DISCUSSION DOCUMENT

ENSURING APPROPRIATE FINANCIAL CONSUMER EDUCATION INITIATIVES

June 2020

FSCA

Financial Sector
Conduct Authority

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1. INTRODUCTION

An empowered financial customer is one who is informed and appropriately educated about his or her financial needs, and the benefits and risks of the financial services and products on offer. Therefore, financial education initiatives are critical in building customer capability for effective financial inclusion and improving financial literacy to promote healthier financial behaviours and achieving financial well-being.

Financial Education ("FE") has enjoyed an increased focus worldwide and international bodies and financial sector regulators have published a variety of literature on the topic. The Organisation for Economic Co-operation and Development ("OECD") in particular has conducted and published some very meaningful work on FE and in its book titled "*Improving Financial Literacy – Analysis of issues and policies*",[1] it endeavoured to define financial education as "*the process by which consumers 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, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being*".

An increase in the number of financial products and product complexity, a continuous changing economic, social and political environment which impacts amongst other things investment decisions, and various other factors have resulted in FE becoming increasingly important. International research has also shown that, where evaluated, FE programmes are very effective in reducing a variety of consumer risks and placing consumers in a better position to make informed decisions when purchasing and/or investing in financial products.

The benefits of appropriate FE programs or other activities promoting financial literacy ("FE initiatives") is therefore well established and is becoming critically important in a fast evolving and sometimes turbulent financial sector. Because of the extent to which FE initiatives can influence consumer's financial decisions, there is a real risk that inappropriate FE initiatives can adversely impact consumers and, in some instances, even negatively affect financial decisions made by consumers.

In this context and taking into account the consumer education mandate of the Financial Sector Conduct Authority ("FSCA") as explained below, this Discussion Paper is aimed at putting forward a variety of proposals for discussion which relate to ensuring that financial education programs or other activities promoting financial literacy, when provided by financial institutions, are appropriate.

2. FSCA'S CONSUMER EDUCATION LEGISLATIVE MANDATE AND RESULTANT POLICY PROPOSALS

The Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) ("FSR Act"), when it commenced on 29 March 2018, extended the jurisdiction of the FSCA to include oversight of financial products and financial services not previously overseen by its predecessor, the Financial Services Board ("FSB"), as well as specific focus areas that did not previously form part of the FSB's legislative mandate.

[1] https://read.oecd-ilibrary.org/finance-and-investment/improving-financial-literacy_9789264012578-en#page0

One of the legislated objectives of the FSCA[2] is to protect financial customers by providing financial customers and potential financial customers with financial education programmes, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions ("consumer education mandate").

In addition, section 106(1) empowers the FSCA to make conduct standards for or in respect of financial institutions, representatives of financial institutions, key persons of financial institutions and contractors. Section 106(2) of the FSR Act further stipulates that a conduct standard must be aimed at, amongst other things, ensuring that financial education programs, or other activities promoting financial literacy are appropriate.

Subsequent to the coming into effect of the FSR Act, the FSCA identified, amongst others, the theme "*Informed financial customers*" as one of its six strategic objectives.[3] The intended outcome of this strategic objective is:

- Broader consumer protection;
- Integration of financial education with regulatory functions;
- Coordinated industry financial education activities;
- Improved data on consumer behaviour; and
- Positive consumer behavioural change.

As stated in the FSCA Regulatory Strategy - *"As a market conduct regulator, our primary responsibility is to the financial customer. We are not a consumer watchdog but will achieve our mandate by ensuring that financial institutions treat their customers fairly. In addition to promoting fair customer outcomes through our regulatory and supervisory work, having informed and educated customers will significantly aid the FSCA in achieving its mandate. Customers themselves must be enabled to understand the value of quality financial services, and the power of savings and risk management. They must be given the knowledge and right to challenge institutions when they are not being treated fairly. An informed consumer is central to the mandate of the FSCA and, thus, is one of our strategic focus areas.".*[4]

In giving effect to this outcome, the FSCA intends to promote financial literacy by developing best practice principles for the delivery of consumer education initiatives and regulatory standards for monitoring and evaluating the appropriateness of consumer education initiatives undertaken by the financial services sector. The approach, therefore, is to promote the delivery of effective and coordinated financial literacy campaigns in areas identified in the National Treasury's *National Consumer Financial Education Strategy*[5] ("National Strategy") and to evaluate the impact of these coordinated efforts.

