Gordon Institute of Business Science
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The Effectiveness of Financial Literacy Education on Addressing Over-indebtedness: A South African perspective

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ABSTRACT

The current economic environment is forever volatile because of, most recently, macroeconomic factors that are not in the control of the ordinary individual but have a significant impact on the individual`s financial affairs. Many consumers find themselves being over-indebted due to the escalating cost of living. This results mostly from the increasing inflation and the subsequent increases in the interest rates, with the South African Reserve Bank trying hard to curb the inflation. It is in this context that an individual`s ability to make well informed financial decisions is key for long-term financial sustainability. On the other hand, making incorrect financial decisions potentially causes mental disorders such as anxiety and at worst it limits the individual`s ability to create and accumulate wealth. It is, therefore, critical that the individuals acquire the necessary financial knowledge to ensure that they can make the right decisions relating to the financial products and their daily financial management.

Research indicates that the average South African is highly indebted and, in most cases, they are struggling to service this debt. This is especially true for the individuals in the middle-income class who have relatively easier access to credit. This is reflected in the statistical reports from the credit bureaus which indicate that this group spends over 70% of their income on debt servicing. The literature intimates that the major reason for the debt challenges that are faced by the consumers is the lack of or the inadequate financial literacy. The lack of adequate financial knowledge increases the risk of the consumers taking on unnecessary and costly debt which is often long term and includes unsecured debt which attracts abnormally higher interest rates.

Various financial literacy initiatives have been developed and implemented over the last ten years by both the private and the public sectors in South Africa. Despite these initiatives, the level of over-indebtedness remains high. Over the same period, there has been a marked increase in the research that was conducted on financial literacy and its impact on financial behaviour and consumer over-indebtedness. Various South African researchers have investigated the aspects such as the indicators for measuring, profiling, and evaluating the financial literacy interventions. There has, however, been little research done on understanding the effectiveness of these interventions. The effectiveness is measured at face value in terms of the level of over indebtedness.

The purpose of this research paper was to gauge the effectiveness of the financial literacy education initiatives from the perspective of the service providers and, to an extent, the

corporate employers who enlist the services of these providers to empower their employees.

The phenomenological research entailed interviews which were analysed both through ATLAS.ti and manually to detect the themes and the codes. Thematic analysis suggests a focus on the following aspects, amongst others, to address effectiveness: the frequency of education sessions, the follow through on an individual level and regulation.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Kgwale Mokgwatsana

01 November 2023

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LIST OF ABBREVIATIONS

COVID19:	Coronavirus Disease
ELT:	Experiential Learning Theory
FSCA:	Financial Services Conduct Authority
LSM:	Living Standards Measure
NCA:	National Credit Act
NCR:	National Credit Regulator
OECD:	Organisation for Economic Co-operation and Development
SARB:	The South African Reserve Bank
SASAS:	South African Social Attitudes Survey
SLT:	Social Learning Theory
USFACL:	United States' President's Advisory Council on Financial Literacy

CHAPTER 1: RESEARCH PROBLEM

1.1 Introduction

This chapter provides an overview of the South African perspective of the effectiveness of financial literacy education on addressing over-indebtedness as well as its relevance from a business and theoretical perspective. Goyal and Kumar (2020) define financial literacy as the understanding of essential financial concepts and as the ability to effectively apply these concepts to oversee the financial resources for long-term financial success.

The chapter also introduces the financial literacy concept as well as its relationship with financial behaviour and subsequent indebtedness. The policymakers have put their focus on financial literacy education as a mitigation against the seemingly high levels of debt that are held by most South African households (Sibanda & Sibanda, 2016). This chapter establishes the requirement for this research from a South African perspective or context with reference to the practical implications resulting from the lack of financial literacy. The underlying ideas of this research are introduced and defined within their practical and theoretical application.

This research paper, more significantly, critically looks at the existing financial education and questions the effectiveness thereof. The research ultimately determines the link between the high levels of indebtedness in South Africa to financial literacy or to the lack thereof. The exceptionally excessive degree of income and wealth imbalance in South Africa may provide credence to the topic of financial literacy being regarded as a central policy stress point (Nanziri & Olckers, 2019).

In seeking to improve the financial empowerment, the prospects and the security of employees, the employers are focusing on the employees' financial literacy by applying targeted financial literacy education initiatives in the workplace (OECD, 2019).

1.2 Background

The existing challenging economic environment is affecting the way individuals manage their living standards through their investing, spending, and saving decisions as well as through the management of risks especially for long term sustainability (Sabri & Zakaria, 2015). According to Old Mutual`s Savings and Investments Monitor (2023), at least 43% (40% in 2022) of consumers had to loan money from family members and friends just to manage their daily expenses. This picture clearly depicts the pressure that most people find themselves in due to the worsening economic environment which they are ill prepared for.

In the financial landscape, which is forever changing, the ease of access to financial services has subsequently increased the consumers' financial obligations. These are often the consumers who lack the necessary skills and abilities to make financial decisions and consequently face their difficult financial affairs (Zokaityte, 2017). It is only the consumers who are more knowledgeable about financial affairs that are shown to have the ability to navigate the financial landscape and remain financially sustainable (Lusardi & Mitchell, 2011).

Growing evidence suggests that the ordinary households are confronted with unusually complex financial choices daily, while they are rather poorly informed when they make these significant financial choices. There might be more consumers with little to no financial knowledge than those who are well read in terms of financial literacy and therefore have better control of their financial matters. While South Africa`s extremely complex financial sector is beneficial to the households, many of the sector`s sophisticated products demand that the consumers have adequate financial knowledge for proper usage (Nanziri & Olckers, 2019).

Financial literacy is defined by Lusardi and Mitchell (2014) as the "people's ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions". In simpler terms, financial literacy can be summarised as the ability to apply financial knowledge and skills to successfully manage one's financial matters.

Globally and locally, the macroeconomic factors are presenting challenges to individuals regarding the impact of the previous and future financial decisions which might have a significant impact on their financial wellness. These factors include, but are not limited to, (a) The disruption of the supply chain by war (Ukraine & Russia), (b) International trade relationships (United States & South Africa); (c) Inflation, interest rates and foreign exchange (SA). These factors might also severely impact the long-term financial well-being and the affordability of the households as they might not be within the control of the government. These factors including the COVID19 crisis, highlight that the individuals could be under equipped when it comes to the financial knowledge and the skills that are required to handle the changing economic conditions.

Even though South Africa`s employed workforce is continuing to demonstrate resilience in the face of the abovementioned macro-economic difficulties that have befallen the country. A total of 45% (see Appendix 4) of the employed workforce is under significant financial stress, with at least seven out of ten people trying to make ends meet with salaries that have remained flat over the last three years (Old Mutual, 2023). According to the Old Mutual Savings and Investments Monitor (2023), the employees have struggled to build savings buffers, with at least 30% indicating that their current savings are equivalent to a month`s expenses. About 33% of the employees with home loan accounts are finding it difficult to service their debts while at least 53% of the employees indicated that they have inadequate funds to cover costs in an unforeseen situation (Old Mutual, 2023).

The COVID19 health crisis unfortunately emphasised the need for effective household financial management. This was because of the interruption of operations by many businesses thereby resulting in the brief loss of income by many consumers during the pandemic.

The consumers who are ill prepared for difficult times are potentially at risk of over indebtedness. There is scarce research in the literature on the correlation between financial literacy and over indebtedness (Kurowski, 2021). Financial well-being can mean that one is in a state of financial health, and they are happy as well as stress free. It is generally founded on a biased assessment of one’s financial circumstances (Sabri & Zakaria, 2015).

Financial literacy education focuses on the enhancement of financial literacy and financial behaviour (Kaiser & Menkhoff, 2017). Financial literacy is crucial in an individual`s everyday personal financial management journey as it drives their financial behaviour and guides their decision making. There is sufficient evidence to support the impact of financial literacy on an individual`s financial behaviour and choices which include saving and investing behaviour as well as debt control and financing habits (Lusardi, 2019).

The lack of knowledge of basic financial concepts leaves people without the tools to make informed choices that are related to but are not limited to personal financial management regarding investments, borrowings, and savings (Klapper & Lusardi, 2020). The higher levels of financial literacy may improve financial resilience and minimise the risks such as over-indebtedness while lower financial literacy is greatly linked to the inability to pay off debt (Klapper & Lusardi, 2020).

The financial literacy education initiatives can be helpful to society by assisting the individuals to avert the financial difficulties and getting them ready for confronting the decisions about their financial affairs (Meyers, 2020). The governments and the global organisations around the world have since the early 2000s devoted themselves to financial literacy initiatives to tackle the low levels of financial literacy.

Financial literacy education has been identified as a crucial tool by the policymakers to fight against the low levels of financial literacy (OECD, 2019). Assisting the tertiary education students to obtain financial literacy can prove to be beneficial to the prospective employers. This is because prior research assumes that the low levels of financial literacy among the workforce leads to a decline in workplace productivity (Meyers, 2020). It goes without saying then that the financially literate students might have an advantage of a better starting point in terms of the financial choices when they enter the workplace.

Financial education is regarded as a vital part of the International Labour Organization (ILO) Social Finance Programme initiatives towards the enhancement of financial inclusion, and it has as its objectives the empowerment of the workforce to make more well-thought financial choices at both personal and professional levels (Sibanda & Sibanda, 2016). The Social Finance Programme`s intention is to bring together financial literacy education with other initiatives, including the creation of an empowering atmosphere for financial inclusion, responsible lending practices and the advancement of more demand-driven, open as well as reasonably priced financial offerings, as a way to improve the financial inclusion of the helpless groups (Sibanda & Sibanda, 2016).

The OECD (2022) considers the workplace as “a relevant channel for financial education as it can be an effective way of reaching household financial decision-makers, who spend a good part of their time in the workplace”. The workplace can, therefore, play an important role in reducing the financial difficulties that the employees face due to unplanned and unknown forces such as COVID19. The skills and knowledge that are required for one to be able to mitigate their financial matters against these unplanned and unknown forces are critical, but these might be inadequate if one refers to the debt crises that arose out of the COVID19 pandemic. The COVID-19 pandemic might have led to a faster early withdrawal of pension funds by the employees for whom financial literacy education could have played a significant role in supporting positive financial wellness.

Numerous research studies have shown that the effectiveness of workplace financial literacy education can play a vital role in supporting the choices around retirement savings and in assisting the workers to overcome their financial behavioural preconceptions, and eventually improve their state of financial wellness (OECD, 2022).

1.3 Over-indebtedness in South Africa

This research paper focuses on the effectiveness of financial literacy education when addressing the over-indebtedness in South Africa. It dives into the problem of over-indebtedness which is the reason why this research was undertaken, and it includes the expected benefits resulting from this research.

According to the National Consumer Act 34 of 2005, “a consumer is over-indebted when he/she does not have the means to meet all his/her debt repayments and his/her expenditure exceeds his/her income”. The Act further considers various reasons which include but are not limited to financial over-commitment; inadequate budgeting; the impulsive acquisition of goods despite existing incurred debt; the changes in an individual`s conditions or life phases; buying necessities on credit; converting short-term debt to long-term debt to augment one`s cash flow and standing as guarantor for other people whose default might end up compromising one`s credit score.

The financial choices have the potential of affecting people`s quality of life with informed financial choices possibly benefiting them and the poorly planned choices possibly damaging their plans and life prospects. The debt levels in the country across all income groups and especially in the middle class are used as a reference point for the depth of the issue.

There is a likelihood of a solid link between financial stress and the increased rates of mental health issues, which can adversely affect a person`s ability to concentrate, make choices, and operate efficiently in the workplace (OECD, 2022).

The individuals without the necessary financial and debt literacy may take loans that they end up being incapable of repaying. The macroeconomic factors which might lead to a substantial increase in over-indebtedness have a significant impact in this regard. The individuals who are not sufficiently prepared for the tough economic times might be at a higher risk of over-indebtedness.

Although there is some literature on the correlation between financial literacy and over-indebtedness, there is no analysis of the effect that financial literacy has on the readiness for the tough economic times and as a result, there is a potential escalation of over-indebtedness (Kurowski, 2021).

The South African household income-to-debt ratio was 66.1% in 2021 compared to 67.9% in 2020 (Exhibit 1). This was on the backdrop of the bank lending rate (prime) of 10.75% (Appendix 1) on the 31st of January 2023 which was up by 3% since April 2020. The overall debt to annual income ratio for the middle class (earning R20k+) was 161% (Appendix 2). This problem is aggravated by the access to unsecured debt which is often used for conspicuous consumption to keep up with societal expectations. As of November 2022, the average South African consumer`s unsecured debt levels had risen by at least 26% (City Press, 2022).

According to Debtbusters` Q4 2022 debt index, the consumers in the middle class have seen their spending power erode by at least 33% since 2016 (BUSINESSTECH, 2023). The average rate at which the consumers defaulted on their loans increased from 4.19 (March 2020) to 4.33 (March 2021) (Appendix 3).

The levels of consumer debt have been a cause for concern in South Africa, and this has had an impact on various consumer income levels. The easy access to consumer credit as well as the peer pressure that is demonstrated by the “need” to hold on to a particular standard of living could have led to the substantial increase in the consumers’ debt levels.

Personal loans, as well as vehicle and property financing can along with the increased use of credit cards in general contribute to the intensified levels of consumer debt. The heightened utilisation of credit coupled with the salaries that are not increasing has a potential of presenting the consumers with a daunting task to keep up to date with the servicing of their debt. The challenges the consumers face with this growing utilisation of credit have led to many of them being unable to service their debts which then accrues more charges, increases their credit balances and further prolongs the time it takes to service these balances (Vantage Debt Management, 2023).

Notwithstanding a well-established financial services sector, South Africa is still confronted by considerable challenges regarding financial inclusion especially around over-indebtedness (Sibanda & Sibanda, 2016). A report by the office of National Credit Regulator (NCR) in 2014, indicated that at least 44.2% of the existing customers had defaulted records, which pointed to an urgent need for financial education programs that are effective in arming the individuals with relevant knowledge to make sound financial decisions (Sibanda & Sibanda, 2016).

The National Credit Act No. 34 of 2005 (NCA) was rolled out in South Africa with the intention of the National Credit Regulator being the provision of the vital skills and information for the consumers to appreciate the evolving financial environment, as well as to shield the households that are already overwhelmed with debt and also to stop the irresponsible granting of credit (Karambakuwa & Ncwadi, 2021). A number of initiatives and programmes were rolled out to teach the consumers how to make informed financial decisions to avoid taking on debt and to get help should they already be indebted (Karambakuwa & Ncwadi, 2021). According to the Credit Bureau Monitor (2023, Q1), at least 36.29% of the consumer debt was not in good standing with 9.69% being listed as adverse.

According to BusinessTech (2023), the ability of the South African consumers to purchase goods has decreased by 38% over a period of seven years. Most of the impact has been due to the interest increases which have badly affected the ability of the individuals to continue servicing their debts. The South African Reserve Bank (SARB) increased the interest rates by half a percentage by effectively leaving the prime lending rate at 11.25% and therefore negatively impacting people whose vehicle or home finance is linked to the interest rate (Daily Investor, 2023). The consumers continue to experience higher levels of debt due to the reserve bank increasing the interest rates to curb the rising inflation.

The Data from Q2 2023 indicates that there was a bigger need from the South African consumers for advice on better handling of debt, with questions relating to debt going up by 43% and the debt related queries made online increasing by an astounding 99% year on year (BussinessTech, 2023).

The intention for the implementation of services that are offered for the counselling of overindebted consumers was born out of a desire to get these consumers out of the debt situation they are in. This process allows for a registered debt counsellor with the National Credit Regulator to evaluate a consumer`s existing financial condition and in the process to establish whether they can help the consumer with a new, reasonable monthly debt settlement plan.

The mandate for the debt counsellor is to then officially negotiate new terms with a consumer`s creditor to lower the consumer`s monthly repayments and the interest rates. Upon complete settlement of a consumer`s debt, they receive a clearance certificate which make it possible for their credit information to be reinstated to a positive status and therefore it allows for any unfavourable data to be removed from their credit record.

Debt counselling improves a consumer`s credit score substantially over time throughout the debt counselling process. This will allow a consumer to have access to credit (Vantage Debt Management, 2023).

The mandate of the Financial Services Conduct Authority is to "enhance the efficiency and integrity of financial markets; promote fair customer treatment by financial institutions; provide financial education and promote financial literacy; and assist in maintaining financial stability" (Mail&Guardian, 2023).

Reporting in its April 2022 outlook document, the Financial Services Conduct Authority emphasised that the South African consumers had severe debt obligations, with more than 50% of the consumers who have access to debt carrying more debt than they can service. Given how the interest rates have tracked since then, the consumer`s level of indebtedness has probably gotten worse.

The National Credit Regulator's mission on the other hand is to "support the social and economic advancement of South Africa by regulating for a fair and non-discriminatory marketplace for access to consumer credit; and promoting responsible credit granting and credit use, and effective redress" (Mail&Guardian, 2023).

The National Credit Regulator's consumer credit report for the quarter ended in June 2022 and it indicated an increased rate of 66.7% for the new credit applications that have been declined. This is in comparison to 66.04% for the quarter that ended in

December 2021 and 66.4% for the quarter that ended in March 2022.

The consumers being declined credit at higher rates shows that these consumers continue to request access to more credit, but their creditworthiness is considered as risky. The reason for this is generally because of the consumers either being having too much debt than they can afford or having a bad record when it comes to settling their debts. According to a report by the Financial Services Conduct Authority, at least 54% of the credit was taken to finance essential needs (Mail&Guardian, 2023).

The households might be carrying debt that they cannot afford because of, lacking the basic skills that are required to manage their financial affairs and they might also not be able to protect themselves from the greedy practices by those who advance credit or who lend money. Providing the requisite basic skills training has the potential of enhancing the way the consumers manage their financial affairs (Karambakuwa & Ncwadi, 2021).

