



Seychelles **National Financial Education Strategy 2017-2020**



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List of Acronyms

| | |
|------------------|--|
| AfDB | African Development Bank |
| AKPK | Credit Counselling and Debt Management Agency (Malaysia) |
| ATL | Above-the-line (media) |
| ASP | Agency for Social Protection |
| ATM | Automated teller machine |
| A-V | Audio-visual |
| BDS | Business Development Services |
| CARE | Campaign for Awareness Resilience and Education |
| CBS | Central Bank of Seychelles |
| CEPS | Citizens Engagement Platform Seychelles |
| CINEA | Creative Industries and National Events Agency |
| CIS | Credit Information System |
| CONFESJES | Conférence Francophone de Jeunes et Sports |
| CSO | Civil society organisation |
| CSR | Corporate Social Responsibility |
| DAC | Development Assistance Committee |
| DBS | Development Bank Seychelles |
| EE | Enabling Environment |
| ESA | Enterprise Seychelles Agency |
| FCPA | Financial Consumer Protection Act |
| FES | Financial Education Secretariat |
| FIA | Financial Institutions Act |
| FSDIP | Financial Sector Development and Implementation Plan |
| FTC | Fair Trading Commission |
| FSA | Financial Services Authority (Seychelles, Mauritius) |
| FSC | Financial Services Commission (Mauritius) |
| FinCap | Financial capability |
| FinEd | Financial education |
| FLiF | Financial Literacy in Focus |
| FSP | Financial Service Provider |
| GoS | Government of Seychelles |
| GDP | Gross Domestic Product |
| GNI | Gross National Income |
| HDI | Human Development Index |
| HFC | Housing Finance Company |
| HSI | H. Savy Insurance |
| IT | Information technology |
| JA | Junior Achievement |
| KPA | Key performance area |
| KPI | Key performance indicator |
| KSACB | Knowledge, skills, attitudes, confidence and behaviour |
| M&E | Monitoring and evaluation |
| MMO | Mobile money operator |

| | |
|-----------------|--|
| MNO | Mobile network operator |
| MSME | Micro, small and medium enterprise |
| NATCOF | The National Consumers Forum |
| NBFI | Non-bank financial institution |
| NBS | National Bureau of Statistics |
| NFES | National Financial Education Strategy (Seychelles) |
| NGO | Non-governmental organization |
| NPS | National payment system |
| OECD | Organisation for Economic Co-operation and Development |
| PPP | Public private partnership |
| UNDP | United Nations Development Programme |
| SADC | Southern African Development Community |
| SALS | School of Advanced Level Studies |
| SAWE | Seychelles Association for Women Entrepreneurs |
| SBA | Seychelles Banking Association |
| SBC | Seychelles Broadcasting Corporation |
| SBFA | Seychelles Business Financing Agency |
| SBSA | School of Business Studies and Accounting |
| SCU | Seychelles Credit Union |
| SCB | Seychelles Commercial Bank |
| SCCI | Seychelles Chamber of Commerce |
| SCR | Seychelles Rupee |
| SEnPA | Small Enterprise Promotion Agency |
| SIAD | Seychelles Institute of Art & Design |
| SIFCO | Seychelles Interfaith Council |
| SIT | Seychelles Institute of Technology |
| SITE | Seychelles Institute of Teacher Education |
| SMA | Seychelles Maritime Academy |
| SME | Small and medium enterprise |
| SNYC | Seychelles National Youth Council |
| SPA | Social Protection Agency |
| SPF | Seychelles Pension Fund |
| SRC | Seychelles Revenue Commission |
| SteerCom | Steering Committee |
| STB | Seychelles Tourism Board |
| TV | Television |
| UN | United Nations |
| USD | US Dollar |
| WB | World Bank |

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Executive Summary

Background

In 2014, the Government of Seychelles (GoS) adopted the Financial Sector Development Implementation Plan (FSDIP) which has as purpose to strengthen and modernise the financial sector. Of the priorities identified were the introduction of a consumer protection framework in the financial sector and a financial literacy strategy. The FSDIP recommended that the Central Bank of Seychelles (CBS) should take the lead on these initiatives.

In response, the CBS and the Financial Services Authority (FSA) commissioned a National Financial Literacy Baseline in 2016 and the development of the National Financial Education Strategy (NFES) in 2017. An in-depth diagnostic was undertaken during May 2017. The findings are captured in this report and form the basis of the NFES. The diagnostic comprised a consultative process with more than 40 stakeholders from government ministries, agencies and regulators, the private sector and civil society, as well as a review of secondary data and further analysis of the 2016 Baseline.



Rationale for financial education in Seychelles

Seychelles has demonstrated strong economic growth and economic stability over the past couple of years and in 2017 was classified as a high income country. A high percentage of the adult population is financially included – the highest level of financial inclusion in the Southern African Development Community (SADC).

Despite the remarkable strides made in the economy and in financial sector development, several challenges remain. Financial Education can address some of these by improving the levels of financial capability (FinCap) of Seychellois, thereby facilitating further deepening of the financial sector, financial sector stability, accumulation of assets and, over the long-term, economic growth.

The main issues considered in the development of the NFES are as follows:

- Usage of financial products is relatively shallow and long-term savings for asset-building is almost absent.
- Despite a thriving information technology (IT) sector, high literacy levels, high levels of internet usage and a strong mobile network, there has been very limited uptake of electronic channels for financial services.
- There are attitudinal challenges such as increasing consumerism and what appears to be increasing reliance on the government to provide for everything from children's education to retirement.
- A sizeable portion of the economically active population generates an income from micro, small and medium enterprises (MSMEs), farming and the fishing sector. These reportedly often lack personal finance and business management skills.
- The financially vulnerable appear to be on the increase, seemingly primarily as a result of increasing income inequalities; while the increase in the consumption of drugs and alcohol could lead to an increase in the number of socially vulnerable.

- The demographic profile of Seychellois is changing and those aged 60 and above are set to significantly increase over the next few decades, underscoring the need for improved provision for financial security during retirement.
- Several regulatory and policy changes as well as changes in the financial infrastructure are in progress or in planning, such as the introduction of the Financial Consumer Protection Act (FCPA) and broadening of the CBS' Credit Information System (CIS). Consumers need to be informed of these changes and made aware of their rights, responsibilities and recourse options.

However, FinEd on its own cannot address all the above. For example, the impact of FinEd as a stand-alone on the financially and (particularly) the socially vulnerable, will be limited without complementary interventions addressing challenges, such as low incomes/income inequality and/or social problems such as drug abuse. The GoS also needs to address certain matters from an enabling environment perspective, such as simplicity and transparency in communication by financial service providers (FSPs), while the FSPs need to, among others, strengthen their product offering for MSMEs and youth and improve their client communication and training of front-end staff.

Status of and context for implementation of financial education in Seychelles

To date, there has been no coordinated approach to FinEd in Seychelles and FinEd activities have been limited to relative small *ad hoc* programmes by a select number of organisations. However, during the diagnostic, stakeholders both recognised the need for improved levels of FinCap and pledged their commitment and support to the implementation of a coordinated effort through the NFES.

The environment in Seychelles is very conducive to the implementation of a NFES:

- The small population is highly literate and geographically concentrated.
- About 60% of the workforce is formally employed, which means employee wellness programmes will have good outreach.
- School enrolment is high, which means that embedding FinEd in schools will have good outreach.
- There is good media outreach (TV, newspapers and radio) and high internet and mobile phone usage.
- Some base funding for FinEd is available through the compulsory contributions to the Corporate Social Responsibility (CSR) tax.