The proposals put forward for discussion by the FSCA in this document therefore relate to its consumer education mandate and propose to set requirements that financial institutions providing consumer education initiatives need to adhere to, including requirements for the monitoring and evaluation of the effectiveness, efficiency and appropriateness of FE initiatives, as well as requirements relating to reporting certain matters relating to FE initiatives to the FSCA.

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[2] In terms of section 57 of the FSR Act.
[3] See the "*FSCA Regulatory Strategy, 2018"* ("FSCA Regulatory Strategy") as published on its website.
[4] Extracted from FSCA Regulatory Strategy,2018.
[5] As approved by the National Consumer Financial Education Committee on 23 July 2013.

The proposals require all financial institutions to take reasonable steps to ensure appropriate standards of behaviour, governance and oversight when developing content, implementing, monitoring, evaluating and reporting on financial education activities or interventions. The FSCA believes that the proposals will contribute to increasing the effectiveness of national strategies for financial education, and ultimately assist individuals and households navigating the challenges and opportunities of today's financial markets and products offered in the financial sector in general, thereby improving their financial wellbeing.

It is further envisaged that the proposals will motivate professional practice in delivery and development of FE initiatives. In addition, reporting will lead to directed monitoring and evaluation which will provide a baseline for further implementation of projects and inform evidence-based policies and programmes.

To ensure that the implementation of the proposed policy interventions achieve the objectives set out in this discussion document, the FSCA would like to elicit inputs from stakeholders in order to get industry perspective on the feasibility and appropriateness of the proposed interventions. The intention is to facilitate a more focused and coordinated approach for the industry's involvement in conducting FE initiatives, which should result in an improved impact amongst consumers so that the collective effort is sustainable and has a long-term impact. The FSCA envisages that FE initiatives should, to the extent possible, be coordinated to ensure alignment with the National Strategy and that feedback mechanisms are established to assess effectiveness and coverage, in turn guiding policy interventions in future years.

The specific mechanism or regulatory instrument to be used to give effect to the proposals contained in this document will be confirmed in due course. However, the FSCA envisages that the proposals will be given effect through a conduct standard to be made in terms of section 106(1) of the FSR Act.

A number of the matters consulted on in this paper are informed by the helpful guidance of the *ASISA Planning, Monitoring, Evaluation and Reporting Guideline for Consumer Financial Education, and the Amended Code Series FS500 and GN500.*

3. PROPOSALS – PRINCIPLES FOR FINANCIAL CONSUMER EDUCATION INITIATIVES

3.1 Governance and provision of FE initiatives

For FE initiatives and programmes to be effective, they must meet the identified needs of, and be directed at, consumers according to target groups. Such initiatives and programmes must enable consumers to make more informed decisions about their personal finances and lifestyles, as well as the financial health of their business ventures. With respect to FE initiatives targeting SMME's in particular, the content should have a clear focus on financial products and services and the role thereof in supporting and sustaining business operations. In addition, the outcomes of FE programmes must be measurable and able to contribute to the achievement of BBB-EE score card points.

To ensure financial institutions have appropriate governance arrangements in place oversee the design and implementation of financial education initiatives and programmes, and to ensure FE initiatives and programmes are and remain effective and reach the desired outcomes, the FSCA proposes the following:

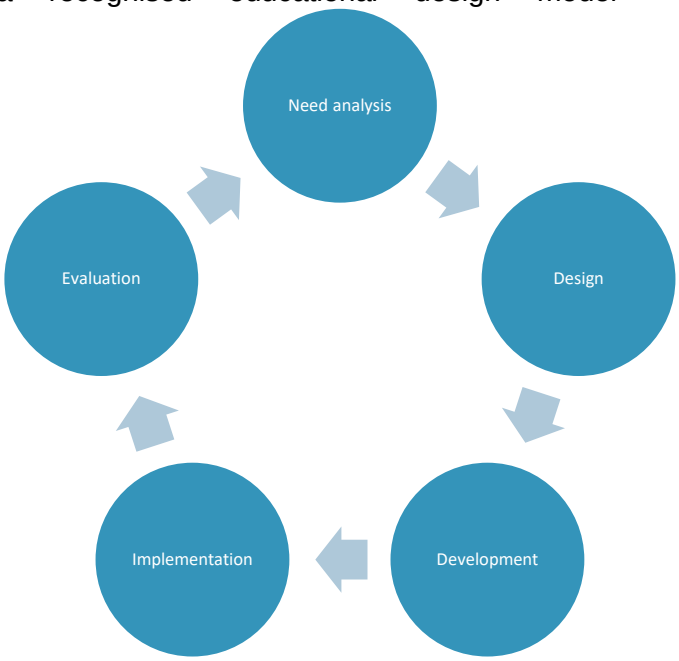
3.1.1 Governance and oversight over FE initiatives

A financial institution should establish appropriate governance arrangements to oversee the design and implementation of FE initiatives. This should also include establishing and implementing appropriate oversight arrangements to monitor and review the design and suitability and effectiveness of its FE initiatives on an ongoing basis. A financial institution should also have measures to ensure appropriate reporting on FE initiatives pre- and post-implementation and sharing information flowing from such reporting with relevant stakeholders to inform evidence-based policies and initiatives. A financial institution must ensure that the relevant personnel responsible for the design and implementation of FE initiatives possess the necessary skills, knowledge and expertise to fulfil their functions.

3.1.2 Design and development of FE initiatives

Project design of FE initiatives should follow recognised educational design models, where possible. One such example is the cyclic model of analysis/needs assessment, design and development, implementation and evaluation. Consideration should also be given to monitoring and evaluation of the whole process starting from the conceptualisation phase to the end of the project.

An example of a recognised educational design model - the cyclic model



3.1.3 Channels used for FE initiatives

A large variety of channels and means that are suitable to the identified target audience may be used to ensure appropriate and effective reach. These channels may include

- Wide and targeted public awareness campaigns to inform the general public about important personal finance issues as well as their rights and responsibilities when buying financial products. These campaigns can be implemented through radio, television, print media, billboards, guides, booklets, brochures, pamphlets/leaflets, sms, phone, social media, the internet and other similar mediums;

- Interactive tools such as face-to-face or digital/online workshops and seminars (including webinars), social media, phone-in radio and television programmes and live edutainment;
- Regularly updated digital platforms, such as websites and e-learning portals;
- Train-the-trainer programmes, which would include the training of financial literacy service providers, community organisations and those who communicate financial information (e.g. the media, civil servants, etc.);
- Financial literacy inputs into the formal education curriculum at ECD, school and tertiary levels, as appropriate for the specific FE programme and audience.

An *interactive initiative* is[6] any initiative where there is active interaction between the facilitator, i.e., a person or another appropriate medium, and the target audience. These can also include:

- face-to-face, classroom type initiatives;
- workshops and seminars;
- industrial theatre and other edutainment programmes which are facilitated with an audience;
- radio programmes where listeners are allowed to engage, including through electronic means e.g. phone-in, SMS, social media and others;
- TV programmes where viewers are allowed to engage, including through electronic means e.g. phone-in, SMS and social media;
- online learning platforms such as web-based training which facilitates interactive engagement and assessments.

When undertaking FE initiatives, a financial institution should be able to demonstrate that it identified the most appropriate channel taking into account the relevant factors explained above.

3.1.4 Target Audience

The identification and needs analysis of the relevant target audiences is vital. This will ensure that the target audience will be reached through effective initiatives, considering the range of cultural, religious and socio-economic factors. These factors may impact on the target audiences' financial literacy, capability and well-being. Identification and needs analysis of the target audience has the potential benefit of providing the audience with financial literacy programmes that are tailored to their specific needs.

Target groups could include:

- Youth
- Women
- SMMEs
- Older Persons/Pensioners
- Previously disadvantaged
- People living with disabilities
- Underserved groups
- Black people as defined in the Financial Sector Code.

