

## FSCA Press Release

**3 August 2023**

### **Release of inaugural FSCA Financial Customer Behaviour and Sentiment Study results**

The FSCA has published the results of its inaugural study on financial customer behavior and sentiment. The study sought to establish how customers engage with and view the financial sector in South Africa, and whether their use of financial products and services indicates that financial institutions are upholding the Treating Customers Fairly (TCF) outcomes.

The research revealed many positive findings, indicating that although there are still areas of concern, the regulator and financial sector have made good strides in driving positive outcomes for financial customers. Some key findings include:

- Customers generally see financial institutions in a positive light; 33% indicated that “financial institutions always treat me really well”, and 42% felt that financial institutions “mostly treat me really well”.
- Customers believe that financial institutions have products and/or services that can or will meet their needs: 88% of respondents reported that their financial products and/or services meet their needs extremely well (20%) or well (68%).
- Generally, less than 30% of respondents indicated that financial institutions did not have their best interests at heart (although this was higher for credit providers and providers such as mobile money providers).

The research also provides more nuanced information, revealing many areas where further work is clearly needed to improve customer outcomes. Even in instances where customers initially gave positive feedback, further research findings paint a more layered picture. For example, while many respondents indicated that they received easy to understand information from their financial institution, 40% of respondents also indicated that their understanding of products and services was either neutral or that they do not understand their products and services.

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#### **Executive Committee:**

**Commissioner:** U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

Other notable findings include:

- Financial customers find it emotionally and cognitively taxing to look for and take up a financial product. They often feel overwhelmed and have limited understanding of terms and conditions when taking up a product and/or service. Most customers report at least one product and/or service that they do not fully understand. The least understood are store cards, insurance, medical aid, credit cards, and funeral policies
- Almost half (47%) of respondents reported that the costs of financial products and/or services were “much too high”, while 19% reported that they were “too high”. Individuals older than 40 are more likely to report that costs are “much too high”
- Unmarried women are the only group that stand out as reporting poor treatment by financial institutions, with 12% of unmarried women reporting that financial institutions sometimes treat them badly. When probed further, they reported that their financial institutions were dismissive of the complaints that they made or were unwilling to answer their questions. Married women report find it extremely difficult to switch products. In engagements, they reveal that they sometimes struggle to resolve complaints themselves but note that their husbands were subsequently able to resolve them. Relative to men, women are more likely to wait to read documents before signing.

Customers expressed an aspirational desire to own investment products, equating owning investment products with wealth and financial resilience. However, they also indicated that investment products are not well understood. Interestingly, only around 20% of respondents indicated that pension products were important to get, a sign that these aren't viewed in the same light as investment products even as they contribute towards financial resilience.

As a market conduct regulator for the financial sector, a main objective of the FSCA is to protect financial customers by promoting their fair treatment by financial institutions. The Authority also aims to promote financial inclusion. This study represents a key source of customer data for the FSCA. To date, much of the FSCA's customer-related data derives from third party sources rather than from customers themselves.

The research forms part of the Authority's focus on building its data capabilities to inform its work across policy, regulation and supervision. Other initiatives include developing comprehensive Conduct of Business Returns, establishing a Consumer Advisory Panel, and developing indicators to evaluate conduct outcomes.

A key element of the study involved illuminating financial customer behaviours across their engagement journey with financial institutions, with the research seeking to understand drivers, thoughts and motivations that inform customer behaviour. Understanding these behaviours and their underlying drivers will assist in formulating appropriate policy and regulatory responses to key challenges.

Another key finding from the survey is that customers that believe their financial institutions uphold a culture of treating customers fairly. This improves customer outcomes and drives deeper financial inclusion, ensuring that financial products and services make a meaningful difference to people's lives.

To access the paper [click here](#)

## **ENDS**

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