



WAGEWISE

FINANCIAL LITERACY FOR THE WORKFORCE

FINANCIAL LITERACY TRAINING IS KEY FOR BUILDING FINANCIAL RESILIENCE IN TIMES OF A CRISIS

A survey conducted with participants of WageWise, **ASISA Foundation's** programme for employees, demonstrates the powerful effect that financial education can have on financial resilience by influencing people's financial decisions and behaviours. In particular, financial education helped participants to make changes prior to Covid-19 which were useful during the pandemic and the lockdown restrictions, while also assisting participants to feel calm about their debt and level of savings.

WHAT IS FINANCIAL RESILIENCE AND WHY DOES IT MATTER?

Financial resilience is the ability for individuals and their households to manage risk and cope with financial shocks in times of crises such as the Covid-19 Pandemic.

This is important because fundamentally, financial resilience offers a buffer or safety net that prevents individuals from falling into precarious situations when encountering unexpected shocks. The literature suggests that **there is a strong correlation between targeted financial education, such as that offered by the ASISA Foundation, and financial resilience.**



WHO IS THE ASISA FOUNDATION AND WHAT IS THE AIM OF THE WAGEWISE PROGRAMME?

The ASISA Foundation is an initiative of the savings and investment industry, delivering effective and objective financial literacy and micro-enterprise development programmes to South Africa's most vulnerable groups. It is a registered NPO (non-profit organisation) and a PBO (public benefit organisation).

Among other initiatives, the ASISA Foundation implements WageWise, a programme specifically designed for employees aligned with the Financial Sector Code (FSC).¹

WageWise provides practical knowledge, skills, and tools to enable employees to better manage their personal finances. **The overall intended goal of WageWise is to enhance employees' ability to increase and protect their wealth while also cultivating behaviours that positively impact on their savings and borrowing behaviours, consequently enhancing their financial resilience.**

WageWise is made possible through funding provided by the Sanlam Foundation.

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¹ 85% Black African South African citizens, including 40% women, who earn less than R250 000 per year and reside in urban, peri-urban and rural areas.

STUDY METHODOLOGY

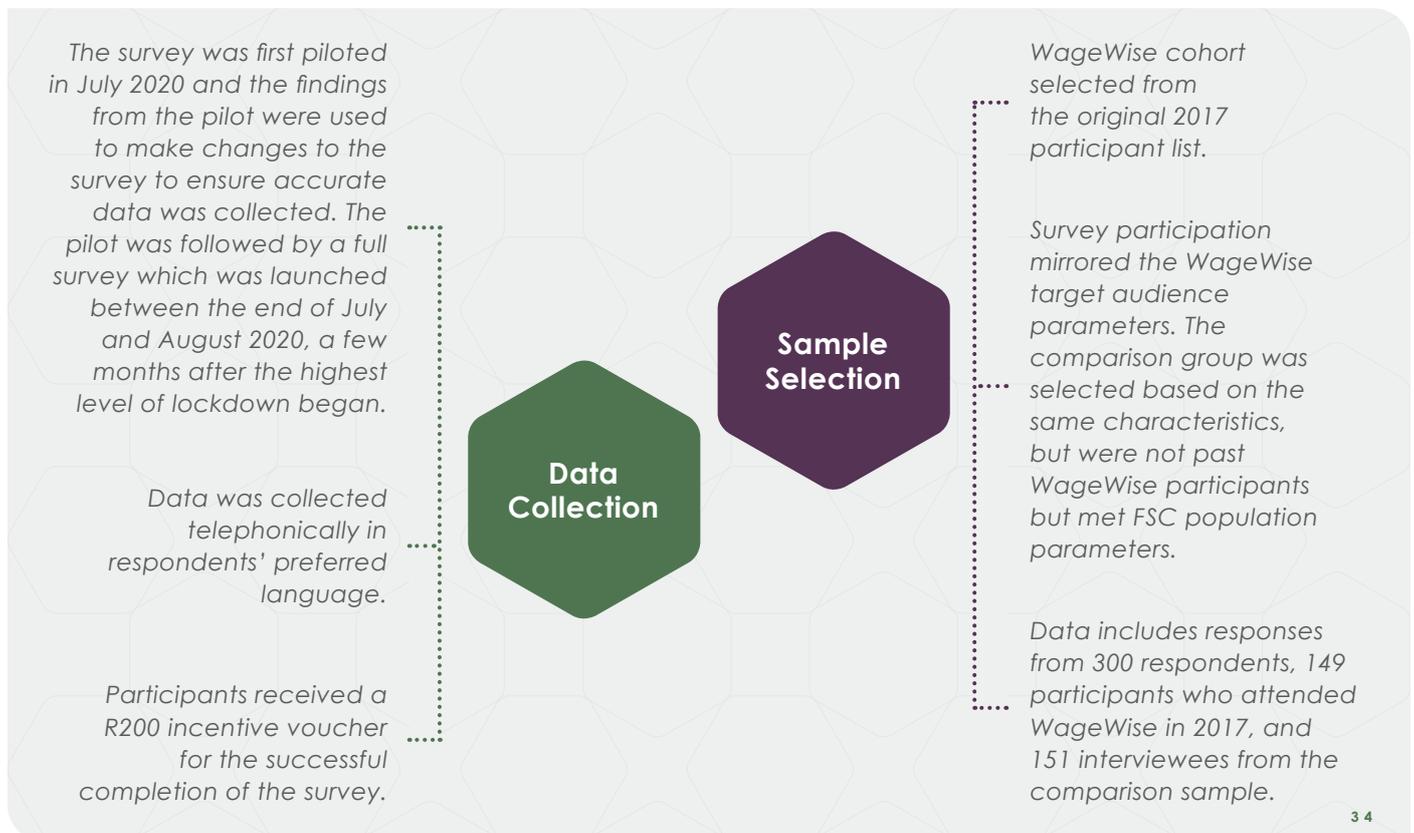
To evaluate the effect of financial literacy on financial resilience, Genesis Analytics, the ASISA Foundation's Monitoring, Evaluation, and Learning (MEL) partner, assessed the extent to which financial education, specifically WageWise, equips employees with tools, knowledge, and skills that empower them to manage and cope with risks caused by severe economic shocks, like Covid-19. The Financial Resilience survey included a group of past WageWise participants (from 2017) as well as a comparable² sample of individuals who did not attend WageWise, but who may or may not have attended other financial training. The analysis highlighted that the two groups are comparable based on the selected variables including demographic characteristics. As such we feel comfortable comparing the results to provide insights on how financial education impacts on financial resilience.