[6] *Guidance Note GN500 on Code Series FS500, The Measurement of the Consumer Education element of Broad Based Black Economic Empowerment.*

It is therefore proposed that when undertaking FE initiatives, a financial institution should be able to demonstrate that it identified and analysed the target audience and/or group that is intended to be the subject of the relevant FE initiative, by taking into account relevant factors explained above.

Questions for stakeholder input:

Q1. Are there other types of channels for FE programmes or activities to be included in the scope above?

Q2. Are there any other factors to be considered when identifying target groups?

3.1.5 Content of FE initiative

The content of an FE initiative should be based on objective and impartial information, as guided by the National Strategy and generally accepted methodologies, research and trends, for instance basics of budgeting, understanding interest, interest rates, prioritising savings, credit-debt cycle traps, debt management, risk, scams, safety, including debt management, and recourse mechanisms, to name but a few. The content of an FE initiative must be targeted appropriately – at the appropriate market and must be distinct from any brand specific product sales process or campaign.

3.2 Location and logistics

In South Africa it is often the most vulnerable of customers who are in direst need of appropriate consumer education. Unfortunately, however, it is also most often these customers that do not have ready access to, or money to enable such access for example for transport. Access to FE initiatives hosted at specified locations could thus be a challenge for such consumers. Some geographical areas in South Africa are also significantly more difficult to reach than other areas (for example rural areas) and there is often a tendency to neglect such areas and to rather focus on the major metropolitan areas that are easier and more cost-effective to reach, resulting in consumers that are in dire need of FE initiatives not being able to easily access such initiatives.

Several other factors have the potential of disincentivising the attendance at FE initiatives, for example:

- Consumers often find it challenging to attend FE initiatives during working hours because their availability is very limited due to the inflexible nature of their working hours;
- FE initiative venues that are not “disabled friendly” disincentivises disabled persons to attend these initiatives.
- Consumers also find it challenging to attend FE initiatives due to inclement weather conditions

To address these concerns the FSCA proposes the following:

3.2.1 Appropriate location/site and accessibility

FE initiatives and programmes should be offered and made available to consumers of financial products at easily accessible locations such as points of service or transaction, or similar locations/sites.

Targeted consumers or potential consumers of financial products and services should be informed of FE initiatives and be referred to the nearest available and appropriate place where they can obtain easy access to public transport.

In order for a location/site to be considered appropriate for FE initiatives, the location/site must have access for disabled consumers, including at least wheelchair access.

3.2.2 Geographical focus

Where FE Initiatives are provided at physical locations/sites, these locations/sites must be spread across South Africa with a minimum of 25% of the physical locations/sites available in rural areas i.e. outside the major metropolitan areas using the municipal index as per the transformational infrastructure *Guidance Note GN600a*.

3.2.3 Appropriate time

FE initiatives must be offered not only during business hours but also after hours and on weekends to ensure that the majority of consumers or potential consumers are able to access the initiatives.

3.1.4 Weather conditions

FE initiatives must be offered preferably in enclosed venues to cater for inclement weather conditions.

Questions for stakeholder input:

Q3. Are there current Physical Access/logistical guidelines in place in your area of the financial sector or financial institution that could be leveraged for these requirements or of which the FSCA should be aware?

Q4. Would the requirements as proposed be practical and implementable?

Q5. In your experience are there any other factors to be considered when hosting an FE initiative regarding physical accessibility/logistics?

3.3 Measurability, monitoring and evaluation

3.3.1 Measurability

The outcomes of FE initiatives must be measurable, enabling consumers to make more informed decisions about their finances and lifestyles. Programme evaluation is therefore an essential element of programme implementation. Note that business specific training related to business consumer service offerings is not deemed to be a consumer education development.

FE initiatives should be measurable to demonstrate effectiveness and aspire to build in monitoring and evaluation methodologies that can measure impact, especially behavioural change. Monitoring and evaluation should therefore form part of every programme to ensure both the quality of service providers and internal resources and good use of money, and the achievement of project objectives such as effective knowledge transfer. All projects should be independently measured including projects using internal resources. This means that a separation between the person and/or entity that implements the project and the person and/or entity that measures the impact should exist at all times.