The high level of consumer debt in South Africa is mostly a result of both the demand and the supply side factors of the economy. These consider the general interest rates cut, greater financial inclusion post-independence, the inadequate skills that are required for personal financial management and the ambiguous lending terms as well as the lenders who are irresponsibly advancing credit (Karambakuwa & Ncwadi, 2021).

South Africa has been found to have the highest number of financially illiterate people, and it has the second highest number of economically illiterate people from the research that was performed on 50 countries, therefore bringing to light a severe problem of the inadequate knowledge and skills that are necessary for the consumers to appropriately manage their financial affairs (Karambakuwa & Ncwadi, 2021). The financial literacy education of a consumer plays a vital role in this case. This education results in the consumers being able to effectively manage their budget and it enables them for to use the financial services broadly (Kurowski, 2021).

There is evidence that the people with a higher level of debt literacy are significantly capable of successfully navigating the threat of accumulating too much debt than they could afford in the event of a crisis.

1.4 Conclusion

The issues raised in this chapter regarding higher levels of indebtedness as well as the rate at which new credit applications are declined capture the essence of the research topic. Over-indebtedness has mostly been the result of consumers not being prepared for the hard times that are brought about by a volatile economy and other macroeconomic factors that are not in their control. It brings into question the level of understanding from consumers` point of view when taking on new credit with regard impact of interest rates on their ability to continue serving the loans. Added to this is the lack of financial knowledge to make allowances for unforeseen circumstances as well as rising costs of goods, as captured by rising inflation numbers. The researcher seeks to link these gaps in consumer awareness to financial illiteracy. The ability to link these to lack of financial literacy should then assist the research in proposing over-indebtedness as the single biggest result of financial illiteracy. This does not mean that there are no other factors that could be directly contributing to over-indebtedness.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on amongst others, the review of relevant literature relating to financial literacy, over-indebtedness, and the effectiveness of financial literacy education. Although the researchers are yet to provide a convincing compromise on the definition of financial literacy, most definitions put an emphasis largely on financial capability and knowledge (Huston, 2010).

The United States' President's Advisory Council on Financial Literacy (2010) defines financial literacy as "The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being" while Meyers (2020) defines it as "the term for individuals who are well-versed in finance and can make beneficial financial decisions for themselves" (Ludick, 2021).

According to the Financial Sector Conduct Authority, financial literacy is an intricate multi-faceted notion comprising of a few key concepts such as proficiency; awareness; financial behaviour and financial choices (Roberts et al., 2018).

Xiao and O'neill (2014) define financial proficiency as, "a consumer's ability to apply financial knowledge and perform desirable financial behaviours to achieve financial well-being" (Ludick, 2021). Financial proficiency essentially refers to the conviction of a person to make sound financial choices.

Lusardi and Mitchell (2014) suggest that in theory, financial literacy symbolises the financial awareness that is displayed through investing in human beings. Financial awareness can be described as a person's comprehension of mathematical basics and their interpretation of an array of financial principles (Roberts et al., 2020). There are costs that are attached to financial literacy as an investment, although this investment is expected to attract the desired results and it will benefit the wider society instead of only benefiting those that are financially exposed (Lusardi & Mitchell, 2017). Additionally, investment in financial awareness is vital for the individuals to make positive financial choices that clearly impact their financial wellness (Philippas & Avdoulas, 2020). The confidence in financial awareness is reflected in the individuals through an assuredness that can be defined as an apparent awareness of personal finance, and it emulates a self-professed level of financial understanding (Asaad, 2015). Asaad (2015) further claims that although it is good for an individual to have a strong conviction of their awareness, this conviction should not supersede the actual financial understanding. This is because when an individual`s financial understanding is low and yet they have a high perception of this financial understanding, they have a high risk of participating in dangerous financial behaviours.

Financial behaviour is regarded by the OECD (2013) as a crucial element of financial literacy (Ludick, 2021). It is considered to be positive when it entails an individual properly budgeting for their spending while on the other hand, it is assumed to be negative when it entails dependency on the lenders because this can have a detrimental impact on financial wellness (Ludick, 2022). The initiatives by the state should direct their attention to developing both an individual`s behaviour and mindset towards their financial affairs as well as the necessary financial literacy education to enhance their financial knowledge (Rai et al., 2019). In the process of stimulating the financial capacity in South Africa, there exists an apparent requirement to focus on the social patterns that are entrenched in the "importance" of immediate gratification which, together with attitudinal obstacles are constraints to a culture that encourages saving (Roberts et al., 2020).

Financial wellness is defined by Brüggen et al. (2017) as, "The perception of being able to sustain current and anticipated desired living standard and financial freedom". This might suggest that an individuals' current financial behaviour has an impact on their expected financial wellness. This is because an individual's evaluation of their financial wellness is expected to be different during various periods of their life cycle.

Financial wellness is used by some policymakers in government as a measure of the achievement of economic success, the segmentation of the market, the new product choices, and the companies making entries into the market as well as for preparation of policies for the lenders according to the customer segmentation in terms of financial wellness (Mahendru et al., 2020).

The emphasis on the significance of financial freedom deduces that an individual can without financial limitations, make financial choices about the required spending (Brüggen et al., 2017).

The financially literate people can manage and spend the money they earn in a more informed manner. This is crucial because the consumers` financial decisions greatly affect their wellbeing. The topic relating to financial literacy and financial literacy education has become a focal point of research by the economics professionals and by other similar minded academics (Allgood & Walstad, 2016). The South African Social Attitudes Survey (SASAS, 2020) found that on a normal month, about 39% of the South African consumers experienced challenges in meeting their monthly cost obligations as opposed to only 20% of the South African consumers who could comfortably manage their monthly expense obligations.

The advent of precarious events such as “once in a lifetime” pandemics such as the coronavirus, has highlighted the financial weakness that underscores how important informed financial choices are as they bring with them the cost of joblessness, possible harmful effects on psychological and physical wellbeing and the helplessness which comes with the households` inability to control their current financial circumstances (Mogaji, 2020). Financial weakness in this case can be best defined as the negative exposure the individuals feel when they have little or no control on the management of their financial affairs.

Maconi (2016) suggests that financial literacy education is dependent on the individuals having or acquiring standard literacy which essentially refers to the capability to write and read. This therefore might mean that an individual requires the knowledge of basic literacy before they can be advanced to financial literacy education.

Financial literacy education is an intervention which is intended to help the consumers` to develop the necessary skills that are required for them to make sound financial decisions. It also has a purpose of improving the consumers’ financial wellness through the improved knowledge of the financial factors (Lusardi & Mitchell, 2007). It is especially significant for the developing economies to gain from the recent attempts internationally to improve the access to commercial services and products as well as risk avoidance (Calderone, 2014).

The necessity for evaluation to measure the success of financial literacy education has also been gaining recognition especially with the arrival of the Coronavirus pandemic since the success of financial literacy interventions enables people to effectively interpret the events that could otherwise negatively impact the management of their financial affairs (Kurowski, 2021).

In the end, there is a need for evidence of the effectiveness of financial literacy education in the developing economies (Calderone, 2014).

2.2 Financial literacy and education around the world

The implementation of policies promoting financial literacy education initiatives has become a high priority around the world (Kaiser et al., 2022). Most of the world`s biggest economies have implemented plans that are intended at improving financial literacy to promote inclusion and stability (Kaiser et al., 2022).

More people get into retirement having accumulated much more debt than the earlier generations did, and this is a result of the higher life expectancy, more financial choices and acquiring access to a selection of new financial products (Lusardi, 2019). It goes without saying that to navigate the current financial environment, people may need financial education to acquire basic financial literacy skills at the very least. The accumulation of debt is most likely the result of the lack of knowledge leading to bad financial behaviour (and financial decisions).

Financial education is intended to improve the financial literacy of the recipient for improved financial decision-making. Goyal and Kumar (2021) define financial literacy as the "knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life". Financial literacy is also associated with but is not limited to education, consciousness, and capability (Goyal & Kumar, 2021).

Based on the above-mentioned statistics, South Africa has a problem of over-indebtedness which may be linked to the levels of financial knowledge in the country. The magnitude of financial literacy on the individuals` ability to make sensible financial decision making can never be overemphasised. Understanding financial concepts and how they are affected by the macroeconomic factors, amongst others, may assist the individuals in making long-term financial decisions that may shield them against the factors outside the individuals` control.

The findings from literature provide motivation for the implementation of financial education because it can have a positive effect on financial knowledge as well as financial behaviour, although its inadequate effectiveness raises a question on what can be done to increase its general effectiveness (Kaiser & Menkhoff, 2017).

It has been observed that financial literacy education can lead to improved wealth creation skills and enhanced saving and overall financial choices (Fan & Chatterjee, 2018). Studies have previously discovered that the lack of financial literacy is linked to the bad financial behaviours within the families (Fan & Chatterjee, 2018). Studies have also shown that people with greater cognitive capabilities are more financially literate (Muñoz-Murillo et al., 2020).

A high-level study on financial literacy that was performed by the Financial Services Board (FSB), established that many South Africans were almost illiterate therefore implying that a major section of the residents might not be sufficiently prepared for more detailed financial decision making (Sibanda & Sibanda, 2016). This may be manifesting itself through the levels of indebtedness and through the individuals seeking debt counselling in South Africa.

Expanding studies demonstrate financial literacy education`s contribution in changing the people`s feelings towards financial management and their interaction with the economy (Pettersson, 2022). Financial education it is claimed, lies on the impractical impression that the gap in financial knowledge between the financial services and the customers can be adequately addressed by educating the individuals about finance and consequently impacting them in such a way that they act in a financially reasonable manner (Pettersson, 2022).

The individuals with higher earnings have an advantage because they can independently acquire financial literacy while those with lower earnings do not have the motivation to acquire financial literacy. To mitigate against long-term financial challenges, it is particularly critical to estimate the effects of financial education on the groups that are claimed by researchers to have inadequate financial literacy education (Wagner, 2019).

Some of the issues that are borne out of financial illiteracy incorporate the difficulty in personal finance management especially as it relates to personal debt and the inability to save (Wagner, 2019). Lusardi and Mitchell (2014) advocate that having more people become financially literate could assist in the mitigation of financial problems. Various education initiatives have been developed to enhance financial literacy and this is borne out of the rife personal finance challenges that are experienced by the individuals as well as the significant status that financial literacy commands (Wagner, 2019).

Financial inclusion is a concept that refers to the availability of financial services to everyone and it is concerned with the elimination of the inequalities and the upholding of equal opportunities for everyone (Ludick, 2021). In simpler terms, financial inclusion refers to the provision of reasonably priced and appropriate financial services products to all the individuals who are part of the active labour force for the purpose of warranting an inclusive economic participation (Refera et al., 2016).

Financial inclusion is also vital for the enhanced standards of living as it aims to enable people to enter the mainstream economy by understanding and selecting products that adequately meet their requirements (Mogaji, 2020). This led to the states and their policymaking bodies integrating financial literacy initiatives with a focus on addressing the high levels of financial illiteracy (Harrison, 2016).

2.3 Financial education in corporate

A recent US survey found that the workers are to some extent stressed about their financial situation and the employers are beginning to take interest (Winick, 2019). While acknowledging that each dimension of employee well-being is important, some employers have in recent years put an increasing importance on financial well-being through a four-step program of discovery, plan design, inspiration, and the monitoring of results (Winick, 2019). The monitoring of results supports the research question above regarding the measures of success.

More employers offer financial education about retirement, as well as investing and planning, but only a small number provide education about personal finance (Prawitz & Cohart, 2014). The urgency for financial literacy education in the workplace is continuously rising as the work force is constantly being faced with concerns regarding its short to long-term financial wellness (OECD, 2022). Workplace financial literacy education has become more prevalent as the workers exercise caution with key financial decision-making (Wagner, 2019).

Introducing or offering financial literacy education in the workplace with the purpose of enabling the employees to plan for their retirement could play a crucial role in supporting the employees` financial wellness. According to Atkinson et al. (2015), numerous studies suggest that the availability of workplace financial literacy education, especially regarding the employees` retirement planning, is effective (OECD, 2019). Offering financial literacy education in the workplace can significantly enhance the employees` choices when it comes to planning for their retirement (OECD, 2019). Furthermore, it can assist the employees to conquer the biases that are linked with their behaviour, and subsequently it ensures that their financial wellness is enhanced.

Furthermore, it is important that the individuals take consideration of the other unforeseen expenses that are linked to an increase in life expectancy such as the prolonged need for healthcare which might require to adaption based on the prevailing physical needs, and that can potentially absorb a bigger share from the domestic budgets. It may be a challenge to plan for these unforeseen expenses due to the behavioural preconceptions and the complexities affecting the environment in which the individuals are expected to make financial choices.

The workforce might have a better advantage with the rise in the usage of financial technological solutions, than the people that are not part of the workforce to take part in the mainstream financial services space due to their requirement for compulsory interaction with the formal financial sector, mainly through the need to access their salaries through the banking platforms. This might lead to an increase in the workforce being inclined to embrace the online financial platforms as an alternative to or as a supplement to the conventional digital banking services.

An increase in the adoption of the digital financial services may likely expose the employees, especially those without the necessary digital or financial literacy levels, to the risk relating to theft and fraud (OECD, 2022).

Financial Technology, which is also known as “FinTech”, has largely brought with it new types of loans through the online lending platforms. These new loans which include short-term customer credit are mostly easily granted to the workforce due to the security of a stable income that is supported by a favourable credit history (OECD, 2022). These types of loans have introduced process efficiencies by being mostly paperless with reduced administration and therefore there is speedy approval. They are, unfortunately, likely to accelerate the financial risks such as the higher levels of indebtedness to the workforce. The attraction to these types of credit to the ordinary workforce, includes the ease of access, extension and their revolving nature which makes it appealing to the consumers for the coverage of day-to-day household costs (OECD, 2022). The risk for the higher levels of indebtedness, which may contribute to financial stress, is further heightened by their ease of access for the individuals who have high levels of financial illiteracy.

Setting up and offering financial literacy education in the workplace may come with obstacles, notwithstanding the indication of the prospective value it can add to both the companies and their employees. Literature has pointed out an array of obstacles that prove to be a constraint on the motivation of the companies to provide financial literacy education to their workforce as well as the challenges that restrict the participation of the workforce.

From an employer`s point of view, the obstacles that may impact their offering of financial literacy education in the workplace may be due to not being conscious to the potential damaging impact on the company`s productivity as a result of the financial difficulties that are experienced by the workforce. Further to these might be the inability to comprehend or determine the potential benefits (financial wellness) that can be derived from investing in financial literacy education. The likelihood of companies investing their resources by creating dedicated programmes is therefore largely restricted because they may not identify the necessity and a compelling commercial reason for ensuring that their workforce has an enhanced level of financial knowledge (OECD, 2022).

The readiness of the workforce to take up financial education, on the other hand, may be insufficient regardless of certain evidence pointing to a potential overall inclination of the workforce to participate in the financial literacy education interventions that are offered by the employer. Literature suggests that a part of the workforce may be insufficiently motivated or even eager to take part in employer initiated financial literacy education interventions for the reasons ranging from the probable lack of awareness or the failure to comprehend the benefit of participating in these financial literacy interventions (OECD, 2022). At the same time, it could just be that part of the workforce is unaware of the availability of the resources for assistance with the challenges they face with their financial affairs. Additional to these reasons might be the time constraints due to the other priorities that are of significance such as the inability to participate in the financial literacy education programmes within their work schedules (dependent on their roles). The literature indicates that it could be challenging for some willing companies to engage their employees in the financial literacy education interventions that are not compulsory, and they are likely to take time out of their work schedules (Bailey & Winkelmann, 2021).

2.4 The South African perspective

The access to financial services in South Africa should not be misconstrued as a measure of financial proficiency (Nanziri et al., 2018). The complex nature of the most recent fiscal product markets poses a challenge to many people who struggle to navigate and choose the most favourable recognised financial products and they employ tactics that go beyond the recognised financial market (Roberts et al., 2020). It is, therefore, crucial for the individuals to make sound choices due to the possibility of either taking advantage of the opportunities for personal gain or wasting these opportunities. The propensity to choose good financial products is a vital area to address through financial literacy education (Roberts et al., 2020). A study conducted by Nanziri et al., (2018) on the individuals' knowledge and understanding of financial concepts revealed the following:

Table 2.1: Phrases drawn from the study

Phrases drawn from the study
Knowledge and understanding of bad debt
Knowledge and understanding of the National Credit Act (NCA)
Knowledge and understanding of the credit bureaus
Knowledge of compounding interest (saving small amounts and investing overtime)
Gaps identified
Use of financial services and products – Combining questions that are related to selecting the savings and the investment products, insuring household contents as well as the drawing and the and the management of a budget (deals with day-to-day financial discipline)
Knowledge of life insurance
Knowledge of how to find out about one's credit worthiness
How interest rates work and how they are calculated
Trust deficit in banks

Source: Nanziri et al., (2018)

The data in Table 2-1 indicates that due to their tendency to not have credit, the poor are almost less likely to experience challenges with credit commitments and they are therefore not the Living Standard Level (LSM) having problems in effectively handling their credit obligations (Roberts et al., 2017). Approximately three out of four (76%) of the respondents in the lower LSM group indicated that they did not enter into any credit agreements. This is in comparison to 61% of the Lower Middle LSM, 46% of the Upper Middle LSM and 28% of the High LSM groups. It is generally the people belonging to the higher LSM that experience challenges relating to the servicing of their credit agreements. Roughly 21% of the lower middle group, almost 31% of the upper middle group and 34% of the High LSM groups admitted to experiencing difficulties in servicing their credit agreements. This is in comparison to 9% of the Lower LSM group who incidentally have a significantly lower take up of credit. The indications are that the middle LSM is more inclined to take on credit and, therefore, they are more likely to experience difficulties with their credit circumstances (Roberts et al., 2017).

