



**KEYNOTE ADDRESS BY UNATHI KAMLANA, COMMISSIONER OF THE FINANCIAL
SECTOR CONDUCT AUTHORITY (FSCA), AT THE FSCA FINANCIAL EDUCATION SUMMIT**

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Introduction

Distinguished guests.

Ladies and gentlemen. Good morning!

It's a real pleasure to welcome you all to our very first Financial Consumer Education Summit.

I'm delighted to see so many leaders from financial institutions, industry bodies, government, and other key players gathered here today. Your presence here attests to our shared commitment of empowering South Africans through financial education. In fact, just by coming together like this, we've already made progress—showing that we, as leaders in the sector, are committed to this important cause, of **“Creating accessible financial education for all in South Africa.”**

We chose this theme for the Summit because it really gets to the heart of the message we want to drive home today: that financial education and therefore financial literacy are essential preconditions for economic well-being.

I'm sure you'll agree that financial education has come a long way from simply offering basic tips on budgeting and saving. Today, it's about much more—it's about empowering individuals with the knowledge and skills they need to make informed financial decisions, protect themselves from financial missteps, and build the confidence to actively engage with sometimes complex financial products and services. It's also about building resilience against economic challenges and ultimately enhancing the overall well-being and economic stability of our country.

So, it is with this broader understanding of financial education that we've convened this Summit. We recognize that the challenges facing financial customers today—be it economic pressures,

increasing vulnerability, or the rapid evolution of technology — all of them demand a unified approach to financial education. It is only by working together, pooling our resources, and strategically aligning our efforts that we can ensure that financial education is not just accessible, but also impactful.

Cost of living crisis

We all know that the rising cost of living is hitting South Africans hard, with high interest rates, and rising unemployment creating financial strain on households. Recently, we saw unemployment figures increasing to 32.1%, with an even higher rate of 43.4% for young people.¹ Although consumer inflation has shown some signs of improvement ², interest rates remain high. [To my friends in the MPC – hint hint, nudge nudge]. With all this economic pressure, consumers are becoming increasingly vulnerable, finding it hard to stay afloat. In 2021, the Human Sciences Research Council (HSRC) reported that 71% of the population did not have emergency savings,³ leaving them particularly exposed to financial shocks. Additionally, millions of credit-active consumers are behind on their debt repayments, by more than three months.⁴ The COVID-19 pandemic only worsened the situation, exposing just how vulnerable many are to financial shocks.

Financial education is particularly important in this economic reality, in helping people get through tough times and empower them to make informed decisions that safeguard their financial well-being. Without this proper educational foundation, many end up making choices that worsen their financial situation rather than improve it.

Two pot retirement system

Take the example of the soon to be introduced two-pot retirement system starting on September 1. While the system is designed to allow people to access part of their retirement savings early, offering some much-needed financial relief. The undoubted outcome is that—without a proper understanding of the impact of these early withdrawals, there's a real risk that members of

¹ Statistics South Africa (2024) *Quarterly Labour Force Survey: Quarter 2, 2024*. Available at:

<https://www.statssa.gov.za/publications/P0211/P02112ndQuarter2024.pdf>

² According to Statistics South Africa Consumer Price Index (CPI) for July 2024, CPI declined from 5.1% in June 2024 to 4.6% in July 2024. Available at: <https://www.statssa.gov.za/publications/P0141/P0141July2024.pdf>

³ Human Sciences Research Council (HSRC), 2021. *Financial Literacy in South Africa: Results from the 2021 Survey*. [pdf] Available at:

<https://repository.hsrb.ac.za/bitstream/handle/20.500.11910/19334/12863.pdf?sequence=1&isAllowed=y>

⁴ According to the National Credit Regulator's Credit Bureau Monitor for Quarter 1 of 2024, as of March 31, 2024, 22% of credit-active consumers were behind on their debt repayments for more than three months. Available at:

https://www.ncr.org.za/documents/CBM/CBM%20Q1%202024_.pdf

retirement funds might end up jeopardizing their long-term financial security. The temptation to dip into retirement funds early, especially when under pressure, could leave many South Africans with insufficient savings for their retirement years. This really highlights why financial education is so crucial. People need to fully understand the impact of their choices, whether it's accessing retirement savings early or engaging in policy debates about where their retirement savings should be invested. Financial education is at the center shaping fair customer outcomes in the financial sector.