3.3.2 Monitoring outputs of service providers and internal resources

Where a financial institution utilises an external service provider to offer FE initiatives on its behalf and it does not effectively monitor the output of the provider to ensure the FE initiatives are appropriate and effective, there is an increased risk that such FE initiatives might not achieve the intended outcomes. Similarly, where internal resources are used to offer FE initiatives it is equally important that objective monitoring and evaluation of the performance of the internal resource takes place.

It is therefore proposed that where a financial institution utilises an external service provider (juristic or individual) to offer an FE initiative, they must be appropriately and suitably skilled and equipped to offer the initiative. Financial institutions must monitor these service provides to ensure that they perform their services efficiently and effectively. An appropriate agreement, such as a service level agreement, must be put in place in order to ensure quality implementation of projects. The service provider and/or individuals who will be implementing the project must be suitably qualified in the relevant field, i.e.:

- school project service providers must have appropriate experience and skills in the formal education environment;
- face to face classroom type service providers must have appropriate experience and skills in the field of face to face training and facilitation;
- media project service providers must have appropriate skills and experience in the media world, and preferably in the world of educational media / edutainment; and
- any other relevant service providers must be able to prove skills and experience in their fields.

Where a financial institution utilises internal resources to offer a FE initiative, it is proposed that the material/content used by the internal resource should be reviewed by peers to ensure suitability. The impact of the projects using internal resources should be considered when a project is repeated or continued. Should the impact assessment indicate a lack of learning, the internal resource should be replaced with a more suitable candidate. The impact assessment of projects using internal resources should be done independently. Internal resources must be appropriately and suitably skilled and equipped to deliver the FE messages to recipients of the initiatives. A review of internal resources

(material/content) should take place periodically to ensure that the resource/s perform the services/functions efficiently and successfully.[7]

3.3.3 Monitoring and evaluation

FE Programme monitoring and evaluation ("M&E") is essential in order to be certain that a programme is effective, to identify areas for improvement and to check that the initiative makes efficient use of resources. Evaluation evidence is also essential to inform national financial education strategies by identifying the most efficient and effective types of programmes. Furthermore, when robust evaluation findings are generalised to a wider population it becomes possible to predict the overall impact of a programme on a much larger scale and set well-defined policy targets.

Monitoring activities should consist of various types of monitoring, including tracking pre- and post-program/intervention monitoring. Monitoring activities will need to track the objectives, proposed outcomes (impact and change) of financial consumer education programmes and indicators will need to be developed that indicate whether programmes were successful.

With effective measurements in place, data acquired can be used to promote programme success, encourage positive behaviours, behaviour change and long-term skills development, as well as determine how financial institutions can more effectively and efficiently spend their time and resources when implementing initiatives.

Evaluation data can also be used to identify topics that are relevant and should be covered by FE initiatives. Repeat surveys will also make is possible to identify changes in financial literacy levels over time amongst population groups/target audiences and motivate for shared initiatives or implementation of large-scale FE initiatives.

In addition to the above, the FSCA proposes the following:

(a) Minimum requirements for Monitoring and Evaluation[8]
A pilot/trial/baseline phase of the FE initiatives and related resources, before they are scaled up to the full audience of interest, and rigorous and independent monitoring (process evaluation) and impact evaluation, should be established. These should be included in the programme design from the beginning to assess to what extent the programme meets participants' needs and programme objectives.

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For the evaluation of FE initiatives, the following is important:

(b) New programmes and existing programmes should be evaluated
A monitoring and evaluation strategy should be developed alongside new financial education programmes in order to gain maximum benefit from the evaluation data.

[7] Adapted from *Guidance Note GN500 on Code Series FS500, The Measurement of the Consumer Education element of Broad Based Black Economic Empowerment.*
[8] OECD (2005a) Increasing Financial Literacy: Analysis of Issues and Policies. Paris: OECD (2005b) Recommendation on Principles and Good Practices for Financial Education and Awareness OECD (2010). A framework for the evaluation of financial education programmes in Proceedings: OECD-Bank of Italy International Symposium on Financial Literacy. Paris: OECD INFE (2010a) Guide to evaluating financial education programmes http://www.financial-education.org/dataoecd/3/47/47220527.pdf INFE (2010b) Detailed guide to evaluating financial education programmes

Evaluation should be given the same importance as any other aspect of the programme. Whilst programmes should ideally be designed with evaluation in mind, there are ways of evaluating existing initiatives in order to provide evidence of efficiency and inform future programme/policy decisions.

