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NATIONAL CONSUMER FINANCIAL EDUCATION

DRAFT POLICY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

A **NATION** 
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List Of Acronyms

AI	Artificial Intelligence
BASA	Banking Association of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BDS	Business Development Services
BNPL	Buy Now, Pay Later
CBM	Credit Bureau Monitor
CCF	Core Competencies Framework
CODI	Corporation for Deposit Insurance
COFI	Conduct of Financial Institution
COVID	Coronavirus Disease
DBE	Department of Basic Education
DFS	Digital Financial Services
DIS	Deposit Insurance Scheme
EMS	Economic Management Sciences
ESG	Environmental, Social and Governance
EWA	Earned Wage Access
FAIS	Financial Advisory and Intermediary Services
FIP	Financial Inclusion Policy
FSC	Financial Sector Code
FSCA	Financial Sector Conduct Authority
FSP	Financial Service Provider
FSRA	Financial Sector Regulation Act
FSTC	Financial Sector Transformation Council
GDP	Gross Domestic Product
IFWG	Inter-Governmental Fintech Working Group
INFE	International Network on Financial Education
IOSCO	International Organization of Securities Commissions
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium-sized Enterprise
MSWSA	Money Smart Week South Africa
NCFEC	National Consumer Financial Education Committee
NCFEP	National Consumer Financial Education Policy
NCFES	National Consumer Financial Education Strategy
NFES	National Financial Education Strategy
NCR	National Credit Regulator
NFOSA	National Financial Ombud Scheme of South Africa
OECD	Organisation for Economic Co-Operation and Development
OMSIM	Old Mutual Savings and Investment Monitor
OPFA	Office of the Pension Fund Adjudicator
PA	Prudential Authority
PFA	Pension Funds Act
SABRIC	South African Banking Risk Information Centre
SAIA	South African Insurance Association
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASRIA	South African Special Risk Insurance Association
SASSA	South African Social Security Agency

TCF	Treating Customers Fairly
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Executive Summary

In support of financial sector reforms, consumer protection in the financial sector, meaningful financial inclusion, and transformation in South Africa, the draft National Consumer Financial Education Policy (NCFEP) establishes a policy framework for financial education. It outlines Government's approach to strengthening financial literacy, building financial capability, and supporting improved financial well-being in an evolving financial landscape.

Financial sector reforms, including the Twin Peaks regulatory framework¹, have placed strong emphasis on market conduct, consumer protection, financial education and financial inclusion, elevating these priorities alongside prudential regulation. In this context, financial education, consumer protection, and meaningful financial inclusion are mutually reinforcing objectives. Financial education has therefore become a priority for policymakers in recognition of its role in supporting greater participation in the economy, improving financial well-being, building trust in the financial sector, and contributing to financial stability.

Financial education refers to the process through which individuals and Micro, Small and Medium Enterprises² (MSMEs) acquire the knowledge, skills and confidence required to make informed financial decisions, manage financial risks, and understand rights and obligations within the financial system, as defined by the Organisation for Economic Co-operation and Development (OECD). The importance of having these skills is often compared to basic reading and writing skills; without them, participation in modern economic and social life becomes significantly more difficult.

South Africa's financial system is sophisticated and well regulated, with high levels of access to financial services, supported by regulatory frameworks, modern financial infrastructure, and increasing digitalisation. Over 90 per cent of adults in South Africa hold a bank account³, and consumers have access to a wide range of financial products. However, increased access and product choice have not necessarily translated into improved financial outcomes for customers⁴. A well-functioning financial system requires both strong regulatory safeguards and consumers who are able to understand their choices, recognise risks, and exercise their rights. Where financial literacy and capability are limited, increased access can amplify vulnerability rather than improve outcomes.

Evidence from surveys and supervisory data shows that many consumers struggle to use financial products safely, confidently, and in ways that support their long-term financial well-being. Findings from the Financial Sector Conduct Authority (FSCA)'s financial literacy surveys indicate that national financial literacy levels have remained largely stable over time, with a decade-long average score of 53 per cent, compared to a baseline score of 55 per cent in 2012. The evidence further indicates that limited progress cannot be attributed to knowledge gaps

¹ In 2011, National Treasury outlined South Africa's financial sector reform agenda, aimed at maintaining financial stability, enhancing consumer protection, combating financial crime, and ensuring financial services are suitable, accessible, and affordable. To achieve these objectives, a policy shift was made towards a Twin Peaks regulatory framework.

National Treasury, A Safer Financial Sector to Serve South Africa Better (2011). <https://www.treasury.gov.za/twinpeaks/20131211%20-%20item%202%20a%20safer%20financial%20sector%20to%20serve%20south%20africa%20better.pdf>

² For the purposes of this Policy, references to strengthening the financial literacy or financial capability of MSMEs refer to the financial literacy and capability of MSME owners, managers, and potential entrepreneurs in relation to starting, managing, and growing a business. This includes relevant financial knowledge, skills, behaviours, and attitudes, and complements both broader entrepreneurial capabilities and general financial literacy needed for individual financial well-being, consistent with the OECD's framework on financial literacy competencies for MSMEs.

OECD/INFE Core Competencies Framework on financial literacy for MSMEs (2018) https://www.oecd.org/en/publications/oecd-infe-core-competencies-framework-on-financial-literacy-for-msmes_220101c9-en.html

³ FinMark Trust, FinScope Consumer South Africa, 2024.

⁴ The terms customer and consumer are used interchangeably in this document.

alone. Patterns of low financial literacy mirror broader socio-economic dynamics, with differences across age, income, education level, and location. These findings underscore the need for a more targeted, and context-aware approach to financial education, alongside financial inclusion and consumer protection efforts.

The draft NCFEP responds to this context, by setting out a framework aimed at strengthening financial literacy and capability and improving coordination across the financial education ecosystem. It clarifies roles and responsibilities and supports more coherent programme design, delivery, and evaluation. Central to this approach is the role of the National Consumer Financial Education Committee (NCFEC) in facilitating collaboration and coordination across stakeholders.

Building on this, the draft NCFEP sets out clear policy priorities to strengthen financial literacy and capability of individuals and households, particularly those facing financial vulnerability, as well as MSMEs. It recognises that financial literacy and capability develop over time and supports for a lifecycle approach to financial literacy. This includes the role of the formal education system in building foundational financial skills and supports the integration of age-appropriate financial education across the learning spectrum, including within the school curriculum where feasible.

In response to an increasingly digital financial environment the draft NCFEP notes both the opportunities and risks associated with digitalisation. It prioritises the strengthening of financial and digital literacy to enable individuals and MSMEs to use digital financial products and services safely and effectively. It also recognises the value of digital channels in enhancing access to financial education and supporting consumers to engage with and navigate increasingly complex financial products and financial circumstances. The draft NCFEP further emphasises improved coordination and collaboration among stakeholders, improved Monitoring and Evaluation (M&E), and shared learning to support an evidence-informed and adaptive financial education system.

The draft NCFEP provides the policy basis for revising the National Consumer Financial Education Strategy (NCFES). The revised NCFES will be complemented by an Implementation Plan, developed through the NCFEC, setting out priority actions, responsibilities, and indicative timelines.

The draft Policy document is organised as follows: Chapter 1 sets out the purpose, scope, and positioning of the draft NCFEP within South Africa's financial sector reform agenda. Chapter 2 outlines the key concepts and definitions used in the draft Policy. Chapter 3 presents the context for intervention by considering the main financial literacy and financial capability challenges facing individuals, households, and MSMEs, based on available evidence. Chapter 4 sets out the Policy priorities for strengthening financial literacy and building financial capability, including priority audiences and thematic focus areas. Chapter 5 focuses on coordination and collaboration across the financial education ecosystem, outlining the roles and potential coordination arrangements of key institutions and stakeholders and Chapter 6 concludes and discusses the way forward.

This consultation document presents a draft Policy for comment and engagement. Stakeholders should submit their comments to financialeducation.policy@treasury.gov.za by **15 May 2026**. Input received through this process will inform the finalisation of the NCFEP, revision of the NCFES and related Implementation plan.

1. INTRODUCTION

Financial literacy is widely recognised as a critical life skill and an essential element of a well-functioning financial sector. Financial education is the process through which individuals and MSMEs build this literacy by acquiring the knowledge, skills and confidence required to make informed financial decisions. When consumers understand financial products and services and can apply this knowledge in practice, they are better able to manage their financial affairs, navigate risks, build resilience to financial shocks, improve their financial well-being and participate meaningfully in the financial system.

In South Africa, financial education forms part of a broader financial sector policy effort aimed at ensuring fair treatment of financial customers, promoting responsible market conduct and deepening financial inclusion. In this context, financial education, consumer protection and financial inclusion are mutually reinforcing objectives. Figure 1 below illustrates how financial education complements consumer protection and financial inclusion across the customer journey.

The South African Financial Inclusion Policy, An Inclusive Financial Sector for All⁵ (FIP), defines financial inclusion as a state in which individuals and MSMEs have access to, and can effectively use, a range of quality financial products and services offered by the regulated financial sector. Effective use depends not only on access but also on the knowledge and confidence required to choose appropriate products, understand risks and engage on an informed basis.

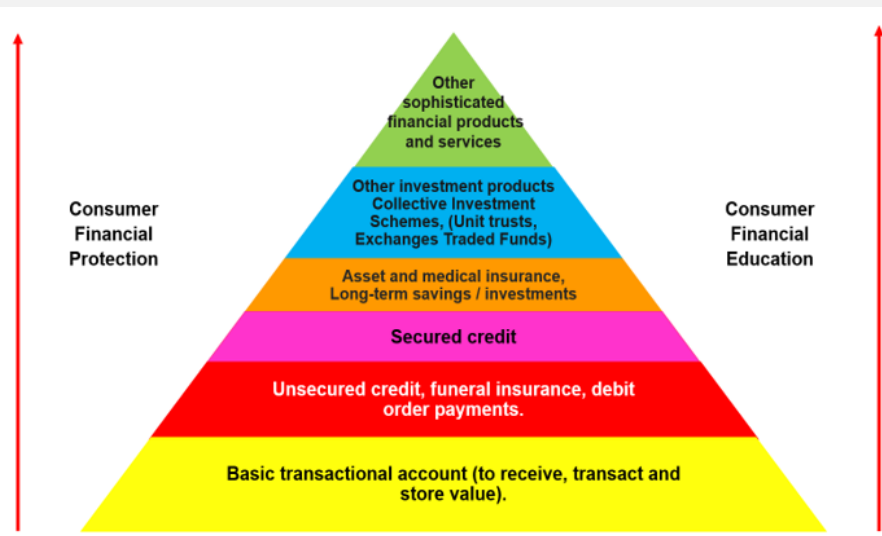
The growing range and complexity of financial products, together with rapid technological advances, have reshaped how individuals and MSMEs interact with the financial sector. Globally, the use of mobile and online banking increased sharply during COVID-19 due to lockdown restrictions and branch closures. Many consumers had to adapt quickly, often without sufficient knowledge or support, which increased their exposure to potential risks. Digital platforms and new and innovative products present important opportunities, but they also introduce new risks and require greater skill to use effectively. These developments underscore the importance of financial education in supporting effective use, secure participation in the financial system and improved financial well-being in an evolving financial landscape.

- **Financial inclusion, consumer protection and financial education across the inclusion pathway**

South Africa has expanded access significantly, with 98⁶ per cent of adults using formal financial services in 2024, up from 64 per cent in 2009. However, increased access has not automatically translated into positive outcomes. Many consumers continue to experience challenges understanding financial products, comparing costs and risks, and managing their financial obligations

⁵ National Treasury, Financial Inclusion Policy, An Inclusive Financial Sector for All (2023) https://www.treasury.gov.za/comm_media/press/2023/2023112701%20An%20Inclusive%20Financial%20Sector%20for%20all%202023.pdf

⁶ FinMark Trust, FinScope Consumer South Africa, 2024.

Figure 1: Pathway to full inclusion⁷

Source: National Treasury

The pathway to financial inclusion in South Africa typically begins with a basic transaction account and expands over time to credit, insurance and long-term savings. Progress along this pathway varies across different groups and is influenced by factors such as income, employment status and the complexity of financial products. Across all stages, financial education and consumer protection remain essential. Financial education enables consumers to understand products, compare costs and risks, make informed choices and recognise poor conduct, while a strong market conduct framework supports fair treatment and an effective Ombud system provides accessible recourse when problems arise. Together, these elements strengthen trust and support meaningful participation in the financial system.

The pathway outlined above highlights that access alone is not sufficient. Persistent gaps in understanding and effective use underscore the need for a coordinated national approach to strengthening financial literacy and capability. This need has been recognised in South Africa's policy framework for more than a decade and underpins the institutional arrangements described below.

- **A coordinated national approach to financial education**

In South Africa, this coordinated approach is given effect through the NCFEC, a multi-stakeholder committee established in 2012 under the leadership of National Treasury to promote collaboration across the financial education ecosystem. The NCFEC was established in response to the 2011 Policy document, *A Safer Financial Sector to Serve South Africa Better*⁸ (2011 Policy document), which identified financial education as a critical element in strengthening consumer protection, improving customer outcomes and promoting meaningful financial inclusion.

⁷ Adapted from the Financial Inclusion Policy.

⁸ National Treasury, *A Safer Financial Sector to Serve South Africa Better* policy document (2011). Available at: <https://www.treasury.gov.za/twinpeaks/20131211%20%20item%202%20a%20safer%20financial%20sector%20to%20serve%20south%20africa%20better.pdf>

In 2013, the NCFEC approved the inaugural NCFES⁹. This NCFES was informed by national baseline research on financial literacy as outlined in Box 1 below. It provided high-level guidance to stakeholders and was intended to guide the design and implementation of financial education initiatives in alignment with national priorities and identified risk areas.

In July 2024, the NCFEC was established as a subcommittee of the Financial System Council of Regulators, in terms of section 81(1)(h) of the Financial Sector Regulation Act (FSRA)¹⁰. This formalisation reflects the increasing importance of financial education within the financial sector policy framework and reinforces expectations of continuous and coordinated stakeholder participation.

The NCFEC will lead the revision of the NCFES, supported by National Treasury and the FSCA. The revised NCFES will continue to serve as the coordinating framework for financial education initiatives, complemented by an Implementation plan and strengthened M&E efforts to assess progress over time.

Box 1: The National Consumer Financial Education Strategy of South Africa

South Africa implemented its inaugural National Consumer Financial Education Strategy (NCFES) in 2013. The Strategy was informed by the results of FSCA Financial Literacy Baseline Survey¹¹. The survey provided baseline data on financial literacy levels of adults in South Africa. It identified capability gaps across different segments of the population and established a reference point for measuring progress. The findings also informed the identification of priority target groups for financial education initiatives, based on factors such as age, education level, location and income.

The inaugural NCFES set out a coordinated framework within which stakeholders were expected to plan, fund, implement, monitor and evaluate consumer financial education initiatives in alignment with national priorities.

Lessons from the implementation of the first Strategy provide important insights for the development of a revised *NCFES*. The revised Strategy will place greater emphasis on collaboration, strategic alignment, efficient use of resources and strengthened monitoring and evaluation.

1.1. Financial education within South Africa's financial sector policy framework

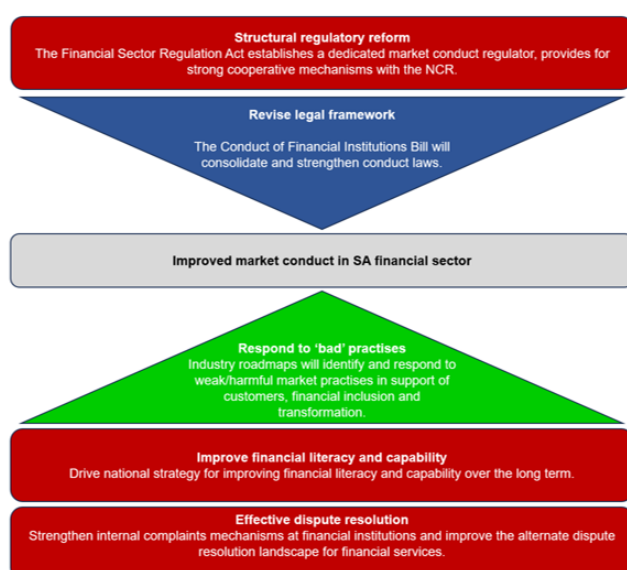
Financial education forms part of the broader market conduct, consumer protection and financial inclusion agenda. It complements but does not replace robust regulatory and supervisory frameworks. Its role is best understood within the wider set of reforms aimed at strengthening market conduct and improving outcomes for financial customers.

⁹NCFEC, National Consumer Financial Education Strategy (2013). Available at:

[https://www.fscamymoney.co.za/Legislation%20Strategy%20and%20Policy/National%20consumer%20financial%20education%20strategy%20\(23%20Aug%202020\).pdf](https://www.fscamymoney.co.za/Legislation%20Strategy%20and%20Policy/National%20consumer%20financial%20education%20strategy%20(23%20Aug%202020).pdf)

¹⁰The Financial System Council of Regulators (FSCR) is a forum created through the FSRA to enhance coordination among its member institutions, allowing senior representatives to discuss common interests. It is chaired by the Director-General of the National Treasury and includes key officials from the PA, NCR, FSCA, and various government departments and agencies, aimed at fostering a cooperative regulatory environment.

¹¹ FSB, Financial Literacy Baseline survey tabulation report, 2012. <https://www.fscamymoney.co.za/Pages/Resources/FSCA-Research.aspx>

Figure 2: Pathway to improve market conduct in the financial sector¹²

Source: National Treasury

The 2011 financial sector reform agenda led to the adoption of the Twin Peaks regulatory model, which separates market conduct regulation from prudential regulation¹³. Within this framework, the FSCA is responsible for promoting fair treatment of financial customers, market efficiency and integrity, and promoting financial literacy and education. The Prudential Authority within the South African Reserve Bank (SARB) oversees the financial soundness of institutions, while the SARB itself is responsible for maintaining financial stability.

A key consideration within this framework is the information asymmetry between financial institutions and consumers. Retail financial products are often a customer's first point of contact with the financial system, and many consumers engage with these products before fully understanding their terms and conditions, costs or risks. While disclosure obligations are an important consumer protection measure, they are less effective where consumers are unable to understand and apply the information provided. Financial education helps address this gap by strengthening consumers' ability to understand financial information, ask relevant questions, and make informed choices.

The FSCA's Treating Customers Fairly (TCF) framework¹⁴ promotes a culture within financial institutions that delivers fair outcomes across the product life cycle, from design and marketing to advice, service and complaints handling. While responsibility for fair treatment rests with financial institutions, outcomes improve when consumers are better able to engage confidently and effectively.

1.1.1. Revised legal framework

South Africa's market conduct landscape continues to evolve, with reforms focused on strengthening consumer protection and improving customer outcomes. The draft

¹² National Treasury, Treating Customers Fairly in the Financial Sector, A Market Conduct Policy Framework (2015) <https://www.treasury.gov.za/public%20comments/fsr2014/Treating%20Customers%20Fairly%20in%20the%20Financial%20Sector%20Draft%20MCP%20Framework%20Amended%20Jan2015%20WithAp6.pdf>

¹³ The Financial Sector Regulation Act 9 of 2017 was signed into law in August 2017 and the new Twin Peaks model of financial sector regulation was implemented in South Africa in April 2018.

¹⁴ FSCA, Treating Customers Fairly – The Roadmap 2011.: <https://www.fsca.co.za/financial-consumer/>

Conduct of Financial Institutions (COFI) Bill aims to consolidate existing conduct requirements currently from various sectoral laws into an Act that regulates the market conduct of financial institutions. It introduces an activity-based licensing approach, underpinned by principles- and outcomes-focused requirements that strengthen the focus on fair treatment, transparency, and accountability. Within the Twin Peaks regulatory model, the Bill enhances the consumer protection mandate by extending the scope of FSCA oversight across a broader range of financial products and services.

These reforms reinforce the shift from a rules-based to an outcomes-oriented approach by incorporating Treating Customers Fairly (TCF) outcomes into legislation and aligning market conduct oversight with customer-focused standards throughout the product life cycle.

