will entail the use of key messages, using family scenarios of typically two minutes on radio and four minutes on TV. Radio slots will be delivered predominantly in regional languages, with TV slots in English.

iii. Capitec Bank

Capitec has one of the most comprehensive FE programmes. It has stand-alone programmes that it delivers directly through its staff or service providers, while also collaborating through industry initiatives spearheaded by BASA. Its FE programme is not only in response to the requirements of the FSC, but is also informed by a belief in the need to 'do what is right, regardless of what is expected as a business priority'. The programme is, therefore, being allocated a substantial budget.

Key programmes and delivery channels: The ‘Budgeting card game’ focuses on the whole financial wellbeing of a person. This programme was launched as a pilot in schools in February 2020. The intention is to scale-up nationwide and it is hoped to receive buy-in from other BASA members, with a view to them making use of it. The sponsorship of a financial education magazine for students at university, in collaboration with Study Trust, helps students to navigate financially through their first year at university, covering topics such as financial skills and general life skills (for example, nutrition and sleep). It is also aiming to extend the content to help students prepare for their first job. The bank launched an online learning platform in February 2018. This resource is accessible to the general public, and covers an extensive range of generic topics on financial well-being: saving, budgeting, credit, and debt. An app game was launched in 2019 that focuses on goal setting: satisfaction of immediate needs versus long-term goals.

Media: The bank makes extensive use of ATL and BTL media: Newspapers (weekly publication in the biggest weekly newspaper, just under 3K sold weekly) and a lifestyle magazine for African women., The bank reaches both female and male populations with relevant content through this campaign. It has ongoing radio campaigns on Metro FM in the Gautrain (5 days per week), on Khwezi in KwaZulu-Natal and in the Eastern Cape (4 features each week). The bank partners with financial experts who answer consumers’ questions on Fridays every week.

Relevant considerations: The current FE programmes delivered via radio and newspapers have a broad enough coverage to reach/include some of the SASSA grant recipients, but the extent of this is not easy to ascertain. However, Capitec can track the financial behaviour of its clients and provide targeted FE content to influence behaviour. For non-clients, it uses quizzes to test financial knowledge development.

2. Insurance companies

i. Hollard

Hollard’s FE programme combines a customer-focused course with a generic course. The customer-focused course is targeted at Hollard’s new clients, as a way to familiarise them with topics such as budgeting. This equips them to include their insurance premiums in their monthly budgets. Other training topics include: funeral cover, the claims process, and restrictions in the insurance products. New customers are identified and invited to participate in financial literacy courses offered in close proximity to their respective locations. Training of new customers is outsourced. Hollard trains the service providers and their teams and undertakes the task of having them accredited. They train between 300 and 500 people weekly. The programme contributes to customer empowerment through increasing their knowledge of insurance.

Delivery channel: The generic FE course is offered in partnership with Avocado Vision. It familiarises participants, mainly based in rural locations, with concepts such as the Unemployment Insurance Fund (UIF), retirement annuity, and financial needs and wants.

ii. Old Mutual

Old Mutual’s investment in FE programmes forms part of its social responsibility to educate the wider South African population on responsible financial behaviour through providing knowledge and tools around money management. Their goal is to help the nation break the cycle of generational poverty, show them how to get out of the debt trap, and show people how to use the limited financial resources they have to realise their goals. Its financial wellbeing programmes (FWP) includes Fin360 and On-the-Money programmes. FWP is offered as a free service, in partnership with like-minded employers, funds, and trustees. The Fin360 programme is designed for an audience that already has some grounding in basic money matters and is keen to further its financial and investment knowledge. This programme targets directors, middle to senior-level management, current and future professionals, small business owners, and retirement fund members. Fin360 is modular-based and the modules can either be taken individually or as a complete course. The modules include:

- Retirement planning;
- Wills and estate planning;
- Fund member education;
- Leaving a retirement fund;
- Wealth and your business;
- Perspectives on financial planning;
- Risk management.

On-the-money: The On-the-money FE programme is designed to teach the general public how best to manage their finances. Workshops are designed to provide basic lessons in personal financial management by communicating five essential 'secrets' of good financial management:

- The secret of the Lion: Save first, save fast.
- The secret of the Leopard: If you cannot dream it, you cannot do it.
- The secret of the Elephant: Easy budgeting, regular budgeting.
- The secret of the Rhino: Charging down your debt.
- The secret of the Buffalo: Protecting and investing your wealth.

Other FWP include:

- The financial health assessment, tailored to the needs of the individual;
- One-on-one individual advice offered by trained and accredited Old Mutual financial advisors;
- Member support services (call centre-based) targeted at Old Mutual members. Their service provides members with financial decision support and guidance during crucial life events, such as joining a fund, resignation, retrenchment, retirement, death, and disability. It is offered in a close working partnership with employers and fund trustees.

Besides the FWP, Old Mutual also offers financial planning and advice, which is provided by brokers and financial advisors. Financial literacy training takes place in local communities and is handled in partnership with the SASI.

Poverty reduction

1 no poverty