

Financial Literacy Empowers!

Presentation to Associations in the Financial Services Sector

Presentation by the Financial
Literacy Working Group
June 2011

Background

Mandate and High-level Policy Objectives

- **Vision 2030**
 - Aspires for a competitive economy and prosperous society
 - Prosperity and wealth creation presupposes *wider access to financial products and services*, but also *knowledge to invest in, and better utilise financial assets*.
- **NDP3**
 - Calls for specific programmes and initiatives to improve delivery and use of financial products and services.
 - Calls for the transformation of financial sector,
 - The NFSC has boldly addressed this, but coordinated action may be needed

Background

Key intervention area “Financial literacy”:

Low levels of financial literacy in Namibia: (**FinScope 2007**)

- 42% of adults worry about financing their old age, but only 10% have retirement products
- 37% of adults say that they don't know much about 'money and finance'
- 43% of banked and 68% of non-banked adults do not trust banks

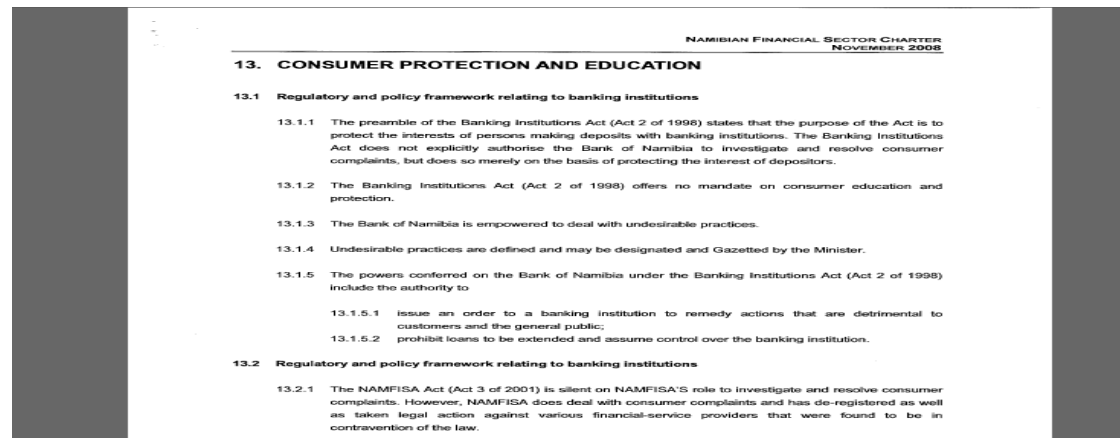
Background

- **Benefits** of financial literacy:
 - allows for using financial products & services in adequate manner without running into risks.
 - strong positive correlation between financial literacy and access to financial services.
- This is acknowledged by **the Namibian Financial Sector Charter (NFSC)**:

1.14 Consumer protection and education should not only play a vital part in the financial sector, but also serve as a conduit for access to financial products and services. The exercise of informed choice by consumers in making purchase decisions is the life blood of any economy. The choices made by consumers play a key part in determining the prices at which sellers will offer goods and services and what goods and services will succeed in the market place. The more fully and accurately consumers are informed, the better they will be able to make purchase decisions that reflect their individual preferences and needs.

Financial Literacy in the NFSC

- NFSC Chapter 13. “Consumer Protection and Education”



- **Charter Scorecard: Commitment** to spend 0.2% of the after-tax profit to consumer education activities.
- Recommended measures e.g.: Developing and enforcing market conduct standards, regularly determining the prevailing level of financial literacy through thorough investigation → **but signatories are free to decide how to achieve commitment!**

National Financial Literacy Working Group (NFLWG)

Initiative MoF with the support of stakeholders & donors (GIZ), Summer 2009:

- a) Importance of financial literacy and consumer protection for Namibia
- b) Difficulty of educating whole population and actually changing behavior



Help to **increase impact** of financial literacy and consumer protection activities through

- sharing of experiences
- coordination of activities
- learning from int'l best practice
- monitoring and evaluation



- National Financial Literacy Working Group (NFLWG) as platform
- Initial members from public sector: MoF, MTI, MoJ, MoE, BoN, NAMFISA, DBN, NPC, NCT, GTZ/GIZ

Not exclusive, but also for
NFSC signatories & private
Sector!