This shift is supported by conduct standards issued by the FSCA, which establish expectations for product design, distribution, disclosure, and governance across supervisory areas, with further standards to be developed as the framework continues to mature. The Conduct Standard for Financial Institutions providing Financial Education initiatives (Conduct Standard for Financial Education)¹⁵, has also been issued, setting out governance, quality, and reporting expectations for financial education initiatives.

1.1.2. Ombud system reforms

Effective dispute resolution is a critical component of South Africa's market conduct framework. Reforms to the financial sector ombud system, as set out in the earlier National Treasury policy document, legislative reforms under the FSRA, recommendations from the World Bank Diagnostic study¹⁶, and further refined in the policy statement, A Simpler, Stronger Financial Sector Ombud System¹⁷, aim to create a simpler, stronger, and more accessible Ombud system.

The establishment of the Ombud Council and the move toward a more streamlined Ombud system¹⁸ are intended to provide consumers with clearer and more effective recourse mechanisms. Financial education plays an important role in supporting access to the ombud system by helping consumers understand their right to complain, recognise unfair treatment, and know where and how to seek redress. It also reinforces the importance of using regulated financial institutions, which are required to maintain effective internal complaints processes and to inform customers about the ombud system and how to refer complaints to the appropriate Ombud.

1.1.3. Transformation¹⁹

Recognising the important role of the financial sector in supporting inclusive participation in the economy, the promotion of transformation in the sector is one of

¹⁵ FSCA, Conduct Standard for Financial Institutions Providing Financial Consumer Education initiatives (2025) <https://www.fsca.co.za/Supervisory-Information/?collapse=collapseNine>

¹⁶ National Treasury, A Known and Trusted Ombuds System for All (2017), https://www.treasury.gov.za/twinpeaks/Final%20Twin%20Peaks%20Policy%20Doc_A%20known%20and%20trusted%20ombuds%20system%20for%20all_September2017.pdf

¹⁷ National Treasury, World Bank Diagnostic Study: South Africa: Financial Ombud System Diagnostic (2021), https://www.treasury.gov.za/comm_media/press/2021/Annexure%20A_South%20Africa%20Financial%20Ombud%20System%20Diagnostic-Final-Web.pdf

¹⁸ National Treasury, A Simpler, Stronger Financial Sector Ombud System (2024), https://www.treasury.gov.za/comm_media/press/2024/A%20Simpler,%20Stronger%20Financial%20Sector%20Ombud%20System%20-%20Policy%20statement.pdf

¹⁹ The FSRA defines "transformation of the financial sector" as per the FSC established under the Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE Act). Initially gazetted in 2012 and revised in 2017, the FSC resulted from negotiations among various stakeholders, including trade associations, the Association of Black Securities and Investment Professionals, organized labour, and community and government entities, demonstrating a collective commitment to advance B-BBEE in the financial sector and the South African economy.

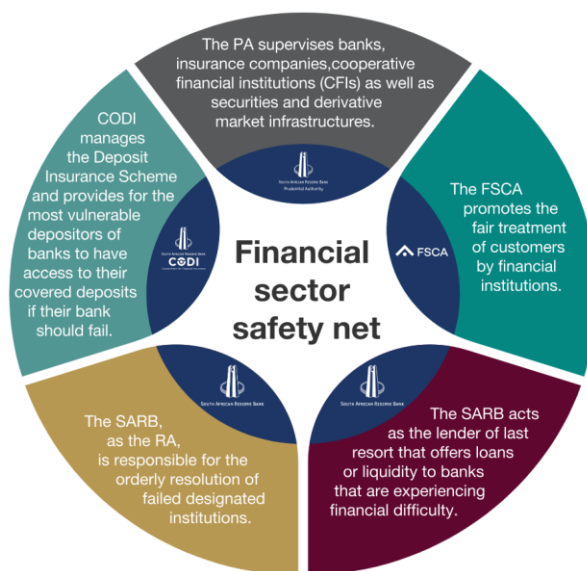
the objectives of the FSRA. The Financial Sector Code (FSC) places a statutory obligation on financial institutions to promote consumer financial education and requires them to allocate 0.4 per cent of their net profit after tax for this purpose²⁰

Oversight of the FSC is undertaken by the Financial Sector Transformation Council (FSTC), which also issues guidance²¹ to support the implementation of financial education initiatives by financial institutions. This guidance outlines expectations for programme design, governance, and measurement. Work is under way to ensure alignment between the Conduct Standard for Financial Education and the FSC consumer education element related guidance.

1.1.4. Financial sector safety net

As part of the Twin Peaks regulatory framework, South Africa has strengthened its financial sector safety net in line with the SARB's financial stability mandate. This safety net forms part of the broader financial sector policy framework and is designed to reduce the risk and impact of institutional failure, protect depositors, and maintain confidence in the financial system.

Figure 3: Financial sector safety net²²



Source: SARB

A key component of the financial sector safety net is the Deposit Insurance Scheme (DIS), implemented in April 2024 in line with international best practice. The DIS supports financial stability by protecting depositors through timely access to insured deposits in the event of a bank failure, thereby limiting depositor losses and reducing the risk of panic withdrawals.

²⁰ Department of Trade, Industry and Competition, Amended Code Series FS 500: Measurement of the Socio-Economic Development and Consumer Education elements of Broad-Based Black Economic Empowerment, 2017 https://www.thedtic.gov.za/wp-content/uploads/Amended_Financial_Sector_Code.pdf

²¹ FSTC, Guidance Note 500 (A) [https://www.fstc.org.za/assets/documents/notes/GN500\(a\)-Consumer-Education-07-March-2019.pdf](https://www.fstc.org.za/assets/documents/notes/GN500(a)-Consumer-Education-07-March-2019.pdf)

²² SARB, Financial Sector Safety Net. <https://www.resbank.co.za/en/home/what-we-do/resolution-authority>

The Corporation for Deposit Insurance (CODI) has primary responsibility for deposit insurance public awareness and works with the SARB, other financial safety net participants, member banks, and relevant stakeholders to maximise the reach of these awareness initiatives. Financial education initiatives can play a complementary role by strengthening consumers' understanding of depositor protection, its scope and limitations, thereby supporting informed decision-making about their banking products and services.

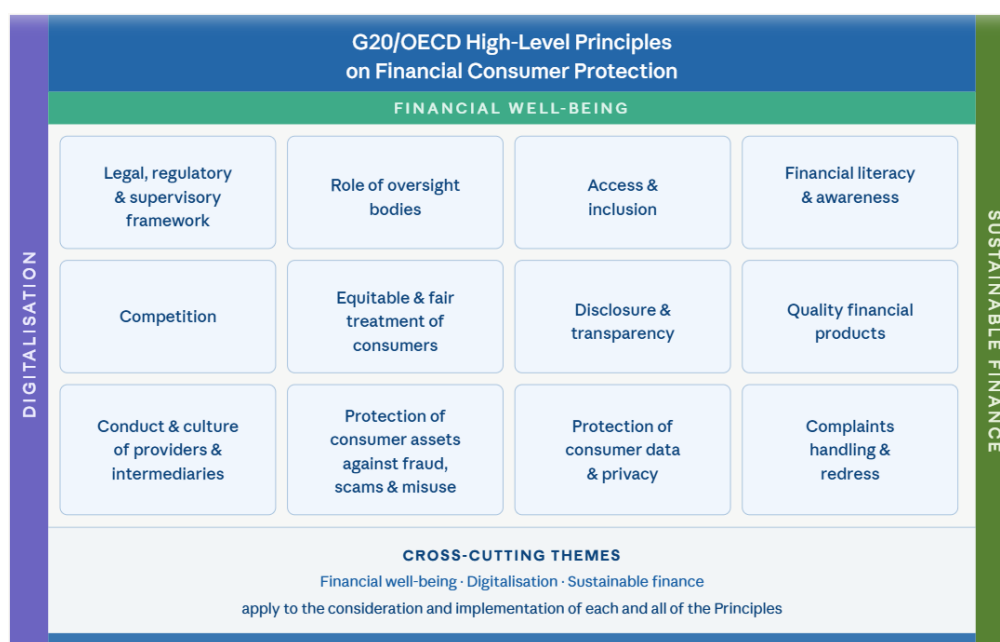
Taken together, these elements position financial education as an integral component of South Africa's financial sector framework.

1.1.5. International alignment: G20/OECD High-Level Principles on Financial Consumer Protection²³

South Africa's financial sector policy framework is aligned with international best practice. As a member of the G20, South Africa aligns with the G20/OECD High-Level Principles on Financial Consumer Protection, which provide a globally recognised framework for effective and comprehensive consumer protection across financial sectors.

These principles provide an important reference point for the broader policy context within which South Africa's financial consumer protection and financial education frameworks are situated.

Figure 4: G20/OECD High-level Principles on financial consumer protection



Source: Adapted from G20/OECD GPF

Taken together, the elements set out in this section establish financial education as an integral component of South Africa's financial sector framework.

²³The G20/OECD High-Level Principles on Financial Consumer Protection were originally endorsed by G20 Leaders in November 2011 and subsequently adopted by the OECD Council as a Recommendation in July 2012. The FCP Principles were updated in 2022 by the Task Force on Financial Consumer Protection, in collaboration with the GPF. https://www.oecd.org/content/dam/oecd/en/publications/reports/2012/12/g20-oecd-high-level-principles-on-financial-consumer-protection-2022_58de67fe/48cc3df0-en.pdf

1.2. Policy objectives

Set within this policy context, the draft NCFEP seeks to improve the financial literacy and capability of consumers in South Africa and thereby support improved financial well-being.

This objective is to be achieved through the implementation of sustainable financial education programmes and initiatives that:

- strengthen basic financial knowledge and understanding to support informed financial decision-making;
- build confidence and support behavioural change that contributes to sound financial practices;
- are tailored to the needs and circumstances of specific population groups;
- make appropriate use of technology and behavioural insights, where relevant;
- support awareness of reliable information sources, objective advice, and available recourse mechanisms; and
- are delivered through coordinated action by the public, private, and civil society sectors, supported by M&E to promote learning and improve programme quality.

To support delivery of this objective, the draft NCFEP sets out the following policy priorities, to be advanced through a revised NCFES:

- **Build financially empowered individuals and households**, enabling them to make informed financial decisions and take other effective actions to improve their financial well-being.
- **Strengthen the financial literacy and capability of MSMEs** to support sustainable entrepreneurship, complement broader support measures, and enhance long-term viability.
- **Improve digital financial literacy** to enable individuals and MSMEs to safely and effectively use digital financial products and services.
- **Promote coordination and collaboration among stakeholders in financial education** to leverage resources, align efforts with national priorities, and encourage evidence-based initiatives informed by relevant core competency frameworks.
- **Strengthen M&E** of the NCFES and of financial education initiatives to promote learning, enhance programme quality, and support evidence-based policy refinement.

1.3. Principles guiding the Policy

The achievement of these policy objectives is guided by the following principles:

- **Consumer financial education is part of a wider market conduct and consumer protection policy approach.** It is not seen as a substitute for effective consumer protection and market conduct regulation. Instead, it should be taken into account in the broader consumer protection and market conduct regulatory framework, including the regulation of financial information and advice.

- **Consumer financial education has a common focus and direction for a wide group of consumer education initiatives.** The strategy developed in terms of the policy will not attempt to replace existing consumer education interventions or suggest less emphasis be placed on such interventions. Rather, it aims to leverage current resources by encouraging their alignment with national policy and strategy.
- **Consumer financial education is a shared responsibility among many stakeholders,** all of which have a powerful and legitimate role to play: government, schools, financial institutions, industry associations, ombuds, academia, employers, trade unions, community organisations and Non-Governmental Organisations (NGOs). A multi-stakeholder and centrally coordinated committee, the NCFEC, plays a key role in securing the active involvement of all.
- **The achievement of consumer financial education requires a broad public NCFES and associated tools and programmes.** The national strategy strives to establish high-level guidance for stakeholders' consumer financial education strategy. Since the resources available for consumer financial education are finite, the national strategy should focus on high-priority issues.

1.4. Scope

The draft NCFEP applies to individuals and MSMEs across their respective lifecycles, with particular emphasis on vulnerable groups whose circumstances place them at heightened risk of poor outcomes. It recognises that financial education needs evolve over time, requiring tailored approaches at different life and business stages, from early childhood through adulthood for individuals, and from start-up through maturity for MSMEs.

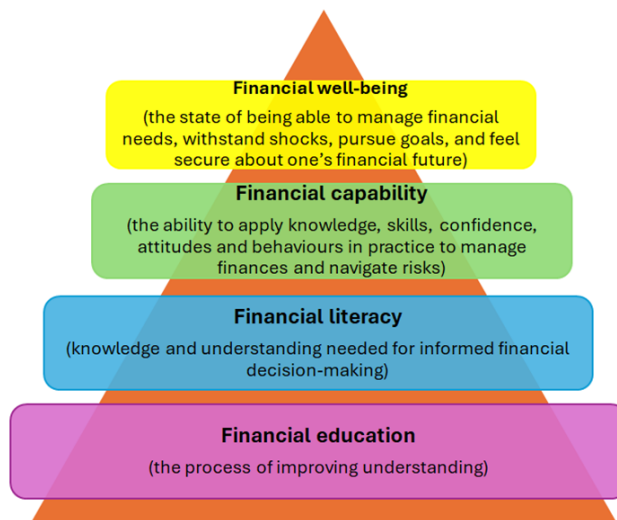
For the purposes of the draft NCFEP, the term “consumers” refers to both individuals and MSMEs, with financial education for MSMEs intended to be directed at MSME owners, managers and potential entrepreneurs in relation to starting, managing and growing a business.

2. DEFINING FINANCIAL EDUCATION

The terms financial education, financial literacy, financial capability and financial well-being are often used interchangeably, although each describes something distinct within a broader continuum. Financial education is the process of building financial understanding through information, instruction or guidance. Financial literacy and capability are the outcomes of that process. Financial well-being is the long-term result when knowledge and capability shape sound financial behaviour.

To support a clear and consistent understanding, this chapter outlines the key concepts used throughout the draft NCFEP document and illustrates how they relate to one another.

Figure 5: The financial education continuum



The definitions below draw on internationally recognised frameworks, particularly those developed by the Organisation for Economic Co-operation and Development (OECD), while being adapted to South Africa's policy context and priorities.

2.1. Financial education

The OECD defines financial education as the process by which financial consumers/investors improve their understanding of financial products, concepts, and risks and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, make informed choices, know where to go for help, and take other effective actions to improve their financial well-being.²⁴

For MSMEs²⁵, the OECD broadens the definition of financial education to take into account the business context within which financial decisions are made. This includes

²⁴ OECD, *Improving Financial Literacy: Analysis of Issues and Policies*, (2005). https://www.oecd.org/en/publications/improving-financial-literacy_9789264012578-en.html

²⁵ The OECD/INFE acknowledges that the application of this working definition should be determined at the country level, as MSME definitions differ by country and, in some instances, by industry.

a focus on understanding the financial landscape relevant to the enterprise, as well as recognising the interaction between personal and business finances. Financial education in this context supports MSMEs to make informed business plans and related choices, manage financial records and risks over the short and long term, identify financing opportunities and financial risks, and take actions that support the viability and growth potential of their enterprise and its contribution to the wider economy.²⁶ In this sense, financial education remains firmly a process rather than an outcome, and it is the foundation on which financial literacy, capability and well-being are built.

2.2. Financial literacy

The OECD further defines financial literacy as a combination of financial awareness, knowledge, skills, attitudes and behaviours that support sound financial decision-making and financial well-being.²⁷

While this provides an important international reference point, for the purposes of the draft NCFEP, financial literacy refers to the knowledge and understanding consumers need to engage with financial products, recognise costs and risks, understand core financial concepts and be aware of their rights and responsibilities as financial customers.

Financial literacy provides essential building blocks for informed decision-making. However, knowledge alone does not ensure that individuals or businesses will apply or act on that knowledge in practice. Financial literacy is therefore a necessary but not sufficient condition for improved financial outcomes.

2.3. Financial capability

Financial capability goes beyond knowing financial concepts. It reflects whether a person can apply knowledge and skills in real situations, make considered decisions, follow through on financial plans, and respond appropriately to opportunities or risks. Financial capability includes confidence, motivation, and the ability to act. For example, a financially capable consumer does not only understand a concept such as interest or insurance but can also apply that knowledge and understanding to select appropriate products, keep and review records, manage expenses and make choices that support their long-term financial position.

The World Bank report on Financial Capability Surveys²⁸ notes that financial capability is shaped not only by individual knowledge and behaviour, but also by the external environment in which financial decisions are made. Factors such as access to suitable financial products, the quality of consumer protection and social and economic contexts influence how effectively consumers are able to act in their best interests.

OECD, OECD/ INFE, Core Competencies Framework on Financial Literacy for MSMEs (2018).

https://www.oecd.org/en/publications/oecd-infe-core-competencies-framework-on-financial-literacy-for-msmes_220101c9-en.html

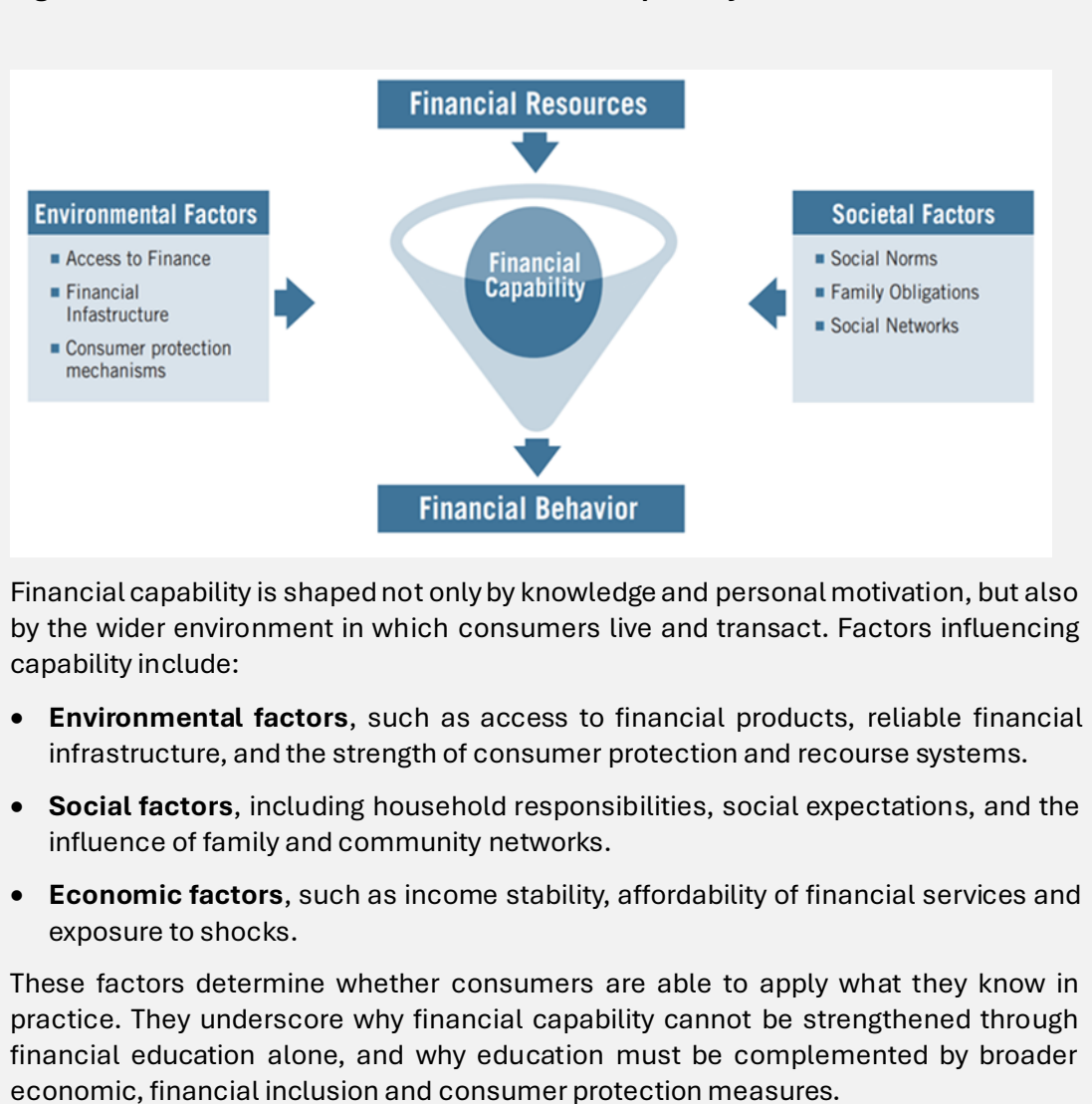
²⁶ Emphasis is on financial literacy as it pertains to an individual, be it an aspiring entrepreneur or MSME owner/manager, rather than the MSME entity itself. Furthermore, this financial literacy is focused on business-related matters rather than personal finance.