However, there are also challenges and risks:

- There are currently limited skills for the design, implementation and monitoring and evaluation (M&E) of FinEd. This is addressed in the NFES as a function of the proposed Secretariat which will be tasked with addressing this challenge through, among others, training-of-trainer programmes.
- While stakeholders are supportive of the implementation of the NFES, they may not have the required resources to commit to the implementation of FinEd initiatives. The NFES therefore propose a strong centrally driven Financial Education Secretariat (FES) and several Working Groups to 'distribute' the responsibility among various stakeholders in a structured manner. The Secretariat will have both a coordination and implementation role, and provide strategic, technical and funding support to the Working Groups.
- The single biggest challenge in Seychelles is that much of what needs to be achieved through FinEd, relates to a change in people's attitudes. This is difficult to achieve and will require a long-term vision and commitment.

Definitions, vision and purpose statement

FinCap is defined as: "*The ability of an individual to act with confidence in making optimal choices in the management of his/her money matters.*"

FinCap comprises various dimensions, namely knowledge, skills, attitudes (including confidence) and behaviour (KSAB). It also comprises various competencies. The competencies measured in the Baseline (2016) include: short-term money management, long-term planning and planning for retirement, savings behaviour, credit behaviour, risk mitigation and product choice.

FinEd is defined as "the process through which an individual's level of financial capability is improved (understanding of financial products, concepts and risks; and strengthening of financial skills and confidence) through exposure and access to training and objective information and advice."

The **Vision** of the NFES is that Seychellois will display improved levels of FinCap, enabling people to take responsibility for their own financial well-being by better managing their personal finances and thereby reducing financial vulnerability, increasing asset-building and long-term financial security, improving risk management and displaying responsible financial practices in a competitive client-centric financial sector.

The **Purpose** of the NFES is to provide a framework for the implementation of a well-coordinated, efficient and effective targeted approach that will optimise resources in the implementation of FinEd aimed at improved levels of FinCap of Seychellois.



Components of National Financial Education Strategy

The NFES comprises four components:

Component 1: Consumer financial education strategy

The financial education strategy comprises the proposed target market segments, content (messaging or themes), the stakeholders relevant to each market segment and the most appropriate channels through which to reach each segment. Four market segments have been identified:

Adults in the formal workplace

This market segment represents approximately 40% of adult Seychellois and can be easily reached through employee wellness programmes. Many of these full-time employees also have internet access which will enable 'self-education' once a website has been developed that provides information on and answers to questions on financial matters.

The segment includes staff of financial sector regulators, government ministries and agencies, as well as staff of FSPs. The CBS and FSA can lead by example by developing and implementing programmes for their staff and management, followed by the FSPs. The content can be made freely available to other large employers (government and private).

Content will focus on foundation skills (such as budgeting and planning), training on retirement planning and on credit for all those applying for salary-based loans.

MSME owners and employees, farmers and fishermen

It is estimated that about two thirds of those that work in the private sector fall into this segment. This segment does not represent a homogeneous group, but rather three sub-segments, as MSMEs, farmers and fishermen have very specific and different financial needs, as do MSMEs in different sectors and different types of farmers. However, there are certain basic principles that can be taught to all, such as how to budget and forecast the principles of risk management, the need for separating personal and business finances and the need for a separate bank account. Sector-specific issues (such as sources of credit for farmers or MSMEs and specific types of insurance) can be dealt with under the usual business development services (BDS) available in the market. Face-to-face FinEd should ideally be embedded in new or existing BDS material. This will also be more cost-effective than to develop separate FinEd material. In addition, this segment can be reached through targeted mass media, such as radio talk shows or newspaper editorials.

Youth

The levels of FinCap among the youth will determine the financial well-being of future generations. Values and attitudes (to money) are formed in early childhood and difficult to change later in life. Good financial habits, such as regular savings, can be cemented at school-going age. To this end, savings products for youth will be required. The youth are early adopters of new technologies, such as electronic banking, and can be instrumental in 'educating their parents' on topics such as budgeting and the use of innovative

financial products. FinEd should be combined with basic economic literacy and entrepreneurship.

The youth is relatively easy to reach, given the high school enrolment rate and the almost 50% of young adults enrolled in tertiary education. FinEd will be embedded in the school curricula and also in various extra-curricular activities.

Teachers will be subject to FinEd in their personal capacity as part of the adult formal workplace segment, as well as from an educational perspective as FinEd as part of the school curricula will also be included in their training.

This segment is a national priority, but it could take a long time to roll-out FinEd through all grades and schools. As such, this can take a priority and the process started as soon as possible.

The socially and financially vulnerable (youth and adults)

This is a broad segment comprising various sub-segments, such as low-income retirees, low-income earners (such as domestic workers and workers in the construction industry), the unemployed, grant recipients and those with social problems such as drug abuse. These sub-segments are not mutually exclusive and stretch across various ages.

The responsibility for this segment falls on the GoS as it relates to the vulnerable of society. For some, improved levels of FinCap will have a limited (if any) impact without other forms of support, such as family counselling. The relevant government ministries and agencies must work with non-governmental organisations (NGOs) to reach out to this segment. Where possible, initiatives should be embedded or linked to existing programmes such as those provided by the Family Council or the Ministry of Family Affairs. It is envisaged that most support to this sector will have to be face-to-face.

The above segments represent approximately 85-90% of the Seychelles adult population and about 95% of the youth. In addition to the above four segments, a separate **mass media campaign** will be implemented with sub-components aimed at some of the segments (i.e. a cross-cutting initiative reaching all segments) as well as those not working or retired, such as housewives.

Furthermore, Working Groups will be created tasked with developing sub-strategies and implementation plans for each of these four segments, with the support of the Secretariat. The latter will take direct responsibility for some initiatives, such as the mass media campaign.

The main **national priority** is the youth. The main long-term priority of the GoS (as opposed to that of the FSPs) is learners and teachers at primary and secondary schools. The MSMEs/farmers/fishermen represent the main medium-term priority and the socially/financially vulnerable the GoS' most pressing priority. FSPs, in turn, may wish to focus on those in the formal workplace, MSMEs/farmers/fishermen and youth in post-secondary education, as these represent their

existing and future clients. FSPs should also support the GoS with the daunting task of introducing FinEd in schools. The latter can be combined with the introduction and promotion of a youth savings product by FSPs.