(c) Budget for evaluation

A budget should be set for evaluation. Where it is not possible to evaluate all aspects of the programme within the budget, stakeholders should be encouraged to identify which aspects of the programme should be evaluated as a priority taking into account the main objectives of the programme.

(d) External evaluators: adding credibility, skills and independence

The use of external evaluators should be encouraged. Good evaluators have the necessary skills to ensure a robust evaluation design, the contacts to access information that might otherwise be difficult to obtain and the experience to find solutions to any issues that arise during the evaluation process. Their independence can also encourage participants to respond more openly.

(e) Appropriate evaluation design

The design of the evaluation should take into account the objectives of the programme, the size and length of the programme, the target audience and the delivery method. It should also be appropriate to the needs of the stakeholders, including those tasked with applying the findings of the evaluation to future programmes. Priority should be given to evaluation that is designed to attribute observed changes amongst the target audience to their participation in the programme.

(f) Aligned with well-defined programme objectives

An evaluation should be designed to assess the extent to which a programme has met specific targets and goals and whether it has completed its overall objectives. This is achieved by aligning the evaluation design with the programme objectives. Financial awareness and information programmes may incorporate elements of three different types of objective, each of which requires a different evaluation design. The objective might be to reach as many consumers, develop new behaviours or change existing behaviours and each of these objectives will require a different evaluation design.

(g) Appropriate to the size and length of the programme

Evaluation of all FE programmes is encouraged regardless of size, however larger programmes must be evaluated since they provide more options in terms of methods used and the full range of options should be considered in such cases.

(h) Taking into account the target audience and delivery method

Certain aspects to consider when targeting a certain population group or subset, variations in the economic status, education levels, literacy, numeracy or language of the financial education participants may impact on their ability to input into the evaluation process. The extent to which target audiences are transitory or vulnerable must also be factored into the evaluation design. The design of the evaluation should be aligned with the delivery method in order to contain costs and provide reliable data. For example, users of web-based learning may be too geographically

dispersed to interview in person, but could readily be approached by telephone, email or via an online survey.

(i) *Attributing change to the programme*
Evaluations should indicate to stakeholders the extent to which programmes have changed levels of knowledge, skills, behaviour or attitudes (where these outcomes are in line with the objectives of the programme). Not all evaluation designs can prove a causal relationship between a financial education programme and observed changes; but ideally, priority should be given to designs that can prove such a relationship.

(j) *Monitoring and Evaluation Reporting*
The evaluation process must include reporting of evaluation findings. Reports should discuss both the positive and negative findings in order to properly inform future programmes and indicating lessons learned. Reports should be written in an unbiased way so they can help both the programme designers and others improve aspects of the financial education on offer and avoid costly mistakes in the future. Sharing the findings also allows others to benchmark their own programmes and set targets. Stakeholders should identify their reporting needs during the design phase of the evaluation.

Questions for stakeholder input:

Q6. Do you perceive M&E as an essential element of programme implementation?

Q7. Do your programmes incorporate quantitative/qualitative methodologies?

Q8. Do your programmes incorporate pre and post surveys to measure behaviour change?

Q9. If your programmes do contain M&E methodologies, do you use an internal and/or external resource for this function.

Q10. If you do make use of M&E methodologies do you share your analysis and outcomes with other stakeholders?

Q11. Are there existing M&E tools being used by stakeholders that can be provided to the FSCA as examples of best practise?

Q12. Are there existing success indicators being used by stakeholders that can be provided to the FSCA as examples of best practise?