Table 2.2: Struggling to keep up with credit commitments, by living standard level (2017)

	Low		Lower Middle		Upper Middle		High		Total	
	%	s.e.	%	s.e.	%	s.e.	%	s.e.	%	s.e.
Keeping up without any difficulties	3	(1.73)	5	(1.06)	9	(1.24)	28	(2.57)	13	(0.91)
Keeping up but it is a struggle sometimes	8	(2.70)	13	(1.89)	19	(1.68)	28	(2.73)	19	(1.15)
Keeping up but it is a constant struggle	1	(0.98)	8	(1.42)	12	(1.60)	6	(1.40)	9	(0.89)
Falling behind with commitments	1	(0.85)	4	(0.92)	6	(0.89)	3	(0.96)	4	(0.52)
Having real financial problems	5	(2.02)	4	(1.04)	4	(0.97)	2	(0.60)	4	(0.54)
Don't have any commitments	76	(4.77)	61	(2.69)	46	(2.28)	28	(3.01)	46	(1.50)
(Don't know)	5	(2.78)	2	(0.64)	2	(0.48)	2	(0.65)	2	(0.33)
(Refused)	1	(0.68)	3	(1.09)	2	(0.46)	5	(1.05)	3	(0.45)

Source: South African Social Attitudes Survey (SASAS) 2017

2.5 Theory and frameworks

The following theories are intended to provide a better articulation and an overview on the process through which the individuals` personal financial management is influenced and the attainment of financial literacy for informed financial decision-making. The researchers have used diverse behavioural theories to grasp some of the factors that are influencing financial behaviour and three of the mostly used theories in literature are discussed here (Goyal & Kumar, 2021).

There is a mixture of the theoretical foundations relating to financial literacy with development psychology models such as cognitive psychology suggesting that financial literacy is molded within the environment in which one is brought up rather than being taught (Nanziri et al., 2018). The theory of exchange instead claims that an individual`s level of financial literacy is likely to vary based on the level of knowledge transfer and interactions (Nanziri et al., 2018).

The learning process could also be inherent to this exchange, either through self-learning or from the associates while executing daily financial actions. Drawing from the learning theory, financial literacy is correlated to the formation of routines, in which case the strength or the penalty defines the way forward (Nanziri et al., 2018).

2.5.1 Life cycle model

The lifecycle model proposes that the individuals who obtain financial knowledge achieve better results than the others (Goyal & Kumar, 2021). This research sought to explore this model in more detail by gathering data to support the effectiveness of financial education. It looks specifically at the potentially permanent consequences that an individual can face by taking uninformed financial choices early on in their life cycle. Having the requisite financial knowledge and applying it appropriately from the beginning should aid the young consumers with informed financial decision-making during their life stages (Meyer, 2020).

There have been arguments in certain sections around the ease or difficulty of assessing the effectiveness of financial literacy among the consumers due to the life cycle theory in relation to saving behaviour. It is suggested by deliberately applying a microeconomic method to saving and spending, that a completely reasonable and adequately informed individual will limit spending while prioritising saving when the earnings are higher to fund consumption when the earnings slow down, this usually refers to post retirement (Lusardi & Mitchell, 2014).

The life cycle theory of savings describes the individuals` saving and spending patterns over the whole period of their lives, by generating and amassing wealth and then using this wealth in retirement if every consumer decide to ensure that their lifestyles are consistent throughout (Lusardi & Mitchell, 2011). The theory seems to follow the periodic movement of human investment which entails investment at the beginning of the cycle while attracting low earnings which then increase as the returns on investments are recognised.

Empirical research indicates that a lot of people are unable to exercise effective decision-making in various life stages (such as contributing, participating, and investing in a retirement product) and to guarantee that their retirement funds are sufficient, as a result of the behavioural preconceptions and the high levels of financial illiteracy (OECD, 2018).

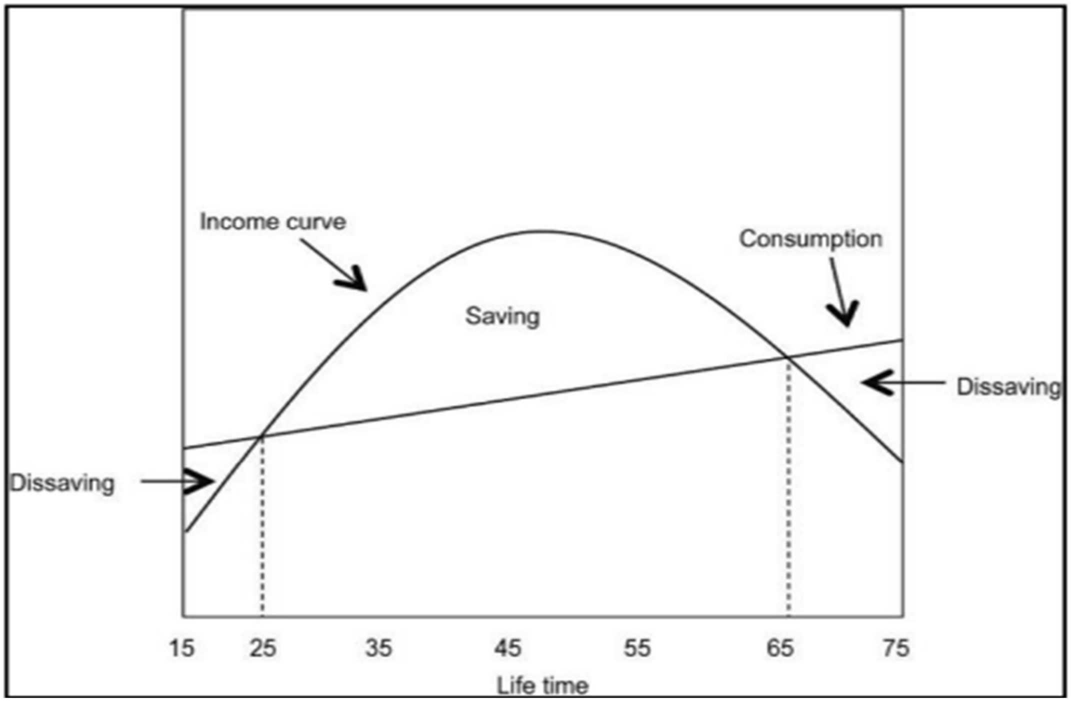


Figure 2.1: The life cycle theory

Source: OECD iLibrary (2020)

Figure 2-1 presents the assumption of the life cycle theory. The 15 - 25 age group is deemed as an individuals' youthful years in which they take on more debt while they are occupied with their studies in expectation of their earnings potential (OECD iLibrary, 2020).

2.5.2 Theory of Consumer Socialisation

Financial literacy is essential for all the consumers to make informed financial decisions because the consumers who possess higher levels of financial literacy have the capacity to exercise educated financial decision-making (Antoni & Saayman 2021). The Theory of Consumer Socialisation is supported by the experiential studies on the effectiveness of the financial socialisation of youth in the home, which indicates that the members of the family can act as the socialisation drivers within the scope of the family's principles and rules (Goyal & Kumar, 2021). Within the context of this research, it will be expected that the financial education providers would have a deeper understanding of how financial literacy was socialised to the average consumer that was targeted by this study.

Consumer socialisation has been studied mainly from an emotional viewpoint or from a marketing viewpoint. Both the emotional and marketing viewpoints have fundamental flaws in that they do not have the ability to present a complete outlook on the consumer socialisation of the youth, specifically in terms of their cultural background. In both these approaches, there is an assessment of a multicultural study that informs the knowledge base of acceptance or the non-acceptance of the answers that are provided by the research (Cram, 1999). There is also an assessment of the role of the family as the initial setting for the consumer socialisation of the youth.

Prior studies indicate the significance of the parents` impact on their offspring`s future financial management activities by ensuring that personal financial management is spoken about at home (Johan et al., 2021; Lanz et al., 2019). Financial socialisation sometimes describes the discussions that take place between the adults and their children to discuss financial management. The studies have also established that the children's financial behaviour is directly impacted by the financial socialisation they receive from their parents (Ludick, 2021). Furthermore, according to Jorgensen et al. (2017), the increased interaction about financial matters in households has statistically led to substantial improvements in the way the households manage their money. These combined factors are an embodiment of sound financial conduct (Khalisharani et al., 2022).

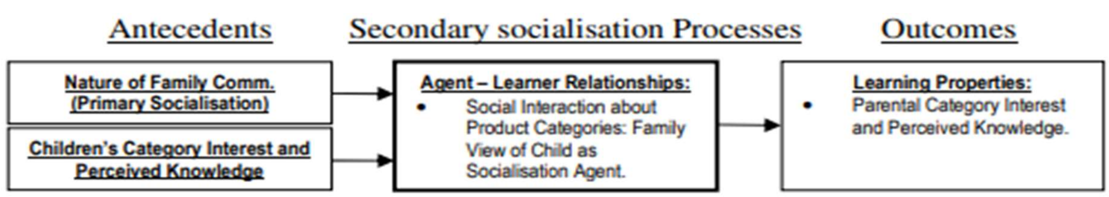


Figure 2.2: Reciprocal Consumer Socialisation

Source: Researchgate, 2023

2.5.3 Social Learning Theory

The Social Learning Theory declares that the social connections by the young adults impact their financial views and understanding (Goyal & Kumar, 2021). The application of this theory unpacks the role that peer pressure plays in the financial decision making of the target group from the perspective of financial education or from that of the wellness providers. The social learning theory indicates that learning takes place when the individuals interact within their surroundings, notably from the people who were part of their close circle during their formative years. This could include the interaction with the environment and society, through which the young adults start to establish their own finance characteristics regarding knowledge, attitude, and behaviour. The capacity to embrace the personal financial management practices from the individuals in their environment is an important characteristic of financial literacy (Vovchenko et al., 2018). It is also suggested by Vovchenko et al. (2018) that financial literacy can be hereditary, as it can be learned from the environment or turned down for personal choices.

The families in the middle-income class have been acknowledged for their eagerness to exercise financial literacy with the adults teaching their offsprings about personal financial management, while the adults from the lower-income class families rarely teach their offspring about the drawbacks of uninformed financial choices (Meyers, 2020). This underscores the importance of the parents` financial education having a positive correlation to their offspring's` financial knowledge in a way that conventional education cannot achieve (Meyers, 2020). This can then mean that financial knowledge can be transferred from generation to generation regardless of whether it is positive (case of middle-income class families) or negative (case of low-income class families).

One can, therefore, draw a conclusion that there is a strong correlation between the socio demographic features and financial literacy which could be explained by the generational transfer of knowledge that is based on the social standing of a family (positive influence linked to middle-income class families).

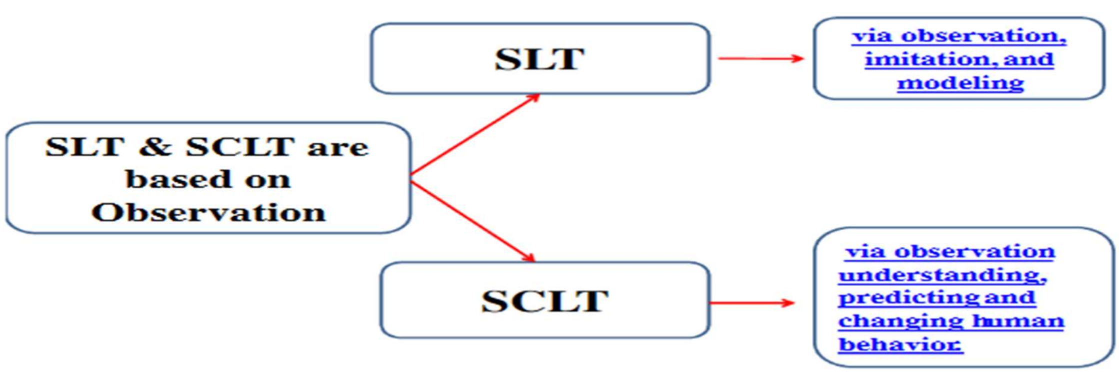


Figure 2.3: Process of SLT and SCLT based on observation

Source: Researchgate, 2023

2.5.4 Financial Self-efficacy (Social Cognitive Theory)

Financial self-efficacy as a construct of the social cognitive theory is described as a person's faith in their ability to handle their own finances. It is also regarded as being vital in interpreting financial knowledge into financial behaviour (Goyal & Kumar, 2021). The research looks at the element of an individual`s conviction regarding the financial decisions that are based on their relative knowledge of the financial aspects. The social cognitive theory on the other hand, suggests that there is a relationship between an individual`s observation of others and their own behaviour as well as the cognitive process which impacts this behaviour (Goyal et al., 2021). Essentially, this suggests that an individual`s personal finance management could be influenced by the society.

2.5.5 Experiential Learning Theory

The Experiential Learning Theory (ELT) could be utilised to assist with the realisation of the gap in financial literacy. The ELT says that for an individual to acquire expertise they need to go through related encounters, reflections, and the conceptualisations that need to be practiced over a period (Peter & Tang, 2015). This practice over a period offers experience by ensuring that an individual can use their learning over a period under various circumstances. In taking the ELT into consideration, the school learning material entails most theoretical learning and should therefore have a positive effect on financial literacy (Peter & Tang 2015).

Experiential education has a deeply opposite view of the education process in contrast to the theory of behavioral education, by considering an individual`s life encounters as being a central and vital part of the financial education process (Morris, 2019). There remains very little practical research that has been performed on experiential learning. One key challenge regarding the understanding of the ELT is an inadequate clarification of the "concrete experience" concept.

2.6 Summary

Existing literature clearly indicates that the levels of financial literacy and the access to financial education are gaining momentum as the aspects that require attention at both national and at corporate level. The ever-changing financial environment characterised by increased access to credit through various financial products, is continuously forcing the action by the various stakeholders to improve financial literacy through a variety of financial education initiatives.

The various factors impacting the effectiveness of financial education initiatives include: (1) Educational resources, the design and arrangement of content as well as the length and costs; (2) The content delivery approaches as well as the positioning and setting of the teaching places; and (3) The different characteristics of the partakers, enthusiasm, and the ability to learn the existing financial conditions (Fan & Chatterjee, 2018) as well. It is unfortunate that a substantial percentage of research on financial education initiatives uses data that is exclusively from the partakers, therefore, leaving the issue of programme participation relatively untested (Chin & Williams, 2020).

Although this research does not focus on the effects of the lack of financial education, it is evident that these effects have an impact on the employees and their productivity. The impact on productivity because of the stress that is related to personal financial matters is starting to grab the attention of the employers. This is resulting in the drive by the employers to improve their employees` financial literacy through the programs that are developed together with the financial wellness experts. The questions that are yet to be answered include whether these initiatives have and/or are yielding the desired results. What is the measure of success that is used for these initiatives? Is this only a tick-box exercise for the employers to be seen as doing something for the well-being of their employees? Do the financial wellness service providers have an interest in the final outcome of these initiatives or is this just business for them?

CHAPTER 3: RESEARCH QUESTIONS

3.1 Research problem

The research problem includes the over-indebtedness of the South African households especially in the middle-class segment whose spending power has as per the literature in Chapter 2 been eroded by at least 33%. With the worsening economic environment, the situation is getting dire as the consumers are losing assets such as homes and vehicles due to the inability to continue serving the related debt. One of the reasons for the defaults especially in home loans is that the consumers do not completely understand the contractual terms at the time of loan origination (Gomes et al., 2021). The consumers who perceive themselves as lower earners compared to the average of their peers are likely to have a higher chance of borrowing and a greater prospect of experiencing financial difficulty (Gomes et al., 2021). The households whose financial literacy is lower might be innocently ignorant of the effects of their decisions on debt (Feng et al., 2019).

In most cases, this problem is a result of the poor financial decisions that are made by the consumers who are sometimes under pressure to maintain a certain standard of living to continue interacting in a certain economic class. The assumed lack of financial education renders the consumers to be unable to think for the long-term including scenario planning based on the macroeconomic factors that are not in their control but are with potentially significant implications on their financial planning.

The Social Learning Theory (SLT) declares that the social connections by the individuals impact their financial views and understanding (Goyal & Kumar, 2021). At the heart of the social learning theory is recognising the importance of modeling and observation in encouraging learning and copying by the spectators (Ahn et al., 2020). This means that the ability of an individual to take sensible financial decisions might be impacted by their observation of the people making similar decisions.

Existing literature has mostly been unable to consider that some consumers may be carrying too much debt due to their ignorance of the effects of their own decisions (Lusardi & Tufano, 2015). The decisions that are referred to here, might have been made due to ignorance but they could have also been as a result of the social observations from a role model. A good role model is an individual that the people look at as being similar and as one that they can identify with, which is crucial because the upper comparisons at a social level are specifically self-augmenting when there are similarities to that of a notable individual are emphasised (Ahn et al., 2020).

3.2 Research questions

The following research questions sought to explore the effectiveness or the success of the existing financial literacy education initiatives in addressing the problem of over-indebtedness in South Africa.

a) Does the lack of financial literacy have an impact on the over-indebtedness of the consumers?
b) What initiatives have been developed or are being developed, especially by the private sector to improve financial literacy?
c) Are the existing financial education initiatives effective in addressing the over-indebtedness in South Africa?
d) What measures of success are being used to assess the effectiveness of these financial literacy initiatives?
e) How should these initiatives be redesigned to improve their effectiveness?