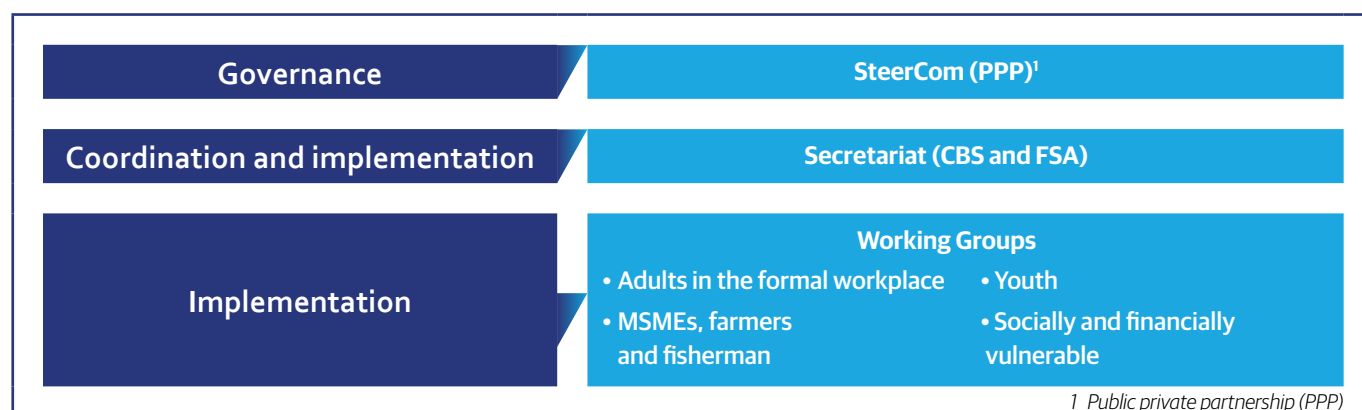
The NFES must be reviewed and redefined regularly (at least on an annual basis), as stakeholders, channels, the market context and people change.

Component 2: National level coordination, implementation and funding

The successful implementation of the financial education component requires a collaborative approach and coordination on national level to optimise outreach, impact and the use of resources. To this end, an organisational framework will be put into place and tasked with implementation and monitoring and evaluation (M&E) of the NFES.

The proposed structure is illustrated in Figure 1 and comprises three levels:

Figure 1: NFES Coordinating and implementing structure



Steering Committee: Oversight and strategic direction

The Steering Committee (SteerCom) will be responsible for the following:

- setting the strategic direction and overall responsibility for the implementation and annual review of the NFES;
- policy support and influence to place FinEd on the national agenda;
- oversight of the Secretariat; and
- oversight of the budget and allocation of funds.

The SteerCom will comprise the main ministries responsible for the implementation of the NFES, as well as the private sector and civil society. An Interim SteerCom has been set up to approve the NFES and funding proposal; and to appoint the permanent members of the SteerCom. The SteerCom will comprise senior – level representatives. The initial members of the SteerCom are summarized in Table 1. This may be subject to change as progress is made with regards to the implementation of the strategy.

Table 1: Interim Steering Committee members

| GOVERNMENT MINISTRIES, AGENCIES AND REGULATORS | FINANCIAL SECTOR | CIVIL SOCIETY |
|--|---|---|
| <ul style="list-style-type: none"> • Ministry of Industry, Entrepreneurship Development and Business Innovation • Ministry of Agriculture and Fisheries • Ministry of Employment, Immigration and Civil status. • CBS • FSA • Ministry of Education and Human Resource Development • Ministry of Finance, Trade and Economic Planning • Small Enterprise Promotion Agency (SEnPA)/Enterprise Seychelles Agency (ESA) • Ministry of Family Affairs | <ul style="list-style-type: none"> • Seychelles Banking Association (SBA) • Insurance Association | <ul style="list-style-type: none"> • Seychelles National Youth Council (SNYC) • Citizens Engagement Platform Seychelles (CEPS) • National Consumers Forum (NATCOF) |

Secretariat: Implementation and coordination

The mandate of the Secretariat will be to implement the NFES and provide strategic guidance and technical support to the Working Groups. The roles of the Secretariat will include:

- taking overall responsibility for implementation of the NFES, including monitoring and tracking performance against the goals and objectives of the NFES and continuous refinement of the NFES;
- facilitating the setting up of the various Working Groups, coordinate activities of the various Working Groups and providing strategic guidance and technical support;
- coordinating and implementing a mass sensitization campaign;
 - identifying the needs for intermediaries and facilitating the necessary skills development,
 - identifying challenges in the enabling environment (EE) and addressing these;
- sourcing relevant material globally which can be customised for the Seychelles context;
- knowledge management: developing and maintaining a web-based information portal with two target audiences, namely the public and practitioners;
- setting criteria for the application for funding support from the Working Groups, managing the disbursements and tracking performance. Allocation of funding must be approved by the SteerCom.
- M&E on national level, including funding and managing the implementation of future national financial capability surveys; and
- regular reporting on progress to the SteerCom, Working Groups and the public.

The functions and the operational cost of the Secretariat will lie within the responsibility of the relevant divisions within the CBS and FSA.

Working Groups: Implementation

Table 2: Working Groups

| WORKING GROUPS | CHAIR |
|---|----------------------------|
| Market segments | |
| Adults in the formal workplace | CEPS |
| MSMEs/Entrepreneurs, farmers, fishermen | SEnPA |
| Youth | Ministry of Education |
| Socially and financially vulnerable | Ministry of Family Affairs |

As illustrated in Figure 1 and Table 2, there will be four Working Groups aligned with the four target market segments identified. The Secretariat will deal with cross-cutting issues, working with representatives of the various Working Groups.

The Chairs of the Working Groups could be rotating. The roles and responsibilities of the Working Groups will be as follows:

- Identify all relevant stakeholders that should form part of the Working Groups.
- Develop sub-strategies and detailed resourcing and implementation plans for each target market in line with the guidelines set by the NFES.
- Implement activities.
- Conduct monitoring and impact assessments of own activities.
- Report regularly to the Secretariat on progress made.
- Share lessons learnt.
- A representative of each Working Group should be appointed to coordinate with both the CBS and the FSA on the planned mass sensitization campaign.

The Working Groups will be closely supported by the Secretariat, which will also assist with sourcing content, funds and skills for implementation, provide guidelines on M&E and ensure coordination among the various Working Groups.

Cross-cutting themes

The Secretariat will be responsible for addressing several cross-cutting themes, namely the EE, research, intermediaries and the mass media campaign:

Enabling environment

This refers to matters relating to the regulatory environment, industry codes of conduct and regulatory requirements for FSP product and channel development. The Secretariat will also be responsible for providing the strategic direction on the launch of the FCPA and communicate financial education requirements to the other Working Groups relating to possible changes in the financial infrastructure or regulatory environment.

National level research

A national level research could include an evaluation of current client communication and pricing practices of FSPs; monitoring FSP's adherence to guidelines and regulations relating to consumer protection and redress; as well as the design and implementation of the next national financial capability survey.

Intermediaries

A pool of skills for implementation of FinEd must be built up in Seychelles. This will include:

- training of specialists on the development of FinEd programmes and M&E;
- training of specialists and staff from implementing institutions on the implementation of financial education initiatives. These could include NGOs, teachers, implementers of employee wellness programmes and staff at District Administration Centres conducting family workshops;
- training of counsellors, including social workers, NGOs; and
- training of journalists to give adequate and appropriate exposure to financial education-related reporting.

The function of the CBS and FSA as the Secretariat will be to work with the Working Groups to identify training needs and possible candidates for training. International expertise may be required to conduct some of the initial training and training of trainers. The training of intermediaries will be a priority of the Secretariat after launching of the NFES and follow-up refresher courses will have to be conducted annually.

Funding

The intention of co-opting stakeholders through Working Groups is that they should work together and co-fund initiatives. However, a national fund should ideally also be created from which the mass media campaign and other national level initiatives can be funded, and from which the Working Groups could also apply

(through the Secretariat) for funding support. A national fund will be created from contributions by the CBS and FSA, other donors or government ministries/agencies including international donors, FSPs and the national CSR Tax to which private sector organisations with a revenue of more than SR 1 million are obliged to contribute 0.5% of their revenue. Of this, 0.25% is discretionary and 0.25% is non-discretionary and administered on national level. The discretionary component of the CSR Tax where applicable and possible¹ will be ring-fenced and 'pooled' on national level for financial education initiatives.

