

Financial Education in Africa

OECD-FSB of South Africa
Conference on Financial Literacy
Cape Town, 27-28 October 2011

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Outline

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- Conclusions and preliminary recommendations

Introduction

- Currently more than 200 institutions from more than 90 countries have joined the International Network on Financial Education (INFE)
- 18 African countries are members of the INFE:
 - Cameroon, Cape Verde, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Libya, Malawi, Mauritania, Morocco, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe

Introduction

- **Preliminary report:**
 - Providing initial overview of FE programmes in Africa
 - Offering preliminary guidance to policymakers and other stakeholders based on OECD INFE good practices
 - Based on information available at time of writing
- **Next steps:**
 - *National institutions are invited to provide additional information and feedback using the questionnaire at the end of the report.*
 - Revise following conference discussions and feedback, and release as publication

Background

- Africa's economic and human development situation is still challenging, with considerable within- and between-countries disparities
- Key relevant features include young population, low primary school enrolment ratios, informal labour markets, high poverty rates
- Moreover, many individuals face a risky environment in natural, social and economic terms, making household resources management needed but challenging

Background

- **Financial inclusion:**
 - More consistent data would be needed to get an overall picture across sources and measures (Finscope surveys, WB/CGAP, etc.)
 - Low access to formal financial products, with large proportions of population using only informal products and services, or being completely excluded.

Background

- **Financial literacy:**
 - Existing exercises measure financial literacy in terms of attitudes and behaviours, highlighting low financial literacy
 - Other financial literacy measurement initiatives are underway at national levels, often under the coordination of the OECD or the WB

Programmes' main characteristics

- These factors provide a **rationale** for the development of financial education programmes
- Indeed, over the last years many African governments and other stakeholders engaged in the development of FE programmes
- The state of development of financial education initiatives is however quite **heterogeneous**

Programmes' main characteristics



Programmes' main characteristics

- Heterogeneous stakeholders:
 - **Few public authorities developed national strategies or coordinated initiatives – including Ghana, Namibia and South Africa**
 - **Several other programmes by non-profit organizations and by the private sector, lacking nation-wide coordination**
- Public authorities, foreign development agencies – notably the FEF of the UK DFID – and the private sector are the most important **funders**
- Most programmes **aim** at improving financial knowledge and skills, raising awareness, and improving financial inclusion

Programmes' main characteristics

- Programme typically target **vulnerable groups**, including low-income people, women, and youth,
- Mostly delivered through financial literacy training/workshops, sometimes in combination with access to financial products or with training on other economic and life skills
- Limited use of websites and schools programmes
- As in many countries, few programmes have already completed an **evaluation**, and for some it is still ongoing

Conclusions

- The development and the implementation of FE programmes in Africa face several challenges
- INFE work can provide useful guidance to further improve FE programmes and policies
- Challenges
 - Many initiatives – mostly implemented by NGOs and the private sector – need for improved **coordination**
 - The **private sector** is an important provider of financial education, but should be monitored
 - *INFE draft high level principles on National Strategies for Financial Education*

Conclusions

- **Financial literacy** assessment and **programme evaluation** are necessary for designing and informing policy
 - *INFE Financial Literacy Measurement pilot and High Level Principles for the Evaluation of Financial Education Programmes*
- **Women** and the **un/under-banked** are particularly vulnerable groups
 - *INFE Expert Subgroups on the Role of Financial Education in Financial Inclusion and on Empowering Women through Financial Education and Awareness*

THANK YOU!

*Please provide information and feedback
through the questionnaire at the end of the report*

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