²⁷ OECD, Recommendation of the Council on Financial Literacy <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461%20>

²⁸ World Bank, Financial Capability Surveys Around the World - Why Financial Capability is important and how surveys can help, (2013). <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/693871468340173654>

This helps explain why individuals with similar levels of financial literacy may display different financial outcomes.

Figure 6: External factors that affect financial capability



2.4. Financial well-being and financial resilience

Financial well-being reflects a state in which financial literacy and capability translate into sustained financial behaviour over time. This includes meeting their current financial needs without persistent strain, managing financial obligations, coping with emergencies, feeling secure about their future and making decisions aligned with long-term goals.²⁹

Financial resilience is an important aspect of financial well-being and refers to the ability to withstand, adapt to, and recover from financial shocks. These shocks may arise from unexpected expenses, income interruptions, emergencies, or wider economic disruptions. Financial resilience, therefore, depends on both the availability

²⁹ OECD, CGAP (2024). G20 Policy note on financial well-being. (2024). https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/11/g20-policy-note-on-financial-well-being_5eade0bc/7332c99d-en.pdf

of financial resources and the ability to mobilise and manage those resources when needed. The COVID-19 pandemic highlighted how quickly financial circumstances can change and how limited savings, inadequate insurance, or over-reliance on debt can amplify vulnerability.

Financial inclusion and financial capability are important enablers of financial resilience. Access to safe, affordable, and appropriate financial services allows consumers to set aside and manage resources more securely than informal or unregulated channels, and make more informed savings, borrowing, and insurance decisions.

Financial resilience, however, is influenced not only by financial behaviour, but also by wider structural factors. Social support networks, access to social protection, and the design of public systems including health care, pensions, and income support all shape how households cope with and recover from financial shocks.

Digitalisation has also become an increasingly important dimension of financial resilience. As financial services and public support systems rely on digital channels, consumers' ability to use Digital Financial Services (DFS) safely and confidently affects how they manage risks, access assistance, and respond during periods of financial stress. At the same time, increased digitalisation introduces new risks, particularly related to fraud, scams, and exclusion for those without adequate access or skills.

Recent global experience with the COVID-19 pandemic highlighted how financial resilience is impacted during systemic shocks and the role of DFS and financial education in supporting access, resilience and inclusion.

Box 2: Insights from the G20/OECD-INFE report on supporting financial resilience and transformation through digital financial literacy³⁰

The COVID-19 pandemic represented a significant financial shock for households globally. Widespread income disruptions disproportionately affected those with lower job security, variable earnings, informal work, or self-employment. While the crisis began as a public health emergency, it also resulted in significant financial impact. Many households went into the pandemic with limited savings or inadequate insurance, highlighting the importance of financial capability and resilience. Those with savings buffers, insurance cover, or contingency plans were better able to withstand the shock.

The pandemic also showed that financial resilience is shaped not only by income and financial behaviour, but by broader structural and environmental factors. Social support networks, including family and community structures, provided important forms of protection. National policy systems, such as social protection, pensions, health care, education, and employment frameworks, contributed to vulnerability to both financial shocks and the pace of recovery.

The digitalisation of financial services and government systems accelerated rapidly. Digital platforms became essential for managing day-to-day finances and delivering public support at scale. Consumers relied increasingly on mobile banking, digital payments, and digital remittances, while governments used DFS to distribute emergency relief and social grants efficiently. As a result, many financial education providers shifted to digital channels, offering guidance on budgeting under

³⁰ G20/OECD-INFE Report on supporting financial resilience and transformation through digital financial literacy https://www.gpfi.org/sites/default/files/documents/5_OECD%20INFE%20Report_Supporting%20resilience%20through%20digital%20financial%20literacy.pdf

uncertainty, debt management, safe use of digital payments, and recognising financial scams.

Country responses

Country experiences illustrate different policy responses. Australia expanded its Moneysmart platform to provide timely, multi-channel digital tools tackling urgent concerns and emerging risks, including online fraud. Brazil used its national digital platform to distribute emergency aid, bringing millions of low-income households into the formal financial system while also providing targeted education on responsible credit use and debt management. Italy used interactive digital tools, including mobile applications and online games, to improve financial literacy and encourage responsible financial behaviour, especially among young people.

These experiences demonstrate that higher levels of financial and digital literacy support more effective use of financial services, resulting in greater financial inclusion and resilience. At the same time, they highlight the risk that those without digital access or skills may be excluded. Policymakers and regulators are encouraged to ensure that digital financial literacy initiatives are adaptable, sustainable, and evidence-based, with the aim of improving long-term financial well-being and resilience in an evolving financial sector environment.

The concepts outlined in this chapter describe a continuum along which financial education supports improved financial outcomes, from knowledge and understanding through to financial capability and, over time, financial well-being and resilience. This framing also underlines that these outcomes are influenced not only by financial behaviour, but also by the broader economic, social, and regulatory policy environment in which consumers manage their finances.

3. FINANCIAL LITERACY AND FINANCIAL CAPABILITY CHALLENGES IN SOUTH AFRICA

3.1. Introduction and socio-economic context

South Africa's financial sector is relatively sophisticated and offers a wide range of products and services. While this diversity has expanded access, it has also increased complexity. Making informed choices about financial products and services, understanding risks, and assessing trade-offs have become increasingly difficult for many consumers, particularly as digital channels and self-service models become more common. When unsuitable decisions are made, the consequences can be severe and long-lasting, affecting household stability, business sustainability, and long-term financial well-being.

Research consistently indicates that financial literacy levels among South African adult consumers remain low. While access to financial services is high, regular and effective use varies widely, and many people struggle to translate financial knowledge into sound day-to-day decisions. This is particularly evident in areas such as credit use, savings, insurance, and DFS, where complexity, affordability constraints and limited understanding can increase vulnerability rather than improve outcomes.

Financial capability does not develop in a vacuum. It is shaped by broader economic and social conditions that influence people's financial choices over time. South Africa has one of the highest Gross Domestic Product per capita levels in sub-Saharan Africa, alongside persistently high levels of measured income and wealth inequality³¹. Systemic challenges including high unemployment, income instability, and rising living costs influence how households plan, save, borrow, and manage financial risks, disproportionately affecting low-income and other vulnerable groups. In these circumstances, financial decisions are often made under pressure, with limited capacity to absorb shocks or recover from setbacks.

Effective participation in the financial sector requires more than access to financial products. Consumers need the knowledge and skills to understand their options, assess risks and costs, and make choices that support their financial well-being over time. Where these skills are limited, increased choice and complexity can expose consumers to greater risks.

This chapter outlines the key challenges affecting financial literacy and capability in South Africa, including both consumer-level issues and broader structural constraints. The discussion is based on available national evidence and recognises that strengthening financial literacy and capability must complement broader efforts to promote financial inclusion, consumer protection, and fair market conduct.

³¹ OECD, OECD Economic Surveys: South Africa (2025).

https://www.treasury.gov.za/comm_media/press/2025/2025060501%20OECD%20Economic%20Surveys%20of%20South%20Africa%202025.pdf

3.2. Evidence on financial literacy outcomes in South Africa

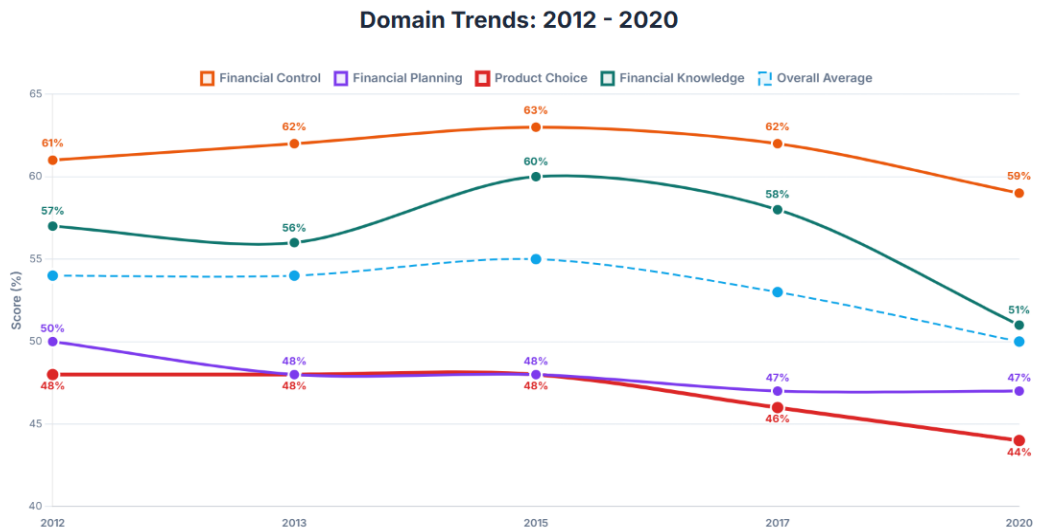
South Africa's national evidence on financial literacy is based primarily on a series of surveys commissioned³² by the FSCA to better understand and track financial knowledge, attitudes, and behaviour among adult South Africans over time. Recognising the multidimensional nature of financial literacy, the Baseline Survey followed the international best practice by assessing outcomes across four key domains. This approach allows comparison over time to understand how people manage their day-to-day finances, plan for future needs, choose financial products, and understand key financial concepts.

The FSCA surveys assess outcomes across four domains: financial control, which reflects how people manage income and current expenditure; financial planning, which captures how individuals manage future income and expenditure; product choice, which relates to the ability to compare options and select suitable financial products; and financial knowledge and understanding, which measures knowledge and understanding of basic financial concepts. An overall score, calculated as a simple average of the four domains, is used to assess national performance and monitor trends over time. Subsequent surveys continue to provide valuable insights to inform policy development and the design of financial education initiatives.

- **South Africa's financial literacy results over time**

³² The Human Sciences Research Council (HSRC) conducted surveys on financial knowledge, attitudes, and behavior among adult South Africans, beginning in 2010 and replicated in 2011, 2012, 2013, 2017, and 2020. These surveys include nationally representative samples, representing the views of South Africans aged 16 and older.

Figure 7: South Africa’s financial literacy results over time. ³³



The summary presented in Figure 7 draws on selected findings from 2012 onwards and provides insight into how financial literacy gaps manifest in practice. Overall financial literacy results have remained relatively stable over time, with a decade-long average of 53 per cent and scores generally ranging between 50 and 55 out of a possible 100. A decline to the lowest point in 2020 is evident, likely reflecting the impact of the COVID-19 pandemic and associated economic disruption. Across survey waves, the overall trend has been one of stability rather than sustained improvement.

- **Domain scores and key insights**

³³ <https://www.fscamymoney.co.za/Pages/Resources/FSCA-Research.aspx>

Figure 8: 2020 Domain Scores and key insights



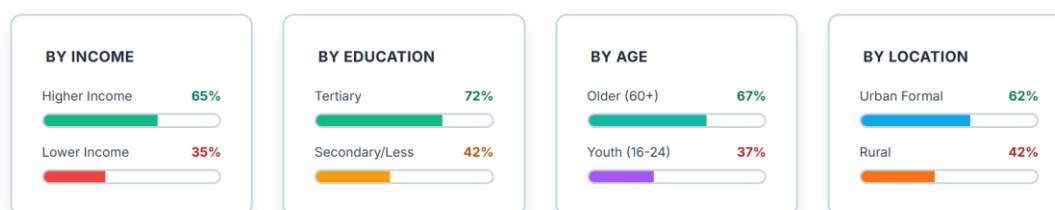
Adapted from the FSCA Financial Literacy Survey 2020 results overview

Performance across all four domains remains below 60 per cent. Product choice consistently records the lowest scores, indicating particular difficulty in comparing options, assessing suitability, and selecting appropriate financial products. This points to challenges in applying financial knowledge in real-world decision-making, particularly where choices are complex or have long-term implications.

Evidence indicates that patterns of low financial literacy mirror broader socio-economic dynamics. Outcomes vary across the population based on income, education, age, and geographic location, with lower scores typically observed among those facing greater socio-economic constraints. Overall, the evidence highlights persistent gaps in financial literacy across key aspects of financial decision-making.

Figure 9: Financial literacy disparities

Financial Literacy Disparities



Key patterns: Lower-income households, those with limited education, youth, and rural populations demonstrate lower financial literacy scores.

Adapted from the FSCA Financial Literacy Survey 2020 results overview

These gaps are influenced by the broader environment in which financial decisions are made. They are linked to the design, delivery, and accessibility of financial products, services, as well as the availability of information, appropriate support, and consumer protection mechanisms. The sections that follow discuss the key challenges affecting financial literacy and capability in South Africa, including both consumer-level issues and broader structural constraints.

3.3. Key challenges affecting financial literacy, capability and well-being

The challenges impacting financial literacy and capability in South Africa span a wide range of financial behaviours and system-level factors. They relate to how people borrow, save, insure themselves, invest, and use DFS, as well as to the conditions under which these decisions are made.

While these challenges are discussed independently in the sections that follow, they are often interconnected. For example, limited savings may increase reliance on credit, difficulties with product choice can expose consumers to unsuitable or costly products, low digital financial literacy can heighten vulnerability to scams and fraud, and limited awareness of recourse mechanisms can result in unresolved disputes and erode trust in the financial system. The discussion therefore considers each challenge in turn, while recognising the ways in which they overlap and reinforce one another.

3.3.1. Patterns of credit use and emerging vulnerabilities

A well-functioning and competitive retail lending market supports household consumption, asset acquisition and business activity. When used appropriately, credit can smooth income fluctuations, facilitate investment and contribute to economic participation. However, prolonged economic pressure, rising living costs and income instability influence how households engage with credit, affecting repayment capacity and increasing the risk of over-indebtedness.

According to the National Credit Act (NCA), a consumer is officially over-indebted when, after considering their financial obligations and their income, it is determined that they are or will be unable to satisfy all their obligations as they become due and payable.³⁴

- **Market growth alongside rising vulnerability**

³⁴ NCR, National Credit Act, Section 79(1). https://www.gov.za/sites/default/files/gcis_document/201409/a34-050_1.pdf

Data from the National Credit Regulator's June 2025 Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM) indicate that the value of new credit granted increased by 11.68 per cent year-on-year, from R139.76 billion to R156.09 billion, while the number of credit-active consumers rose to 29.24 million. Of these, 10.54 million consumers held impaired records, including arrears, with adverse listings, judgements or administration orders. These figures indicate that growth in the credit market continues alongside clear signs of financial distress.

- **Differentiated pressure across the credit market**

Financial pressure is evident across income groups, although it manifests in different ways. Among higher income households, it is reflected in longer repayment periods and increased leverage. Secured lending, including mortgages and vehicle asset finance, remains concentrated within this segment. Credit bureau analysis shows a continued extension of loan terms, particularly in vehicle finance,³⁵ suggesting that repayment plans are being adjusted to manage monthly affordability.

- **Borrowing behaviour and decision-making in credit use**

In the unsecured credit market, the CCMR shows that short-term and high-cost credit are used across a broad income range, indicating that financial stress is not confined to traditionally low-income consumers.

The NCR's 2021 Unsecured Credit Study³⁶ provides further insight into borrowing patterns. The study found that unsecured credit is frequently used to meet essential consumption needs, manage income shortfalls, or respond to unexpected expenses. Borrowing decisions are often driven by immediate affordability considerations, with limited focus on total cost of credit, including interest, fees, credit insurance, and the cumulative effect of multiple or extended credit agreements. The study further notes that these patterns are associated with income instability, low savings levels, limited financial literacy, and weaknesses in disclosure practices.³⁷

For low-income households, limited income and constrained access to affordable formal credit contribute to continued reliance on informal and unregulated lending arrangements. In these contexts, borrowers may face higher effective costs and weaker consumer protection safeguards. This dynamic is reflected in the experiences of social grant recipients documented by the NGO Black Sash, highlighting how structural constraints in the credit market can deepen vulnerability.

Box 3: Debt, social grants, and financial vulnerability among low-income households

The 2024 Black Sash report, *Collaborations to Curb Indebtedness*³⁸, highlights the challenges faced by consumers at the margins of the credit market, particularly social grant beneficiaries. The report finds that despite the protections introduced

³⁵ TransUnion analysis of the vehicle finance market points to a continued shift towards longer repayment periods, with average loan terms reaching 74 months in the second quarter of 2025, up from 73 months in 2024 and 72 months in 2023.

³⁶ The Study examines trends in the growth and use of unsecured credit, credit cards, and store cards between 2017 and 2020, with particular attention to changes during the COVID-19 period. NCR, Unsecured Credit, Credit Cards, Store Cards, and the Impact of COVID-19 on the Consumer Credit Market in South Africa. [https://www.ncr.org.za/documents/NCR%20Unsecured%20Credit%20Study%20-%20Final%20Report%20\(Abridged\).pdf](https://www.ncr.org.za/documents/NCR%20Unsecured%20Credit%20Study%20-%20Final%20Report%20(Abridged).pdf)

³⁷ Lack of awareness by consumers and non-disclosure by credit providers were cited as key reasons that approximately 26 per cent of consumers were unaware that they had credit life insurance, which could have helped ease the burden of their repayments during the lockdown.

³⁸ Black Sash Collaborations to Curb Indebtedness <https://www.blacksash.org.za/wp-content/uploads/2024/09/BS-Debt-and-Credit-Report.pdf>

by the NCA, many of the poorest households remain outside the regulated credit environment. As a result, reliance on unregistered lenders, commonly referred to as Mashonisas persists.

Illegal practices documented in the report include the seizure of identity documents or bank cards used to access SASSA grants as collateral. In the context of high unemployment and rising living costs, borrowing in this segment is typically driven by survival needs rather than discretionary choice. Debt servicing often absorbs a substantial share of monthly income, while access to effective recourse remains limited.

The report also identifies concerns within the formal system, including the sale of inappropriate bundled insurance products, such as retrenchment cover to pensioners, which offer no practical value to affected consumers.

Black Sash promotes a rights-based financial education approach to over-indebtedness. This approach prioritises consumer rights awareness, identifying illegal lending practices, and understanding recourse options over a narrow focus on budgeting. It argues that implemented via community organisations and local paralegals, such education fosters peer learning, reduces stigma, strengthens resistance to exploitation, improves consumer agency, and mitigates predatory lending.

- **Emerging digital credit risks**

Emerging digital credit products are increasingly used by consumers across income levels, often for convenience or short-term cash-flow management. Their use, however, tends to increase during periods of financial strain, heightening consumer protection and financial capability risks.

Box 4: Consumer risks associated with emerging digital credit products

Buy Now, Pay Later (BNPL) products have become a prominent feature of the retail and e-commerce landscape. They allow consumers to pay for their purchases through instalments over a short period, typically without interest if repayments are made on time. As these products are commonly embedded at the point of sale, the perceived distinction between payment and credit may be blurred for consumers.

In South Africa, concerns have been raised regarding the regulatory treatment of BNPL products, which are not consistently subject to the core protections of the NCA. Identified gaps include limited or lack of affordability assessments, inconsistent disclosure of late payment fees or penalties, limited reporting to credit bureaus, and lack of awareness of available recourse mechanisms. In the absence of these protections, consumers may be more susceptible to inappropriate lending, exposure to high missed payment fees, and potential over-indebtedness due to the cumulative impact of multiple commitments.

Similar dynamics are emerging in other digitally enabled, short-term liquidity products such as Earned Wage Access (EWA), which allows employees to access a portion of their earned wages before payday. International experience indicates that product design plays an important role in shaping outcomes. Where fees apply or use becomes frequent, these arrangements may begin to resemble short-term credit, increasing dependency and cumulative cost burdens.

As digital credit options expand, consumer understanding of product terms and conditions, total cost, and available recourse becomes increasingly important.