The Secretariat will request the Ministry of Finance to set up such a fund and develop criteria for prioritising the allocation of funds to financial education initiatives.

Component 3: Monitoring and evaluation framework

The successful implementation of the NFES requires that stakeholders be held accountable for their responsibilities. It also requires tracking of achievements through both process and impact indicators to ascertain what works best and to continuously refine the NFES and the Working Group activities and financial education programmes.

The implementation of the NFES will be monitored on four levels with indicators set on each level:

On national level:

- M&E of the implementation of the NFES relates to monitoring the performance of the CBS and FSA in setting up the structure for the coordination, implementation and governance of the NFES, as well as the achievements of the Secretariat once the latter has been set up by the CBS.
- Evaluating/tracking the impact of the NFES on national levels of FinCap. Several indicators with baseline scores (derived from the 2016 Baseline) have been identified which should be tracked through repeat national financial capability surveys every 3-4 years.

On working group level:

- M&E of Working Group activities: key performance areas (KPA) and indicators (KPI) must be set to measure the development

and implementation of plans and programmes, targets achieved, budget spent, and so forth. These KPAs and KPIs can only be defined once the Working Groups have been set up, as measures will depend on the Working Group strategies, plans and resources.

- M&E of individual financial education programmes: in the absence of a financial capability segmentation model, quantitative targets cannot be set on market segment level at this point in time. The Working Groups must therefore set these indicators for individual programmes, rolled up onto Working Group level which, in turn, should be rolled up onto national level to inform the national level targets. A comprehensive M&E framework should therefore be developed for each individual programme, based on a theory of change, clearly stating the goals and objectives of the programme and how these will be achieved (input indicators).

The Secretariat will encourage the Working Groups to design and implement evaluation frameworks for all their programmes and will provide technical assistance and advice to the Working Groups on the design and implementation of these frameworks. Such a framework will be compulsory for programmes directly implemented by the Secretariat (such as the proposed mass media campaign), and for any programme implemented by another party/ Working Group with funding obtained from the pooled Financial Education Fund (administered by the Secretariat).

Component 4: Implementation plan

A three-year rolling implementation plan has been developed which should be reviewed at the beginning of each year for the next three years. The focus of the implementation plan at this stage is on setting up the organisational structure (SteerCom, Secretariat and Working Groups) and other responsibilities of the Secretariat. These include training of intermediaries on skills required for the development and

implementation of programmes as well as the design and launch of a website and the mass media campaign.

The Secretariat will also support the Working Groups with the development of their sub-strategies and implementation plans. These should then be incorporated into the national implementation plan to generate a detailed rolling three-year national implementation plan.

¹ This includes the CSR tax of all commercial banks, with the exclusion of Novobanq and the Seychelles Commercial Bank as their CSR tax will be allocated to the housing sector as of January 1, 2018. A separate contribution will be made by these banks to FinEd. Any other company paying CSR tax, could also request that its discretionary component of 0.25% should go towards the FinEd Fund.

Part A: Background and situational analyses

1. Introduction

1.1. Background

In 2014, the Government of Seychelles (GoS) adopted the Financial Sector Development Implementation Plan (FSDIP). The FSDIP has as purpose to further strengthen and modernise the financial sector. Of the priorities identified were the introduction of a consumer protection framework in the financial sector and a financial literacy strategy. The FSDIP recommended that the Central Bank of Seychelles (CBS) should take the lead on these initiatives.

In response, the CBS and the Financial Services Authority (FSA), commissioned a Financial Literacy Baseline in 2016 and the development of this National Strategy for Financial Education in 2017.

An in-depth diagnostic was undertaken during May 2017 and forms the basis of this report and strategy. The diagnostic included approximately 40 stakeholder interviews (see Annex A: List of stakeholders interviewed), a review of various relevant policies, strategies and other background information (see Literature Review), and an analysis of the 2016 Baseline dataset.



1.2. Impact of financial education

The impact of Financial Education (FinEd) and improved levels of Financial Capability (FinCap) could manifest on individual, institutional, sub-sector and sector level – and ultimately on macro-economic level. The benefits of FinEd are therefore far reaching and can have a positive impact beyond the individuals targeted. These impacts are summarised below:

Consumers/individuals

- Financially capable individuals make better decisions in managing and growing their assets and are less susceptible to unscrupulous suppliers of financial services.
- Financial distress can have a major negative emotional impact on families and households and thus on people's productivity in the work place.
- FinEd can enable individuals to make better informed decisions and be better able to identify fraudulent practices.



Institutional level

Improved FinEd can result in an increase in the uptake of appropriate products, a decrease in product cancellations, debt stress and repayment failure, and ultimately reduced risk for institutions. Financially capable individuals can also guide financial service providers in the development of better tailored products.

Sector and sub-sector level

FinCap clients play a developmental and monitoring role in the industry by encouraging competition and helping to weed out unscrupulous financial service providers.

Macro level

Strong financial sectors and people capable of managing, protecting and growing their assets will ultimately support overall macro-economic stability and growth.

FinEd is therefore relevant in the context of financial inclusion as well as financial market stability. It also holds a close relationship with consumer financial protection and it is through FinEd that individuals are informed of their rights, recourse mechanisms and responsibilities.

2. Definitions of financial education and capability

The terms 'financial capability', 'financial literacy' and 'financial education' are at times used interchangeably, but these terms are not the same: 'financial education' refers to the inputs, whereas 'financial capability and literacy' refer to the outcomes or impacts of financial education. Differently put: financial education refers to the process through which levels of financial capability or literacy are improved. The terms financial capability and financial literacy are also not exactly the same and have a different emphasis. These differences are discussed in the sections below.

2.1. Definition of financial capability

Financial literacy relates to an individual's knowledge of financial concepts and products. However, knowledge is not sufficient and an individual also needs the required skills to apply this knowledge. Furthermore, an individual's value system and attitudes impact on how and whether knowledge and skills are translated into action (behaviour). So, a complicated set of factors is at play that impact on both on an individual's learning (internalising a message) and his/her behaviour. These include previous learning, personality, cultural influences, value system and current financial context.

The term '**financial capability**' is therefore preferred to the term 'financial literacy' as it better reflects the multiple dimensions of: knowledge, skills, attitudes, confidence and behaviour (KSACB).²

FinCap is defined as: "*The ability of an individual to act with confidence in making optimal choices in the management of his/her money matters.*"³

The focus here is on optimal decision making from the perspective of the individual – not the financial sector – that may or may not result in an increased uptake of financial products or services. Levels of FinCap are the outcome of a complex set of variables, including previous learning and personality traits. The changes in financial behaviour manifest in various competencies, such as day-to-day money management, long-term planning, credit and savings behaviour.

Increasing the levels of FinCap through FinEd is therefore not a once-off, but a long-term on-going process.