This research sought out to analyse the effectiveness of financial literacy education and then help to understand what is required to ensure that the financial literacy education including any other initiatives are effective in addressing consumer over-indebtedness. The first research question sought to confirm or refute that there exists a correlation between over-indebtedness and the lack of adequate financial literacy. The identification of the existing initiatives and/or interventions that are currently in development and that are meant to improve financial literacy are stipulated in the second question. The third question attempts to establish the effectiveness of the existing financial literacy interventions or initiatives in addressing the issue of consumer over-indebtedness. The current methods (if any) that are being used to measure the effectiveness of the existing financial literacy initiatives are highlighted in the fourth question, while the last question facilitates a redesign of the current initiatives to ensure that they achieve the desired outcomes.

3.3 Research aim

The aim of the research document was to unpack the value behind the design and the establishment of the financial education initiatives that addresses financial literacy. The assumed aim of these initiatives was mainly to improve financial literacy and subsequently assist the beneficiaries with better financial decision-making. The research also sought to understand the measures of success for these initiatives from both the employers and the service providers. There is a lack of convincing evidence that the provision of financial education is effective for pursuing personal financial behaviour (Kaiser & Menkhoff, 2017). Certain behaviors such as debt management, are not easy to influence and compulsory financial education seems to be less effective thereby making the intervention to be critically success dependent on the increased concentration on financial education (Kaiser & Menkhoff, 2017).

3.4 Research purpose

The key objective of the research was an attempt to gather new information that would help to articulate the reasons for the lack of impact of the existing financial literacy education initiatives in their current design, in alleviating the indebtedness of the middle-class employees.

Despite the partnerships between the corporate and the financial advisors or the personal finance management experts, the indebtedness in the middle class remains a matter of great concern. The commitment by the corporates to invest money in this type of initiative as an employee value proposition suggests that there is an intention to positively influence the employees` personal financial management. The Personal Financial Management Behaviour (PFMB) is a practice which combines all the aspects of an individual`s financial affairs including but not limited to the management of investments and retirement funding as well as the daily management of cash (Goyal et al., 2021).

The assessment of effectiveness offers policy-related data for the revamp of existing and upcoming initiatives (OECD, 2010).

This research paper focused on the existing interventions especially in the corporate space and it investigated the effectiveness/non-effectiveness of these interventions and the reasons thereof. The specific intervention of special interest is the corporate financial literacy education initiatives that are aimed at assisting the employees with financial decision making both in the short and in the long term. The paper will add to the current body of knowledge on this topic with new insights into the lack of effectiveness of the financial education initiatives. This will provide a base for future research in addressing this issue. There is currently very little literature that is dedicated to this topic, and this makes it a challenge to obtain articles from quality journals, but this paper adds to the exploration.

CHAPTER 4: RESEARCH METHODOLOGY AND DESIGN

4.1 Introduction

The chapter discusses the methodology and design used to tackle the question relating to the effectiveness of financial literacy education by engaging specific types of participants. This exploratory study is entrenched in context which is specific to phenomenology. This study is more qualitative than quantitative although there might be subtle elements that are quantitative. Ludick (2021) defines the qualitative research approach as "Understanding a research problem through interpretation and contextualisation of the realities and beliefs of people due to the qualitative assumption that social reality is human creation". Triangulation was performed to ensure qualitative legitimacy as well as dependability, and it entailed the analysis of various information sources that are used in the research to develop a thematic analysis for the assessment of impact.

4.2 Philosophy and approach

4.2.1 Philosophy

An interpretivist research philosophy was used to understand why the financial wellness programs are not having the desired effect. The interpretivist philosophy focuses on the importance of understanding the difference between the people in their environment (Saunders & Lewis, 2018). Interpretivism borrows support from constructivist ontology which regards the social world as being constructed rather than being given (Irshaidat, 2022). It rejects the existence of established facts and the disconnected entities while relying on texts, views, values, models, and the conduct that eventually lead to the understanding of social judgement (Irshaidat, 2022).

Interpretivism focuses on the transformation that is brought about by the complexity of the collective concepts (Irshaidat, 2022). Interpretivism allows the researcher to have multiple views for a research problem because it allows the researcher to see the world through the eyes of the participants (Rashid et al., 2019). This philosophy was regarded as being suitable for the approach that was taken by this research which is different from a survey that is directed at the consumers but rather seeks to understand the success (or lack thereof) through the eyes of the education provider and the employer.

4.1.1 The approach

An inductive approach was followed for this research project which entails the development of the new theory that is based on the collected and analysed data, thereby contributing to the body of knowledge (Myres, 2023). This approach is also aimed at accelerating the depth of understanding.

The inductive qualitative research approach is mainly appropriate for the study of procedures and associations that are fairly under researched. It promotes a focus on the central population that has gained attention to gather an understanding on the phenomenon of the attention that can be used for building a book of theory (Bhattacharyya & Berdahl, 2023). The population, in this case, deliberately entailed third parties in the form of financial wellness and planning/advising experts as opposed to the consumers who are impacted subjects.

Inductive research starts with a tested assumption while aiming to validate the assumption by seeking facts and establishing a variety of patterns and it finally ends with the generalisation of the theory (Rashid et al., 2019). The tested assumption in this case starts firstly with the correlation between over indebtedness/financial behaviour and the lack of financial literacy. The second assumption which is the main subject of this research is that financial literacy interventions are not effective in addressing the problem of overindebtedness.

4.2 Research design

4.2.1 Purpose of research design

This research followed an exploratory research design primarily because it sought to uncover or to identify the information that has not been clearly researched and articulated. This research design could present preliminary answers to the research problem (Saunders & Lewis, 2018). Exploratory research seeks to gather new information, as well as probe new issues and evaluate the topics from a different perspective (Saunders & Lewis, 2018).

Exploratory research is aimed at reviewing and disseminating the existing research findings and identifying the research gaps in the literature in relation to an identified research question (Baumüller, 2018). In the context of this research, there is little to no evidence of existing research that provides the answers to the question relating to the effectiveness of the financial wellness initiatives.

Existing literature focuses mainly on the correlation of financial literacy, financial behaviour, and financial education as well as financial literacy but leaves a gap in terms of the perspective of the financial education providers.

4.2.2 Methodological choices

A mono method was used for this research work as it is key at this level to make use of a single research approach. A single method in the form of a qualitative method was used mainly because the intention of this research was not to utilise or consider the results from the statistical procedures. The objective of a qualitative method is to conceive and develop based on the participants' personal experience and from their point of view. The theories help to understand the social, medical, mixed, or the other phenomena in their natural environment rather than being under experimental condition (Lefèvre et al., 2019).

4.2.3 Strategy

The research followed phenomenology which is a research strategy that is linked to the instances where a researcher strives to grasp the essence of a specific lived experience (Myres, 2023). For this type of research strategy, the researchers should strive to display an attitude that assumes that the researcher does not know the experience of the participants and therefore wishes to understand the identified phenomenon in a different perspective to bring unseen aspects of the experience (Sundler et al., 2019). The interviews with the selected sample followed exactly this strategy with the participants being given some guidance regarding the mandate of the research and then expanding on their understanding of the phenomenon based on their experiences in the field.

Phenomenology can, in simpler terms be described as a research method that seeks to define the essence of an occurrence by probing it through the lenses of the individuals who have walked or undergone the specific experience. Phenomenology, therefore, is targeted at defining this experience by looking at the "what" and "how" this occurrence was experienced (Neubauer et al., 2019). This research strategy makes use of semi-structured interviews and secondary data. Qualitative phenomenology, which is one of the commonly used methodologies assists the researchers in investigating a phenomenon within some specific context via a variety of data lenses to show various features of this phenomenon (Rashid et al., 2019).

Phenomenology is generally referred to as the investigation of a phenomenon as it plays out through an individual`s lived experience, of the way a phenomenon is understood and perceived as well as its significance to an individual`s own experience. Phenomenology is essentially, an investigation into how an individual experiences or experienced the environment (Neubauer et al., 2019).

Hermeneutic or interpretivist phenomenology goes beyond the description of the phenomenon, and it is embedded in the interpretation of an individual`s experience rather than in the description thereof (Neubauer et al., 2019). This requires that the researcher is conscious of the influence that the background has on the individual and appropriately takes into consideration the effect it has on the experience of the individual's existence.

It is important for a researcher who is applying phenomenology to be conscious of the necessary assumptions, as it is crucial to appreciate the foundations of the method that is used, or that is required for one to decide on the vital methodologies. The foundations of phenomenology might, however, not be easy to comprehend and utilise in the process of conducting research (Sundler et al., 2019). Phenomenology places great emphasis on the lived personal experiences (Sundler et al., 2019).

4.2.4 Time horizon

A cross-sectional research design was employed, and this entailed the collection of relevant data over a particular time period. The data that was collected for the purpose of this research was specific to the organisations offering financial wellness or education programs and it also included the middle-class men/women who are employed in the corporate sector. The intention was to collect data from the sample relating to a period of 12 months to the date of the interview.

4.3 Proposed research methodology

4.3.1 Population

The general population is the biggest group of possible participants about which certain information will be verified through a qualitative study (Asiamah et al., 2017). The population that was part of this research consisted of private companies and the financial literacy education providers in the Gauteng province of South Africa. An addition to the population, achieved through snowballing, was that of a researcher whose interest in the topic was completely different to the 11 other participants. The target population can be described as the group of participants from the general population, with the explicit characteristics of interest and significance to the qualitative study (Asiamah et al., 2017). The targeted population comprised of (a) The private companies who have had or who are currently have existing financial wellness programs which are run by financial literacy education providers and (b) The financial literacy education providers who serve the private sector and (c) The independent or the government backed regulatory bodies where applicable.

4.3.2 Unit of analysis

The unit of analysis was the financial literacy education or the wellness service providers and the corporate employers who offer such programs. The research sought to explore the effectiveness of these financial wellness programs from both the perceptive of the people who provide the services and the corporate clients who procure this service for their employees.

4.3.3 Sampling method and size

A homogenous purposive sampling strategy with a focus on the industry experts involved in the financial wellness/education space was employed because as well as being less costly, it also afforded the researcher an opportunity to draw knowledge from the participants who are more suitable (Saunders & Lewis, 2018). This entailed 12 interviews from the sample population comprising of a fair mix of the target groups for representativity where possible. Homogenous sampling seeks to choose a set of incidents with backdrops and encounters that are alike, thereby streamlining analyses and enabling collective interviewing (Farrugia, 2019).

Although literature suggests that data should be gathered until no new patterns emerge from the data and thematic saturation is achieved, O'Reilly and Parker (2013) argue that for qualitative research the adequacy of collected data should be measured its depth of and not by the rate of recurrence. Data collection from the interviews reached saturation after nine interviews and collection of data was ceased after the twelfth interview when only one new theme emerged. This theme was identified from the last three interviews but was not coded for further analysis as it did not fit into the scope of the research questions. This theme was, however, included in the recommendations for future research as it provided a completely different perspective to the research problem being addressed in this paper.

4.2.5 Measurement Instrument

An interview guide was developed for the purpose of the interview process. This guide was used by the researcher in the process of interviewing the sampled population.

The research was conducted through semi-structured interviews with the selected groups who were expected to respond to the research questions (Saunders & Lewis, 2018).

4.3.4 Data gathering process

The process entailed the completion and the sign-off of an ethical clearance between the researcher and the supervisor before the official engagement with the research subjects. The researcher then reached out to the identified organisations or individuals (subjects) who were sampled for the interviews. The identification of the of the sample entailed an initial list of organisations which were believed to have financial wellness programs and which the research could access through existing network. The identification also included an initial list of financial wellness providers and financial planners and advisors who some of whom are part of the researcher`s network through a professional networking site.

The current digital-based meeting platforms such as Zoom, skype, WhatsApp and Microsoft Teams which became prevalent during the COVID19 pandemic have since been playing a critical task in the qualitative research interviewing processes (Khan & MacEachen, 2022). Traditional in-person interviews do, however, continue to maintain their popularity as a compelling preferred alternative (Khan & MacEachen, 2022).

The data collection process took the form of online or in-person interviews at the convenience of the interviewees although preference was given to the in-person sessions. Even though the use of face-to-face interviews is mostly still seen as the first choice, the use of various interview approaches (such as face-to-face and digital) in the same research study is developing into a popular choice. To this end, various forms of digital interviews are being used in qualitative research across the research spectrum, including in socio-economic related research.

Discussions around the digital interview methods always centre around email-based interviews and questionnaires through surveys. Very little focus is placed on alternative digital interview methods that include video conferencing platforms such as Zoom and Microsoft Teams (Khan & MacEachen, 2022).

The subjects of the interviews were the representatives of the financial literacy providers in the private sector and the representatives of the private companies who have had partnerships with the providers or who have existing relationships. A minimum of 12 interviewees from each group, was sourced through existing personal and professional networks. The collected data is being stored online using the cloud storage services and it will be kept for a maximum of ten years.

4.3.5 Analysis approach

The technique that was used to analyse the collected data is thematic analysis. The analysis of qualitative data is a thought-provoking and often challenging process, as the discoveries and the results do not independently develop from one`s transcripts and documents but rather they involve thoughtful work to find the key foundations and to put them together as well as to write them up into a coherent and resounding write-up that provides responses to the research questions (Linneberg & Korsgaard, 2019). This analysis was enabled by a data coding exercise to synthesise the information and arrive at some conclusions. In its simplest form, coding is the basic procedure of finding sections of meaning in the data and categorising them with a code and it can be carried out in minor projects with controlled data volumes using colours while the copy-and-paste function in the software packages such as Microsoft Word or Excel also enable one to copy (Linneberg & Korsgaard, 2019). The steps that were used in the creation of codes, as well as in the revision of the codes, and the structuring of the codes into hierarchies were followed as a manual for the coding process which ultimately led to the classification of the key themes (Frank-Miller et al., 2019).

Thematic analysis entails the identification of patterns in a data set, and it presents vivid analyses of varying aspects of the data set on the specific research question (Perannagari & Chakrabarti, 2020). This technique was employed in this research, and it made use of the available information in a data set as the base for creating and categorising the codes into themes. Once the data had been collected from the interviews, it was grouped into different categories based on the identified themes and these categories represented the diverse aspects of the data pertaining to the research problem. These varying aspects were then used to reach a certain conclusion or conclusions.

Thematic meaning in interpretivist phenomenological traditions makes use of a series of methods which may be assumed as being associated to data interpretation, and illustrating the fundamental meanings that are denoted in the lived experiences (Sundler et al., 2019).

The researchers must right through the research study and most importantly in the analysis compete against the ordinary views and the prior assumptions. This being in their data evaluation process, where they are trying to grasp the data patterns. The probing process entails an attempt to leave behind the researcher`s experiences and biases largely while objectively focusing on the data insights and on the comprehension of the phenomenon (Sundler et al., 2019).

The condition for thematic analysis is that the data from the sources such as the interviews or the tales is incorporated as part of the lived experiences. The acquired themes from the thematic analysis should have the data and the involvement of the contributors embedded in them. Thematic analysis should start by seeking the meaning of the data and the identification of several meanings and finding the links between them. This analysis is focused on attempting to make sense of the intricacy of values that were found in the data as opposed to only determining their rate of recurrence. The analysis also encompassed the connection and engagement by the researcher with the data. It involved a further exploration for the arrangement of meanings and deciding how such arrangements can be compiled into themes (Sundler et al., 2019).

Thematic analysis has an objective of achieving a reasonable interpretation of the arrangement of meanings from the participants` depiction of the experiences during the interviews that were conducted on the research question. It entails the arrangement of identified meaning from the textual data into patterns and, lastly into topics. While conducting the analysis, the researcher strives to understand the meanings that are embedded in the experiences and describes these meanings textually. Through the analysis, the details and aspects of meaning are explored by requiring reading and reflective writing. The sections of the textual data need to be identified within the confines of the complete data and the complete data is also identified as a combination of its segments (Sundler et al., 2019).

4.3.6 Quality controls

The research was evaluated for scientific thoroughness by assessing its dependability, credibility, transferability, and confirmability to guarantee great quality and trustworthiness in research work. According to Lincoln and Guba (1985), the above quality control strategies are interconnected, symbiotic and have present options to the typical, quantitative methods for quality such as internal validity, external validity, reliability, and objectivity. The method of evaluation was triangulation, specifically focusing on data and respondent triangulation.

The fundamental idea with triangulation is that it enhances the legitimacy of the results that were derived from an investigation where dual or multiple methods with compensating prejudices are used to evaluate a certain phenomenon, and the results are substantiated (Jonsen & Jehn, 2009). This was performed by taking the results from the primary data (interviews with relevant institutions) and from the secondary data (existing data collected and published on the topic of financial literacy) and identifying a common thread or theme that validates the findings.

Triangulation is defined by Lemon & Hayes (2020) as “a qualitative research strategy to test validity through the convergence of information from different sources” The specific aim of triangulation is to assist with the identification of discrepancies in developing patterns in the research findings that has the potential to draw one to a greater understanding of the phenomenon; the inconsistencies are therefore value adds (Lemon & Hayes, 2020). Using triangulation ultimately helps to lower the methodical bias, which can enhance the assessment of the findings (Lemon & Hayes, 2020). One of the advantages of the qualitative research methodology is that triangulation provides a chance to strengthen the dependability and the credibility of a research study (Lemon & Hayes, 2020).

Denzin (1978) originally identified four triangulation types, which are frequently utilised in the triangulation of data: (1) Method triangulation employs multiple methods to collect data; (2) Investigator triangulation uses multiple investigators to collect and analyze data on the same phenomenon to enhance the depth of the findings; (3) Theory triangulation relies on various theories to analyse data and finally (4) The triangulation of data sources calls for the inclusion of individuals with varying backgrounds, diverse groups of participants, or documents in the study (Lemon & Hayes, 2020). Drawing on these triangulation types requires the researcher to combine the similarities and the variations to arrive at a conclusion that backs the research results (Lemon & Hayes, 2020).