In this context, we urge all stakeholders—retirement funds, employers, unions, and others—to intensify their efforts to ensure that their members and employees have the knowledge they need to make smart decisions about the impending two-pot retirement system. It's important to note that this responsibility doesn't rest solely with institutions; it's incumbent upon each of us to educate our families and friends about the risks and benefits of this system. We should encourage them to think carefully about their financial decisions and to seek advice if they're unsure.

Innovation and financial inclusion

Another key issue that really calls for a unified approach to this subject is the rapid innovation and technological advancements happening in the financial sector, whether it is through new products such as crypto assets or channels through which financial services are distributed. Sure, new products and services offer convenience and broader access, but they also come with risks—especially for consumers who might not fully understand how these innovations work. The increase in digital fraud and online scams underscores this point. As such, our financial education efforts need to keep pace with these innovations. We need to make sure that consumers can take advantage of these advancements without falling prey to the risks they bring.

Financial education is also essential to achieving true financial inclusion, which goes beyond simply expanding access. Yes, we've made progress as a country in promoting access to financial services—with over 80% of South Africans now having bank accounts⁵. But, true inclusion remains a challenge. Just having an account doesn't mean people know how to use it effectively, as evidenced by data from the FinScope Consumer Survey 2023, which indicates that 37% of account holders withdraw all their funds immediately upon receiving a deposit.⁶ This behavior points to a deeper issue: many individuals may not fully understand how to use financial products and services to meet their needs, whether due to mistrust, limited income, or simply not having the right

⁵ The FinScope SA Consumer Survey 2023 results indicate that 84% of adults in South Africa are currently banked.

⁶ The Finscope SA Consumer Survey 2023 data

knowledge. But with adequate financial education, we can empower people to maximize the benefits of the financial services available to them, understand key risks and contribute to product suitability.

Another example is the widespread use of funeral insurance, sometimes as a form of saving⁷, and the low uptake of other forms of insurance⁸— these are signs that many people don't fully grasp the range of financial products that could better serve their needs. If we don't address these with proper education, true financial inclusion won't happen, and consumers will remain financially vulnerable.

Collective approach to financial education

Given the severity of the issues I've highlighted, it's clear that no single entity's financial education efforts can address them alone. This is why a unified and collaborative approach is essential—to effectively tackle these challenges and ensure that financial education reaches every South African in a meaningful way. National Treasury's policy document, which introduced the twin peaks model of regulation in South Africa⁹, underscores this need for collaboration. Structures like the National Consumer Financial Education Committee and initiatives such as the Money Smart Week South Africa (MSWSA) have been instrumental in fostering this unified approach. However, the rapidly evolving financial sector landscape demands that we go beyond just working together; we must commit to having clear and measurable targets if we want our efforts to have a lasting and meaningful impact.

Role of the regulator - FSCA

As a market conduct regulator of the financial sector, the FSCA has been actively promoting consumer education, a commitment that dates back to the time of our predecessor, the Financial Services Board. This included establishing the National Financial Education Foundation to fund and enhance financial education initiatives across the country, as well as rolling out various financial education and literacy programs. The introduction of the twin peaks model of regulation through the Financial Sector Regulation Act 2017, has further elevated our role, placing financial education at

⁷ According to the FinScope SA Consumer Survey 2023, 49% of the adult population agreed with the statement that funeral cover is a good alternative to a savings account or another investment.

⁸ The FinScope SA Consumer Survey 2023 results indicate that while 42% of adult South Africans have some form of insurance from a formal insurer, 48% have funeral insurance, and only 11% have non-life insurance.