2.2. Definition of financial education

FinEd is defined as "... *the process through which an individual's level of financial capability is improved (understanding of financial products, concepts and risks; and strengthening of financial skills and confidence) through exposure and access to training and objective information and advice.*"

There are **various types** of FinEd that can be implemented through various channels. The following are the main focus areas of FinEd:

- **Creating awareness** of product and institutional types, rights and responsibilities, recourse options, changes in the market place and where to turn for advice or assistance when in financial distress.
- **Broad-based/generic FinEd** focused on developing general financial management and planning skills such as budgeting, cash flow management and retirement planning. This is required on an on-going basis throughout an individual's lifetime.
- **Discrete or event-specific FinEd** which is product category specific, such as informing/educating individuals on how to purchase a vehicle using hire-purchase or a house through a mortgage loan. It is generally required on an 'as needed' basis through a person's life and will change with a person's life stage.
- Creating the right **mindset and attitude** to money with respect to savings, credit, risk management and financial planning.
- **Financial and money advice** stands somewhat apart from what is generally termed as FinEd: money advice is provided for free and as such can be viewed as FinEd. However, financial advice is paid for or tied to a sale. If tied to the sale of a product, this is generally not viewed as FinEd, but rather sales or marketing.

FinEd has **touch points with various other disciplines**, such as economic literacy, enterprise development and marketing. It can then also be beneficial to combine messaging on FinEd with concepts such as economic literacy and enterprise development. However, caution should be taken not to confuse or combine marketing with FinEd. The 'litmus' test on differentiating between marketing and FinEd is to ask: can any brand go onto the FinEd message? If not, it is probably marketing!

FinEd is not a 'once-off', but requires lifelong intervention. An individual's financial context and needs also change over time. Messaging and access to financial product information should therefore take into consideration the **life stage** of an individual.⁴ Furthermore, certain events can also be turned into '**teachable moments**' when an individual will be more receptive to a message – a tactic used well by marketers. For example, talking to expecting parents about the needs for planning for their child's financial future.

The most suitable **channel** for a specific intervention will depend on the target market profile and the message. Potential channels include stakeholders; above-the-line (ATL) media such as mass print, TV and radio; edutainment (educational entertainment) through ATL, school theatre; internet or mobile phones; classroom-based training; pamphlets; in branch audio-visual (A-V) or a combination of any of these.

Different channels are more/less effective for certain types of messaging. See Table 3 for a summary of the advantages and disadvantages of various channels. Ideally a combination of channels should be used to communicate a specific message. The impact of a financial education campaign will also depend on the frequency with which the audience is exposed to a certain message. Frequency could be enhanced through the usage of a combination of channels.

2 These dimensions of financial capability have been modified from the classical: KSAB (knowledge, skills, attitudes and behaviour), which excluded confidence in engaging with financial service providers and confidence in financial decision making.

3 Piprek, G.L., Marketworx Africa (Pty) Ltd.

4 Adapted from: *Financial Literacy Scoping and Strategy Study*, FinMark Trust. 20014. Piprek, G.L., Coetzee, G., Dlamini, P.

A media plan should therefore ideally be developed for a financial education intervention, identifying the most suitable channel for the specific target market and message and the optimal combination of reach (of the actual target market) and frequency.

Table 3: Benefits and limitations of various channels

| CHANNEL | BENEFITS | LIMITATIONS |
|------------------------------------|--|---|
| TV | High impact (visual and audio) Reasonable reach, but urban bias (Contain costs through imbedded programming) | Costly production and airtime Limited 'depth' of content Costly M&E Limited rural reach No interaction |
| Radio | Broadest reach Multiple stations allow for targeting Reasonable production costs Personalised interaction through talk shows and mobile text messages | High airtime costs Limited 'depth' of content |
| Print | Low-cost editorial Depth of content | Limited reach Poor functional literacy No interaction |
| Mobile phones | Wide reach Cost-effective Ability to target High frequency possible | Limited depth |
| Entrepreneurship programmes | Knowledge of market Cost-effective to embed messaging in existing training material | Weak programmes – limited reach |
| NGOs, churches and mosques | Trust Close contact and daily interaction Understand people | Own knowledge may be inadequate Dispersed: challenge to organise/reach |
| Employee-based programmes | Easy reach and organisation In-depth training Cost-sharing by employers | Limited frequency |
| Educational system | Captive audience Trained educators Wide reach Early intervention | Cluttered curricula and other priorities Weak technical knowledge Weak delivery capacity Limited resources |

3. Case studies

France

The French government launched its financial education strategy in 2015. The organisational structure comprises three entities: the National Committee for Financial Education, the Counselling Committee and the operational arm of the strategy. The National Committee for Financial Education sets the strategic direction based on national priorities. The Counselling Committee coordinates all initiatives and stakeholders: regulators, practitioners, consumer associations, relevant ministries and the regulators of the financial sector. The Counselling Committee is then supported by the implementing body for the actual implementation of the national strategy.

The main aim of the strategy to provide FinEd relevant to all life stages, but with a specific emphasis on children and youth attending (compulsory and free) primary and secondary education. The Working Group identified two priority segments as (1) children and youth and (2) the financially vulnerable. The strategy emphasises FinEd at certain 'touchpoints' when major financial decisions are made, such as the purchase of a car, birth of a child, and planning for retirement. The strategy includes a mass sensitization campaign, which also informs the public about a dedicated website with financial information.

New Zealand

The National Strategy for Financial Education is implemented by a government agency the Commission for Financial Literacy and Retirement Income. It sets the direction for improving **Financial literacy** in New Zealand. The Commission coordinates the FinEd activities of 93 organisations to avoid conflicting messages in the market place and foster agreement and collaboration.

The Strategy focuses on a few segments such as retirees, children and youth. These include FinEd in schools and in the workplace. The Retirement Income Policy also put in place a voluntary work-based online savings initiative named KiwiSaver, to help employees bolster their savings for retirement. A national website has been set up by the Commission with financial information for the public.

Malaysia

The Central Bank Negara Malaysia set up an independent agency, the Credit Counselling and Debt Management Agency (AKPK), responsible for, among others, FinEd. The AKPK oversees the implementation of the national strategy by disseminating FinEd information and messages on debt and financial management. To this end the AKPK collaborates with a broad range of community-based organisations and associations.

The strategy focuses on priority market segments, namely: children, students, young adults and employees. It also implements a general public campaign. For children the Commission developed, among others, an interactive financial education website aimed at helping children understand financial planning and its importance for their future wellbeing. AKPK also created the 'POWER!' initiative that targets young adults and first-time borrowers. It includes briefings, docu-dramas, e-newsletters, a handbook, classroom exercises, a website and a social media platform.

Mauritius

The strategy is overseen and implemented by the Financial Services Authority (FSA) and the Financial Services Commission (FSC). The FSA oversees the national strategy and while the FSC focuses on implementation. The FSC has several mandates that are both related to FinEd and consumer protection, including:

- promoting public understanding of the financial system, including awareness of the benefits and risks associated with different kind of investments;
- taking measures for the better protection of consumers of financial services;
- ensuring dissemination of information in the field of financial services;
- promoting **Financial literacy** to ensure that consumers are aware of their rights;
- enabling consumers to better understand the markets as well as the risks associated with the array of products and services available in the financial sector beyond banking;
- broadening access to financial services with the aim of building FinCap; and
- ensuring that consumers are treated fairly.

The FSC Mauritius launched a newsletter named 'Financial Literacy in Focus (FLiF)' in January 2017. The newsletter makes use of comic strips and is distributed with two newspapers during the last weekend of each month.