UNAIDS refers to the utilisation of the existing data for evaluation and assessment as the primary advantage of data triangulation. The usage of the greater collection of applicable data ensures that the areas of divergence and convergence are practically discovered; and these are the areas that are based on only one research study, which may otherwise not have been discovered or detected. A similar advantage that is presented by triangulation is the nature of the data when it is derived from several sources and groups of data which ensures that the data is derived from a much more varied base and this variety ensures a much wider view at the state of the phenomenon (UNAIDS, 2010).

On the other hand, the size and the value of the data are often the main flaws of data triangulation. The flaw relating to data size (smaller) can lead to some doubt about triangulation offering any valuable insights while low data quality is likely to fully damage the value of data triangulation (UNAIDS, 2010).

4.3.7 Limitations

There is very little research material that is available for exploring the effectiveness of financial literacy education. Convincing people, building trust, and getting commitment to participate in the interviews was a challenge especially the wellness providers who might have felt conflicted due to their agreements with their employers. The employers in the private sector might not have felt any inclination to contribute to the research if they were not invested in the topic and they were only doing it as a "tick box" for employee wellness. There was no database of the employers who have launched such initiatives, therefore identifying the participants was more difficult than anticipated. A general limitation existed especially in the financial services sector where, due to the strong regulatory environment, they were not able to provide security clearance for some of their representatives to engage in these matters.

CHAPTER 5: RESEARCH FINDINGS

5.1 Introduction

This chapter presents the research study findings from the data collection process which entailed both the semi-structured interviews. The primary data approach was motivated by the exploratory nature of the research. The primary data findings were analysed through the thematic data analysis of the interviews which were held with the subject matter experts in the financial planning and wellness industry as well as with the human resources executives where applicable.

The results or the findings relate to the effectiveness of financial literacy education when addressing over indebtedness. The presentation of results begins with a brief biographical profile of the participants, but with anonymised names. The main analysis method that was used to analyse the findings is coding. There is currently software that is dedicated for use in the coding process such as ATLAS.ti and CAQDAS which are highly efficient for dealing with large amounts of data or research groups. The semi-structured interviews were conducted with ten subject matter experts in the field of financial wellness and planning, and two human resources executives. ATLAS.ti and a traditional manual method were used to arrange the raw data from the interviews by using line-by-line coding and the generated themes to build additional layers of complex analysis. Table 2.2 below presents the details of the participants who have a good understanding of their knowledge based on their background in the context of the topic under discussion. Each of the 12 participants has been allocated a unique identifier/code in line with the protection of the participants` identities as indicated through the consent letters. Pseudonyms were used to replace the people and the company/business unit names. In the study, the researcher undertook to explore the views of both the leaders and the followers to obtain a comprehensive understanding of the phenomenon and to ensure the trustworthiness of the findings.

5.1.1 Thematic analysis

The thematic analysis, which was used in this research analysis, is a qualitative research method that is utilised to organise the themes by examining the connotations of the words in the various data sources and in detecting the most regular results (Ludick, 2021). The data was examined using coding, and it was translated to respond to the research questions and where possible to also produce theories. Phenomenology research might require the researcher to consider a logical strategy before moving onto coding and into the evaluation of the data. An inductive process was preferred in this research and this process entails the research covering a set of themes by moving to and from raw data and themes (Ludick, 2021).

5.1.2 Primary data presentation

In answering the five research questions that were set out in this research paper, the researcher conducted semi-structured interviews with 12 participants who have significant experience in the provision and in the coordination of financial wellness interventions for individuals particularly in the workplace.

Table 5.1: Presentation of participants

No	Participant Identifier	Industry/Service offering	Position	Experience in Financial Wellness
1	PI 1	Education/ Training and development (SETA accredited)	Co-founder & Consultant	13 years+
2	PI 2	Financial services/ Learning and development	Founder and Consultant	20 years+
3	PI 3	Financial services	Financial planner	22 years+
4	PI 4	Information and communication technologies	Founder, speaker, author, and personal finance journalist	20 years+
5	PI 5	Financial services/ Financial education and wellness	Financial wellness coach, speaker, and author	17 years+
6	PI 6	Financial services/Financial planning	Franchise principal, strategic consultant, and financial advisor	22 years+
7	PI 7	Financial services/Financial advisory	Financial advisor	22 years+
8	PI 8	Government ombudsman/ Dispute resolution	Financial literacy content writer, personal finance speaker, PR, and marketing	15 years+

No	Participant Identifier	Industry/Service offering	Position	Experience in Financial Wellness
			specialist	
9	PI 9	Insurance and automotive/ administration of insurance policies	Executive human resources	6 years+
10	PI 10	Human capital consulting/Human capital strategy, BBEEE advisory, etc	Founder and managing director	15 years+
11	PI 11	Automotive	Chief marketing officer (current), general manager: human resources & marketing (previous)	3 years+
12	PI 12	Higher education/Business school programmes	Adjunct faculty and practice director	35 years+

The participants (as per Table 2.2) were selected based on their experience in the financial wellness space which includes financial advisors or planners and independent financial education subject matter experts. Of the 12 participants, eight have been involved in financial wellness in various ways for at least 15 years. At least six of the participants were selected based on their independence compared to the financial advisors whose priority, as well as their contractual mandate is the sale of financial products. The data derived from the respondents before being categorized in line with the question guide is presented below. One of the participants is a researcher who has headed a research project on the topic of financial literacy for a major listed financial services conglomerate. The researcher is also currently involved in research on the same topic of financial literacy, but now is in the employ of a leading South African business school. The mix of the participants was deliberately curated to ensure a delicate balance of independence, financial planning, or advisory insights and finally the extent to which the corporates regard financial literacy as an essential part of their people plan.

Participant: PI 1

The interviewee has been a financial planner for 13 years and started his own company to provide financial education. He works with corporate companies, wellness companies, and churches to provide training on budgeting, debt management and retirement planning. He believes that the government should stay out of financial regulation, as they often make things worse. He also emphasized the importance of financial literacy and education in helping people to make informed financial decisions. The participant offers customised solutions based on the needs of his clients and is in the process of developing an app to assess the financial well-being of the employees. He believes that the high levels of debt in South Africa are due to a lack of education and the pressures of social media. While he believes that the organizations such as the National Credit Regulator have made some improvements, but more still needs to be done to address the issue.

Participant: PI 2

The participant has been running a business focused on consumer financial education since 2002. Initially, his business was more focused on financial services companies and their staff, but later shifted to concentrate on financial wellness. He has worked on government tenders, training low-income groups in consumer financial education, however, with COVID19, his business faced challenges, and he started contracting with financial services companies to maintain a stable income. The participant also mentioned that he engages in pro bono work, mainly in early childhood development and schools. While his passion lies in consumer education, this does not currently sustain the business due to the competition from the larger players. The participant indicated that he is considering the strategies to make the business more viable, particularly in changing financial behaviours and improving consumer education. Regarding regulations, the individual thinks that the regulations can create barriers to entry, and it is essential to ensure that they are structured in a way that promotes the best interests of the consumers. The participant discussed the inadequacy of debt counselling in changing financial behaviours and emphasised the need for a more comprehensive approach to consumer education. Moreover, he highlighted the importance of customising programs for specific target audiences based on factors such as the LSM level, language, group size, location, earnings, and spending habits. He suggested that monitoring and evaluation should be conducted independently and over a longer term. Finally, the participant proposed a continuum from basic money management to savings, investment, and retirement education. He expressed concern that the involvement of existing service providers who also sell financial products could present a conflict of interest, thereby emphasizing the importance of allowing independent providers to offer these services.

In summarising this data, the interviewed individual has been running a consumer financial education business and is concerned about the effectiveness of the existing consumer education efforts and regulations. He proposed a comprehensive, customised, and independent approach to improve consumer financial education in South Africa.

Participant: PI 3

This participant has been involved in financial education for 22 years. He is known to conduct pro bono sessions for employees from various companies, covering topics such as financial planning, investments, insurances, and taxes. He is a member of the Financial Planning Institute (FPI) of South Africa and participates in various initiatives such as in the Financial Planning Week to promote financial literacy. He believes that more should be done to enforce the regulations on the lending practices and to provide structured financial education programs, particularly in schools and workplaces. The participant also suggested that the corporate companies and the financial service organisations could play a role in funding and in supporting these initiatives. The participant has been conducting free workshops in townships and acknowledges that although it is a challenging experience, he needs to emphasise the importance of planning for life and leading by example. He mentioned that they will be posting videos on the topic from his involvement in the upcoming financial planning week.

Participant: PI 4

Participant PI 4 is a well-established financial journalist with approximately 20 years of experience in the industry. She has worked in both private banking as well as stockbroking and has gained the bulk of their financial education through her involvement in the media. She also conducts financial education and does public speaking, mainly targeting English-speaking audiences earning around R15,000 per month or more. Her clients range from blue-collar workers to high-net-worth individuals. Commenting on the effectiveness of her financial literacy education programs, she indicated that it is challenging to measure this in one-hour talks, but it is easier to track over a six-month period. The participant provides customised content for her clients and tailors her talks to the specific audience's needs. She acknowledged the lack of regulation in the financial coaching space and emphasised the importance of client engagement and the individuals' willingness to change their behaviour. She mentioned her involvement in a long-term corporate program and highlighted the importance of peer learning and group discussions for effective financial literacy education. The participant stressed that her background is in financial journalism spanning for about 19-20 years and she primarily educates people about financial topics. She engaged with corporate clients often in the context of financial education, and public speaking on financial matters. The participant emphasised the importance of addressing financial education for different income groups and tailoring the content to meet the specific needs of the audiences. She also discussed the challenges of regulating financial education and avoiding conflicts of interest. In terms of effectiveness, the participant highlighted the value of engaging participants to promote behavioural change and the benefits of peer learning and group discussions.

Overall, the speaker's approach to financial education seems to involve a combination of one-on-one coaching, group sessions, and addressing individual needs by focusing on budgeting and behavioural changes to improve financial literacy. They believe that peer learning and group discussions play a crucial role in the effectiveness of the financial education programs.

Participant: PI 5

The participant started by saying that she stumbled into the financial services industry by chance, but quickly discovered her passion for educating others about money. She became a certified financial planner but quickly realised that many people do not have the financial means to consult with a professional. She then set up her own business to provide financial education and wellness programs to individuals and companies. She believes that the employers need to take a more proactive approach to financial education, rather than just offering reactive support. Her programs includes online courses, live talks, workshops, webinars, and individual coaching to help people to overcome their financial challenges. She emphasised the importance of teaching financial education in schools, universities, as well as workplaces, and believes that regulation is needed in this area. She reckons that many people are making uninformed financial decisions such as buying cars they cannot afford and need guidance to make better choices. Overall, the participant is dedicated to helping people to improve their financial well-being and to navigate the challenges of personal finance. She also discussed the importance of changing mindsets and behaviour regarding financial stability. She provided examples of how her conversations with people and customised content has helped people to make positive changes in their financial affairs. The participant also addressed the issue of the high interest rates that are charged by the loan sharks and the need for more financial education and regulation. They proposed the need to make financial education more accessible and compulsory to bring about positive shifts in financial behaviour.

Participant: PI 6

This participant briefly provided an overview of their career in the financial services industry, specifically working with brokers, financial planners, and advisors. He recalls the early 2000s when regulations were being put in place to protect the consumers and to ensure fair treatment. They mentioned the progress that has been made in professionalising the industry and the importance of compliance and education for the advisors. They also noted the social responsibility of the industry to educate the clients and to ensure that they understand the products and services they are receiving. The participant believes that more effort should be made to educate and engage the Black middle-class and the lower-income markets in the financial services. They suggest, regarding the previous point, that the products and the services should be tailored to the needs of these markets and that the information about investments should be made relatable and practical for the benefit of the consumers. He emphasized the importance of education and understanding in the financial services industry and believes that education is the key to developing a culture of financial planning in the country. He observed that many people lack knowledge of financial concepts and struggle with debt but argues that the responsibility lies both at the institutional level and with the individuals themselves. The participant suggests that the financial planners should be remunerated based on the client reviews and that tools such as apps and the social media can be used to educate people about financial planning. He also believes that a shift in the mindset and in the culture is necessary for change to occur. He emphasised the overall importance of education and awareness in improving the financial well-being of the individuals and the country. He mentioned the country because he believes that as an institution, the country has also taken so much debt and hence it is difficult to sell a different message to the individuals. The participant deliberated on how the pyramid schemes and the scammers continue to prey on people's desire for quick wealth by highlighting the need for a cultural shift in financial literacy. He reflected on his personal experiences and expressed concern for those who are vulnerable to financial loss or incapacity in cases of retirement or disability. They emphasised the importance of changing the core beliefs and attitudes towards finances as a society.

Participant: PI 7

The interviewee indicated that they have been working in the financial advisory industry for 22 years, starting off as an account manager and moving into the training of financial advisors. They are currently a financial advisor and member of the Financial Planning Institute. The participant mentioned that the number of new businesses coming on board has decreased since the COVID-19 pandemic, particularly in the low-income market where the medical aid costs are rising. The participant highlighted that the Financial Sector Conduct Authority (FSCA) regulates their activities, while their marketing department ensures brand compliance by using standardised presentations from the financial services companies such as Momentum and Discovery, but then personalising them for each client. The interviewee emphasised the importance of education and training for clients, and she conducts member sessions and creates “YouTube” videos for this purpose. She also highlighted the responsibility of the financial advisors in ensuring that the clients understand the provided information. She further mentioned the need for continuous training and adapting to new communication methods such as virtual meetings. They believe that the current approach is effective, but also mentioned the continuing challenges of the clients struggling with debt and budgeting, and the importance of financial wellness education.

Participant: PI 8

The interviewee said that that they keep their knowledge and new findings to themselves until they are asked to comment on a topic that is related to finance, money management, or credit. This is because they do not offer these services fulltime, and they offer them at a fee. They related examples where they were invited by organisations such as Old Mutual or the government organisations to deliver financial literacy programs or to write content for them. They also mention that they receive individual requests for financial coaching after delivering financial literacy sessions. They stressed that they offer help and information but not financial advice or planning since they are not selling any products. The participant also mentioned customising their content based on the specific needs and the goals of the organisations they work with. They believe that financial literacy should be separate from ongoing coaching and that the organisations should be more intentional and proactive in providing financial education to their employees. They advocate for the need to track the effectiveness of the financial literacy programs and believe that being intentional about the goals and achievements can make a difference. They mention speaking to different target audiences and adjusting their message accordingly. The participant also mentioned the importance of being relatable and not appearing as someone who has it all together when delivering financial literacy education so that the audience can relate to the presenter.

Participant: PI 9

An HR executive from one of the leading business processing organisations, who discussed the company's approach to financial wellness and employee education. He indicated that the company started including financial wellness as part of their wellness plan in 2017 and initially offered online training material through their learning management system. However, they found that the uptake was low, and they decided to partner with Attooh, an employee benefits administrator and wellness provider, to offer group sessions and one-on-one sessions with a financial planner. The company has seen an increase in participation, with the group sessions being fully booked in the previous year. He mentioned that they also conducted individual sessions for the employees close to retirement to ensure that they have the necessary financial means for a comfortable retirement.

However, the company currently relies on the feedback from the employees and from the sessions uptake to measure the effectiveness of the program. The company is planning to add assessments and surveys in 2024 to better measure financial literacy and education. He was happy with the quality of the current training material and considered it to be good and accessible to the employees at all levels. The company plans to improve the effectiveness of the initiatives by offering different learning formats such as reading material, videos, and audios to cater for different employee preferences. They are also considering onboarding a service provider, either Discovery or Momentum to provide additional modules and assistance through their financial planners. The HR team currently receives reports on the employees experiencing financial strain, but the information is anonymous unless the employee gives permission to share it with the employer. This data currently only helps them with statistics. The executive indicated that they also monitor regulated (where insurance products are sold) areas such as claims and direct sales, for any credit listings or garnishee orders on the salaries because of the compliance requirements of the Financial Advisory and Intermediary Services (FAIS) Act. Financial wellness is considered to be important to the company as it impacts employee performance and personal well-being. In the words of the executive, “If you are under financial strain, financial stress, your financial literacy is not at the level it should be, it impacts the organisation and in the end the employee personally. So, it's something that's really close to my heart and that's why we are driving it strongly in the business”. The company is working to improve the education and the measurement of financial literacy to ensure that the employees are financially secure and supported.

Participant: PI 10

The participant mentioned their involvement as a shareholder in a company that provides credit solutions. She indicated that that their primarily focus is on assisting large entities such as mining houses with payroll divisions to resolve issues related to the garnishing orders that are affecting their employees. The company is registered with the National Credit Regulator (NCR) and acts as an accredited dispute resolution entity, particularly helping the employees with the financial challenges that are caused by the garnishing orders.

She emphasised the importance of educating the HR departments within these organisations to not only handle the garnishing orders but also to engage with the employees and help them to manage their financial stress effectively. The participant believes that financial wellness plays a crucial role in the employees' overall well-being, as financial stress can affect their mental and physical health.

The participant mentioned that she has a background in finance and has worked as a private banker and investment banker for 15 years before transitioning into HR. She highlighted the significance of addressing financial issues, especially within the context of the historically disadvantaged communities in South Africa.

The participant also mentioned the demographic groups she works with, which include a wide range of income levels but primarily focuses on the mid-range earners, such as those in the mining and in the government sectors. She discussed how the education and the awareness around managing personal finances are crucial and provided examples of various financial challenges that are faced by the different income groups.

In terms of the effectiveness of their financial wellness training, the participant described methods such as the evaluation forms, surveys, one-on-one interactions, and the feedback loops to assess its impact. She believes that regular but not overly frequent training sessions are more effective, and she considers the diversity of the audience when delivering the training.