The survey responses indicated that 89% of the respondents from the WageWise cohort remembered attending the financial education workshop hosted by the ASISA Foundation, while 23% of the comparison group respondents indicated they attended some form of financial education training during the past three years.

FIGURE 1: TOPICS COVERED IN THE FINANCIAL RESILIENCE SURVEY



FIGURE 2: FINANCIAL RESILIENCE SURVEY METHODOLOGY



2 Participants were selected based on the following criteria: Black African, Indian and Coloured, earning a monthly salary between R3 000 – R15 000, employed or recently unemployed, residing in Limpopo, KwaZulu-Natal or North West provinces.

3 Note: As the Survey was conducted between July and August 2020, the results do not reflect experiences with the pandemic beyond August 2020.

4 100% of the respondents indicated **South African citizenship**; 99% were **Black/African**; 66% were women, 68% were aged between **30-44 years** old, 87% had **completed at least matric**; and 94% did not have a disability.

OUR FINDINGS ON HOW FINANCIAL EDUCATION SUPPORTED RESILIENCE DURING COVID-19



Nearly all of the WageWise participants made changes to their personal financial management after participating in the WageWise programme, which subsequently helped them to cope with the Covid-19 pandemic.

Navigate back to Figure 1

After attending WageWise, 94% of participants indicated having made several changes to how they managed their finances. Collectively, **participants started to save, implement budgeting tools**, and prioritise spending. They further indicated that these changes, and the positive financial position resulting from the improved habits, were important to having helped mitigate the effects of Covid-19, including in some instances, the loss of income.

Financial education assisted participants to start saving and implement budgeting tools, which was very helpful during the pandemic, assisting participants to pay for essentials and support family/friends.

I started understanding my payslip and also updated my beneficiaries.

FIGURE 3: WORD CLOUD SHOWING MOST COMMON WORDS USED TO DESCRIBE CHANGES MADE AFTER ATTENDING THE WAGEWISE PROGRAMME



87% of the WageWise cohort used the practical tools provided during the training to manage their finances.

Navigate back to Figure 1

WageWise provides practical tools that help participants to manage their finances and make informed financial decisions. Participants indicated that **the most widely used tool is the budgeting template, which details incomes and expenses**. The survey data highlights that the tools have been used by past participants to make several adjustments to their finances.