⁹ National Treasury, 2013. A Safer Financial Sector to Serve South Africa Better. [pdf] Available at: <https://www.treasury.gov.za/twinpeaks/20131211%20-%20item%202%20a%20safer%20financial%20sector%20to%20serve%20south%20africa%20better.pdf>

the core of our mandate. This is based on the recognition that financial education is not just an add-on to consumer protection; it is fundamental to it. Without financial literacy, even the best regulations fall short of fully delivering protection for financial customers.¹⁰

Our strategic approach centers around empowering consumers through direct financial education; and ensuring that the financial education provided by institutions is appropriate and beneficial to consumers. We appreciate the feedback we've received from stakeholders on our Financial Consumer Education Conduct Standard, which will be finalised and implemented later this year. The intended outcome of this approach is to create empowered consumers—individuals who understand their rights, are knowledgeable about financial products, and are better equipped to recognise fair treatment.

The role of financial institutions

While we are doing good work in this area, we recognize that we cannot do it alone. The role of financial institutions is crucial. These institutions are on the front lines, directly interacting with consumers and shaping their financial behaviors and decisions. However, the commitment to financial education should not be reduced to a checkbox for compliance with the Financial Sector Code, which requires 0.4% of annual net profit after tax to be spent on consumer education. Nor should it be seen solely as a matter of corporate social responsibility or a way of creating awareness of specific products and services. Both of these approaches fall short of making a meaningful impact, as they often prioritise compliance or marketing over genuine consumer empowerment.

Financial education should be embraced as a business imperative—one that, when invested in adequately, can build trust, enhance customer loyalty, and ensure long-term sustainability. A well-informed consumer base is more likely to trust the financial institutions they interact with, leading to stronger customer relationships, fewer financial missteps, and a more resilient financial sector. I want to acknowledge and commend those institutions that have already recognised this and have adopted an approach that treats financial education as a business imperative. Your efforts serve as a model for the industry, demonstrating the profound impact that a genuine commitment to consumer education can have.

¹⁰ Global Partnership for Financial Inclusion (GPII), 2010. G20 Principles for Innovative Financial Inclusion. [pdf] Available at: <https://www.gpfi.org/sites/gpfi/files/documents/G20%20Principles%20for%20Innovative%20Financial%20Inclusion%20-%20AFI%20brochure.pdf>

The role of the education sector and other stakeholders

Without the proper foundation, our collective efforts to enhance financial literacy won't reach their full potential. As such, the education sector is key to laying this foundation by integrating financial education into the curriculum and introducing young people to financial concepts as early as possible, continuing this education throughout their school years. I want to acknowledge the important work that the Department of Basic Education has been doing, in collaboration with other stakeholders, to incorporate financial education into school curricula. The Department will later on share insights into some of the work they have been doing in this regard.

Efforts to promote financial education are not limited to the stakeholders I've mentioned so far; there have been vital contributions from other key players as well. Non-profit organisations, employers, trade unions, and industry associations have all been instrumental in driving financial education initiatives across all segments of society. Today's Summit is a unique opportunity for us to consolidate these efforts.

Digitisation of Financial Education

As we embrace a unified approach to financial education, it's crucial that we also tap into technology to expand our reach and make a bigger impact. Traditional methods of education, while still important, just aren't enough to meet the needs of today's diverse and digitally-savvy population. Technology offers the potential to create interactive, on-demand learning experiences that can be tailored to individual needs, making financial education more engaging, accessible, and effective for everyone, regardless of their background or location. The banking CEOs Fireside Chat later on, will dive into how the banking sector is using digital platforms to boost financial literacy, and I think we'll all gain some valuable insights from that discussion.

Conclusion

As I conclude, I am confident that this Summit marks the beginning of what promises to be a truly transformative and collaborative effort among all stakeholders. Our hope is that the conversations we engage in throughout this Summit will not just end as dialogue but will evolve into formal, actionable commitments. These commitments will serve as a guiding framework to ensure that our efforts are sustained, coordinated, and ultimately successful in driving financial literacy and inclusion across South Africa.

I wish to extend my thanks to everyone, including our distinguished Speakers, Moderators, and Panelists, for taking the time out of your busy schedules to join us. Your presence here underscores the significance of our collective mission to advance financial education. A special thank you goes to our Summit partners—VISA, the Financial Services Consumer Education Foundation, and the JSE—for their generous support and for making today's event possible.

I hope you find the discussions enriching, forge meaningful connections, and explore opportunities for collaboration that will propel our efforts forward.

Thank you.