The participant pointed out that legislative regulations and requirements already exist within the banking and insurance sectors to educate the individuals about financial wellness. She expressed concerns that legislating financial wellness training for businesses may be challenging, especially for the small entrepreneurs who may lack the resources to implement such programs.

Overall, the participant stressed their passion for addressing the financial wellness issues, particularly among the historically disadvantaged communities in South Africa, and they highlighted the impact such programs can have on the employees' overall well-being and productivity. She also discussed the challenges and the potential obstacles in legislating financial wellness training for businesses.

Participant: PI 11

The participant began by discussing their company's past efforts to improve employee financial wellness. He mentioned actions such analysing the Sector Provident Fund and deciding to transfer the employees' funds into their own provident fund due to better growth opportunities. The participant then shifted to educating the employees about their provident fund, the risk benefits (e.g., life, funeral, disability cover), and the importance of protecting their wealth. However, participation was low, and the voluntary financial wellness campaigns yielded limited success. He indicated that recently, the company organised wellness days focusing on health, mental wellness, and financial wellness, by involving banks and other institutions. The participant expressed mixed feelings about the effectiveness of these efforts and noted that not all the employees were interested or engaged.

He shared his concerns that many employees did not attend the financial wellness seminars due to discomfort and that being too busy with work priorities was another reason for non-participation. This was due to the intense focus on sales and targets within the company which often left the employees stressed about the financial matters. The company analysed the health claims data to monitor the impact of these efforts and found an increase in the mental health claims. The participant expressed the need for increased frequency in wellness days and noted the importance of making it a fun and interactive experience for the employees. He mentioned various parameters such as the reduction in health-related claims, the employee engagement surveys, and the employee wellness surveys as the measurements for the effectiveness of these financial wellness initiatives. The participant was cautious about seeking support from the legislative measures for the employers to provide financial education, thereby expressing concerns that it might turn it into a mere compliance requirement, therefore losing its effectiveness. He preferred guidelines and government support for financial wellness initiatives, rather than legislation. In discussing the potential for using employee data to offer more personalised financial advice, the participant expressed a willingness to explore such a method. In the context of the company's employees, the participant believed that the webinars might not be highly effective due to the nature of their workforce but acknowledged their potential success in the other industries or organisations, such as the financial services or the IT companies.

Participant: PI 12

The participant pointed out that the financial services industry in South Africa often fails to benefit the individuals and it places blame on them rather than on the system. She mentioned the historical focus by regulation, on ensuring that the creditors are paid back rather than considering the individual`s well-being. She highlighted the rapid credit expansion in South Africa post-1994 elections as having contributed to the over-indebtedness issues the country is battling with. She believes that when credit was extended to more people, there was no mitigation to manage the potential of people getting caught up in debt. The participant also raised concerns about the corruption in the national credit regulator and the limitations on the debt counsellors' fees, which may discourage them from helping people effectively. She acknowledged the need for a systemic change and suggests looking at the employers' roles in promoting financial well-being to address issues such as absenteeism, fraud, and payday loans.

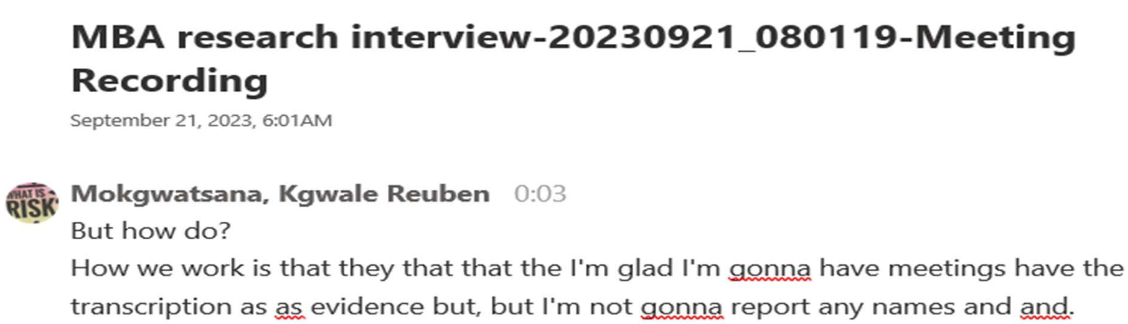
5.1.3 Data Saturation

The general principle, according to Fusch and Ness (2015), is that data collection should continue until there are no new themes emerging. This is the point of data saturation, and no additional value could be achieved from extended collection of data. Aligning to this principle, the researcher stopped collecting data after the twelfth interview as the data had approached saturation. This is because the last three interviews offered only a single new and unique response for further analysis. After assessing the depth of data collected (O'Reilly & Parker, 2013) to that point, the researcher deemed the data sufficient to respond to the research questions.

5.1.4 The process of analysing the data was broken into the following phases.

Phase 1 – Transcription of the interviews

Microsoft Teams was used to conduct the interviews with all the 12 participants. The sessions were recorded with the consent of the participants. The transcription reports were then downloaded from Microsoft Teams which has the functionality to record and transcribe the conversations. The researcher had to perform a cleanup of the transcription reports to ensure that the grammar and spelling made more sense to the reader.



MBA research interview-20230921_080119-Meeting Recording

September 21, 2023, 6:01AM

Mokgwatsana, Kgwale Reuben 0:03

But how do?

How we work is that they that that the I'm glad I'm gonna have meetings have the transcription as as evidence but, but I'm not gonna report any names and and.

Figure 5.1: Presentation of transcription example

Phase 2: Loading the transcripts into ATLAS.ti

After the grammar and spelling cleanup, the transcripts that were collected per interview were grouped in line with the five research questions and in the process consolidating the data into five documents. This process included the researcher reading through the data transcripts and identifying the responses which were linked to any of the research questions. The five documents were then imported into ATLAS.ti. The documents were then assigned project names for unique identification. Table 5.2 reflects the segmentation in line with the interview question guide with some of the questions being grouped together. The table also summarises the number of initial codes and quotations per segment during the first round of coding. In total, the transcripts produced an initial 235 codes and 54 quotations from the initial AI coding exercise that ran through ATLAS.ti.

Table 5.2: Represent segmentation of transcribed data

Project name	**Research question**	**No. of codes**	**No. of quotations**
Project FinLit 1	Industry experience, number of clients and reason for undertaking initiative (only Corporates)	52	12
Project FinLit 2	Existing regulation	61	16
Project FinLit 3	Method of assessing effectiveness, and responsibility for assessment	35	6
Project FinLit 4	Standardisation or customisation of educational material	52	11
Project FinLit 5	Quality of material and approach to learning	35	9
Total		**235**	**54**

Phase 3: Coding of data and final classification into themes

ATLAS.ti coding entails the use of AI to assign a label to a specific data segment. The researcher used line-by-line coding to code the data from the interviews, this provided a good basis for comparison. Table 5.3 outlines the coding process from the initial 235 that are mentioned in phase 2, into a more refined and consolidated five codes that are all based on the five research questions. The second round of coding brought down the codes to 143 from which the five themes were derived. The five themes were identified after a detailed coding exercise that was performed on the raw data from the interviews. The coding was done using mostly the ATLAS.ti tool although there was some manual intervention of the data before and after being uploaded onto the tool.

The data analysis process was broken down into phases.

Table 5.3: Project FinLit 1 – FinLit 5

Project name	Second round coding	Final round coding to themes
FinLit 1	Background and experience Financial wellness Engagement with corporates Pro bono work Garnishee orders and financial education Impact and outreach Personal business Collective financial education Accreditation and INSETA Background Corporate engagement Media and public speaking Business development Pro bono work INSETA accreditation Psychology of money Garnishee orders Client base	Passion for financial wellness as a motivation for driving literacy education.
FinLit 2	Measuring financial wellness Regulation and oversight Financial education and consumer protection Provider specialisation Industry initiatives Challenges of regulation Role of employers Government involvement Mental wellness and employee wellbeing Financial education and literacy	The roles of various stakeholders such as regulators, employers, and financial services industry, on the success of financial wellness interventions

Project name	**Second round coding**	**Final round coding to themes**
	Regulatory and compliance environment Debt and credit regulation Financial coaching and education Employee benefit providers Legislation and government involvement	
FinLit 3	Monitoring and evaluation Ongoing training and coaching Content range Addressing financial stress Customisation Feedback and effectiveness Assessment Frequent training Facilitator selection Client involvement Multifaceted wellness days Long-term impact Data-driven approach Personalised financial plans Financial wellness education Monitoring and evaluation Employer involvement	Continuous and personalised financial education and coaching.
FinLit 4	Diverse learning preferences Assessments for effectiveness Brand and material compliance Customised solutions Engagement and feedback Inclusive learning	Customising financial literacy education content to cater for a diverse audience.

Project name	Second round coding	Final round coding to themes
	Standardised fundamentals Standardised material Education for all Customisation of financial education Engagement and awareness Standardised material	
FinLit 5	September wellness month meetings Feedback and adaptation Financial wellness seminars Financial literacy and consultation Client retention Debt management Education vs. product promotion Employee engagement Separation of financial wellness and member education Challenges in achieving real financial wellness Meeting frequency and campaigns Financial literacy seminars Customised education Financial consultation Debt management Client retention Consumer awareness and education	Conflict of interest between educating and selling products

Project name	Second round coding	Final round coding to themes
	Corporate financial wellness programs Member education vs. financial wellness Employee engagement	

5.1.4 Thematic analysis: Aligning themes to the interview question guide and to the research questions

Table 5.4: Aligning the themes to the research questions

No.	Interview question guide	Research questions	Final themes
1	How long have you been offering financial education services to the private sector? What led to the company`s decision to onboard this type of initiative for its employees and if this had since been discontinued, what led to the discontinuation?	Does the lack of financial literacy have an impact on the over-indebtedness of the consumers?	Theme 1: Passion for financial wellness as a motivation for driving literacy education.
2	Is there a regulatory (self/government) body in this space and are you a member of this body?	What initiatives have been developed or are being developed, especially by the private sector, to improve financial literacy?	Theme 5: Conflict of interest between educating and selling products.
3	Do you use the same material for all your clients or is material custom made based on the client's	Are the existing financial education initiatives effective in	Theme 2: The roles of various stakeholders, such as regulators,

	requirements?	addressing the over-indebtedness in South Africa?	employers, and financial services
4	How do you assess the effectiveness of the services you have offered, to the individual participants? Do you think the responsibility for assessing effectiveness lies with you or with your client?	What measures of success are being used to assess the effectiveness of these financial literacy initiatives?	Theme 3: Continuous and personalised financial education and coaching.
5	How do you think the initiatives should be packaged to improve their effectiveness?	How should these initiatives be redesigned to improve their effectiveness?	Theme 4: Customising financial literacy education content to cater for a diverse audience.

In Table 5.4, the researcher sought to bring together the process by linking the interview questions to the research questions and to the final themes that were identified from the coding process. The data that was organised in terms of the identified themes is presented in detail below.

Theme one: Passion for financial wellness as a motivation for driving literacy education.

The organisations have in general incorporated financial wellness as part of their people plans, alongside physical and mental wellness. This focus on financial wellness was initiated as far back as 2017 for PI 1 with training materials related to financial education having been acquired from their employee benefits partner. The material was then loaded onto the company's learning management system and made available to the employees for self-paced learning. Over the years, the organisation has enhanced its partnership with the employee benefits partner by involving more intensive sessions with the staff to address financial literacy and wellness. Several participants that were interviewed have extensive backgrounds in financial education, with some of them boasting experience spanning up to 22 years. Many of the participants engage with the corporate clients to provide financial education and this involves conducting sessions, webinars, and pro bono work to improve the financial well-being of the employees. The findings highlight challenges such as employee engagement, budget constraints for corporate clients, and the changes in the financial education practices including reduced budgets due to COVID-19. Some participants emphasised the importance of assisting the lower-income individuals with budgeting, debt management, and financial literacy, even if these groups could not afford traditional financial services. The participants also emphasised the requirement for a holistic approach to financial education, thereby addressing various aspects such as spending, saving, investing, and behavioural change. Further discussions highlighted the importance of proactive financial education rather than the reactive solutions that are mainly preferred by many corporates. They stressed that the goal is to equip the individuals with financial knowledge to make informed decisions with a focus on improving their long-term financial well-being. This, the participants said, this could be achieved by ensuring that the consumers take control of their finances. The findings also touch on the issue of garnishee orders and the importance of educating the employees about such matters and helping them to manage their financial obligations more effectively. Some of the participants mentioned their interest in the psychology of money and the behavioural aspects of financial decision-making as a foundation for the attainment of financial freedom. The data further points out the critical role of financial education in improving the financial well-being of the employees as well as the individuals and it emphasised the need for a more comprehensive, proactive approach to financial literacy. **The following quotes capture the essence of this theme:**

PI 1, "So the corporates I charge, and I do a lot of social work for churches, so I mean I get regular engagements to speak at churches on budgeting and that I do for free".

PI 2, *"It was more financial services companies and their staff and then my passion has always been financial Wellness and I was running seminars for woman on the side". "I also do pro bono stuff, so I go into the townships…)*

PI 3, "We get involved as professionals to do pro bono volunteer work".

Theme two: The roles of various stakeholders, such as regulators, employers, and the financial services industry, on the success of the financial wellness interventions

The findings emphasise the need to develop surveys and assessments to measure the employees' financial education and financial literacy. The participants also stressed the importance of financial wellness assessments from both the mental wellness and the financial perspectives. The data further touches on the need for more regulation in the financial wellness space, particularly around debt and debt counselling. Some of the participants believe that greater oversight is necessary to protect the consumers and to ensure ethical practices especially in the lending sector. The role of the NCR was discussed in detail with a strong call for deliberate and focused enforcement and this discussion extended to the importance of financial literacy and consumer protection. The participants expressed concerns about the lack of regulation and standardised financial education although some participants such as PI 10 were adamant that there is enough regulation. The findings suggest that there are concerns around the potential conflicts of interest from some of the players in the space who sell financial products and offer financial literacy education. The findings emphasised the importance of specialised financial wellness providers whose focus would solely be on financial education rather than on being associated with financial product sales. There are concerns around the conflict of interest when the financial product providers offer financial education because the assumption is that they prioritise the sales ahead of spreading awareness. Some of the participants mentioned several industry bodies and associations, such as the Financial Planning Institute and the Financial Services Conduct Authority, as having initiatives to promote financial literacy and consumer protection although this is only touching a small segment of those in need of these interventions. Some participants expressed concerns that overregulation could create barriers to entry, limit innovation, and not necessarily guarantee better outcomes. They stress that regulation should be carefully considered to ensure that it achieves its intended goals. Some of the participants believe that the employers have a moral obligation to help their employees to manage their finances and went on to highlight these employers as potential facilitators of financial wellness programs. This includes providing financial education to the employees as part of their participation in the employee assistance programs.

There were varying opinions on the extent of government involvement in financial wellness and education. Some participants believe that government intervention could be counterproductive, while others suggest that guidelines and support could be helpful. Participant PI 11 thought that bringing the government on board will just reduce these to compliance related tick-box exercises while PI 6 felt very strongly that the government should stay away as it would only make things worse.

Overall, the findings brought forward a range of perspectives on financial wellness, regulation, and the roles of various stakeholders, including the employers, the industry associations, and the government bodies. **The following quotes capture the essence of this theme:**

PI 1, "So my view is we don't want any regulation, government to stay out of it, because once government gets involved…. then I focus on my financial planning business".

PI 2, "But I'll tell you my honest brutal truth regulation, I believe, creates barriers to entry, and actually against the people who are doing the right work"." …***the more regulation you bring in, the more they'll jump the regulation".***

PI 3, "But the problem that I still see even with all those regulations, people still get debt that should not get debt through banks as an example, because they go from the one bank, they get a credit card, they go to second bank to get a credit card, they get a third bank, they get a credit card".

Theme three: Continuous and personalised financial education and coaching

The common theme from the participants was a need for comprehensive monitoring and evaluation methods to be used for assessing the effectiveness of the financial wellness programs. There are various channels including the SMS and the online tools, which can be used to collect data and to feed this back to the financial wellness programs so that they can curate the appropriate material incorporating both the training and the coaching elements. It was noted that the focus by the corporates is mostly solely on providing one-time training rather than on continuous support and education to achieve tangible and meaningful outcomes. All the participants agreed that the financial wellness programs aim to address and alleviate the financial stress among the employees, as this stress can contribute to various health issues and subsequently affect productivity. Most remained sceptical about the benefit of these programs from a wellness perspective. Although some of the participants critiqued the standardisation of these programs, most of them thought that the programs were tailored to cater to the diverse needs of the audience where the different employee groups may have distinct financial challenges and requirements. The participants indicated that the current practice of evaluating effectiveness was driven through various means, including evaluation forms, surveys, feedback from participants, and the take-up rate of training sessions. They also believed that the frequency of training is essential, with regular financial wellness sessions, such as monthly or quarterly, being seen as more impactful than the once-off "training" sessions. Participant PI 10, more specifically, stressed the importance of the corporates choosing the right facilitator for these sessions as it was crucial for the facilitators to resonate with their audience to maintain the engagements and relevance. Consensus is for the clients to actively encourage and support the financial wellness initiatives within their organisations. The wellness providers emphasised the key role client involvement plays on the success of such programs. It was acknowledged that some organisations already host wellness days that include sessions on health, mental wellness, and financial wellness. The participants made a call for the banks and the other financial services institutions to participate in providing insights and solutions to the consumers. The findings suggested that the impact of financial wellness programs can be long-term, thereby reducing the health-related claims and promoting the overall well-being among the employees. Some of the participants such as PI 1 and PI 11 indicated their belief that the access to data, such as the health-related data claims allows the organisations to track the impact of the financial wellness initiatives more effectively. The importance of offering personalised financial plans to employees and advice is to help them achieve financial wellness.