4. Situational analysis

4.1. Country context

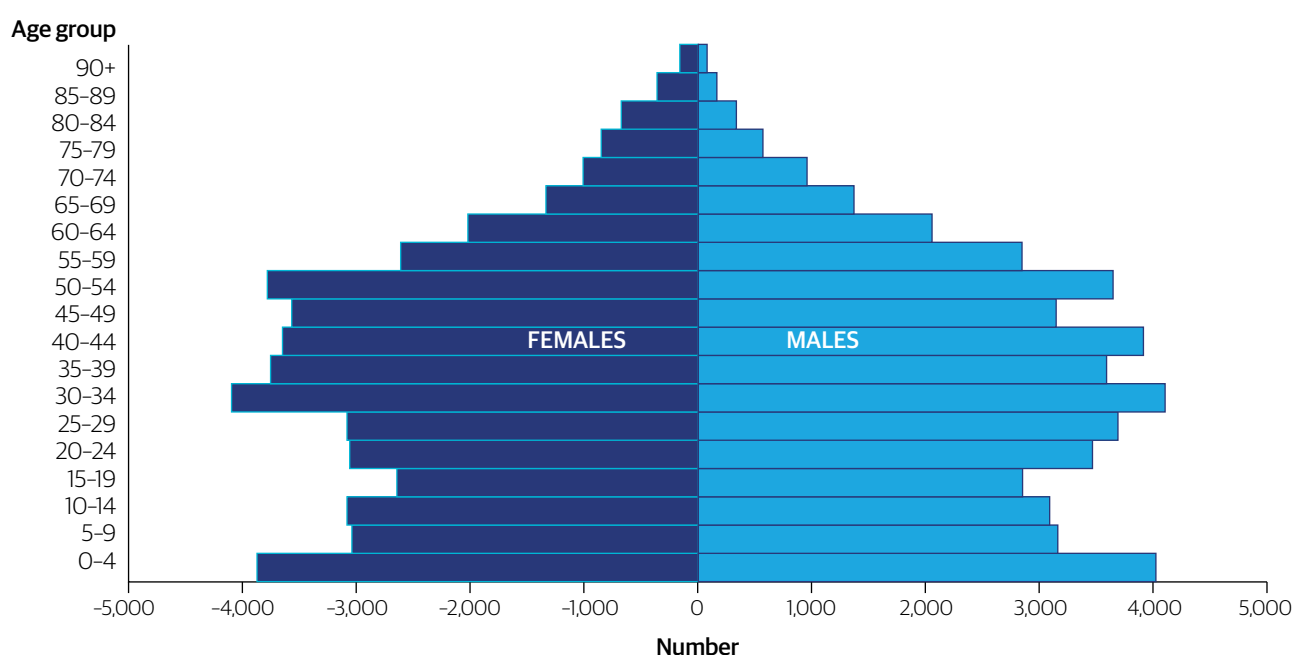
4.1.1. Population overview

Seychelles is an archipelago composed of 115 islands in the Indian Ocean off the coast of Tanzania and Kenya, north of Madagascar. The country had a population of 94,206 at the end of 2016 and as such has the smallest population of any sovereign African country. Most of the population lives on the main island, Mahé (78.8% of the population), Praslin (8.7%) and La Digue (3.7%). The three official languages are Creole, English and French. While Creole is the most

widely spoken, the medium of education in government schools is English.

The population pyramid is depicted in Figure 1. There is a slight female bias in the overall population profile of residents. Population growth was estimated at +1.1% in 2015. Based on the Population Projections Report 2014–2080, the Seychelles population will age considerably over the next few decades: those above 65 years of age are expected to increase proportionally from 8.3% in 2016 to 19.4% by 2040; and the proportion of those under the age of 15 will reduce from 21.6% (2016) to 17.8% by 2040.

Figure 2: Population pyramid, 2015 (projected)



Source: National Bureau of Statistics, SEYCHELLES IN FIGURES, 2016 Edition: Based on 2010 Census results, Population Projections report 2014–2080

Table 4: Summary of age composition of the population

| AGE COMPOSITION IN 2016 ¹ | POPULATION IN '000 | POPULATION IN % |
|--------------------------------------|--------------------|-----------------|
| Under 19 years old | 29.6 | 30.3% |
| 20–24 years old | 7.2 | 7.4% |
| 25–29 years old | 7.4 | 7.6% |
| 30–44 years old | 23.0 | 23.7% |
| 45–60 years old | 19.0 | 19.6% |
| 60 years old and older | 11.0 | 11.4% |

Source: Population Pyramid, initial source from United Nations, Department of Economic and Social Affairs, Population Division. <https://www.populationpyramid.net/seychelles/2016/>

The life expectancy of men and women is currently 70 and 78 years respectively. This is in line with that of other high-income countries, but the Seychelles' population is still younger than that of most high-income countries and is more in line with that of upper-middle

income countries. However, projections indicate that Seychelles will transit towards a high-income age structure over the next 25 years.

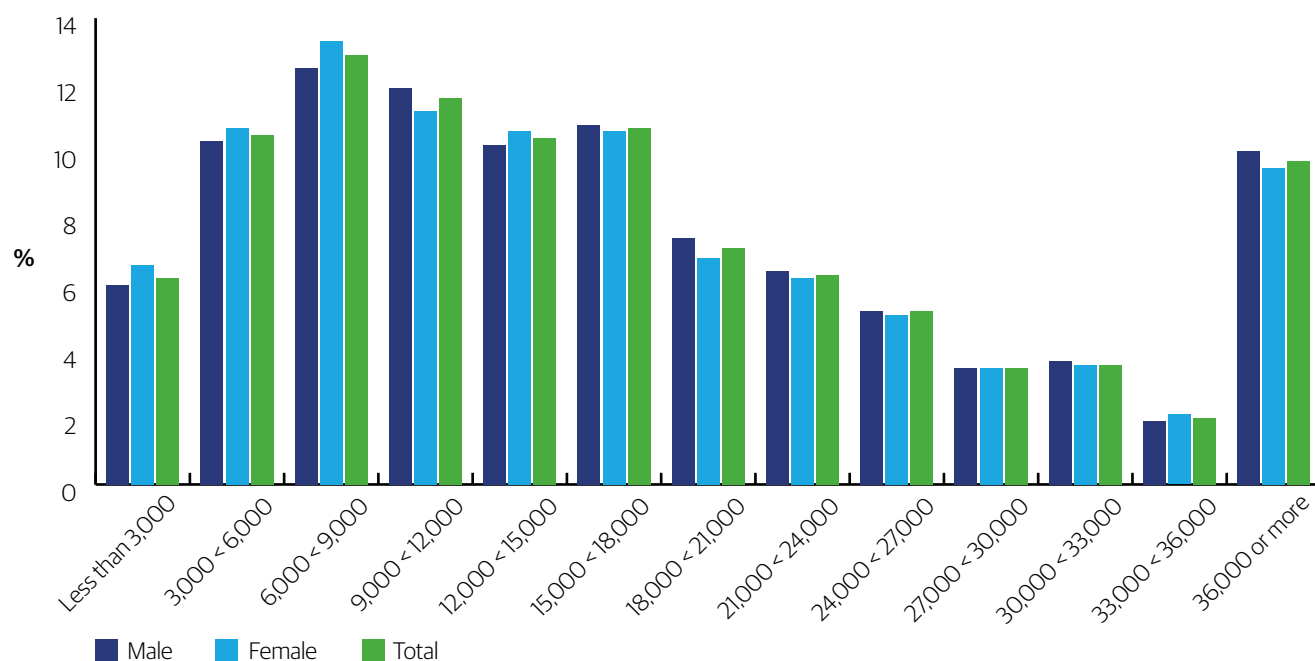
The Social Security Act (Cap 255) specifies 60 as the retirement age in Seychelles, but people may choose to work up to age 63 after which retirement becomes compulsory. This means that women will enjoy an average of 15 years in retirement and men seven years.