- **Consumer engagement**

Under the NCA³⁹, consumers are entitled to one free credit report annually from each registered credit bureau to enable them to effectively manage their credit profiles. Credit profiles play an important role in creditworthiness assessments and access to formal credit.

The June 2025 CBM notes a 78 per cent year-on-year increase in credit report issuance. During the same period, 41,538 disputes relating to the accuracy of credit records were lodged, with 64 per cent resolved in favour of consumers. Despite this increase, free credit reports accounted for only 13 per cent of the credit-active consumer base indicating that this statutory right remains underutilised. Failure to review credit records may affect consumers' ability to identify inaccuracies, understand their credit standing and manage borrowing decisions effectively.

The FSCA financial literacy survey indicates that credit and loan repayment structures are among the least understood aspects within the product choice domain.

In an evolving credit environment characterised by both traditional and digital products, strengthening financial capability in this area supports policy and regulatory measures aimed at promoting responsible lending and sustainable credit use.

3.3.2. Low discretionary savings and inadequate retirement savings

Adequate savings contribute to economic stability and strengthen financial resilience. At a macro level, higher savings supported by greater financial literacy can promote investment and long-term economic growth. At a household level, savings help households to withstand income shocks, manage unexpected expenses, and deal with major life events over the life cycle. Where savings are limited, households are more exposed to financial stress, debt accumulation, and long-term vulnerability.

3.3.2.1. Low savings rates

In South Africa, discretionary savings remain low for many households. Limited savings buffers restrict the ability to respond to shocks without relying on credit or drawing down assets. The COVID-19 pandemic underscored this vulnerability, as many households and MSMEs had little capacity to withstand sudden income losses. Structural economic conditions, including high unemployment, persistent poverty, and low disposable incomes, limit households' ability to save. For households dependent on informal or insecure forms of work, income volatility makes saving more difficult, with financial decisions often driven by immediate needs rather than the accumulation of long-term reserves.

Research indicates consistently low levels of emergency savings among households. The Old Mutual Savings and Investment Monitor (OMSIM) 2023⁴⁰ revealed that 62 per cent of respondents could cover three months or less of expenses with their savings, while 38 per cent reported savings buffers of three months or more. OMSIM further notes that in the period immediately following COVID-19, emergency savings remained

³⁹ NCR, National Credit Act, Section 72(1)(b)(aa). https://www.gov.za/sites/default/files/gcis_document/201409/a34-050_1.pdf

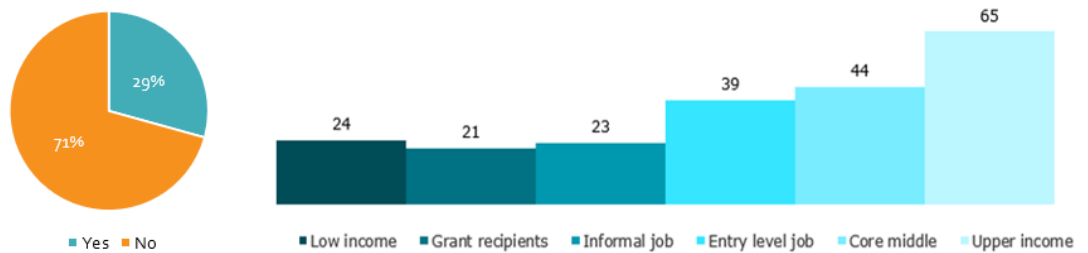
⁴⁰

one of the top savings goals for 24 per cent of respondents and continued to be identified as a priority in 2025⁴¹.

Similarly, the 2024 FinScope survey found that fewer than a third of adults had set aside emergency funds sufficient to cover three months of expenses. Among low-income adults earning less than R1,500 per month, only around a quarter reported having rainy-day funds.

Figure 10: Rainy day funds

Have 3 months rainy-day funds (%)



Source: FinScope 2024

These patterns highlight financial vulnerability and limited resilience among many households.

- **Informal savings mechanisms and stokvels**

FinScope survey evidence indicates that informal savings mechanisms, such as stokvels and *umgalelos*, remain prevalent across income groups, reflecting their continued importance within household savings strategies.

OMSIM data shows that stokvel participation among Black working South Africans increased from 48 per cent in 2023 to 53 per cent in 2025, highlighting the continued role of stokvels within the savings landscape. OMSIM further reports that 73 per cent of stokvel members belong to groups that extend loans to members, reflecting the dual savings and credit functions these arrangements often serve⁴².

Increasing digitalisation and competition within the financial sector have led Financial Service Providers (FSPs) and fintech firms to develop products and platforms to support stokvel activity. These developments complement traditional stokvel practices while strengthening protections for members.

Box 5: Stokvels and informal savings groups

Stokvels play an important role in South African communities and are defined by the National Association of Stokvels of South Africa as collective saving mechanisms, typically organised as rotating savings and credit associations (ROSCAs). Members contribute fixed amounts at regular intervals towards shared goals, which may include short-term household needs or longer-term objectives such as education, housing, or small business activities. In recent years, some stokvels, including investment clubs, have increasingly focused on longer-term investments such as

⁴¹ Old Mutual, Old Mutual Savings and Investments Monitor Report (2025) https://www.oldmutual.co.za/v3/assets/blt0554f48052bb4620/blt8c2210b79f311622/688b3c984495bcad6e45ac81/OMSIM_2025_Report.pdf

⁴² Ibid.

property and equities, often adopting more formalised structures and governance arrangements.

As part of efforts to better understand persistent saving behaviours in the South African financial sector, the FSCA South African Retail Financial Customer Behaviour and Sentiment Study⁴³ examined what would be required to prompt a shift from informal savings channels, such as stokvels, to formal financial products. The study found that informal savings mechanisms are strongly associated with perceptions of fair rules and savings discipline, while formal savings products are more commonly linked to growth potential and access to additional financial services, but not necessarily with disciplined saving. This contrast suggests that consumers view informal and formal savings as complementary components of household financial strategies rather than substitutes.

At the same time, the expansion of digital platforms has begun to extend stokvel participation beyond close-knit social networks, broadening opportunities for saving and investment. However, this shift has also increased exposure to fraudulent schemes posing as legitimate stokvels, when in reality they operate as Ponzi or pyramid schemes⁴⁴. These developments highlight emerging risks associated with digitalisation, including fraud, scams and underscore the need for improved consumer awareness in relation to verification and safe use of DFS.

- **Retail investment participation and investor financial capability**

Households are increasingly participating in investment markets to achieve their long-term financial goals. Where investment knowledge is limited, retail investors may incur financial losses, particularly in a financial environment characterised by innovation, complex products, and rapidly evolving asset classes.

Box 6: Retail investor financial education and investor protection

The International Organization of Securities Commissions (IOSCO) regards financial education as a critical component of investor protection and market integrity, particularly in digitally driven markets. IOSCO has noted that digitalisation has shifted investor behaviour, including increased participation by younger and self-directed investors who rely on online platforms, social media, and “influencers” for investment information. While these developments have expanded access to markets, they have also heightened exposure to fraud, misinformation, and unsuitable investment decisions.

In South Africa, the FSCA has reported complaints from retail investors who suffered losses after investing in crypto-related products they did not fully understand, or through scams marketed as crypto investments promising unrealistic returns⁴⁵. In response, crypto assets were declared financial products under the Financial Advisory and Intermediary Services (FAIS) Act in October 2022, bringing related service providers within the FSCA’s regulatory scope and strengthening consumer protection⁴⁶.

⁴³ FSCA South African Retail Financial Customer Behaviour and Sentiment Study

⁴⁴ FSCA, FSCA Press Release: The FSCA finalises its investigation in respect of United African Stokvel (Pty) Ltd, Mr Darren Langbein and Mrs Shirley Langbein -13 December 2024

⁴⁵ FSCA, FSCA Press Release, Mirror Trading International.

<https://www.fscomoney.co.za/Press%20Releases/FSCA%20Press%20Release%20Mirror%20Trading%20International%2018%20August%202020.pdf>

⁴⁶ FSCA, Policy document supporting the declaration of a crypto asset as a financial product under the Financial Advisory and Intermediary Services Act (2022) <https://www.fsca.co.za/Supervisory-Information/?collapse=collapseEight>

Interest in Environmental, Social and Governance (ESG) investments is also increasing. While these products can align investments with broader social and environmental objectives, IOSCO and the OECD have highlighted the need for improved transparency in sustainable finance, alongside stronger investor education to address greenwashing and other risks arising from misleading claims. The FSCA has similarly emphasised the need for clearer disclosure, improved understanding of sustainable finance products, and stronger consumer awareness to support informed participation and market integrity⁴⁷.

These developments reinforce the role of investor education in supporting understanding of risk, identification of misleading claims and awareness of available recourse. IOSCO emphasises that this educational focus should adapt to local contexts and evolving market practices and complement regulatory oversight and enforcement. Initiatives such as World Investor Week reflect broader efforts to strengthen retail investor capability.⁴⁸

3.3.2.2. *Low retirement preparedness*

While discretionary savings are generally low, South Africa performs comparatively better in contractual savings, largely because pension and retirement fund contributions are mandatory or employer-based where available. Statistics South Africa data indicates that approximately 14 million⁴⁹ employed individuals are in jobs where pension or retirement fund contributions form part of the conditions of employment.

The FSCA's 2023 Pensions Statistical Report⁵⁰ reflects that the retirement industry held aggregate assets of approximately R5.8 trillion, highlighting the scale and systemic importance. Despite this, persistent challenges remain including gaps in coverage, concerns about benefit adequacy, opaque costs and fees in parts of the system, and low member engagement.

A significant portion of the labour force earns income from informal or irregular employment, limiting consistent participation in retirement savings. Low-income and self-employed individuals often struggle to access affordable and suitable retirement products, while employment interruptions and related withdrawals further disrupt accumulation.

The 10X South African Retirement Reality Report 2023/2024⁵¹ found that nearly half of adults reported having no retirement plan, with women at higher risk of being unprepared for retirement. These disparities have implications for long-term financial security and intergenerational dependence.

While defined benefit arrangements continue to exist, most notably through the Government Employees Pension Fund, South Africa's retirement system is predominantly based on defined contribution (DC) arrangements. In DC arrangements, retirement savings outcomes are influenced by capital market performance. While investment decisions are often managed by financial institutions

⁴⁷ FSCA, Sustainable Finance Consumer Risk Report and Roadmap (2024)

<https://www.fsca.co.za/Documents/FSCA%20SF%20Roadmap%20and%20Consumer%20Risk%20Report.pdf>

⁴⁸ IOSCO, World Investor Week. <https://www.worldinvestorweek.org/>

⁴⁹ Quarterly Labour Force Survey, Quarter 3: <https://www.statssa.gov.za/publications/P0211/P02113rdQuarter2025.pdf>

⁵⁰ FSCA 2023 Pensions Statistical Report <https://www.fsca.co.za/Publications-and-Resources/#reports>

⁵¹ 10X, South African Retirement Reality Report, 2023.

https://assets.ctfassets.net/yqvz0zwovkbq/11ZwXfsfDb254lZAYo0oG/a712ba2c362773772e2bbcbef154aa57/10X_Retirement_Reality_Report_2023_2024.pdf

or appointed service providers, individuals remain exposed to investment risk, with implications for long-term financial security. Additional factors, including costs, risk preferences, and changes in personal circumstances, can further complicate decision-making and affect outcomes.

Research⁵² highlights that many workers entering “quasi-mandatory” savings contracts do so with little or no understanding of the retirement fund in which they are being enrolled. As a result, many remain passive participants throughout their working lives, with some unaware that pension contributions are being deducted from their salaries, contributing to the challenge of unclaimed benefits.

- **Retirement sector reforms**

Sanlam Corporate estimated that South Africa’s average retirement replacement ratio was around 25 per cent, well below the commonly cited benchmark of 75 per cent for a comfortable retirement⁵³. Low preservation of retirement benefits, particularly when employees changed jobs, was identified as a key contributor. In response, government introduced reforms aimed at improving preservation, while allowing limited access to a portion of accumulated savings under defined conditions.

Box 7: Two-pot retirement system

The Two-pot retirement system, implemented in September 2024, aims to improve benefit preservation by allowing limited access to a portion of retirement savings while safeguarding long-term provision. Early evidence suggests increased awareness and engagement⁵⁴, with many individuals interacting with their retirement funds for the first time.

By the end of the 2024/25 financial year, the South African Revenue Service (SARS) reported an additional R12.9 billion in personal income tax collected from withdrawals under the two-pot system, exceeding initial projections. Subsequent research by the Bureau of Market Research indicates that a substantial share of withdrawals from the savings component has been used to settle short-term debt or finance new credit purchases, particularly vehicles, and that such withdrawals may reduce projected retirement outcomes over time.

- **Unclaimed assets and member rights**

A further manifestation of limited engagement with retirement savings is the persistent challenge of unclaimed benefits. The FSCA estimates that billions of rand in retirement benefits remain unclaimed in South Africa⁵⁵, reflecting a combination of consumer-level and administrative factors. These include members failing to update personal information when changing jobs, limited understanding of benefit entitlements and

⁵²African Pension Supervisors Association. A Journey to reform the retirement System: South Africa’s Experience and Perspective (2024). <https://www.africapsa.org/resource/a-journey-to-reform-the-retirement-system-south-africas-experience-and-perspective/>

⁵³ Sanlam, SA’s real retirement age <https://www.sanlamonline.co.za/knowledge-hub/80-Is-SAs-Real-Retirement-Age>

⁵⁴ OPFA Integrated report 2024/2025 The implementation of the Two-Pot Retirement System revealed significant non-compliance by employers with Section 13A of the Pension Funds Act, as many members found out when trying to access their “savings component.” This issue was a major factor in a reported 13 per cent increase in complaints to the Office of the Pension Funds Adjudicator year-on-year.

⁵⁵ FSCA, FSCA Discussion Paper, A Framework for Unclaimed Financial Assets in South Africa (2022) <https://www.fsca.co.za/Document-For-Consultation/>

processes, and weaknesses in record-keeping and tracing practices across parts of the system.

Box 8: Unclaimed assets held by financial sector institutions

The FSCA estimates that R88.56⁵⁶ billion in unclaimed assets are held across the financial sector, with unclaimed retirement benefits accounting for a substantial share. Addressing this challenge requires improved data management and streamlined tracing processes, as well as greater consumer understanding of benefit entitlements, record-keeping responsibilities, and the steps required to claim or transfer retirement savings when employment circumstances change.

During a Money Smart Week South Africa (MSWSA) campaign, members of a rural community in the Eastern Cape were assisted to claim benefits they were previously unaware of. This illustrates how targeted financial education and community-based outreach can support improved awareness and access, particularly for vulnerable consumers who may otherwise remain underserved.

MSWSA participant initiative: Assisting community members access unclaimed benefits.



- **Member engagement and communication gaps**

These developments highlight the need for financial education that supports informed decision-making in long-term financial planning, including understanding trade-offs between short-term access and long-term retirement adequacy. They also underscore the importance of communication that is practical and timely, rather than solely technically compliant. Industry commentary⁵⁷ points to a persistent gap between

⁵⁶ Ibid. Unclaimed retirement benefits account for 53% of total estimated unclaimed asset value, while collective investment schemes and life insurance hold 38%. Data on unclaimed assets in banking and other sectors is sparse due to insufficient reporting and definitions. In 2021, around 5.7 million dormant retail transactional accounts across five banks were valued at approximately R3.36 billion, excluding other deposit types. As a result, the overall size of unclaimed assets is likely significantly higher than reported in the paper, affecting comparative figures.

⁵⁷ Pension Worlds South Africa, Enhancing communication could drive impact (2025).

<https://pensionsworldsa.co.za/articles/employee-benefits/enhancing-communication-could-drive-true-impact/>

disclosure and understanding, noting that even where information is provided, long and technical documents often fail to translate into meaningful comprehension.

Digital communication tools, including mobile applications and online platforms, are increasingly seen as a means to support engagement by improving access to information and enabling more timely interaction. However, their effectiveness depends on users' ability to interpret information, assess credibility, and apply it to their circumstances.⁵⁸

Even where communication and engagement tools improve, governance arrangements remain a critical safeguard for member interests. Strengthening trustee competence, including through industry training initiatives and FSCA-supported education, is essential to improving oversight, accountability, and decision-making within retirement funds. This contributes to better outcomes for members.

The FSCA has also implemented a conduct standard for benefit administrators of retirement funds governed by the Pension Funds Act⁵⁹. The conduct standard aims to ensure benefit administrators act with integrity, transparency, and accountability, integrating TCF principles into their operations.

3.3.3. Inadequate insurance awareness and the widening protection gap

Insurance enables households and MSMEs to manage risks that would otherwise threaten financial stability. By pooling risk and providing financial protection against adverse events, insurance strengthens financial resilience and helps mitigate the financial consequences of shocks. However, insurance functions effectively when products are appropriately designed and key features, terms, and risks are disclosed in a manner that supports consumer understanding, and when policyholders are able to assess their risk exposure and select cover appropriate to their circumstances.

3.3.3.1. Life (long-term) insurance

South Africa faces a substantial insurance protection gap despite a relatively sophisticated and well-regulated insurance market. Research commissioned by the Association for Savings and Investment South Africa (ASISA) reveals a significant widening of the shortfall in life and disability coverage over time, with its 2025 Insurance Gap Study⁶⁰ estimating the combined shortfall at R50.4 trillion. This highlights substantial exposure of households to income loss resulting from the death or disability of an income earner.

According to the 2024 FinScope survey, 58 per cent of adults in South Africa consider funeral insurance the most important insurance product⁶¹. In contrast, the uptake of life insurance remains comparatively low at 11 per cent, with 83 per cent of adult South Africans having never had life insurance, as shown in Figure 10.

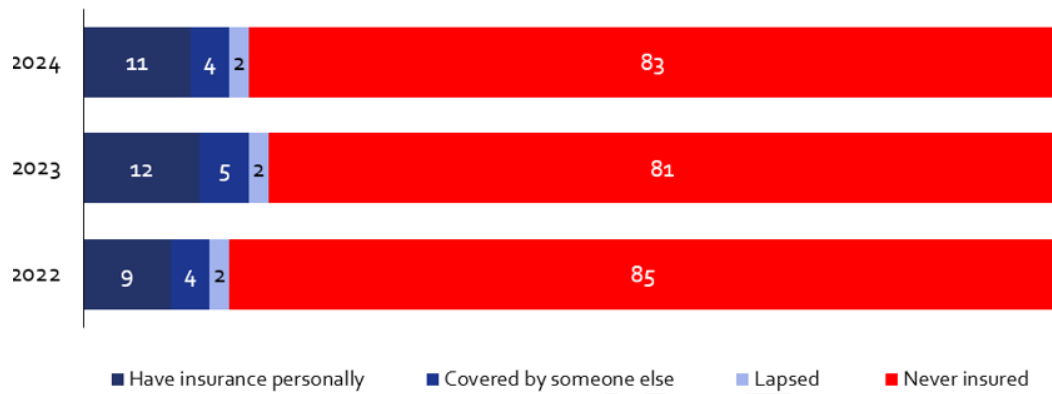
⁵⁸ https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/07/financial-planning-and-financial-education-for-old-age-in-times-of-change_0214e55d/e1d4878e-en.pdf

⁵⁹ Pension Funds Amendment Act 31 of 2024

⁶⁰ True South Advisory, ASISA, The South African Insurance Gap: Understanding the evolving protection needs of South Africans: Life, disability, and critical illness. (2025) <https://www.asisa.org.za/media/flqnz0g0/true-south-asisa-gap-study-2025-final-v2.pdf>

⁶¹ According to the NFOSA 2024/2025 Annual report, within Life insurance, funeral policies account for approximately 45% of complaints.