In summary, the above findings emphasised the importance of continuous financial wellness training and coaching that is tailored to the specific needs of the employees. Monitoring, feedback, and client involvement are highlighted as being essential components for effective financial wellness programs, by aiming to reduce financial stress and improve overall well-being. **The following quotes capture the essence of this theme:**

PI 1, "Some clients it's a once off and some clients it's an ongoing".

PI 2, "...there's definitely would be a training element and a coaching element". "I think that would be that there should be a continuum".

PI 3, "We can't force them…, but with the company sponsoring these things, sometimes of the Employee Assistance Programs, they do allow, they do request us to come out on a more regular basis or have individual sessions with individuals".

Theme four: Customising financial literacy education content to cater for a diverse audience

The findings delved into the importance of tailoring content to accommodate various learning preferences such as reading, watching videos, listening to audios, or using visual aids such as cartoons. There is a call for assessments which would help to gauge how well the audience understands the financial literacy education to be added to improve the effectiveness of the content. Due to some companies having tight brand management rules, the findings suggest for brand usage and material regulation to be overseen by the internal marketing departments to ensure consistency and adherence to the brand guidelines. Although standardised material is often used, content and solutions are at times customised based on the specific needs of the audience. The data highlighted that the content should be designed to address the unique challenges that are faced by the different demographics or the income groups whether they are low-income, middle-income, or high-net-worth individuals. A few of the participants indicated that the engagement with their audience is driven by seeking feedback and actively involving the audience in shaping the content. They do this with feedback surveys that are used to understand the challenges and to adapt the discussions accordingly. Participant PI 10 emphasised that from her point of view, the material should be designed to be inclusive, thereby catering to the financial needs of various income groups and lifestyles, such as budgeting, savings, and investment. She further specified that regardless of the income levels, there are standardised fundamentals in financial education, such as budgeting and cash flow management, which apply to all the individuals. The large corporates were noted to often prefer the utilisation of standardised material for financial education, which is adapted to specific needs and audiences, thereby ensuring that it remains relevant and engaging. The goal, according to PI 3, is to create content that is inclusive and speaks to everyone, regardless of their financial situation, by ensuring that it is relevant and accessible to a diverse workforce.

In summary, the findings around this theme highlighted the importance of customising the financial education content to meet the diverse needs and the preferences of the different audience groups. The goal, according to participant *PI 3,* is to make financial education inclusive and effective by addressing the unique financial challenges that the individuals face. **As the following participants put it:**

PI 1 remarked, "Yeah, we used to have standard material that was SITA credited, but that's standard material is so basic it tells you how to open a bank account and all of that. So, we have developed our own material because the client tells me what they want".

PI 2, "So I, customise the program. What is their LSM level?"

PI 3, "So, most of the corporate presentations I do, I set up myself because it depends on the audience". "So, I will customize my presentations of an hour with the board depending on the audience, but the core of the presentation would still be the basics or would just expand it.

Or as PI 8 puts it, "when I do my content, I want to understand where the pain point is".

Theme five: Conflict of interest between educating and selling products

The findings refer to the companies, as with the one represented by PI 1, holding sessions during the September Wellness Month, and conducting campaigns from which they gather feedback on what works and what does not work, then they make the necessary adjustments. They recognise that different companies may have varying frequencies for these types of sessions, depending on the needs of their audiences. One of the participants from the financial services industry indicated that they offer financial wellness seminars to educate the members on topics such as budgeting, debt management, saving, and compounded interest. They revealed that, at face value, the feedback from these seminars has been positive although nothing tangible could be measured. The findings emphasised the need for separating financial literacy from consultation for financial advice to ensure that the clients first receive education before engaging in consultations to ensure they understand their financial needs. The data also indicated that the customers typically kept their insurance policies for only three to five years, thereby underlining the importance of education and financial planning. The findings emphasised the significance of helping the consumers to have better control of their debts and to avoid over-indebtedness. They also hint on the lack of consumer awareness about financial matters and the risk presented by some corporate wellness programs who may have a conflict of interest by promoting certain products. The findings suggest, on the back of the identified risk, the need to ensure that financial education remains unbiased. The findings, especially as articulated by participant PI 11, highlighted the challenge of getting the employees to engage in financial wellness programs, especially when they may be embarrassed or reluctant to discuss the financial issues due to the fear of judgement. The text suggests the need to create a continuum between financial wellness and member education for retirement funds. According to participant PI 11, some of the difficulties in addressing financial wellness stem from the situations where the employees are focused on the sales and the target-driven tasks and therefore they cannot prioritise the wellness sessions.

Generally, the findings discuss the importance of financial education, the challenges of engaging employees, and the need for unbiased financial wellness programs in corporate settings. **The following captures the quotes capture the message of this theme:**

PI 1, "You know, as planners, we there to sell product and…, some people just need to help with budgeting and debt and education and that's when we started investing yourself purely just to do education".

PI 2, "or it's being offered by Old Mutual or Sanlam. They are your employee benefit provider and then they add that on an as an addition. But basically, that's always being delivered by a broker and they're there to sell product".

PI 3, "I believe there's a huge opportunity for the corporate world to get involved with sponsorships through bursaries and all these things to let financial planners get involved and organizations like the FPI to do awareness, where we can reach maybe 30-40% of the of the young market."

CHAPTER 6: DICUSSION OF RESULTS

6.1 Introduction

This chapter discusses in detail, the results from the analysis of the data that was performed on the collected data from the semi-structured interviews as presented in Chapter 5. The discussion continues in line with the sequence of the research questions that were posed and collectively provide the insights into the savings groups as model commitment saving devices. Where applicable, the results are contrasted against the interview participants as well as the existing literature with the intention of building onto the body of knowledge on financial literacy education, financial behaviour, and the determinants of the effectiveness of financial wellness initiatives or interventions.

6.2 Research question 1

Does the lack of financial literacy have an impact on the over-indebtedness of the consumers?

This research question investigated the assumption that financial literacy or the lack thereof has an impact on the consumer debt levels. The paper examines the relationship between financial literacy and over-indebtedness in South Africa. Over-indebtedness is defined by the National Consumer Act 34 of 2005 as a circumstance in which a person's debt repayment obligations surpass their income, thereby resulting in financial strain. The research study also emphasises several other factors that can lead to excessive debt, such as impulsive spending, poor budgeting, financial overcommitment, and the macroeconomic variables that impact economic stability. All 12 of the research participants implied, that South Africa’s challenge of escalating consumer debt levels is a demonstration of inadequate financial knowledge due to the lack of financial literacy. According to PI 7, some of their corporate clients have reached out to them saying that their employees are requesting salary advances in the middle of the month because they cannot budget and are struggling to pay off their debts. PI 7 and team then take them through the most basic financial literacy concepts starting with budgeting and compound interest.

The research participants drew attention to the fact that the debt levels might be even lower because these do not include the informal loans that are granted by the “mashonisas” or the “loan sharks”. Some of the participants indicated that their experience at grass roots level especially at the lower middle-income class suggest that the individuals take out informal loans at higher interest rates in some cases to settle the official loans while others take from “Peter” to pay “Paul” within the regulated lending industry. According to the research, making well-informed financial decisions can have a significant impact on one's quality of life, with well-prepared decisions helping people and with the badly planned decisions hurting their chances. It draws attention to the alarming high levels of debt in South Africa, particularly among the middle class. It has been suggested that the people with low financial and debt literacy levels might have more propensity to take out loans they cannot afford to pay back, particularly in hard times.

The relationship between financial literacy and over-indebtedness has been the subject of previous research, but this study fills a knowledge vacuum on the relationship between financial literacy and the readiness for financial difficulties which can lead to increased over-indebtedness. It examines, amongst others, the difficulties that are brought on by peer pressure to maintain a particular standard of living and due to easy access to credit this ends up in unnecessary debt. The data on the household debt-to-income ratio in the South African middle-income class is presented in Appendix 2. The primary data concurs with the existing data although it stresses the importance of financial literacy or lack thereof.

The interventions by government regulation such as the introduction of debt counseling are considered as the possible remedies for excessive debt although their effectiveness is still in doubt. Debt counseling is a process that can assist the customers in renegotiating the conditions of their debt and raising their credit ratings. The importance of government regulatory in improving responsible lending and financial literacy is emphasised, especially that of the Financial Services Conduct Authority and the National Credit Regulator.

The study highlights the importance of financial literacy for a substantial proportion of the customers who cannot pay off their debt and are generally unable to effectively manage their finances. The researcher highlights, through this document, the crucial link between excessive debt in South Africa and financial literacy, thereby implying that raising one's level of financial literacy might assist the people in making better financial decisions and in overcoming the obstacles that are related to the economy.

Literature places a strong emphasis on financial capability, knowledge, and the capacity to make wise financial decisions. Proficiency, awareness, financial behaviour, and financial decision-making are all components of financial literacy (Roberts et al., 2018). The capacity to use financial knowledge to make wise financial decisions is known as financial competence. The financially literate people, that is those who understand the fundamentals of mathematics and the interpretation of different financial concepts, are more likely to make wise financial choices (Roberts et al., 2020). Making informed financial decisions can be aided by an understanding of the key financial principles. Financial wellbeing can be enhanced by prudent financial practices such as budgeting while on the other hand, bad financial habits can seriously harm one's financial situation. The sense of being able to maintain a desirable standard of living and financial independence can be referred to as financial wellbeing.

According to the literature, having a better understanding of finance can help one to create money by developing saving habits, and making wiser financial decisions. Similarly, poor financial conduct is associated with a lack of financial literacy which can be demonstrated by the sizable percentage of the South Africans who are not adequately prepared for making wise financial decisions. The high levels of debt in the country and the escalated requirement for debt counselling may be indicators of this.

The goal of financial literacy education is to assist the people to become more financially literate and to help them to acquire the skills they need to make wise financial decisions and, in the process, avoid unnecessary debt (Lusardi & Mitchell, 2007). It is widely acknowledged that providing financial literacy education in the workplace can help the employees to feel more financially empowered, particularly when it comes to retirement planning (Atkinson et al., 2015).

Providing financial education to people at work can also improve their decision-making when it comes to saving money and taking on debt. Although the financial literacy interventions in the workplace have potential benefits, it is possible that the employers may remain unaware of all the advantages of supporting their workers' financial literacy (OECD, 2022) while the workers could lack the motivation to attend due to their limited work hours (Bailey & Winkelmann, 2021).

The intricate structure of financial product markets presents difficulties for the people who find it difficult to explore and select the best financial solutions (Roberts et al., 2020) which makes it very important to distinguish between financial competency and the access to financial services (Nanziri et al., 2018). Those belonging to higher socioeconomic groups, particularly the middle class, have a higher propensity to take on credit and then run into problems repaying their debt (Roberts et al., 2017). This implies a relationship between excessive debt and the socioeconomic level. It implies that enhancing financial behaviour and overall financial wellness might result from the financial literacy education.

6.3 Research question 2

What initiatives have been developed or are being developed, especially by the private sector, to improve financial literacy?

According to the participants that were interviewed, there is very little that is being done by the corporates to improve the financial literacy initiatives, mostly the budget priorities. This is because the employers still regard the provision of financial wellness as a discretionary employee value add rather than as a business imperative. This is evidenced by an assertion by participant PI 2 that the number of corporate clients they are onboarding has decreased significantly since the COVID19 pandemic.

In the main, the employers put a lot of reliance on the financial wellness providers to develop a financial wellness product that is suitable for their workforce. This thinking or practice makes it difficult to have a significant impact on the employees` financial well-being due to the misalignment of the current products to the challenges that are being faced by most employees. The research participants, especially those who provide wellness services, decried the scant attention to financial wellness by the corporate sector.

According to participant PI 1, the efforts by the employers to improve the offering include focused individual sessions for employees nearing retirement (usually between ages of 60-65) where they discuss the employees` ability to lead a comfortable life in retirement. The drawback to this is that it is quite late in the process to discuss this important topic because any interventions at that point would have to be moderate and of short term in nature.

Participant PI 12 specifically touched on their experience in the private sector where they were tasked with the design of the financial literacy interventions for the employees. They mentioned that one of the big financial services companies for whom they were involved in research in this topic decided to abandon that research project citing financial constraints due to COVID19.

6.4 Research question 3

Are the existing financial education initiatives effective in addressing the over-indebtedness in South Africa?

The consensus from the primary data regarding this question is a resounding NO. There are a few factors that were cited by the participants as having a negative impact on the effectiveness of the financial literacy education initiatives. The current format of the initiatives does not provide an enabling environment for these initiatives to be properly measured for their efficiency or for the lack thereof. Feedback is generally through the employee surveys which are mostly superficial to say the least because of the lack of detail. This, therefore, makes it quite difficult to gauge the real impact that these initiatives have on the financial affairs of the individuals.

Some of the participants observed that there is lack of effectiveness because the corporates are not deliberate and intentional about these initiatives and therefore, they have no clear goals to be derived from these initiatives. They mention that it is important for the providers or the facilitators to be relatable to the people receiving the message for it to have an impact. They further commented on the need to deliberately target the black middle-income class and to develop products that are specifically tailored for them. This should include the methods of delivery for which they suggested videos (YouTube), audios and reading material.

They also believe that a shift in the mindset and culture, in terms of how people view money, is necessary for change to occur. They bravely critiqued the government`s role in improving effectiveness in financial literacy through its attitude to debt and the fact that South Africa as an institution has high levels of debt. This, they suggest, potentially makes it difficult for the government and its corporate partners to bring the message home in terms of the dangers of taking on too much debt. They believe, therefore, that the problem is institutional at its worst and that is where the tone needs to change.

There was also an acknowledgement even from the professional financial planners or the advisors who were interviewed that one of the reasons for the lack of effectiveness is that the individuals have more access to the financial advisors whose priority is to sell products and therefore they are not necessarily incentivised to teach. Participant PI 5, especially, believes that the lack of effectiveness stems from the lack of structured financial education programmes particularly in the school and work environments.

The participants also believe that for the desired effectives to be achieved, the corporates need to play a more proactive role rather than their current reactive approach. They are of the view that it is rather challenging to measure the effectiveness of their financial education programs based on the one-hour talks, but that it would be easier to track this over a six-month period.

Most of the participants believe that another factor hindering the existing initiatives is the lack of regulation in the financial literacy and coaching space. Interestingly, participants PI 6, 10 and 11 thought that this space is already adequately regulated (as part of FSCA and FPI), so involving the government in the regulation of financial wellness and coaching will create confusion and at worst it will create tick box exercises. They expressed concern that the involvement of existing service providers could present a conflict of interest, thereby emphasising the importance of allowing independent providers to offer these services. They further highlighted the importance of addressing the financial issues, especially within the context of the historically disadvantaged communities in South Africa.

6.5 Research question 4

What measures of success are being used to assess the effectiveness of these financial literacy initiatives?

There are currently no recognised measures of success that are used universally, but there are rather fragmented attempts by the corporates and the providers to attain some sort of indication on the take up rather than the effectiveness. One of the interview participants mentioned a 100% attendance of the most recent financial wellness session but could not say whether there was any positive impact from the session.

The employers are using surveys to measure effectiveness, but there is consensus by many of the participants that these surveys do not serve the intended purpose as the employees are likely to complete this for “compliance” purposes. To this end, the employee engagement surveys, and the employee wellness surveys were mentioned as being measurements of the effectiveness of their financial wellness initiatives.

Various parameters such as the reduction in health-related claims were also mentioned as being part of the success measures. The assumption and analysis especially with the health (mostly stress) related claims was that when the employees were distressed about their financial affairs, they tended to seek mental health assistance from the providers such as ICAS. By implication, the lower claims are assumed to be a reflection on the effectiveness of the financial wellness initiatives because they imply that the employees are less stressed about their finances. The flaw with this assumption is that it is perceived that the employees mostly seek the services of employee wellness support because of the stress that is related to their financial affairs.

6.6 Research question 5

How should these initiatives be redesigned to improve their effectiveness?

Various suggestions were made by the participants on how to improve the effectiveness of the initiatives, but the common goal is to revise the delivery and the material in terms of the audience.

6.6.1 Monitoring

Comprehensive monitoring with a focus on continuous support rather than solely on one-time training and proper evaluation methods is needed to assess the effectiveness of the financial wellness programs. Various channels, including the SMS and online tools, should be used to collect data and feedback on the wellness providers so that monitoring can be done at a personal level. The access to data, such as the health-related claims data allows the organisations to track the impact of the financial wellness initiatives more effectively. The financial wellness programs should incorporate both training and coaching elements because the training can only be effective if there is continuous coaching and, by implication, monitoring. Effectiveness is evaluated through various means, including evaluation forms, surveys, feedback from participants, and the take-up rate of the training sessions. The frequency of training is essential. Regular financial wellness sessions such as monthly or quarterly sessions, are seen as being more impactful than the one-off training.

6.6.2 Delivery

The choice of facilitator is crucial. The facilitators need to resonate with the audience to maintain engagement and relevance. The clients can actively encourage and support the financial wellness initiatives within their organisations. The involvement of the clients is crucial to the success of such programs. The organizations can host wellness days that include sessions on health, mental wellness, and financial wellness. The banks and other institutions may participate in providing insights and solutions. Another notable means of delivery that is suggested by the participants is that of the companies embracing the use of virtual tools such as Microsoft Teams which is already being used as part of the hybrid work structures.

6.6.3 Design

The financial wellness programs aim to address and alleviate the financial stress among the employees, as this stress can contribute to various health issues The programs are tailored to cater to the diverse needs of the audience. The different employee groups may have distinct financial challenges and requirements and therefore they require a different design of the program. Essentially, the participants generally suggest that the programs should not be a one size fits all approach because the consumers or the employees battle with different challenges. The impact of the financial wellness programs can be long-term, thereby reducing health-related claims and promoting the overall well-being among the employees. There is a feeling that the employees should be offered personalised financial plans and advice to help them to achieve financial wellness in line with their financial circumstances. In summary, the text emphasises the importance of continuous financial wellness training and coaching that are tailored to the specific needs of the employees. Monitoring, feedback, and client involvement are essential components of the effective financial wellness programs, aiming to reduce financial stress and improve overall the well-being of employees.