In addition to the longer life expectancy, women may also have less in savings and investments for retirement as women generally earn less than men (see Figure 3 below). Consequently, more women fall into the minimum wage category than men and more women fall below the poverty line than men.

The longer life expectancy and ageing population point to the need to encourage Seychellois – and women in particular – to make

provision for themselves for retirement income to complement the income they may receive from the GoS. It also underscores the need to assist those who will face a reduced income at retirement on how to cope through careful budgeting and spending. This is particularly of concern with regard to women who tend to earn less than men, may have been able to save less during their lifetime and are expected to live longer than men.

Figure 3: Percentage distribution of population by household income group and sex



Source: Household Budget Survey (2013)

The first 11 years of schooling is free. School enrolment levels are high and cumulatively just under 50% of the adult population has completed a post-secondary qualification, 31% completed secondary education and only approximately 22% have no education or only primary education.

There are several post-secondary institutions and in 2009, Seychelles opened its first university. While these institutions are not free, the GoS provides assistance in various forms, including a living allowance. It also provides assistance for students to study abroad on a merit basis.

However, concerns have been raised about the quality of education in Seychelles and the pass rate at secondary and post-secondary level. Consequently, in 2014, the Ministry of Education and Human Resource development adopted a medium-term strategy (2013-2017) with the aim of transforming the educational system.

The GoS has implemented sound macro-economic policies which has resulted in strong economic growth averaging 5.3% during 2011-15, driven primarily by tourism and information technology. The CBS managed to contain inflation below 4% per annum since 2014 (with an exception at the beginning of 2015) and inflation is projected at 1.6% for 2017. In July 2015, Seychelles reached high-income status after its average gross national income (GNI) per capita reached US Dollar (USD) 13,710 in 2013-14.

Table 5: Educational levels (adults aged 18+)

| LEVEL OF EDUCATION | % OF ADULT POPULATION (ROUNDED) |
|--|---------------------------------|
| No formal education | 5.3% |
| Primary education completed | 16.2% |
| Secondary education completed | 30.8% |
| A-Levels or Business Studies | 7.1% |
| Other post-secondary education (e.g. Technical Studies, Maritime, Hospitality) | 28.8% |
| Bachelor degree | 2.8% |
| Post graduate degree | 2.5% |
| Professional qualifications (e.g. ACCA, Chartered Banker) | 0.9% |
| Other | 5.5% |

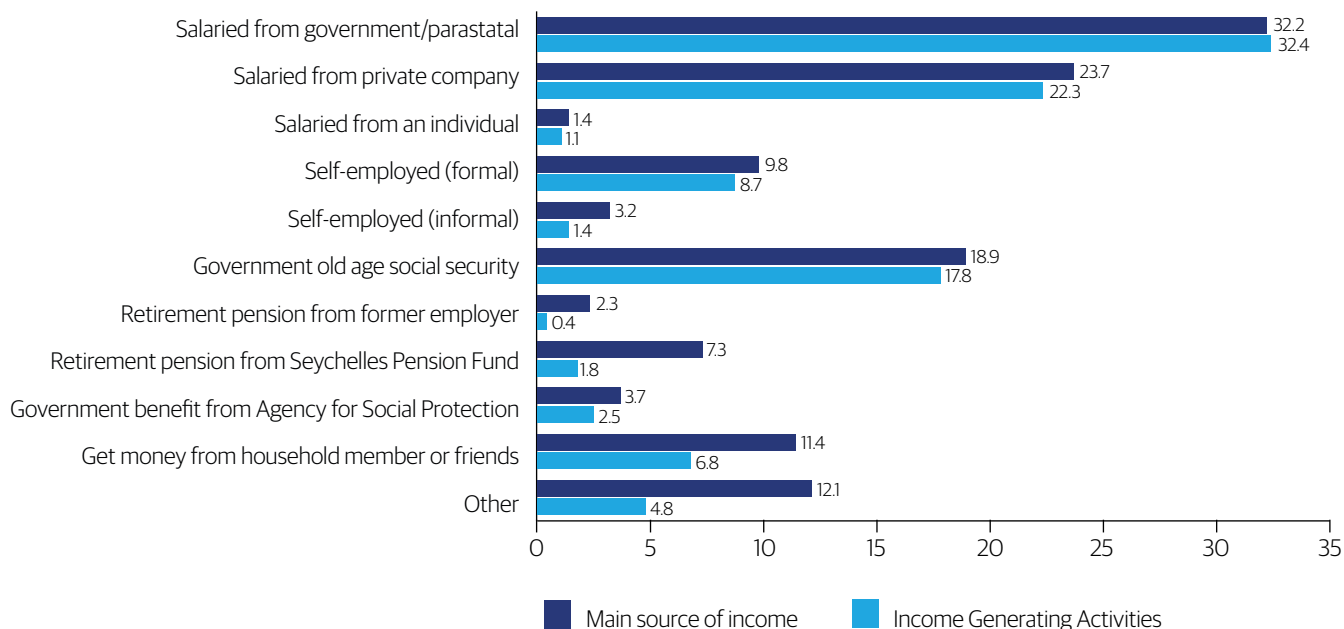
Unemployment is very low at 4.4% and labour force participation was reportedly 70% in 2016. However, youth unemployment is relatively high with 20% of those aged 15-24 (about 16% of the population) unemployed. The other 80% is either employed or in

education or training. Reasons for the 20% unemployed range from selectivity among young Seychellois with respect to job types to a mismatch between the supply and demand of labour skills.

According to the 2016 Baseline Survey, approximately two thirds of the employed earn a fixed salary: 30% in the private sector and 34% from government/parastatals, with a higher proportion of privately

employed in Praslin and a higher proportion of government employees in Mahé. Employee wellness programmes could be introduced as a vehicle for FinEd. Some of these large employers also have 'Social Committees' that implement various social and life skill activities in the workplace and which could be a channel for implementing employee financial wellness programmes.

Figure 4: Sources of income (%)



Source: 2016 Baseline Survey

As illustrated in Table 6, most companies in the private sector are small and 79% have a turnover of less than SCR 1 million.

According to the 2016 Baseline Survey, 8.7% of the adult population is formally self-employed as their main source of income. Expanded to the overall adult population of 70,822 aged 18 years and older, this suggests that 6,162 Seychellois are formally self-employed. Out of these formally self-employed, about 74% of them own a business that makes less than 1M SCR as a turnover (see Table 6 below).



