

FSCA Press Release

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Consumer financial education is good for business

Financial education champions from around the world have gathered in Cape Town for the FSCA-OECD Conference, a platform intended to find innovative ways to prepare financial customers for current and future changes in the sector. The gathering offers an opportunity for regulators, practitioners, service providers and civil society representatives to share best practice on how to talk to financial consumers, particularly young people. This has proven to be a difficult task for many, especially those in poorer countries.

“How do you teach people about finances when they do not have the very finances you are talking about? This is the problem we have in Southern Africa. People also don’t trust financial institutions. Regulators have to be quicker to deal with problems that arise in the sector, that’s what will build confidence,” said Tafadzwa Chinamo, Chair of the committee for insurance, securities, and non-banking Authorities, SADC.

For South Africa’s conduct regulator, the FSCA, financial literacy is at the centre of its efforts. The Authority has set out its priorities for the short to medium term, and they include focusing more on educating consumers, and using these consumers to regulate the sector more effectively.

The FSCA’s Divisional Executive for Regulatory Policy, Caroline Da Silva said: “the financial sector in South Africa is not coordinated well enough when it comes to financial education, we are all doing our own thing and we are not properly evaluating the impact we are having. It is important that we get this right. Also, there is confusion around marketing and education. Many firms educate with the intention of making a sale, our role as regulators is to define best practice and we are working very hard to do this.”

Da Silva reiterated the importance of firms recognising that educating consumers was not contrary to their business. “Putting consumers at the heart of your business is a good business strategy,” she said.

The two day conference ends tomorrow.

ENDS

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