3.4 Branding

FE initiatives should not cross the line into marketing, although the FSCA acknowledges that this is quite a thin line. Nonetheless, branding may be allowed as this could assist companies in creating a trusted brand in the market and may also ensure the use of quality service providers as the financial institutions' brands will be at stake. Stringent branding requirements will be considered in this regard, for example –

- any branding by the individual financial institutions must be appropriate and may not overwhelm the educational content;
- programme content should be generic and product type related and not related to brand specific products;
- brand specific product or service marketing will not be regarded as consumer education - a product proposal or sales campaign to a group of customers will not be considered to be a FE programme;
- there should not be branding in the education content itself;
- branding will only be allowed in the following manner:
  - Booklets: The logo and the pay-off line on the cover for branding and limited to a maximum of 10% of the education material.
  - Posters and other aids not in booklet format: The logo and pay-off line in the footer limited to 5% of the area of the material.
  - Radio/Television: Less than 5% of airtime.
  - Social media: Less than 5% of content.
- the quality of the branding should generally be consistent with that of the education content (e.g. all full colour, or all black and white).

Questions for stakeholder input:

Q13. Are the formulas provided for calculating branding on consumer education material appropriate?

Q14. Do stakeholders have other formulas or criteria that can be provided to the FSCA as examples of best practise?

3.5 Reporting

In order to assist the FSCA in giving effect to its consumer education mandate by placing it in a position to effectively monitoring implementation and adherence to the proposals referred to above, the FSCA will determine the manner and form as well as the frequency of reporting that will need to take place with regards to FE programmes. Aspects that are likely to be included in the required reporting include –

- general information, including type of initiative, when first implemented, delivery location, topic(s) covered, delivery method(s), target audience(s), delivery partner(s), whether independently evaluated, whether offered in language other than English, and website link (if applicable);
- needs analysis/research, e.g. what informed the need for the project/programme/activity;
- objectives, outcomes and success indicators;
- implementation Methodology used for the development and provision of the programme;
- logistics, e.g. time, date, area, venue, venue setup, etc;
- target audience, who the activity was intended for and why that particular target (the “why” could also be part of needs analysis);
- statistics, from the individual programmes as well as initiatives undertaken, e.g.:
  - Demographics, including age, race, gender, marital status, income, education, employment, location, etc;
  - Reach – Number(s) of consumers that attended;
  - Details of actual attendees;

- statistical analysis, e.g.:
  - Analysis from statistics “why”, “how”, etc;
  - Objective analysis of interview responses;
  - Accuracy of statistics and limitations;
- challenges experienced;
- lessons learned;
- unintended outcomes;
- recommendations, for future programmes;
- actual budget spend on the programme;
- M&E methodology;
- other aspects relating to M&E, e.g. a report from an external company used;
- M&E results should be shared publicly, or at least among the relevant stakeholders, to allow a wider audience to benefit from feedback on programme effectiveness.

4. Envisaged impact of proposals

The FSCA acknowledges that the proposals will have some form of impact on financial institutions, be it financial or otherwise. It is important for the FSCA to understand the potential impact of the proposals in order to assist it in making an informed decision on how to proceed. Understanding the potential impact will also assist the FSCA in determining whether the potential cost and impact potentially exceeds the envisaged benefits associated with the implementation of the proposals

To this end, the FSCA is requesting stakeholder input regarding the potential impact of the proposals on financial institutions.

Questions for stakeholder input:

Q15. Will the proposals impose additional compliance costs on financial institutions funds? If yes, please provide details including the expected costs.

Q16. How do you anticipate the proposals affecting the operational cost financial institutions, if at all?

Q17. Do you anticipate that business models may need to change as a result of the proposals? If yes, please provide details.

Q18 How are different customer groups likely to be impacted by the proposals?

Q19 Do you expect the proposals to lead to:

- *better quality FE initiatives?*
- *an increase or decrease in the number of FE initiatives provided by financial institutions? In addition, is there a risk that the proposal will disincentivse financial institutions to provide FE initiatives and, if so, would it be a material or immaterial disincentive?*
- *more or better informed financal customers?*

5. Stakeholder input and next steps

Stakeholders are invited to provide input on the FSCA's proposals as set out in this document, using the Feedback Template attached as *Annexure A*. Feedback received will inform the next steps to be taken, which could include the publication of a position or policy paper or a draft regulatory instrument and/or other draft instrument proposing to give effect to the proposals contained in this document for public comment.

Please submit comments or inputs on this Discussion Paper to the FSCA at FSCA.RFDStandards@fsca.co.za by **no later than 31 August 2020**.