NFLWG Past Activities

- Activities of NFLWG, :

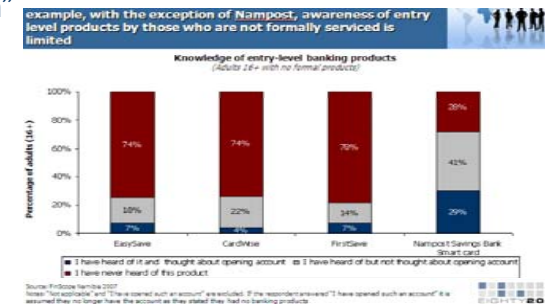
- ✓ Stocktaking of financial literacy activities by participants



- ✓ Participating in MFW4A Conference
“Promoting Financial Capability and Consumer Protection”

- ✓ Data analysis: Presentation by Eighty20 on “Financial Capability in Namibia”, based on further analysis of FinScope 2007 data

- ✓ Drafting of **Framework “Financial Literacy Empowers!”**: Description of concept of “financial literacy” and “consumer protection”, statement of objectives, target groups...



Financial Literacy Empowers!

Framework of the National Financial Literacy Working Group (NFLWG)

NFLWG and Private Sector

Private Sector involvement wanted!

- Since End 2009: Move to bring private sector on board:
 - Meeting 24 November 2009, presentation of Framework document
 - Meeting 12 January 2010, further discussion of Framework document
 - Workshops 19 and 21 January 2010, drafting of **Priority Activity List**
 - June 2010, adoption of Framework and Action Plan by the Working Group
 - Quarter I 2011: Champion for private sector inclusion and launch the Initiative



“Financial Literacy Empowers!” Vision & Strategic Outcomes

VISION

Improved quality of life and a narrowed economic divide achieved through financially capable, assertive and well protected Namibians.

ACTIVITIES

CONCERTED FINANCIAL CAPABILITY ACTIVITIES

OUTPUTS

Increased knowledge and skills on financial services, products and institutions

Increased awareness of consumer rights and responsibilities

More financial institutions practicing Responsible Finance

Enhanced protection of consumers

OUTCOMES

Financial inclusion

Informed and adequate usage of financial services

Priority Activity List

	Activity	Responsibility	Partners	Timing
2.1.	Complete the Strategic Framework and approve the Action Plan			
2.2.	Expand existing programmes			
2.3.	Commission a Baseline Study			
2.4.	Lobby and Advocate for a Legal Framework for Consumer Protection			
2.5.	Setup a Knowledge Repository			
2.6.	Identify and start long term consumer education campaigns			
2.7.	Identify and discuss with Civil Society Organisations with a view to supporting them to advance Financial Literacy in Namibia			
2.8.	Establish Recourse Centers			

Fully voluntary, non-binding
and flexible:
Choose how you would like to
contribute!
List open for new ideas!

NFLWG Future Activities

What you can do – and how the initiative benefits you:

- Take part in meetings of NFLWG
- Share experiences on what you have done – and learn from others
- Help to implement Priority Activity List – by contributing to activities that you identify with, thereby
 - establishing a baseline on financial literacy in Namibia
 - Undertake joint consumer education campaigns?
 - promoting Monitoring & Evaluation of financial literacy activities
 - fulfilling NFSC Charter objectives more effectively and efficiently

OUR VISION:



Improved quality of life and a narrowed economic divide achieved through financially capable, assertive and well protected Namibians.



Spend wisely so that you have money left to save!

Thank you very much!

Questions & Discussion