6.7 Conclusion

The chapter presented a discussion of the relevant research findings from this research study. It was established from the experiences of the participants that there is a positive link between the escalating levels of indebtedness and financial literacy or the lack thereof. There is existing literature alluding to this, but there are not enough studies that were done to determine the extent to which this phenomenon is true. Research question 1 was primarily answered directly by the secondary rather than by the primary data which was more focused on addressing the issue of financial literacy.

Based on the available data, the issue of financial literacy and its impact on financial behaviour and subsequent over-indebtedness should be receiving more attention than is currently happening. The inclination by the average corporate is to treat this as a luxury for the business rather than as one of the priorities from the people's point of view. This comes from data that reveals that some of the corporates discontinued the financial literacy projects citing the lack of budgetary resources because of COVID19. The pandemic was also used as a reason for the companies not taking on the services from the financial wellness providers.

In terms of delivery and design, the general feeling from the participants who do not provide advice but are wholly focused on education and awareness is that there are a very few big financial services companies that are involved in this space. These companies provide financial products as their core business and then they throw in financial education as an add-on or value add. It is believed that there is generally not much effort that is put into the financial education space since the financial advisors representing these companies have no monetary incentive to spend time on this. The feeling is therefore that the delivery from the monopolistic companies does not prioritise the interest of the consumers. Participant PI 4 who is in the financial advisory space suggested that the remuneration of the financial advisors should factor the client reviews so that they give equal attention to educating the consumers as they do to selling the financial products for commission.

The other key element that came through from the discussion of the results is the issue of monitoring and evaluation. The shared perspective is that there is a need for continuing monitoring and support to ensure that the financial literacy programs achieve the desired results. According to participants PI 7 and PI 8, the employers need to take active interest in these programs and that for tangible results to be achieved there should be the continuous tracking of the individuals taking part in these programs. This would allow the employers and the wellness providers to have a better idea of the effectiveness of these programs.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The foundation of this research study was the alarming rate of over-indebtedness in South Africa which is worsened by the prevailing macroeconomic challenges. This study explored the assumption that the lack of or the inadequate financial literacy have a major impact on the consumers becoming over-indebted. Existing literature pointed to the link between financial literacy, financial knowledge, financial behaviour, and over-indebtedness.

7.2 Research findings

First and foremost, the research findings pointed to a strong presence of professionals and institutions who have real passion for educating the consumers on the dangers of debt and the benefits of attaining financial knowledge. This was evidenced largely by participant PI 5 who is a financial advisor and yet makes time to conduct financial literacy education free of charge especially to the environments which have been previously marginalised such as townships.

The findings generally touch on the design and the delivery of financial wellness interventions, and the role of various stakeholders in driving financial literacy education in the workplace. Although the 12 participants did not agree on everything, they all agreed that the debt levels and the current prevailing macroeconomic environment call for all of them to pay attention to the struggles that are being experienced by their employees or the customers.

The key points emerging from the findings included the importance of distinguishing financial wellness in terms of financial education, financial coaching and finally financial advice or planning. These called for a deliberate action to ensure that the providers who offer financial wellness services were not the same people offering financial advice as this left a grey area regarding a conflict of interest.

Another key element emerging from the findings is the need for some sort of regulation. Although there were some differing views on this, there was consensus of the need for guidelines to help to structure and drive the financial wellness space. At least four of the participants felt that regulation would stifle any progress, with the barriers to entry, that have been observed in this space and that they are wary of the government’s involvement.

The most crucial discussion point was perhaps the packaging of the wellness programs. Although some of the participants, such as participant PI 10, felt that there was no need to customise the education material, most of the participants were of the view that people have different pain points due to factors such as their LSM groupings and the stages in their life cycles.

7.3 Limitations to the Research Study

This section discusses other limitations to this study, over and beyond an inherent researcher bias found in qualitative research (Saunders & Lewis, 2018). The limitations to this study included the number of corporates that were willing to share their status and views on this topic. At least one of the corporates that had agreed to an interview subsequently pulled out on the day of the interview indicating that they could not get clearance from their group risk management.

7.4 Recommendations for Future Research

Following the findings of the work undertaken with this research, the researcher proposes extended research into the following areas. Some of these areas have existing literature which requires more detailed investigations.

7.4.1 Quantitative study to determine extent of the correlation between financial literacy and over-indebtedness.

Although there is existing research on the correlation between financial literacy and over-indebtedness, there is insufficient literature on the understanding of this phenomenon from a South African point of view. Secondary data from key institutions such as the National Credit Regulator, through the accredited debt counselors, the World Bank and Statistics South Africa have a few points to a dire situation relating to the over-indebtedness of the consumers. There exists great potential for a quantitative study to be performed in the context of South Africa to bed down the extent to which the consumers get themselves into unnecessary debt primarily due to the lack of or the inadequate financial knowledge. This study should be performed on the foundation of the general literacy studies which are mentioned elsewhere in this paper as being important to measure before as it would be incorrect to assume that everyone in the lower to higher-middle class is literate. This study should also shed light or confirm the claim by Participant PI 12 that financial literacy is not the answer to the problem of over-indetedness.

7.4.2 The employer or the corporates` moral and social responsibility towards the financial wellness of their employees

It was mentioned a few times during the interviews with the selected participants that the responsibility for financial wellness cannot be officially attached to the employer because the employers would never force their employees to take part in the wellness programs. In fact, participant PI 11 shared during the interview that his chief financial officer was adamant that their role as an employer was to make sure that they pay out the salaries and nothing else, and that the employees` financial wellness was solely the responsibility of the employees. To this end, the participant indicated that voluntary financial wellness campaigns yielded limited success.

The researcher finds this thinking quite troublesome because the current workplace landscape calls for an integrated people management plan which focuses on the overall wellness of an employee to ensure optimum productivity. From this point of view, the researcher recommends that this responsibility, even if not officially enforced onto the employers, should be incorporated into the organization`s integrated reporting requirements whereby a report on the overall wellness of the employees is shared. The report should clearly distinguish between the areas such as the physical, mental, and the financial wellness as well as clearly articulate what an organisation has put in place to address any areas of concern.

The researcher is of the opinion that the organisations or the employers have a social responsibility to make platforms available to assist the employees who need such interventions. The responsibility, first and foremost, is borne from the fact that the employees who struggle with their finances more specifically those who find themselves in a lot of debt, are more likely to also suffer from anxiety and other mental conditions because of these financial difficulties. It is therefore also for the benefit of the employer to ensure that the employees are in a good space financially and to actively assist those who are not. It is widely accepted that people do not leave their financial problems at home and knowing that over-indebtedness is a huge problem, people bring this problem with them to work as well. From an administrative point of view, it makes a lot of sense to drive these interventions through the employers because they have the advantage of impacting groups of people at a time rather than individuals.

7.4.3 A revision of the mandate of the National Credit Regulator

As mentioned in Chapter 1, the mandate of the National Credit Regulator is to "support the social and economic advancement of South Africa by regulating for a fair and non-discriminatory marketplace for access to consumer credit; and promoting responsible credit granting and credit use, and effective redress". This mandate or mission is very much self-explanatory, but at its current format the NCR has not done much to change the credit landscape into a marketplace that forcefully stands for responsible credit granting. The data from the secondary data shows a 161% overall debt-to-income ratio in the middle class, and this does not provide for good reading and neither does it inspire confidence in the ability of the NCR to the debt-ridden consumers. The issue regarding responsible lending is especially important in the times of the rising cost of living on the back of higher inflation figures and increasing interest rates. One of the participants commented correctly that South Africa does not have a debt problem, but rather it has a spending problem which is a result of behaviour and habits due to lack of financial knowledge. They further suggested that the challenge with the NCR is that it focuses most of its efforts on debt counselling rather than on behaviour and the result is that many people that go through debt counselling end up back in debt counselling because they do not change the behaviour at all. The debt counselling represents the redress part of their mandate, but this is far from being effective because it focuses only on addressing the symptoms rather than the cause. It will not be fair, without any sort data, for one to critique the work that they are doing in terms of promoting responsible lending, but the increase in unsecured debt levels tells a story.

Over-indebtedness is widely regarded as a massive systemic problem, since most of it arises from irresponsible lending. This is although the law requires that an affordability evaluation is performed and that the granting of a loan must not result in an individual becoming over-indebted. It is the researcher`s view that the NCR should be focusing on the cause, which mainly includes reckless lending, and has less on the redress. This should include an investment in the resources that are required to ensure that there is sufficient coverage across the financial services spectrum and lenders know that they would be taken to task for not following due process.

7.4.4 Introducing regulation to enforce obligation on the employer to provide and monitor the effectiveness of the financial wellness programs.

The cash for a moral or social responsibility on the part of the employer to invest in financial wellness for its employees was discussed above, but there still exists a scope for the government to develop legislation that can make it compulsory for the companies to make financial wellness a part of their strategic focus areas. The argument behind this is that just like the employers having a mandate to collect employee tax on behalf of the revenue services, it should be made compulsory for the employers to identify, assess and monitor the employees` financial affairs on behalf of the government. The government could then address the additional costs of carrying out this responsibility by way of a tax break or rebate to ensure that there are shared responsibilities between the government and the corporate sector. This responsibility could include the requirement for the employers to incorporate financial wellness in their new employee induction processes. The development would follow the life cycle theory which infers that the individuals who obtain the relevant financial knowledge or education early on in their careers are generally inclined to make well-informed financial decisions which are expected to have a positive impact on the decisions they will make over the different stages of their lives. The figure below depicts a life cycle in the workplace from the day an employee is onboarded. It follows the employee`s key life decisions that have an impact on their financial affairs.

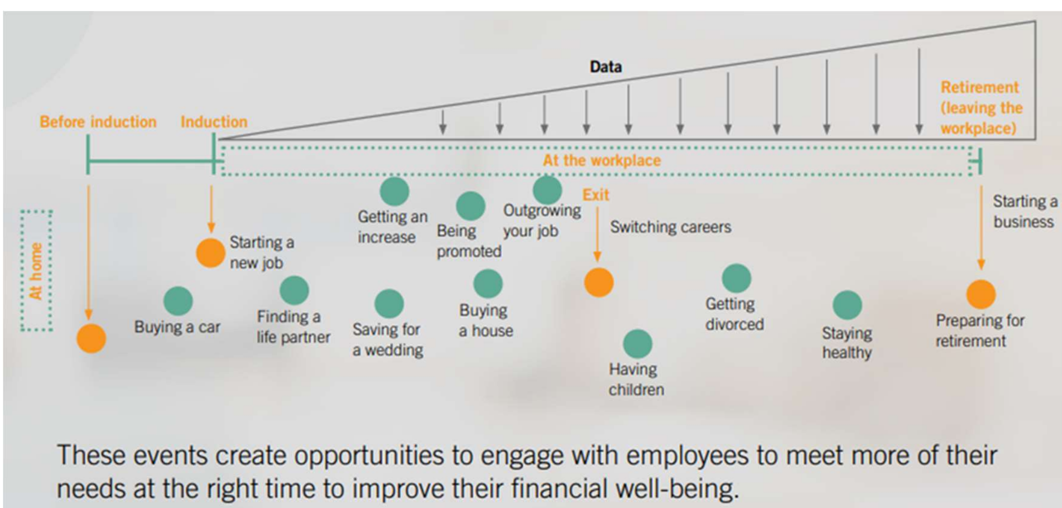


Figure 7.1: Touchpoints for financial well-being conversations

Source: Alexander Forbes Benefits Barometer, 2018

7.5 Conclusion

The research study set out to add to the body of knowledge on the topic of financial literacy especially on the effectiveness of the financial wellness interventions or the initiatives in changing consumer behaviour and ultimately addressing the issue of over-indebtedness in South Africa. The findings from the collected data unequivocally confirm that the current initiatives are not effective. Almost all of the research participants although articulating it differently are of the view that based on their experience the interventions in their current form are not effective. Although participant PI 12 was against the popular view, he boldly claimed that the financial literacy education is not the answer to the issue of over-indebtedness, the majority consensus was that financial wellness if designed and delivered differently can have the desired effect.

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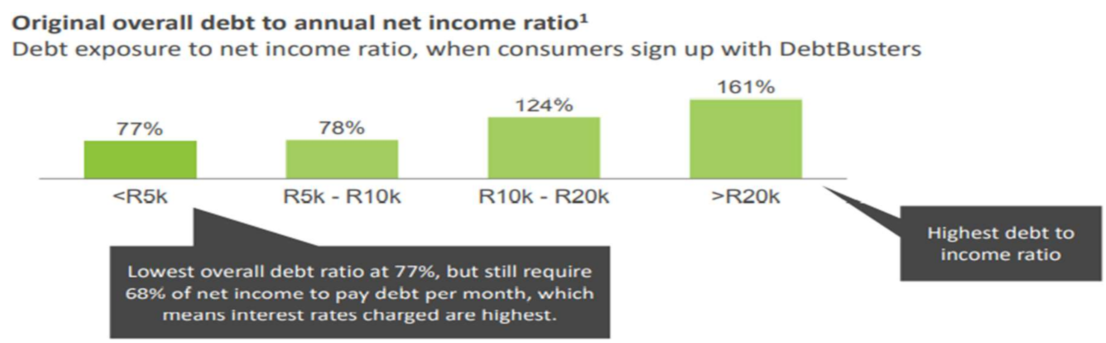
APPENDIX 1

Related	Last	Previous	Unit	Reference
Consumer Spending	3059324.00	3069559.00	ZAR Million	Sep 2022
Disposable Personal Income	4220997.00	4139867.00	ZAR Million	Sep 2022
Private Sector Credit	7.70	8.30	percent	Dec 2022
Bank Lending Rate	10.75	10.75	percent	Jan 2023
Households Debt to Income	66.10	67.90	percent	Dec 2021

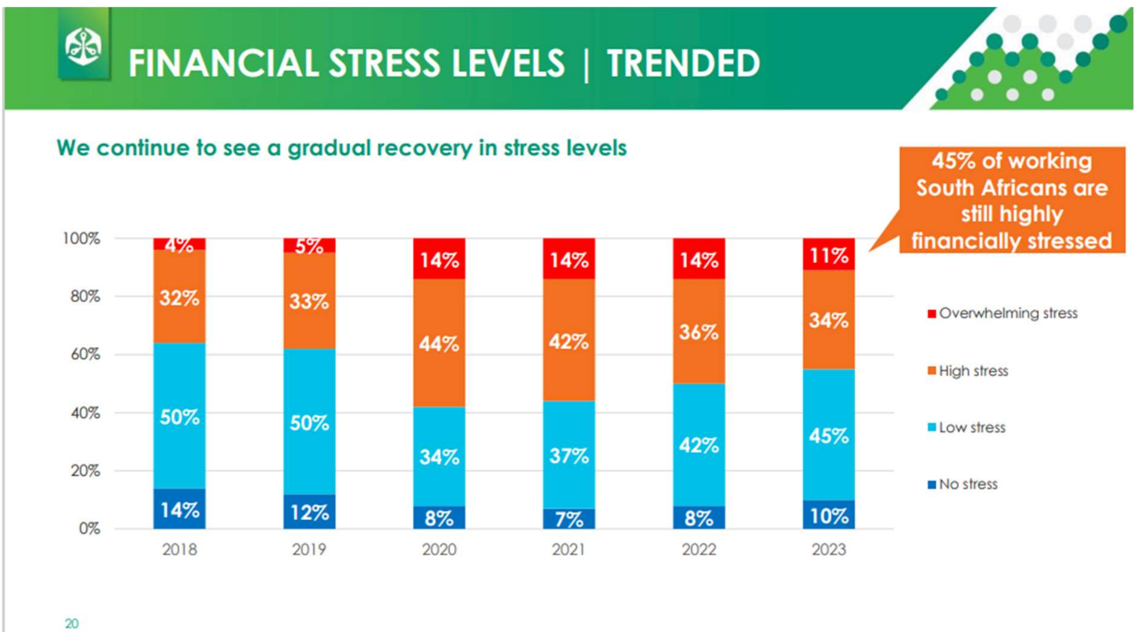
Source: Tradingeconomics



Source: Debtbusters

	CDI Mar'21	CDI Mar'20	Average Outstanding Jan'21-Mar'21	New Default Balances Jan'21-Mar'21
Composite Index	4.33	4.19	1 882 735 703 503	20 399 691 457
Home Loan Index	1.73	1.86	948 429 860 637	4 104 611 214
Vehicle Loan Index	4.10	3.67	467 758 744 651	4 792 704 405
Credit Card Index	8.39	6.74	142 572 498 119	2 989 514 454
Personal Loan Index	10.42	9.67	286 031 110 044	7 450 775 091
Retail Loan Index	11.20	13.32	37 943 490 052	1 062 086 293
HomeLoan + VehicleLoan + CreditCard	3.05	2.85	1 558 761 103 407	11 886 830 073

Source: Experian Consumer Default Index



Source: Old Mutual Savings & Investment Monitor report

APPENDIX 2

LoveToEdit

You Write. We Edit. You Love it.

31 October 2023

TO WHOM IT MAY CONCERN

RE: CONFIRMATION OF LANGUAGE EDITING SERVICES: KGWALE MOKGWATSANA

I confirm that I have done language editing for Kgwale Mokgwatsana's research project titled:

THE EFFECTIVENESS OF FINANCIAL LITERACY EDUCATION ON ADDRESSING OVER-INDEBTEDNESS: A SOUTH AFRICAN PERSPECTIVE

The research project now conforms to the University of Pretoria's editing standards.

Yours sincerely

Moyo

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