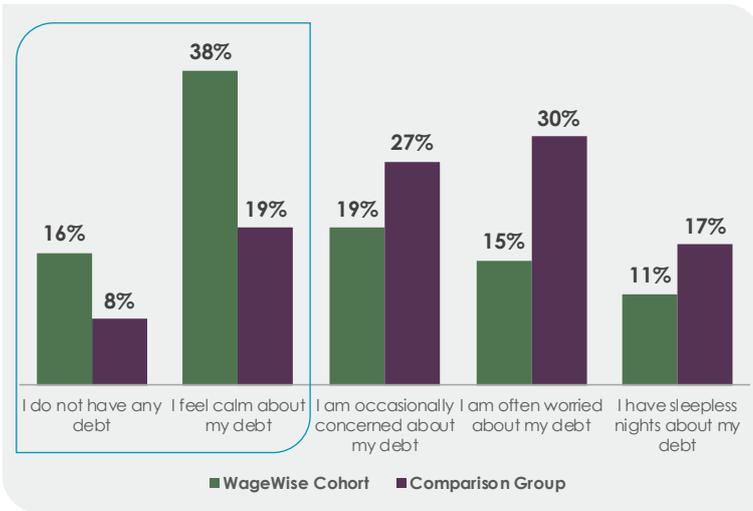
For example, 87% of survey respondents who attended WageWise keep track of their incomes and expenses using the budgeting tool. The survey further found that keeping track of incomes and expenses, correlated with a higher likelihood of financial resilient behaviours. In particular, a larger proportion of participants from the WageWise cohort (28% vs 15%) who keep track of their incomes and expenses were more likely to indicate that they were 'comfortable' with their savings during the pandemic.

It [the WageWise training] was useful. I don't have any debts and I can also manage my finances.



Twice as many respondents from the WageWise cohort (54%) either had no debt or felt calm about their debt levels compared to persons who did not attend WageWise.

[Navigate back to Figure 1](#)



Debt management is a proxy measure for overall financial resilience. At a high level, the survey found that participants who received some form of financial education training were less worried about their debt. Furthermore, individuals who are able to manage their finances and debt better tend to be less worried about their debt levels.

More than half (54%) of WageWise participants indicated that they either did 'not have debt' or 'feel calm' about their debt, compared to 27% for the comparison group. On the other hand, 47% from the comparison group were either 'often worried' or 'were having sleepless nights' about their debt, compared to 26% of participants from the WageWise cohort.

The results suggest that **those that had received WageWise training had implemented processes to reduce and manage their debt placing them in a better position during the Covid-19 shock.** In addition, those who keep track of incomes and expenses are more likely to feel calm about their debt (31%) while those who do not are more likely to have sleepless nights (27%).

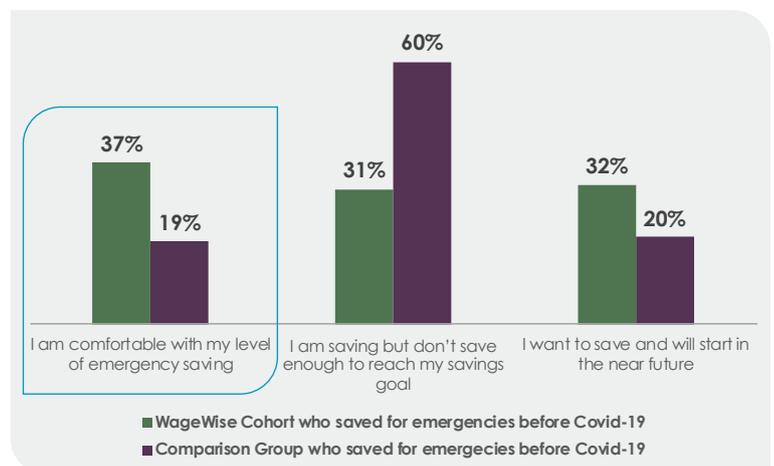


Financial education training correlated with feeling calmer about existing savings, while WageWise participants also indicated an ability to meet needs using their existing savings for a longer period.

[Navigate back to Figure 1](#)

Another measure of resilience is the existence of savings which can provide a buffer in times of economic hardships. The survey found that a larger proportion of participants from the WageWise cohort who had saved for emergencies before the pandemic (37% vs 19%) were more likely to feel comfortable about their level of emergency savings.

Additionally, **20% of respondents in the WageWise cohort indicated that they could meet their needs from their existing savings for between 6 months to more than 1 year, compared to only 12% in the comparison group** who felt the same regarding their ability to meet existing needs.



The WageWise cohort felt more comfortable in meeting bill payments during Covid-19, despite changes to their incomes and employment status.

[Navigate back to Figure 1](#)

Another indicator of financial resilience is the ability of individuals and their households to keep up with their regular bills and expenses. Amongst the WageWise cohort, 50% of participants indicated that they were not struggling to pay for any credit compared to the 33% from the comparison group. On the whole, participants from both groups who had some form of financial education training struggled less with their bill payments compared to their counterparts who did not have such training.

”
I used money from my savings to survive Covid-19.

FINANCIAL LITERACY SUCH AS WAGEWISE BUILDS FINANCIAL RESILIENCE

The findings from this survey provides a strong indication that WageWise, and financial literacy has been successful at building the financial resilience by teaching and encouraging participants to implement improved financial management practices. These personal practices, including improved budgeting skills and habits, and regular savings, enabled many of these past participants to be in a stronger financial position when the Covid-19 pandemic hit South Africa.



“ I managed to save money, and managed to quit smoking, I stopped spending money on useless things.

To learn more about the work of the ASISA Foundation and the WageWise programme, please contact:

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