Figure 11: Life insurance product penetration



Source: FinScope 2024

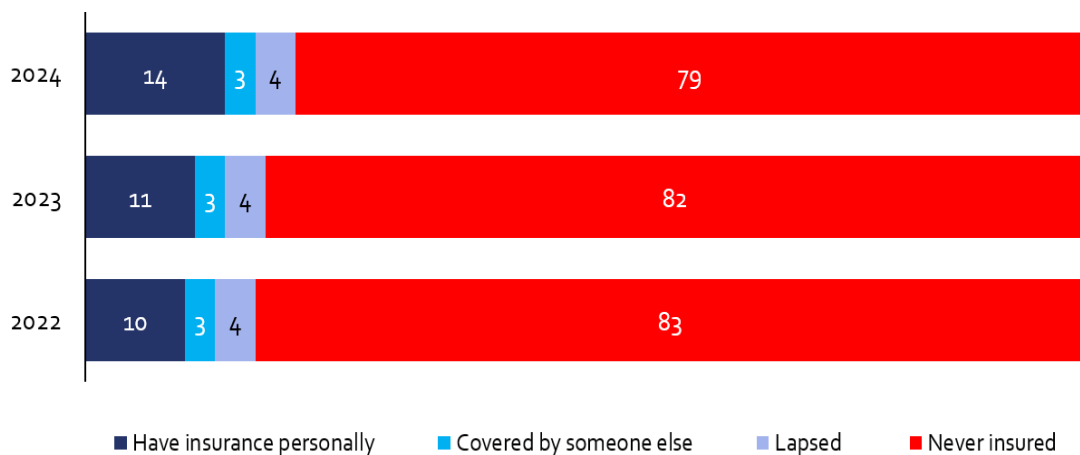
This pattern reflects a combination of affordability constraints, uneven coverage, and limited understanding of income protection needs. While funeral insurance remains widely held due to its cultural relevance, relatively simple structure, and generally predictable payouts, it does not address longer-term income protection risks. In contrast, life and disability insurance involve more complex considerations and play an important role in supporting long-term financial security and financial well-being.

Similar gaps are evident among MSMEs. The 2024 FinScope MSME survey indicates that only around 21 per cent of MSME owners reported having personal risk insurance such as life or disability cover. This suggests that many business owners remain personally exposed to risks that may affect both household financial stability and business continuity.

3.3.3.2. Non-life (short-term) insurance

Uptake of non-life insurance products remains limited. The 2024 FinScope survey reports that approximately 14 per cent of adult South Africans hold products including vehicle, building or household contents insurance.

Figure 12: Non-life insurance penetration



Source: FinScope 2024

Uptake is particularly limited among low-income individuals, increasing exposure to asset-related risks and reducing households' ability to recover from financial shocks. Affordability is cited as the primary reason for not obtaining non-funeral insurance, reflecting the income constraints faced by many households⁶².

Non-life insurance contracts typically involve technical terms, and conditional coverage linked to uncertain future events, making it difficult for policyholders to assess suitability at the point of purchase. As insurance is typically only fully evaluated when a claim arises, shortcomings in cover may only become apparent years after the policy was taken out.

Recent events have illustrated the importance of non-life insurance within the broader economy. The COVID-19 pandemic exposed complexities in business interruption policy wording, leading to disputes over coverage triggers and exclusions. The July 2021 riots in KwaZulu-Natal and parts of Gauteng resulted in widespread property damage, with the South African Special Risk Insurance Association confirming aggregate claims of approximately R37 billion⁶³. The South African Insurance Association (SAIA) noted that the number of affected uninsured businesses highlighted the extent of financial vulnerability within the sector, particularly among MSMEs, many of which were unable to recover from the losses sustained.

This vulnerability is reflected in survey evidence. The 2024 FinScope MSME survey indicates that only around 18 per cent of MSMEs report having formal business insurance. This suggests that a significant proportion of enterprises remain financially exposed to shocks, with implications for business continuity and local economic resilience.

Affordability constraints, together with financial literacy and limitations in product disclosure and communication, contribute to gaps in coverage and influence how consumers assess and experience insurance outcomes.

- **Digitalisation in insurance**

At the same time, changes in how insurance is distributed and administered, particularly through digital platforms, are reshaping how consumers engage with insurance products and services. These developments have implications for digital financial literacy and cybersecurity awareness.

Box 9: Digitalisation and emerging literacy gaps in insurance

Digital technologies are reshaping the insurance landscape, offering consumers greater convenience, faster service and more tailored products. Online platforms facilitate more efficient policy comparisons, quicker claims processing and usage-based products that align with individual risk behaviour. Automated underwriting and claims assessment have improved operational efficiency and consistency. In some instances, decisions regarding cover, pricing or claims assessment are informed by data-driven systems, which may not always be fully transparent to consumers.

Where outcomes are influenced by automated processes, it may be more difficult for consumers to understand how particular factors were weighed or how specific

⁶² FinMark Trust, FinScope 2024

⁶³ South African Insurance Association, Annual Review, (2023). <https://saia.co.za/storage/2025/04/saia-annual-review-2022-forging-stability-and-sustainability.pdf>

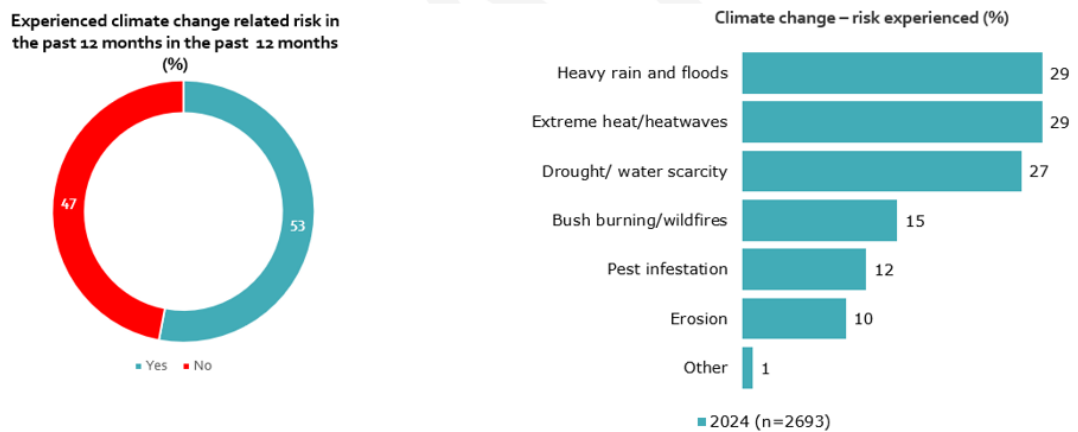
results were reached. Differences in data inputs, risk profiling methods or system design can also affect outcomes. At the same time, digital channels have introduced new avenues for fraud, including impersonation scams and digitally enabled manipulation that target policyholders directly.

For consumers, navigating this environment requires understanding policy terms and exclusions before purchase, recognising that digital systems may inform certain decisions, and knowing that outcomes can be queried or reviewed through established recourse mechanisms. As digital channels become a primary interface between insurers and policyholders, digital financial literacy supports informed participation and sustained trust.

3.3.3.3. Emerging risks

Extreme weather events are becoming more frequent and severe, increasing exposure to climate-related risks. The 2024 FinScope survey indicates that 53 per cent of respondents experienced climate-related risks in the past year, including heavy rainfall, flooding, and extreme heat or heatwaves.

Figure 13: Experience of climate change related risks



Source: FinScope 2024

Low-income households often face heightened vulnerability following climate-related shocks due to limited financial buffers and lower levels of insurance coverage. Many lack cover altogether or face affordability and awareness barriers that limit take-up. At the same time, rising claims may also place upward pressure on premiums and influence coverage availability in high-risk areas. These dynamics increase the importance of consumers understanding coverage scope as insurance products evolve in response to changing risk patterns.

Agricultural insurance, including index-based products, may strengthen resilience among smallholder farmers by mitigating production risks linked to climate variability. However, such products require an understanding of index triggers and the basis on which payouts are calculated. Limited awareness and low uptake currently hamper their effectiveness as a risk-management tool.

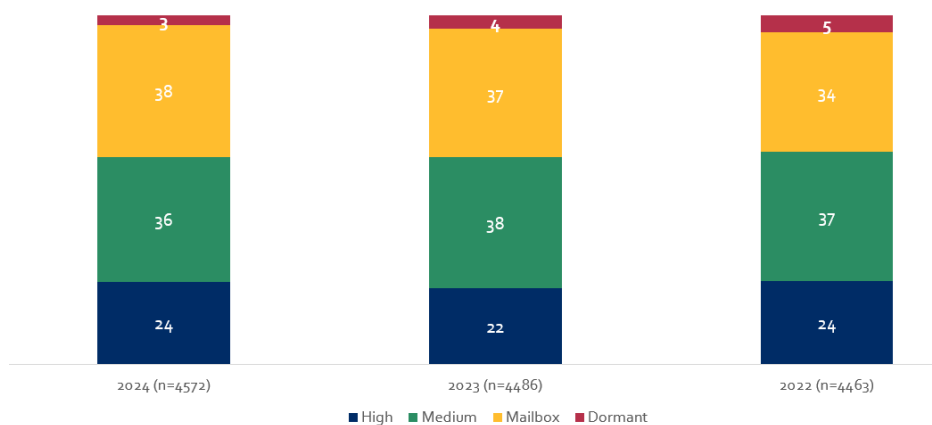
3.3.4. Low adoption of digital payments

Payments and payment services are a foundational component of the financial system. They facilitate access to other financial services and enable the transfer of income, social benefits, wages, and everyday transactions across the economy.

The 2024 FinScope survey indicates that, despite a substantial proportion of adults receiving funds digitally, patterns of account usage remain limited. Thirty-eight per cent of the banked adult population are classified as “mailbox users”, withdrawing all funds shortly after deposit, while three per cent of accounts are dormant. Only 24 per cent of respondents use their accounts more than three times within a 30-day period, while 36 per cent reported using them less than three times during the same period.

Figure 14: Frequency and bank account usage

Bank account usage (Transactions, Mailbox, Dormant)



Source: FinScope 2024

South Africa has achieved high levels of formal account ownership, yet sustained use of digital payments remains limited. Evidence from the SARB’s 2024 Payments Study⁶⁴ report shows that cash continues to account for 56 per cent of transaction volume⁶⁵, despite debit cards accounting for the highest share of transaction value. This reflects a segmented pattern of payment behaviour, in which digital channels are used primarily for periodic or higher-value obligations, while cash remains central to everyday transactions.

Survey respondents identify cash as the most accessible and reliable payment method and is widely used for daily transactions such as buying food and paying for public transport. The persistence of cash use reflects how consumers experience cost, control, and risk in digital payment environments. The SARB study identifies habit and

⁶⁴ SARB, Payments Study Report (2023) <https://www.resbank.co.za/content/dam/sarb/publications/media-releases/2024/payments/SARB%20Payments%20Study%20Report%202023.pdf>.

The study used two surveys: the Survey of Consumer Payment Choice (SCPC), which focuses on consumer preferences, awareness, usage, reasons for adoption and barriers to entry; and the Diary of Consumer Payment Choice (DCPC), which measures actual payments through a diary format where individuals are required to keep a record transactions over a set period of days to track actual behaviour.

⁶⁵ Overall, cash payments account for 56% of transactions in terms of volume but only 21% in relation to value, reflecting their low average transaction amount. Debit card payments account for 34% of transactions by volume, while they constitute 55% in terms of value. The DCPC further highlights that higher-income groups are less likely to frequently use cash.

merchant acceptance as key drivers of cash use, alongside perceived lack of control over digital funds for some users. For low-income households in particular, the immediacy and finality of cash transactions support day-to-day budget management where margins for error are limited.

Community-level evidence provides further insight into how these dynamics shape everyday payment choices.

Box 10: Insights from a South African Township Context: Community Digitalisation⁶⁶

FinMark Trust’s Community Digitalisation study provides additional insight into how payment choices are shaped at the community level, focusing on Tembisa and Hammanskraal townships. In this study, residents reported anxiety about the irreversibility of digital errors. In cash transactions, mistakes are immediately visible and can be corrected at the point of exchange. In digital transactions, errors are often perceived as unrecoverable losses.

Consumers frequently value the certainty and finality of physical exchange, particularly where income is irregular and buffers are limited. Even where smartphones are widely available, digital payments may be viewed as uncertain due to connectivity challenges, delayed confirmations, or unclear dispute processes. In this context, cash functions as a practical risk-management tool.

Payment behaviour is further shaped by the structure of local merchant ecosystems. FinMark Trust’s research highlights the role of a “closed-loop” informal economy in sustaining cash reliance. An estimated 66 per cent of township MSMEs operate informally and on a cash basis because their supply chains require cash for immediate settlement. This creates a systemic constraint that forces even digitally capable consumers and merchants to remain reliant on cash to participate in local economic activity.

The SARB Digital Payments Roadmap⁶⁷ identifies faster payments, particularly PayShap, as a key element in the modernisation of the National Payment System and reducing reliance on cash, especially within low-value and underserved market segments. Its effectiveness depends on proportionate pricing, broader participation by bank and non-bank providers, and feature enhancements that improve usability and reach. Recent developments have therefore focused on improving accessibility and practical usability in everyday transactions, alongside building user confidence⁶⁸.

Continued reliance on cash reflects the interaction of behavioural responses, informal market structures, infrastructure reliability, and perceptions of available recourse. Expanding infrastructure alone is unlikely to shift behaviour. Strengthening financial and digital literacy, alongside improvements in trust, usability, and recourse

⁶⁶ FinMark Trust, The State of the Digital Payments Ecosystem in South African Townships (2023) https://finmark.org.za/Publications/Community_Digitalisation_Pocket_Guide.pdf

⁶⁷ SARB, Digital Payments Roadmap: Towards Inclusive, Accessible, Digital Payments, Effective and Sustainable Digital Payments in South Africa. <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/Digital%20Payments%20Roadmap.pdf>

⁶⁸ The strategic role of PayShap has evolved since its 2023 launch, becoming central to the NPS modernisation reform agenda. The SARB has acquired a 50% stake in PayInc, which operates PayShap, adopting a National Payments Utility model. To boost adoption within the informal economy, “PayShap Request” was introduced, enabling merchants to initiate transactions. Additionally, the transaction limit was increased from R3,000 to R50,000 to accommodate larger business transactions. Despite over 5 million registered ShapIDs, the SARB notes that cost barriers remain a significant obstacle to broader adoption.

mechanisms, is an important component of efforts to support greater confidence and sustained use of digital payment channels.

3.3.4.1. Remittances and digital financial literacy

Remittances play an important role in supporting economic development and advancing financial inclusion objectives. The digitalisation of remittance services facilitates the electronic transfer of funds between transaction accounts and creates opportunities to deepen account usage. At the same time, increased account ownership is likely to support the use of formal remittance channels, increase the aggregate value of remittance flows and enhance their contribution in fostering economic development.

Within South Africa's broader payment system reform agenda, remittances form a significant component of cross-border payment flows, particularly within the Southern African Development Community (SADC). According to the 2024 FinMark Trust Remittance Market Assessment report⁶⁹, approximately 90 per cent of formal SADC remittance flows from South Africa are directed to Zimbabwe, Lesotho, Malawi and Mozambique⁷⁰. Despite ongoing reforms, remittance transfers across Sub-Saharan Africa remain relatively costly and fragmented due to differences in regulatory frameworks, limited interoperability and uneven access to digital channels.⁷¹

Demand-side constraints further affect uptake and usage. Evidence from the Bank for International Settlements and the Global Partnership for Financial Inclusion indicates that documentation requirements for migrants, identification constraints for receivers, and limited financial and digital literacy pose material barriers to realising the intended benefits of digital remittances⁷². Lack of trust in digital payments and limited understanding of digital channels also constrain adoption, particularly in markets with established cash-based remittance practices⁷³.

In this context, digital financial literacy is an important component of effective participation in remittance ecosystems. Without it, digital remittance options may remain underutilised, limiting their contribution to financial inclusion.

3.3.5. Digital financial literacy in an increasingly digitalised environment

The expansion of digitally delivered financial services has changed how consumers interact with the financial system. Banking, credit, insurance and payments are increasingly accessed through mobile applications, online platforms and self-service interfaces. While digital delivery has expanded reach and convenience, it has also changed how consumers access information, provide consent and make financial decisions. These shifts increase the importance of practical digital financial skills in everyday financial management.

⁶⁹ FinMark Trust, South Africa to the Rest of SADC Remittances Market Assessment (2024), [https://finmark.org.za/Publications/SA to the rest of SADC Remittances Market Assessment 2024 Report.pdf](https://finmark.org.za/Publications/SA%20to%20the%20rest%20of%20SADC%20Remittances%20Market%20Assessment%202024%20Report.pdf). The report notes that the South Africa to SADC remittance market has grown significantly, with formal outflows increasing from R6 billion in 2016 to over R19 billion in 2024, mainly due to COVID-19 travel restrictions that shifted transactions from informal to formal channels.

⁷⁰ Ibid.

⁷¹ The Transactions Cleared on an Immediate Basis (TCIB) Cross-Border Payments Scheme is a regional retail cross-border payment schemes aligned with the G20's key principles of affordability, security and transparency. As a centralised scalable, instant, low-cost digital payments infrastructure, the initiative was implemented to enhance financial inclusion and reduce remittance costs within the SADC region by providing an interoperable platform for real-time, low-value cross-border transactions. The mandatory migration of Common Monetary Area (CMA) low-value cross-border transfers to the TCIB system is anticipated to accelerate adoption of the system. <https://www.tcib.africa/newsroom/why-opening-corridors-is-key-for-africas-paym>

⁷² Financial Stability Institute & Bank for International Settlements, Ardic et al (2022). The journey so far: making cross-border remittances work for financial inclusion.: <https://www.bis.org/fsi/publ/insights43.pdf>

⁷³ International Fund for Agricultural Development, World Bank & GPFI (2024). Promoting financial inclusion through digitalization of remittances. https://www.gpfi.org/sites/gpfi/files/GPFI_Paper_240704_P.pdf

The FSCA's 2025 Digital Financial Literacy and Education Feasibility Study⁷⁴ highlights the growing complexity of digital financial environments and the need for a more structured approach to digital financial literacy, given low levels of financial and digital skills and confidence among South African consumers. The study also finds that digital financial literacy gaps manifest differently across demographic groups. Older consumers may face challenges in navigating digital interfaces, while younger and more digitally connected users may overestimate their ability to assess risk in online environments. In under-resourced communities, data costs, device limitations, and unreliable connectivity may affect transaction reliability and increase perceived risk.

Digital environments increasingly integrate behavioural design elements that influence how consumers interact with financial services. These include prompts, default settings, and frictionless transaction processes that can shape decision-making. In some cases, such features may contribute to outcomes such as repeated or impulsive transactions. Related concerns are emerging in relation to digital products and services that incorporate design features encouraging repeated engagement and reducing the salience of financial risk, as seen in online gambling.

At the same time, these design features can be used to support positive financial behaviours. Digital delivery channels present opportunities to strengthen financial education through more accessible, timely, and context-specific engagement. Tools such as reminders, prompts, and real-time feedback can support consumers to make more informed decisions, manage their finances more effectively, and engage more actively with financial information, provided they are designed to promote understanding and informed choice.

As digitalisation continues across financial services, digital financial literacy is becoming increasingly central to enabling safe, informed, and effective participation in an increasingly digital, platform-driven financial system.

3.3.5.1. *Artificial Intelligence and evolving digital and financial literacy demands*

Artificial Intelligence (AI) and data-driven systems are increasingly used in financial sector operations. The 2025 FSCA /PA paper on Artificial Intelligence in the South African Financial Sector⁷⁵, notes that AI is integrated across core financial functions⁷⁶ and used in areas such as credit risk assessment, fraud detection, pricing optimisation and customer onboarding. In some cases, financial outcomes such as credit approvals, premium levels, product recommendations or transaction monitoring are informed by automated systems.

While these systems may improve efficiency and consistency, they can also reduce transparency regarding how particular factors influence an outcome, making it difficult for consumers to understand or challenge decisions that affect them. This increases the importance of clear communication, appropriate disclosure and accessible recourse mechanisms.

The joint FSCA/PA paper notes that promoting digital literacy and AI literacy is an essential component of ethical and inclusive AI deployment in the financial sector. It further emphasises that meaningful transparency and accountability depend on

⁷⁴ FSCA, Digital Financial Literacy and Education Feasibility Study (2025)
<https://www.fscamymoney.co.za/Research%20Documents/202425%20FSCA%20Research/FSCA%20-%20Digital%20Financial%20Literacy%20and%20Education%20Feasibility%20Study%20-%202020%20Feb%202025.pdf>

⁷⁵ FSCA, PA Artificial Intelligence in the South African Financial Sector (2025)
<https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-public-awareness/covid-19-response/2025/artificial-intelligence-in-the-south-african-financial-sector/Artificial%20Intelligence%20in%20the%20South%20African%20Financial%20Sector.pdf>

⁷⁶ These include including credit risk assessment, insurance underwriting and pricing, fraud detection, customer profiling, customer support functions and investment decision tools.

consumers understanding how AI systems operate, how automated decisions affect financial outcomes, and what rights and recourse options are available. Collaborative efforts between regulators and industry are identified as an important mechanism for promoting AI literacy and strengthening consumer understanding. The paper underscores the importance of embedding AI and financial literacy within the broader governance agenda as central to fostering informed and inclusive participation in AI-enabled financial services.

Developments in financial data-sharing frameworks are also reshaping how consumers interact with financial institutions and third-party providers, introducing new considerations around data use, consent, and the roles of multiple service providers.

Box 11: Data sharing frameworks and Open Finance; Consumer considerations

Open Finance refers to frameworks in which customer-permissioned financial data is shared securely between financial service providers and authorised third parties to support innovation, competition and improved customer choice. As noted by the Intergovernmental Fintech Working Group in 2021⁷⁷, Open Finance extends beyond open banking to include data across credit, insurance, investments, pensions, mortgages and savings.

Open Finance may enable more tailored product offerings and improved comparison across providers. However, participation requires consumers to understand consent processes, the scope of data shared, the roles of multiple service providers and the mechanisms available to limit or withdraw consent.

In this context, the OECD highlights that financial literacy and consumer awareness initiatives can play an important role in fostering understanding of consent processes, data rights, and the safeguards in place within Open Finance frameworks. This, in turn, contributes to consumer trust and informed uptake of data-sharing arrangements. Without sufficient awareness, consumers may be reluctant to share their data or may not fully understand the implications of participating in such arrangements.

As digital financial ecosystems become more interconnected, the combined effects of data-sharing frameworks, automated decision-making, and digital platforms introduce new risks and complexity. These developments increase the importance of financial and digital literacy for informed participation and trust in digital financial systems.

3.3.5.2. Ecosystem risks in digitally accelerated environments

The acceleration of digitally delivered financial services has reduced friction and enabled platforms that support rapid, high-frequency transactions. Although these developments support efficiency and inclusion objectives, they can also increase financial harm where they interact with behavioural design features and financial vulnerability.

Online gambling illustrates this dynamic within the South African context. The National Gambling Board reported record industry turnover of approximately R1.5 trillion in the

⁷⁷ IFWG, Articulating the policy rationale and policy imperatives for Open Finance in South Africa (2023) <https://www.ifwg.co.za/Reports/IFWG%20Paper%20on%20articulating%20the%20policy%20rationale%20and%20policy%20imperatives%20for%20Open%20Finance%20in%20South%20Africa.pdf>

2024/25 financial year⁷⁸, reflecting continued growth in digitally enabled betting activity. This expansion has taken place alongside persistently high unemployment, household indebtedness and constrained disposable income.

According to the 2025 OMSIM⁷⁹, 40 per cent of working South Africans report gambling frequently in an attempt to generate income to cover essential expenses such as rent and food, rather than for recreational purposes, with notably higher prevalence among lower-income earners. This suggests that gambling activity, while pervasive, is often driven by financial pressure.

Box 12: Insights from Kenya: Coordinated policy responses in an interconnected digital financial ecosystem

Kenya's mobile money system is widely recognised for its contribution to financial inclusion by expanding access to formal financial services, particularly for previously unbanked populations. Advancements in digital payments have led to increased interoperability, enabling digital wallets to operate seamlessly across platforms and facilitating transactions across a diverse market. This has been further supported by widespread smartphone adoption and relatively low data costs.

The growth in mobile money services, driven by financial inclusion objectives, has also enabled the expansion of digitally enabled gambling activity. By 2025, mobile money platforms were estimated to facilitate over KES 20 billion (approximately R2.5 billion) in gambling-related transactions per month, with most betting activity funded directly through mobile wallets. The ease of making payments, combined with fast transaction speeds and seamless integration of mobile payment systems with gambling platforms, has contributed to a rise in high-frequency gambling activity, including among financially vulnerable users.

In response to growing concerns about financial harm, Kenyan authorities introduced a series of reforms between 2019 and 2025, culminating in the Gambling Control Act, 2025. These reforms strengthened regulatory oversight of online gambling and introduced stricter licensing and compliance requirements for operators, as well as tighter supervisory expectations for payment platforms involved in gambling transactions.

Measures to address financial integrity risks were also strengthened, including enhanced anti-money laundering controls and closer monitoring of high-frequency and suspicious transactions. Greater coordination between payment providers and gambling regulators was introduced to support more effective supervision.

Consumer protection measures were expanded to include more stringent age-verification requirements and tighter restrictions on youth access to digital platforms. Regulators also acted to limit aggressive advertising and push notifications linked to impulsive gambling behaviour. Fiscal measures were also introduced to direct a portion of gambling-related revenues towards social or

⁷⁸ National Gambling Board, Annual Report 2024/2025 <https://www.ngb.org.za/wp-content/uploads/2026/02/National-Gambling-Board-Annual-report-24-25-30-August-2025.pdf>

⁷⁹ Old Mutual, Old Mutual Savings and Investment Monitor (2025)

https://www.oldmutual.co.za/v3/assets/blt0554f48052bb4620/blt8c2210b79f311622/688b3c984495bcad6e45ac81/OMSIM_2025_Report.pdf

The reports indicates that 52% of working South Africans participate in gambling, with higher participation among men (57%) and individuals aged 30–49 (58%). Gambling is predominantly conducted through digital channels, with Sports betting leading (61%), followed by Lotto (53%) and slot-type games (52%). Over 62% of gamblers gamble weekly, with nearly 40% gambling even more frequently.

savings-linked mechanisms, reflecting concerns about the risks associated with speculative gambling.

Kenya's experience demonstrates how increasing interconnectedness in a digitally enabled financial ecosystem can lead to unintended outcomes that require coordinated policy attention. For South Africa, this highlights the importance of identifying and managing system-wide risks as DFS expand.

Financial literacy and capability therefore need to evolve beyond traditional knowledge to include digital financial literacy, enhance skill to navigate digital platforms, understand how decisions are made, and recognise associated risks. This is particularly important in environments characterised by high transaction speeds, seamless interfaces, and reduced friction, where financial decisions can be made quickly and with limited reflection.

Strengthening these capabilities complements regulatory, supervisory and infrastructure reforms aimed at promoting safe, inclusive and well-functioning digital financial ecosystems.

3.3.6. Tax and fiscal literacy

Understanding the tax system is an integral part of a national financial education programme. It is important that citizens understand taxation and its benefits, as it forms the foundation of the social contract between citizens and government.

Tax and fiscal literacy encompass the ability to apply tax knowledge in practice, understand obligations across different life stages and forms of economic participation, and engage effectively with the tax administration system. As one of the most direct interfaces between individuals, businesses, and government, taxation requires a level of understanding that supports informed engagement and voluntary compliance.

- **A life-cycle approach to tax literacy**

The OECD on *Building Tax Culture, Compliance, and Citizenship*⁸⁰ highlights the role of taxpayer education in strengthening voluntary compliance through improved understanding of obligations and the relationship between taxpayers and government. SARS is adopting a life-cycle model for taxpayer education, recognising that tax literacy evolves as individuals' economic roles change.

Within the schooling system, tax-related content progresses from foundational civic concepts, such as how public services are funded, toward more applied learning in later stages.

As individuals move beyond standard employment into freelance or commission-based work, income may be received without tax deductions, placing the responsibility for compliance on the income earner. Without adequate understanding, individuals may assume that no further tax-related action is required, resulting in unintended non-compliance. During active working life, tax literacy includes the ability to understand assessments, obligations, and engage appropriately with the tax administration system, including the use of objections, review and recourse mechanisms where applicable.

⁸⁰ OECD on Building Tax Culture, Compliance, and Citizenship (2021)
https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/11/building-tax-culture-compliance-and-citizenship_ad2a361d/18585eb1-en.pdf

Tax literacy relevant in later life stages, including retirement, asset transfers and estates, where understanding tax implications remains important for effective financial planning and intergenerational transfers.

- **Tax literacy challenges within the MSME sector**

MSMEs face unique tax capability constraints, including limited administrative capacity and weak record-keeping systems. Small enterprises often use personal bank accounts, combine business and household transactions, or rely on informal bookkeeping practices, increasing the complexity of compliance and the risk of penalties or disputes.

Evidence indicates that within the informal economy, businesses often avoid formalisation due to the misconception that formalisation automatically results in tax obligations. Strengthening tax literacy can improve understanding in this regard and encourage formalisation. The OECD notes that simplified guidance and accessible advisory support can strengthen compliance more effectively than relying solely on enforcement-focused approaches.

Box 13: Automation and tax administration

SARS has expanded the use of data analytics and automated risk assessment tools within tax administration to improve efficiency and identify potential non-compliance at scale. As administrative processes become more automated, the importance of digital literacy becomes more pronounced.

The Office of the Tax Ombud⁸¹ has highlighted the importance of ensuring that administrative modernisation does not create unintended barriers to fair access, particularly for taxpayers with limited digital literacy or unreliable internet access.

Effective tax and fiscal literacy require a collaborative approach across schools, tertiary institutions, professional bodies, tax practitioners and other relevant stakeholders. Sustained, age-appropriate and life-stage education plays an important role in strengthening voluntary compliance and supporting a more effective and trusted tax system.

3.3.7. Structural gaps in the current financial education framework

While the current NCFES focuses on improving financial literacy among consumers already interacting with the financial system, important structural gaps remain that influence how individuals and enterprises enter the financial system and sustain participation over time. Two areas are particularly significant: financial education within the school curriculum and financial literacy among MSMEs.

Foundational knowledge and attitudes formed during childhood influence later financial behaviour related to how individuals manage their financial affairs and engage with the financial system.. Similarly, limited financial literacy and capability among MSMEs has implications not only for business sustainability but also employment, household income stability and broader economic resilience. Addressing these gaps points to a need for a more coordinated approach that supports the development of financial literacy across life stages and economic roles.

3.3.7.1. Foundational gaps: Financial education in the schooling system

⁸¹ <https://www.sanews.gov.za/south-africa/efforts-ensure-digital-transformation-does-not-create-barriers>

A key gap in South Africa’s current financial education framework is the limited focus on learners below the age of 16 within the national financial education framework. Introducing financial concepts early helps learners develop the knowledge and skills needed to manage money and make informed financial decisions later in life. Further, integrating financial education into the schooling system provides an inclusive way to reach learners across socio-economic backgrounds, including those who might not be reached through household-based or digital interventions.

Globally, financial education in schools is delivered through a range of models including compulsory standalone subjects, elective subjects, or integrated approaches where financial concepts are embedded across existing curricula. Countries adopt different models depending on institutional capacity, curriculum design, and policy priorities, reflecting different approaches to when and how financial literacy should be developed as illustrated in Box 14.

Box 14: Comparative Perspectives on integrating financial education into school curricula		
International experience demonstrates that early, structured integration of financial education into school curricula can strengthen financial capability outcomes over the life cycle. While country approaches differ, several common design features emerge, including early exposure, practical application, and alignment with real-world financial risks.		
Country	Primary model	Key strategic features and mechanisms
Brazil	Integrated, transversal approach	Financial, fiscal, social security and insurance education is integrated across the national curriculum and aligned with the National Common Curriculum Base (BNCC). The programme is supported by structured teaching resources and educator training developed in partnership with the Central Bank of Brazil.
Malaysia	Integrated, Life-cycle approach	Financial literacy is embedded across schooling stages and reinforced through practical initiatives that connect classroom learning with real-world application. Coordination occurs through the Financial Education Network, co-led by Bank Negara Malaysia and the Securities Commission.
Egypt	Mandatory, Experiential approach	Financial education is delivered through structured, hands-on learning under the School Bank initiative, implemented as part of the national financial inclusion strategy.
United Kingdom	Mandatory	Financial education is compulsory from early primary schooling and embedded within the national curriculum. Implementation is supported by guidance from the Department for Education and the Money and Pensions Service, with emphasis on

		practical decision-making and awareness of common financial risks.
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South Africa currently applies an integrated model, with financial concepts incorporated across subjects such as Life Orientation, Economic and Management Sciences, Mathematics, and Mathematical Literacy⁸². In practice, however, the depth and emphasis of these concepts vary across subjects, with stronger focus often placed on bookkeeping and accounting elements, particularly in the Senior Phase⁸³. This focus can limit the development of practical financial decision-making skills, resulting in many learners completing schooling without an applied and coherent understanding of basic financial literacy as essential life skills.

In parallel, the NCFEC is exploring collaboration with the Department of Basic Education (DBE) to strengthen the integration of financial literacy within the schooling system. The development of a Core Competency Framework (CCF), which adopts a life-cycle approach to financial literacy by identifying the competencies individuals should progressively acquire at different stages of life, may support this process by providing greater clarity on expected knowledge and skills across grades. Within this framework, school-level competencies are situated within a broader youth development phase and can inform curriculum design and programme development. Effective implementation will depend not only on how competencies are reflected in learning content, but also on educator capacity, as strengthening teachers' own financial knowledge and skills to support meaningful delivery.

3.3.7.2. *Challenges within the MSME financial literacy and capability ecosystem*

Given their role in employment creation and economic growth, supporting MSMEs is a national priority. The National Development Plan⁸⁴ envisages small and medium-sized enterprises as key contributors to job creation.

The MSME sector is highly diverse, ranging from informal survivalist enterprises to formalised medium-sized businesses. The Unseen Sector report indicates that 85 per cent of MSMEs consist of informal and survivalist businesses, with only 14 per cent formalised. These differences matter for the design of financial education interventions, as informal micro-enterprises face fundamentally different challenges from established businesses seeking working capital or expansion finance. Early-stage and survivalist enterprises may require foundational financial capability support, while more established businesses may benefit from education linked to growth, investment, and risk management decisions.

- **Financial literacy and capability challenges in the MSME Sector extend**

Recent research, including the 2023 Banking on Small and Medium-Sized Enterprises (SMEs) report⁸⁵, highlights that challenges facing South African MSMEs extend beyond access to finance alone. These challenges and are closely linked to financial literacy constraints, which affect their ability to manage their businesses effectively and, in

⁸² DBE also piloted the E3 (Entrepreneurship, Employability and Education) initiative in 2018 in an effort to integrate entrepreneurship education across South Africa's basic education system. <https://www.education.gov.za/EntrepreneurialCulture.aspx>
<https://www.ecubed-dbe.org>

⁸³ These challenges are reinforced in the Further Education and Training phase. While both Mathematics and Mathematical Literacy include finance-related concepts, Mathematics tends to prioritise abstract, formula-driven instruction, while Mathematical Literacy places more emphasis on functional application.

⁸⁴ National Planning Commission, National Development Plan 2030, (2012)
https://www.nationalplanningcommission.org.za/National_Development_Plan

⁸⁵ Centre of Excellence in Financial Services *Banking on Small and Medium-Sized Enterprises* (2023)
<https://coefs.org.za/download/142/old-category/4932/banking-on-small-and-medium-sized-enterprises-2.pdf>

turn, limit access to bank financing. The report further points to persistent information asymmetries between MSMEs and financial institutions, driven in part by operating on a cash basis coupled with weak financial recordkeeping, limited separation between personal and business finances⁸⁶, and difficulties articulating funding needs. This is evident in applications for funding products that are not aligned with the size, stage of development, or needs of the business. Funding request data⁸⁷ indicates that start-ups and micro-enterprises, in particular, struggle to meet standard credit assessment requirements.

Low levels of financial literacy are also reflected in the 2023 Momentum SMME and Side Hustle Insights report⁸⁸, which found that only 15 per cent of respondents with side hustles demonstrated adequate financial literacy, suggesting that many are not well equipped to make informed financial decisions for their businesses.

- **Fragmentation and limited awareness of support**

Although the MSME sector has expanded in recent years, awareness and uptake of available business support services remain limited. Existing financial education and support initiatives for MSMEs are delivered by a wide range of stakeholders, including financial institutions, government departments, development finance institutions, enterprise and supplier development programmes, and non-profit organisations. These interventions vary in scope, depth, and delivery approach, contributing to a fragmented support system.

Research indicates that MSME owners rely primarily on personal networks or peer businesses for guidance rather than formal advisory services. This reflects information gaps and accessibility constraints and reduces the potential impact of existing support mechanisms.

Respondents to the Banking on SMEs research emphasised the importance of non-financial support, including business development, market access, management capability, and financial skills, viewing these factors as equally critical as access to funding for MSMEs. They underscored the need for a comprehensive support strategy for MSMEs⁸⁹, that incorporates elements such as mentorship, educational resources as well as access to a supportive ecosystem.

- **Research gaps**

While there is substantial research on MSME financing constraints and performance, direct and systematic measurement of MSME financial literacy and capability levels remains limited⁹⁰. Much of the existing analysis infers literacy and capability gaps observed from business practices and funding outcomes rather than measuring knowledge and decision-making directly, especially at a national level. This may limit the ability to design targeted financial education responses for different segments within the MSME ecosystem.

⁸⁶ FinScope MSME South Africa 2020 & Banking on Small and Medium-Sized Enterprises report (2023) <https://www.finmark.org.za/Publications/FS%20MSME%202020.pdf> While this approach may reflect convenience or cost considerations, this practice and cash-based transactions limit the availability of reliable business financial records and make it more difficult for lenders to build a data profile to assess business performance, cash flow, and risk.

⁸⁷ Finfind Access to Finance Report (2025) <https://www.finfind.co.za/funding-research-insights-and-reports>

⁸⁸ Survey results from the Momentum/University of South Africa Finance study found that financial literacy rates among individuals with side hustles were as low as 15 per cent, with many respondents overestimating their actual financial knowledge.

⁸⁹ Department of Small Development, National Integrated Small Enterprise Development (NISED) Masterplan https://www.dsbd.gov.za/sites/default/files/legislation/NISED%20Masterplan_%20Fact%20Sheet_Edit%20%282%29%20%282022%20May%29.pdf

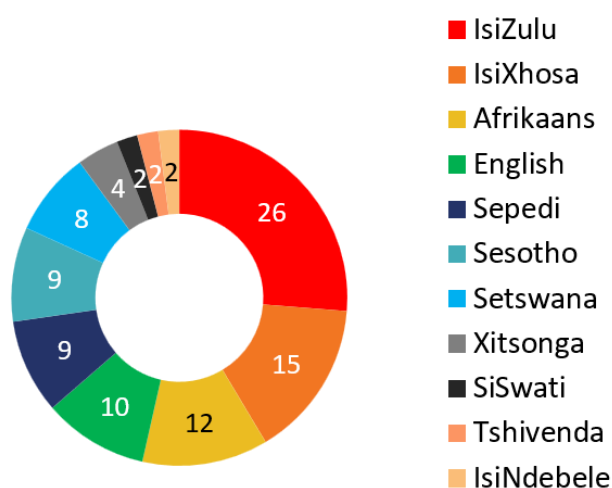
⁹⁰ Dlungwane, S., & Nomlala, B. C. Financial literacy in SMEs: a study of knowledge and practices in Umgungundlovu District, Kwa-Zulu Natal, South Africa. (2025) International Journal of Research in Business and Social Science (2147-4478), 14(3), 139–150. <https://doi.org/10.20525/ijrbs.v14i3.3760>

Financial literacy constraints within the MSME sector affect business sustainability and funding readiness, with broader implications for household income stability and local economic resilience. This underscores the importance of improved coordination, better measurement, and more targeted approaches to financial education within the MSME ecosystem.

3.3.8. Language barriers and financial capability

Language shapes how consumers understand, trust and engage with the financial system. In South Africa's linguistically diverse context, it can either facilitate informed participation or function as a structural barrier to effective decision-making. According to the 2024 FinScope survey approximately 78 per cent of adults speak a language other than English or Afrikaans as their primary home language. Despite this, most consumer-facing financial documentation, including key product terms, disclosures and contractual information, is provided predominantly in English and Afrikaans⁹¹.

Figure 15: Main languages spoken at home in South Africa



Source: FinScope, 2024

While local languages are widely used in marketing and promotional material, this approach is not consistently extended to substantive product information. Consumers instead rely on English or Afrikaans when engaging with legally binding information. This asymmetry reduces the effectiveness of disclosure as a consumer protection tool.

Where information is not presented in a language that consumers are familiar with, comprehension may decline. This affects the ability to compare products, assess suitability and understand rights and obligations. It may also increase reliance on intermediaries and heighten the risk of misinterpretation.

Language barriers often intersect with broader financial literacy challenges. Limited proficiency in the language of disclosure, combined with varying levels of numeracy, makes it more difficult to understand concepts such as interest rates, compound growth, insurance exclusions or fee structures. These challenges are particularly

⁹¹ World Bank Group, South Africa: Retail Banking Diagnostic Treating customers fairly in relation to transactional accounts and fixed deposits. (2018) <https://www.treasury.gov.za/publications/other/SA%20Retail%20Banking%20Diagnostic%20Report.pdf>

pronounced among older consumers, rural communities and individuals with limited formal education as highlighted in the FSCA financial literacy survey.

DFS introduces additional complexity. While digital platforms create opportunities for multilingual interfaces and alternative formats, language availability and translation quality vary across institutions and delivery channels. Mobile banking applications, USSD services, chatbots and interactive voice response systems do not consistently provide the same level of language support. This may undermine user confidence and discourage continued use, particularly where consumers are unable to obtain clarification in a familiar language⁹² during digital transactions.

- **Disability and linguistic inclusion**

For people living with disabilities, language barriers are further compounded by accessibility constraints. People who are hard of hearing or visually impaired may face additional challenges in accessing financial education and services that meet universal design standards.

While the recognition of South African Sign Language (SASL) strengthens linguistic rights, the translation of complex financial and legal concepts into SASL remains limited. For visually impaired consumers, the absence of standardised accessible formats may require reliance on third parties, which can affect privacy and autonomy.

- **The role of technology in bridging language gaps**

Emerging technologies, including advances in AI, natural language processing and speech-to-text tools, and AI-enabled translation systems, offer potential to support multilingual communication and improve accessibility at scale. When implemented with appropriate governance, quality assurance and integration into mainstream consumer-facing systems, these tools may support clearer communication of financial information and expanding language access.

Addressing linguistic barriers requires more than translation. In order to facilitate informed decision-making and participation across diverse language communities, financial information must be accessible in local languages and incorporated into product design, disclosure practices, digital service delivery, and financial education initiatives.

3.3.9. Proliferation of scams and fraudulent activity

Scams and fraudulent activity continue to evolve in scale and sophistication, affecting consumers across income levels and financial channels. Technological developments have expanded the reach of fraud, while longstanding fraudulent investment structures persist in new forms. The prevalence of both digital and non-digital scams poses risks not only to individual consumers but also to overall trust in the financial system. The FSCA's 2024 Digital Financial Literacy Study notes that many scams succeed by exploiting misunderstandings of digital authorisation processes.

According to the South African Banking Risk Information Centre (SABRIC), digital banking fraud accounted for approximately 65 per cent of reported banking crime incidents in 2024⁹³. Banking applications remain a primary target, alongside online channels, reflecting the migration of financial activity toward digital platforms. SABRIC

⁹² Efforts to address linguistic gaps in South Africa include the FSCA and the Department of Sport, Arts and Culture's development of a multilingual financial terminology dictionary with about 400 terms. Additionally, SARS has published multilingual tax terminology resources. The recognition of SASL as an official language marks progress in linguistic inclusion.

⁹³ While overall banking crime losses declined, losses attributed specifically to digital banking fraud increased to over R1.4 billion, with approximately 64,000 reported cases in a single year.

further notes that many incidents involve social engineering tactics rather than technical system breaches.

Consumers continue to be affected by purported high-yield investment schemes and pyramid structures, which generate returns through new participant contributions rather than legitimate underlying business activity. Variants are increasingly using cryptocurrency or digital asset terminology to expand their reach and enhance their perceived credibility.

Fraud exploits behavioural, informational and structural vulnerabilities within the financial system. Consumers may struggle to verify provider legitimacy, assess the credibility of investment claims or understand appropriate recourse mechanisms. Financial pressure can also increase susceptibility to deceptive offers.

The consequences extend beyond financial loss; repeated exposure to scams can erode trust in formal financial institutions and digital channels. The scale and persistence of these schemes highlight the importance of coordinated regulatory oversight, industry vigilance and strengthened consumer education and awareness.

3.3.10. Limited knowledge of recourse mechanisms

Access to effective recourse when disputes arise is central to TCF and consumer protection. Consumers who experience unfair treatment, service failures or disputes with financial institutions need to know where to turn, what options are available and how to navigate complaints processes. Where this knowledge is lacking, financial harm may remain unresolved, confidence in formal mechanisms can weaken, and disengagement from the financial system may follow.

South Africa's financial ombud system has undergone significant reform to streamline access to redress. The National Financial Ombud Scheme of South Africa (NFOSA) commenced operations on 1 March 2024, following the voluntary amalgamation of four industry schemes comprising: banking, credit, long-term insurance, and short-term insurance. This consolidation, overseen by the Ombud Council, created a single-entry point for financial complaints and reduced the jurisdictional confusion that previously complicated access for consumers. At the same time, currently, complaints relating to financial advice and intermediary services remain under the statutory jurisdiction of the Office of the Ombud of Financial Service Providers (FAIS Ombud), while retirement fund disputes continue to be handled by the Office of the Pension Funds Adjudicator (OPFA)⁹⁴.

Analysis of complaint trends provides insight into recurring conduct issues and emerging risks within the financial sector, informing supervisory and policy responses.

Box 15: Insights into Ombud complaints data and emerging conduct risks

In its first year of operation, NFOSA secured recoveries of over R328 million for consumers, with the Life Insurance division accounting for R202.8 million. Credit-related complaints recorded the highest proportion of outcomes in favour of consumers at 49 per cent, followed by Life Insurance, 25 per cent, Banking, 21 per cent, and Non-life Insurance at 12 per cent. Although banking disputes occur more frequently, insurance-related complaints often involve higher financial losses, reflecting their impact on household financial well-being.

⁹⁴ Following the promulgation of the CoFI Bill, the FAIS Ombud will be amalgamated into the NFO and the OPFA is set to be renamed the Retirement Funds Ombud (RFO).

Within Life Insurance, funeral policies account for approximately 45 per cent of complaints. More than half of these relate to declined claims, pointing to recurring issues including misunderstandings regarding waiting periods, mis-sold accidental death cover, insurable interest requirements, and policy lapse or reinstatement conditions.

In the banking sector, digital fraud contributes to approximately 30 per cent of complaints. Mobile banking scams account for nearly half of these cases, with vishing as a growing concern. These trends illustrate how evolving digital delivery channels intersect with digital financial literacy challenges.

Complaints data further highlights difficulties in navigating recourse mechanisms. The FAIS Ombud's 2024/25 Annual Report indicates that a significant proportion of matters received were outside its mandate, including complaints lodged before internal dispute resolution processes were exhausted. Of these matters, 63 per cent were resolved once referred back to the relevant financial institutions. This suggests that limited understanding or ineffectiveness of internal complaints processes may contribute escalation to Ombuds.

Recent reforms have also shown how increased consumer engagement can highlight systemic conduct issues. While the OPFA has historically dealt with complaints relating to employer non-compliance with section 13A of the PFA, the implementation of the Two-Pot Retirement System led to heightened member awareness of these matters as members sought access to their savings component. Increased consumer engagement can therefore bring systemic compliance weaknesses into clearer focus.

Ombud schemes have also implemented policies for vulnerable complainants, consistent with the FSCA Statement on Consumer Vulnerability⁹⁵.

The Ombud Council's 2024/25 report notes a rise in consumer engagement, particularly through digital platforms and social media and further notes that the Ombud Council plans to develop a consumer awareness baseline measure to assess levels of public understanding and use of the ombud system. As the reformed ombud architecture continues to mature, sustained consumer education supported by baseline data, can support effective and meaningful access to recourse.

Strengthening consumer understanding in this area requires more than awareness that ombuds exist but the active collaboration of multiple stakeholders. It also includes emphasising the importance of engaging with regulated financial institutions to access the ombud system, building practical understanding of internal dispute resolution processes, clarifying the roles of ombud schemes, and instilling confidence that complaints will be handled fairly and impartially.

A well-functioning, trusted, and accessible ombud system is an important component of the financial system, benefiting financial customers and institutions and supporting the broader policy and regulatory environment.

⁹⁵ FSCA Statement on Consumer Vulnerability https://www.masthead.co.za/wp-content/uploads/2024/05/FSCA_Statement_on_Consumer_Vulnerability-1.pdf

4. POLICY PRIORITIES

South Africa's financial literacy levels have remained broadly stable over the past decade, indicating persistent gaps in understanding financial concepts, products and services among adults and MSMEs. Addressing these gaps requires a structured and inclusive policy framework to guide financial education efforts.

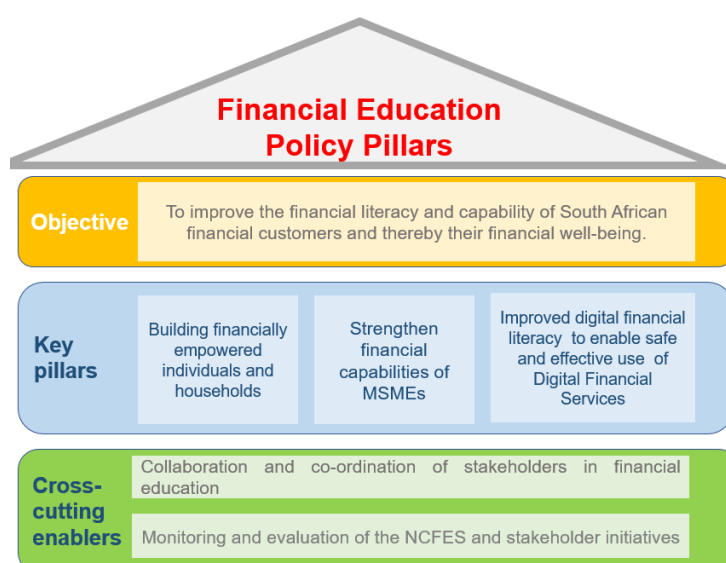
The draft NCFEP recognises that financial education is not a one-time intervention but develops over time alongside the financial sector. Each policy priority responds to specific financial literacy challenges identified in the South African context and is intended to complement existing policy and regulatory frameworks on financial inclusion, consumer protection and market conduct.

It further emphasises the importance of stakeholders contributing to and coordinating consumer financial education efforts to enhance reach and improve alignment across the ecosystem.

The draft NCFEP identifies five priority areas:

- Build financially capable individuals and households.
- Strengthen the financial capability of MSMEs.
- Enhance digital financial literacy.
- Improve collaboration and coordination of financial education stakeholders.
- Strengthen M&E of the NCFES and stakeholder initiatives.

Figure 16: Financial Education Policy Priorities



Collectively, these policy priorities areas provide the framework that will guide implementation through the NCFES.

4.1. Policy Priority 1: Build financially capable individuals and households

Financial decision-making is a continuous aspect of household life, involving day-to-day financial management, long-term planning and responses to financial shocks. Evidence points to persistent gaps in financial knowledge and understanding, particularly in relation to products, services and associated risks.

This priority focuses on strengthening financial literacy and capability among individuals and households, with an emphasis on informed and responsible financial decision-making. Financial education should respond to the broader context in which financial decisions are made, including key life stages and other teachable moments where financial choices arise.

To respond to the financial literacy challenges identified in this document, financial education programmes under this priority should primarily focus on the following areas:

- Day-to-day money management and building resilience to financial shocks.
- Prudent use of credit and effective debt management.
- Understanding financial concepts, products and services, including associated risks and opportunities.
- Effective and safe use of DFS.
- Awareness of insurance and appropriate insurance coverage.
- Encouraging short-term and long-term savings, including retirement planning.
- Tax and fiscal literacy.
- Awareness of financial scams and fraudulent schemes.
- Understanding rights and responsibilities in relation to financial products and services.
- Awareness of available recourse mechanisms and how to access them.

- **Identifying target audiences or vulnerable groups**

Financial education should be accessible to all consumers. At the same time, identifying and understanding the needs of specific target audiences, including their cultural and socio-economic contexts, is essential to ensuring relevance and effectiveness. These factors influence how financial information is understood, applied and acted upon.

While financial education should be broadly available, certain groups may require prioritised or tailored approaches. Conducting needs analysis can support the design of programmes that are appropriate to specific audiences and circumstances. Greater emphasis may also be placed on topics requiring priority attention or increased awareness.

Box 16: Policy Priority 1: Build financially capable individuals and households

Potential focus areas

- Strengthening age-appropriate financial education from early schooling, supported by caregivers and parents, to build basic concepts, habits, and confidence over time.
- Strengthening the capability of educators, practitioners and other trusted delivery partners, and ensuring access to appropriate teaching and learning resources.

- Supporting financial education in the workplace and at key life stages to enable informed financial planning, risk management, and long-term decision-making.
- Embedding financial education within existing government programmes and trusted community-based channels to improve reach, relevance, and continuity.
- Leveraging existing consumer protection infrastructure, including regulators, ombud schemes, and other recourse providers, to promote rights awareness, and problem resolution.
- Promoting the use of appropriate, accessible, and diverse communication channels to support understanding and engagement across different population groups.

Targeted focus on the following audiences:

- Youth
- Women
- Missing middle class⁹⁶
- Senior citizens / Pensioners
- People living with disabilities.
- Underserved groups, including social grant recipients, unemployed or informally employed individuals, and low-income households.
- Target market as defined in the GN500(A).

- **Integrating gender and inclusion perspectives**

According to Statistics South Africa, gender inequality remains a significant structural feature of South Africa's socio-economic landscape⁹⁷. Women are often overrepresented in low-income segments and underrepresented in asset ownership and formal employment. They may also face heightened exposure to financial risks, including income insecurity and vulnerability to predatory lending practices.

Financial education programmes should therefore incorporate gender-responsive approaches to ensure that content and delivery are relevant and accessible. This may include:

- Ensuring that financial education content reflects women's financial realities and responsibilities;
- Supporting informed and shared financial decision-making within households;
- Using delivery channels and formats that accommodate time, mobility and access constraints, particularly in rural and underserved areas; and
- Strengthening outreach to women in economically vulnerable contexts.

⁹⁶ The missing middle currently refers to households with incomes between R350 000 and R600 000.

⁹⁷ Statistics South Africa, Gender Series Volume XI: Women Empowerment, 2014-2024
<https://www.statssa.gov.za/publications/Report-03-10-26/Report-03-10-26.pdf>

Integrating gender and inclusion perspectives strengthens the relevance and reach of financial education and supports South Africa's broader objectives of equality and inclusive participation in the financial system.

4.2. Policy Priority 2: Strengthen the financial capability of MSMEs.

MSMEs play an important role in employment creation and economic participation in South Africa. However, many experience ongoing challenges related to financial management and informed financial decision-making, which may affect business sustainability and growth.

This priority focuses on strengthening the financial literacy and capability of MSME owners and managers to support sound financial decision-making. Financial education approaches must also be differentiated to reflect enterprise size, level of formality, sector and stage of development.

The draft NCFEP emphasises the development of a CCF to outline financial literacy competencies required by MSMEs. This includes defining key financial knowledge and skills to ensure that financial education interventions are appropriately designed and targeted. It also recognises the need to strengthen the systematic measurement of MSME financial literacy and capability levels over time.

Financial education for MSMEs should align with broader enterprise development and access-to-finance initiatives, while maintaining a clear focus on strengthening knowledge and understanding.

To address the financial literacy challenges identified in this document, financial education programmes under this priority should primarily focus on the following areas:

- Comparing and selecting suitable financial products and services, including understanding the costs and funding options.
- Strengthening financial and business management practices, including record-keeping, cash-flow management, and financial planning.
- Understanding the broader financial landscape, including the impact of macroeconomic factors, identifying business risks and understanding appropriate risk-mitigation tools and insurance options.
- Understanding and awareness of rights, responsibilities and recourse mechanisms in relation to FSPs.

Box 17: Policy Priority 2: Strengthen the financial capability of MSMEs.

Potential focus areas

- Segmenting the MSME ecosystem to design financial education interventions that are responsive to enterprise size, sector, level of formality and stage of development.
- Strengthening the knowledge and skills of MSME owners in focus areas including financial products selection, financial and business management, risk and insurance, and understanding of the financial landscape.

- Using context-appropriate and accessible communication channels to reach MSMEs, including those operating in informal, rural and township environments.
- Improving the visibility and accessibility of Business Development Support providers and government support programmes that support enterprise development and access-to-finance initiatives.
- Support DBE's efforts to integrate entrepreneurship education within the basic education system.

Targeted focus on the following audiences:

- Black-owned MSMEs (as defined in the FSC)
- Township and rural MSMEs
- Women-, Youth- and people living with disabilities-owned MSMEs.
- Financial sector MSMEs (Cooperatives, Funeral parlours, Burial societies.)

4.3. Policy Priority 3: Enhance digital financial literacy

The growing digitalisation of financial services has transformed how consumers and MSMEs access and use financial products and services. While digital channels expand access and convenience, they may also increase exposure to consumer error, fraud, data misuse and related risks. Digital technologies can also be leveraged to strengthen financial education delivery.

This priority focuses on strengthening digital financial literacy to enable consumers and MSMEs to engage safely and confidently in digital financial environments.

To address the challenges related to digital financial literacy outlined in the draft Policy, financial education initiatives under this priority should include the following key areas:

- Using DFS safely and responsibly, with an understanding of both their benefits and associated risks.
- Recognising and responding to digital fraud, scams and behavioural manipulation tactics.
- Understanding digital product information and disclosures to support responsible financial decisions.
- Understanding how data sharing and automated processes may influence financial decisions and outcomes, including responsible management of personal data in digital environments.
- Knowing how to report digital misconduct and access appropriate recourse mechanisms.

Box 18: Policy Priority 3: Enhance digital financial literacy

Potential focus areas

- Strengthening the capacity of consumers and MSMEs to participate safely and confidently in digital financial environments, including awareness of benefits and associated risks.

- Promoting improved understanding of how automated and data-driven processes may influence financial decisions and outcomes, including the responsible management of personal data.
- Ensuring that digital financial education content is regularly updated to reflect evolving risks, including emerging fraud tactics, cybersecurity threats and AI-enabled manipulation mechanisms.
- Promoting accessible and context-appropriate delivery approaches, including blended models that combine digital and non-digital channels.
- Ensuring digital financial education initiatives consider the needs of consumers at risk of digital financial exclusion, including those with limited digital skills or access.
- Designing and delivering financial education content through digital channels in ways that support understanding, transparency and informed decision-making.
- Improving access to digital financial education content, including through zero-rated or low-cost platforms, to ensure that data cost constraints do not limit participation in financial education initiatives.
- Encouraging collaboration among financial education stakeholders to strengthen consistent consumer messaging in the fast-changing DFS landscape.

Targeted focus on the following audiences:

- Senior citizens
- Women, Youth and people living with disabilities.
- Consumers with limited digital capability and access
- Individuals and MSMEs primarily reliant on digitally delivered financial services.

4.4. Policy Priority 4: Improve collaboration and coordination of stakeholders in financial education

The effective implementation of the policy priorities set out in this draft NCFEP depends on strengthened coordination and collaboration under the revised NCFES. Financial education in South Africa is provided by a wide range of stakeholders across the public, private and civil sectors. While this supports diversity of delivery and responsiveness to different audiences and contexts, it also presents challenges relating to fragmentation, inconsistent coverage and limited visibility of initiatives across the ecosystem.

This priority focuses on strengthening coordination to improve alignment across stakeholders, enhance visibility of financial education initiatives, and support more consistent and effective delivery across the ecosystem

Coordination is not intended to replace or duplicate existing initiatives. Rather, it provides a common national direction, encourages alignment with policy priorities, and promotes more effective use of collective resources.

Coordination under the revised NCFES operates alongside complementary governance and regulatory instruments, including the draft FSCA Financial Education

Commitment Charter⁹⁸, the Conduct Standard for Financial Education, the FSC requirements and the objectives of the NCFEP and NCFES. It will also seek alignment with related national initiatives, including the National Financial Inclusion Strategy, to ensure policy coherence and minimise fragmentation.

Persistent financial literacy and capability gaps may increase vulnerability to exploitation, heighten conduct risks and undermine confidence in the financial system. Strengthened coordination, collaboration and quality in financial education should therefore be understood not merely as a compliance obligation, but as a strategic component of improving consumer outcomes and supporting financial inclusion.

To support this objective, the following focus areas will guide strengthened coordination and collaboration under the revised NCFES.

Box 19: Improve collaboration and coordination of stakeholders in financial education

Potential focus areas

- Strengthening multi-stakeholder collaboration across public, private and civil sectors to promote a coherent national approach to financial education, aligned with policy priorities.
- Promoting intergovernmental coordination to support complementarity between financial literacy initiatives and other government programmes that influence financial literacy and capability outcomes.
- Leveraging existing financial education networks and partnerships to improve efficiency, extend reach to priority groups and support more targeted delivery of financial education.
- Improving ecosystem visibility and structured information-sharing to identify gaps and reduce duplication.
- Promoting peer learning and knowledge-sharing to support the exchange of experience, and best practice across the financial education ecosystem.
- Strengthening the financial education evidence base through collaboration on research priorities, improved data visibility and alignment with international best practice.
- Promoting collective accountability through coordinated implementation of the NCFES and associated arrangements.
- Encouraging participation in national initiatives, including MSWSA, as well as relevant global initiatives to reinforce shared objectives and amplify collective impact.
- Supporting the effective functioning of the NCFEC, including adequate resourcing to fulfil its role.
- Strengthen the NCFEC as a trusted national coordination and knowledge platform for financial education related matters.

Key contributors:

- National Treasury

⁹⁸ At the time of publication in April 2026.

- FSCA
- NCFEC members
- Financial education stakeholders and other relevant organisations across the public, private and civil sectors

A current and prominent example of coordinated effort at national level is the MSWSA campaign, which demonstrates how collaboration across stakeholders can amplify reach and strengthen national engagement on financial literacy awareness.

Box 20: Money Smart Week South Africa: Collectively Creating a Money Smart South Africa

MSWSA is the flagship financial literacy awareness campaign of the NCFEC. Convened annually, the week-long initiative mobilises institutions and individuals across sectors to deliver financial education activities under the MSWSA banner and a common national theme.

Since its launch in 2018, MSWSA has evolved into a recognised national platform for collaboration, expanding the reach and visibility of financial education initiatives across the country and communities. To date, MSWSA activations have collectively reached over 40 million South African consumers through a range of in-person and digital initiatives.

Participating organisations implement educational initiatives aligned with their mandates and expertise but deliver them during a designated national week to amplify impact and reinforce shared messaging. Participation is voluntary and open to organisations and individuals committed to advancing financial education. Financial sector entities may be eligible to earn points under the Consumer Education element of the Financial Sector Code, subject to prescribed requirements.

All activities conducted under the MSWSA banner must be offered free of charge to the audience and be educational in nature. Engagement in sales and commercial or marketing activities is prohibited.

The campaign is coordinated by members of the NCFEC through a dedicated Steering Committee and its subcommittees. These members voluntarily contribute their time and expertise in addition to their institutional responsibilities, reflecting a shared commitment to advancing financial literacy. Further, the campaign functions through a model that leverages the commitment, resources and expertise of participating stakeholders, and may be supported through financial or in-kind contributions.

MSWSA illustrates the value of collaborative initiatives. Continued participation across sectors will be important to deepen national impact and broaden access to financial education. Sustained collaboration across the ecosystem remains central to this objective.

4.5. Policy Priority 5: Monitoring and Evaluation of the NCFES and stakeholder initiatives

Robust M&E is essential to assess whether the NCFES and financial education initiatives are achieving their intended objectives. Under the current approach, stakeholders individually plan, fund, implement, monitor and evaluate financial education programmes. While the FSCA financial literacy survey provides valuable macro-level insight into financial literacy outcomes, there remains a need to strengthen M&E of the NCFES and financial education initiatives across the ecosystem.

This priority focuses on strengthening the national evidence base for financial education, improving the quality, consistency and use of M&E practices to support learning, oversight, and continuous improvement. M&E should enable stakeholders to assess the effectiveness of initiatives, identify best practices, and understand the extent to which strategic objectives are being met, rather than focusing only on activity reporting.

Within the regulatory perimeter, the Conduct Standard for Financial Education outlines governance, quality and reporting expectations. For stakeholders outside the FSCA's regulatory perimeter proportionate and voluntary approaches will be explored to encourage alignment, improve comparability where appropriate, while minimising administrative burden.

The draft NCFEP recognises that M&E plays a critical role in improving programme design and implementation over time. Sharing evaluation findings across stakeholders is also important to support collective learning and strengthen the national evidence base

Box 21: Policy Priority 5: Monitoring and Evaluation of the NCFES and stakeholder initiatives

Proposed focus areas

- Developing and implementing an NCFES and Implementation Plan with clear objectives, timelines and responsibilities to guide delivery and enable progress tracking.
- Conducting periodic national financial literacy and capability surveys, complemented by targeted research, where feasible, to strengthen the national evidence base and inform strategy refinements.
- Supporting the development and use of proportionate M&E that strengthens the assessment of financial education initiatives and improves the quality and use of evidence across the ecosystem.
- Encouraging structured and voluntary reporting by financial education providers to support information-sharing, improve visibility of reach, focus areas and emerging risks within the ecosystem.

Key contributors:

- National Treasury
- Financial Sector Conduct Authority

- NCFEC members
- Financial education stakeholders and other relevant organisations across the public, private and civil sectors
- Academic and research institutions

M&E should enable stakeholders to assess the effectiveness of initiatives, identify good practices, and understand how strategic objectives are being advanced. It supports effective deployment of effort and resources by identifying areas where initiatives may require strengthening, expansion, or refinement over time.

5. STRENGTHENING FINANCIAL CAPABILITY THROUGH COORDINATION AND COLLABORATION

Building on the policy priorities outlined in Chapter 4, this Chapter sets out the governance arrangements and system-level coordination tools that will support a coherent national approach to financial education.

Strengthening coordination is a core focus of the draft NCFEP and will be implemented through the revised NCFES. This coordination seeks to enhance fostering alignment, cultivating a shared purpose and learning, while preserving flexibility in programme design and delivery, rather than centralising control or prescribing uniform approaches.

Box 22: National financial education strategies as a policy instrument for coordination

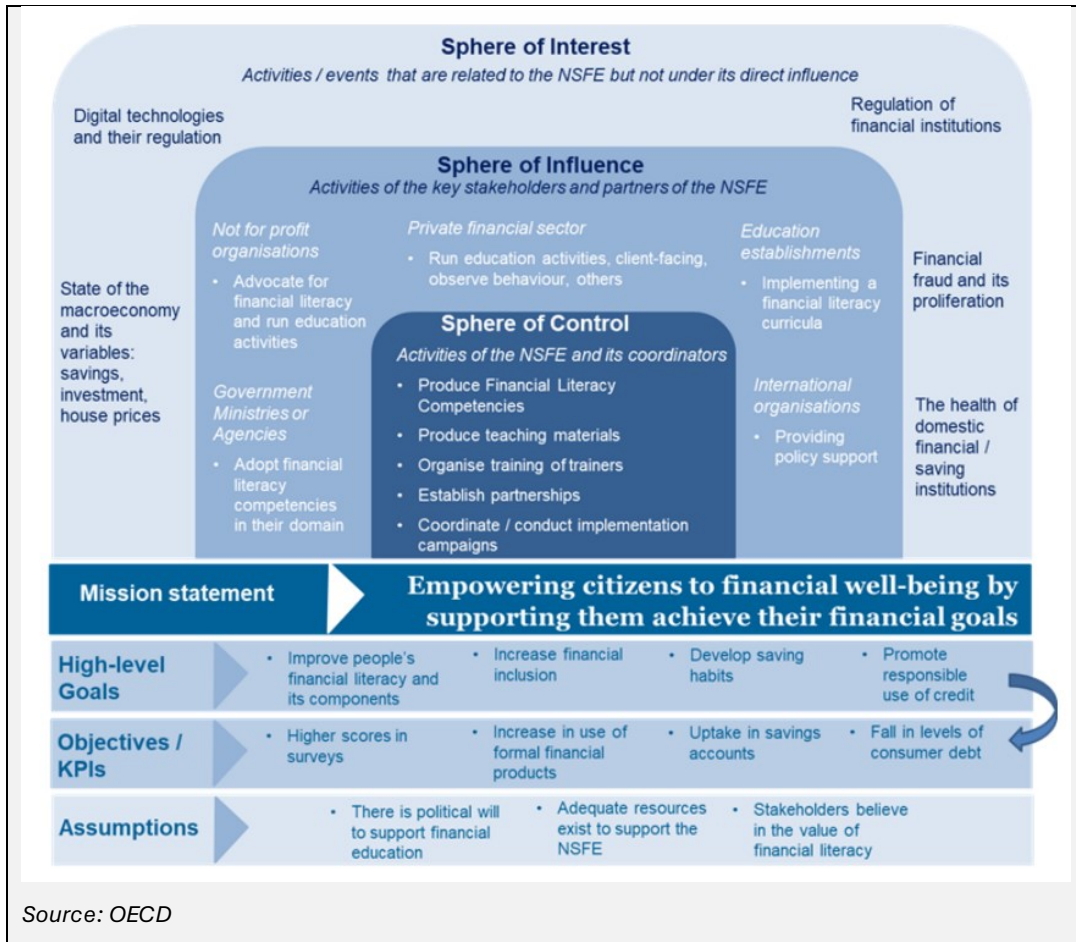
The OECD defines a National Financial Education Strategy (NFES) as a nationally coordinated approach that establishes a common framework for improving financial literacy and capability in response to identified national needs and gaps. An NFES provides overall direction, clarifies priorities and supports alignment across public and private stakeholders, while recognising that implementation approaches may differ across institutions and sectors.

There is no single model for designing or implementing an NFES. Strategies are shaped by country-specific challenges, institutional arrangements and policy objectives, and should be context-driven, evidence-informed and adaptable over time as financial markets and capability needs evolve.

Figure 17 illustrates Theory of Change for an NFES, demonstrating how clearly defined objectives, coordinated actions and defined stakeholder roles can contribute to improved financial capability outcomes. Such frameworks can assist in prioritising interventions, strengthening coordination and structuring stakeholder engagement across different spheres of responsibility.

Figure 17: Illustrative Theory of Change for a National Financial Education Strategy⁹⁹

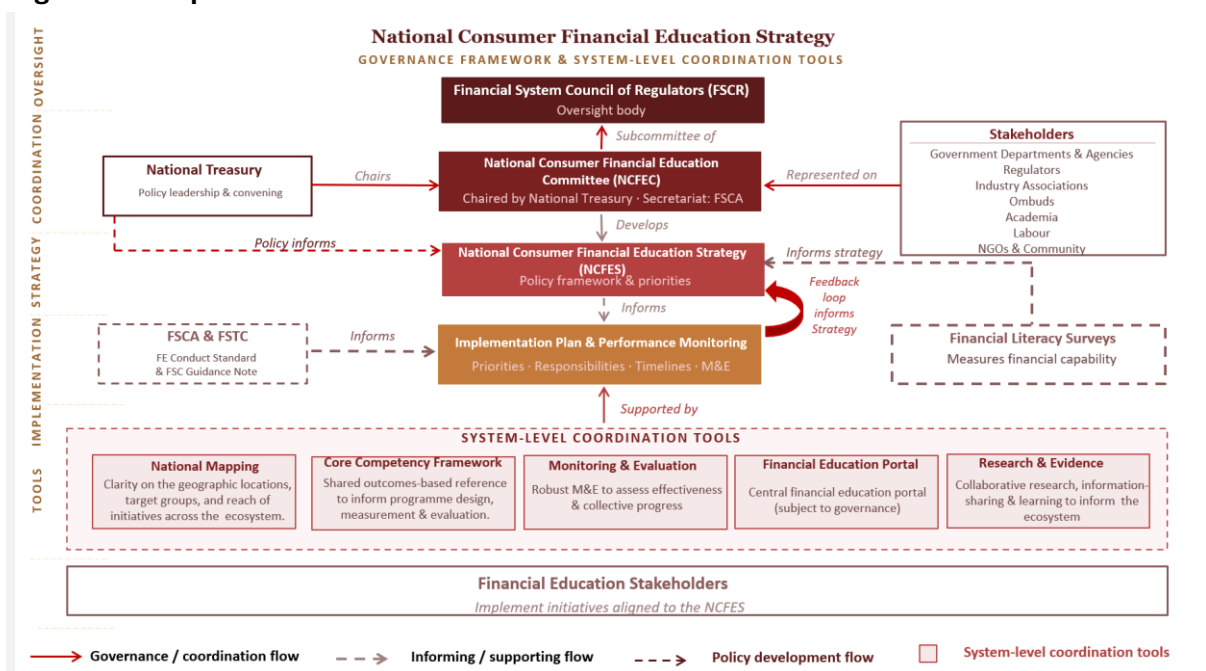
⁹⁹ OECD, Evaluations of National Strategies for Financial Education (2015)
<https://web-archiver.oecd.org/pdfViewer?path=/2022-03-06/624946-Evaluations-of-National-Strategies-for-Financial-Education.pdf>



This Chapter sets out the proposed governance arrangements and system-level coordination tools that will support a coherent national approach and strengthen collective impact across the financial education ecosystem.

5.1. Stakeholder roles and responsibilities

Figure 18: Proposed Governance Framework of the revised NCFES



Effective coordination requires clarity regarding roles and relationships within the financial education ecosystem.

- **National Treasury** provides overall policy leadership for the NCFEP and, in its role as the Chair of the NCFEC, oversees implementation of policy priorities and supports alignment with broader financial sector reforms. It also plays a convening role, facilitating dialogue across various sectors and supporting initiatives that require alignment across stakeholder groups.
- **The FSCA** supports coordination and collaboration through its broader mandate under the FSRA to promote consumer protection and provide financial education to existing and potential financial customers.

The FSRA empowers financial sector regulators to issue standards and guidance. Alignment across regulatory frameworks remains essential to ensure policy and regulatory coherence.

- **The NCFEC** serves as a central coordination platform for financial education stakeholders. Its role includes guiding the development and periodic revision of the NCFES and its associated Implementation Plan, facilitating alignment across stakeholders, promoting information-sharing and learning, and enabling collaboration across public, private and civil society stakeholders.

The NCFEC has been established as a subcommittee of the FSCR. This institutional positioning strengthens linkages between financial education, financial inclusion and consumer protection initiatives, and supports policy coherence across related structures.

- **Stakeholders** across government, industry, and civil society retain responsibility for designing and delivering financial education initiatives in line with their mandates and areas of expertise. Coordination mechanisms are intended to support these efforts by improving coherence, reducing unnecessary duplication, and strengthening collective impact.

FSPs and Ombuds, in particular, have direct engagement with consumers and visibility of product usage trends and emerging risks. The NCFEC will consider mechanisms to better harness these insights, including structured dialogue and where appropriate, thematic roundtables.

Strengthened engagement with financial education stakeholders is intended to support better alignment between sector developments, regulatory expectations and financial education priorities, while reinforcing the role of financial education as a strategic component of responsible market conduct and an enabler of financial inclusion.

5.2. System-level coordination tools

Clear institutional roles establish the foundation for effective coordination. The revised NCFES will support this through a set of system-level coordination tools.

Together, these tools are intended to promote a shared understanding of what is being delivered, the outcomes being pursued and how progress can be tracked, while allowing stakeholders to retain flexibility in how they design and deliver programmes.

5.2.1. National mapping of financial education initiatives

A key coordination tool under the revised NCFES is the development of a national mapping of financial education initiatives. The purpose of this mapping exercise is to provide an overview of the financial education ecosystem by identifying the financial education providers, the audiences being reached, the thematic areas being addressed, and the geographic locations covered.

In undertaking this mapping, existing sector-specific mapping exercises and available data will be used where feasible, rather than duplicating work already completed. The mapping will provide a consolidated view of delivery patterns, gaps and overlaps across the ecosystem and may be updated periodically as required.

5.2.2. Core Competency Framework for financial education initiatives

A coherent national approach to financial education requires a shared understanding of the financial literacy and capability outcomes that individuals and MSMEs are expected to build over time. In the absence of a common reference framework, financial education initiatives may vary widely in focus and depth, making alignment and comparability more difficult.

The development of a national CCF is intended to provide this shared reference point. The CCF will define the core knowledge, behaviours and attitudes that underpin informed financial capability for individuals and MSMEs. It will not prescribe delivery methods or curricula. Rather, it will serve as an outcomes-based reference to guide programme design and strengthen coherence across initiatives. As the financial system evolves, the CCF will be reviewed periodically to ensure continued relevance to emerging financial capability needs.

5.2.3. Financial Education Portal

To support coordination and improve accessibility, the development of a central Financial Education Portal (Portal) will be explored. The Portal is intended to serve as a one-stop access point for practitioners and consumers, consolidating relevant research, tools and educational resources from across the ecosystem.

Subject to appropriate governance arrangements and permissions from contributing organisations, the Portal would consolidate or link relevant content from across

institutions, rather than duplicate or replace existing platforms. A review of existing portals and resources will inform this process to ensure that any proposed mechanism adds value and strengthens the ecosystem.

5.2.4. Monitoring and Evaluation

M&E will function as a system-level coordination tool under the revised NCFES. While individual stakeholders will retain responsibility for assessing their own initiatives, a coordinated national approach requires visibility of collective progress against shared policy priorities.

At a strategic level, M&E will support assessment of progress against agreed objectives, highlight emerging gaps or risks and inform periodic review of the NCFES. Over time, strengthening M&E practices will support more consistent use of evidence in coordination discussions and implementation planning.

5.3. Research, information-sharing, learning, and evidence

Coordination and collaboration are strengthened when stakeholders have access to shared information and opportunities for learning. Improved information-sharing supports greater visibility of financial education initiatives, facilitates alignment across programmes and enables stakeholders to learn from experience.

Mechanisms that support learning include voluntary sharing of programme insights, collaboration on research priorities, and engagement with academic and research institutions to strengthen the evidence base. These efforts help identify gaps in financial literacy data and knowledge, support the appropriate use of behavioural insights and align national efforts with relevant international good practice, while remaining anchored in the South African context and contributing to global learning on financial literacy and capability.

5.4. Implementation plan

Strengthening coordination and collaboration requires a clear and practical approach to implementation that is mindful of the diverse mandates and capacities across the financial education ecosystem. In this context, the NCFEC, in collaboration with the National Treasury and the FSCA, will develop an Implementation Plan to set coordination priorities, define responsibilities, and outline sequencing and timelines.

6. WAY FORWARD

While financial literacy is not a panacea for all forms of consumer vulnerability, it plays an important role in supporting more informed decision-making and improved financial well-being. Financial education is not intended to replace effective regulation, sound oversight or enforcement. Rather, it complements these efforts by equipping consumers to better understand financial products and services, make use of available recourse mechanisms, and engage more confidently with the financial system.

As the financial sector continues to evolve, financial literacy can help consumers to take advantage of new opportunities while minimising their exposure to unnecessary or poorly understood risks. In this context, financial education will need to adapt to technological advancements to support consumers navigating increasingly automated financial environments and emerging risks.

The involvement of multiple stakeholders with differing mandates and approaches reinforces the importance of coordination to reduce duplication and make effective use of limited resources. Ensuring the relevance, quality, and consistency of financial education initiatives also requires ongoing monitoring, evaluation and learning to support continuous improvement over time.

Improving financial literacy and capability across South Africa will require sustained effort. Addressing structural barriers, influencing behaviours and fostering a culture of financial well-being are long-term objectives that depend on collaboration across sectors and levels of society. Given South Africa's diversity, the policy framework must remain grounded in the lived realities of consumers and responsive to the challenges they face.

Strengthening financial capability will remain a shared responsibility, requiring ongoing commitment across the financial sector and society as a whole.

This document presents a draft policy framework for consultation and engagement. Stakeholders are invited to submit comments by **15 May 2026** to financialeducation.policy@treasury.gov.za. Input received through this process will inform the finalisation of the NCFEP, the revision of the NCFES, and related Implementation Plan.

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