Table 6: Number of businesses based on turnover in 2015

| BUSINESSES BASED ON TURNOVER (IN 2015) ¹ | NUMBER OF BUSINESSES | PERCENTAGE OF BUSINESSES | PERCENTAGE OF SELF-EMPLOYED ² | AVERAGE ANNUAL TURNOVER (SCR '000) |
|---|----------------------|--------------------------|--|------------------------------------|
| >=0m - <1m | 4,585 | 78.6% | 74.4% | 204 |
| >=1m - <2m | 486 | 8.3% | 7.9% | 1,459 |
| >=2m - <3m | 221 | 3.8% | 3.6% | 2,500 |
| >=3m - <5m | 201 | 3.4% | 3.3% | 3,834 |
| >=5m - <10m | 187 | 3.2% | 3.0% | 7,017 |
| >=10m - <15m | 89 | 1.5% | 1.4% | 12,085 |
| >=15m - <20m | 42 | 0.7% | 0.7% | 17,484 |
| >=20m - <25m | 24 | 0.4% | 0.4% | 22,305 |
| Total | 5,835 | 100.0% | | |

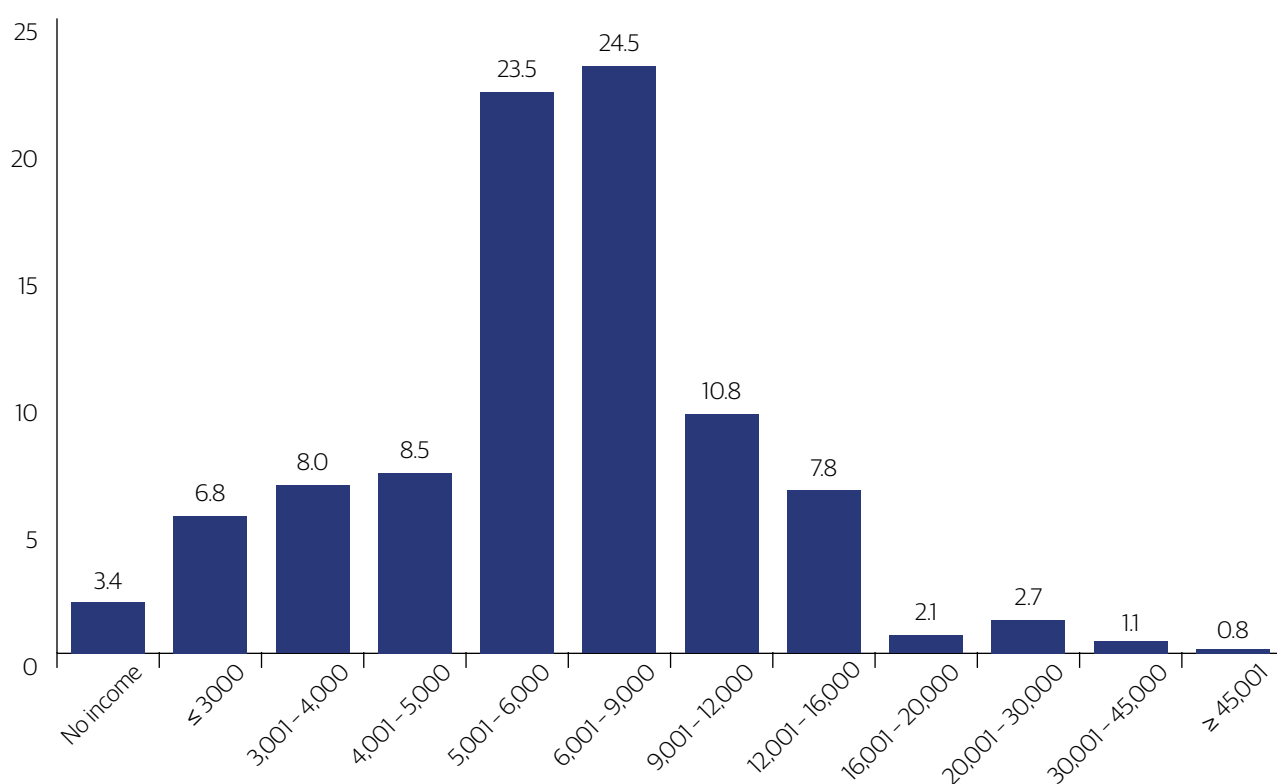
Source: Ministry of Employment, Business Turnover ISIC Level 3 Classification, 2015
 Source: 2016 Baseline Survey

The accommodation and food service activities employ 30% of the private sector workforce, while private sector agriculture and fishing combined employ only 1%. The lowest paid employees are in sectors such as construction, manufacturing and service

activities such as domestic workers. These sectors mostly contract employees for less than the average monthly salary and hence most of the 'financially vulnerable' are likely to be working in these sectors.

The minimum wage is SCR 5,001. As illustrated in Figure 4, about a quarter of Seychellois adults earn less than the minimum wage.

Figure 5: Income distribution (adults aged 18+) (%)



Source: Financial Literacy Baseline Survey, 2016

The 2016 Baseline Survey found that 28% of adults indicated that they find it difficult or very difficult to keep up with regular expenses. According to the Social Protection Agency (SPA), the number of households seeking financial assistance from the government has also been on the increase since 2008.

Table 7: Ease/difficulty of keeping up with regular expenses

| | PERCENTAGE | CUMULATIVE % |
|-----------------|------------|--------------|
| Easy | 33% | = 72% |
| Relatively easy | 38% | |
| Difficult | 23% | = 28% |
| Very difficult | 6% | |

Source: Financial Literacy Baseline Survey, 2016

It appears as though this 'financial vulnerable' segment of the market, may stem from increasing income inequalities in Seychelles. According to the World Bank, Seychelles' Gini coefficient has been worsening over the years and in 2013 stood at 0.468 while it was at 0.427 in 2006. This is higher than that of Mexico (0.459 in 2015) – the Organisation for Economic Co-operation and Development (OECD) member state with the highest Gini coefficient.

Various social problems are also on the rise, notably high levels of alcohol consumption, drug abuse and teenage pregnancies. There has also been an observed increase in congenital deformities in children due to lifestyle-related issues such as drugs.

These 'socially vulnerable' people are not necessarily financially vulnerable, as we know that drug abuse can be prevalent among any income group, but it can lead to financial vulnerability when an individual is unable to study or work due to social problems and do not receive (continued) family support. The converse also holds, in that being financially vulnerable does not make an individual or household 'socially vulnerable', but it can certainly eventually lead to such problems.

While improved FinCap can address some of the issues of financial vulnerability, such as improved planning, budgeting, savings and risk management, other supporting policies and interventions by the GoS will be required to address the real underlying issue of low incomes. As for the socially vulnerable, FinEd will have little impact unless it forms part of a bouquet of support services to address issues such as drug and alcohol abuse and teenage pregnancies.

4.2. Financial sector overview (supply-side)

4.2.1. Financial Sector Development and Implementation Plan (FSDIP)

The financial sector is currently under-going various reforms to further strengthen the sector and improve financial inclusion. In 2014, the GoS adopted the FSDIP (2014-17) which identified the following main priorities:

- improving the financial system's legal and regulatory framework, notably with respect to offshore banks and other financial

services/entities; and the regulation of payment and other settlement systems;

- improving the National Payment System (NPS);
- improving SME access to credit – including, among others, entrepreneurial literacy;
- improving the regulation and supervision of non-bank financial institutions (NBFIs); and
- fostering capital market development.

Cross-cutting issues identified in the FSDIP include consumer protection, consideration of an ombudsman for the sectors regulated by the CBS and the FSA, and improving the levels of FinCap among the public. The FSDIP also recommended that the CBS should take the lead on FinEd and that a national FinCap baseline should be conducted.

4.2.2. Financial sector regulators

The CBS regulates all the banks, the Seychelles Credit Union (SCU), the Development Bank of Seychelles (DBS) and the Housing Finance Company (HFC). The FSA regulates the non-bank financial services industry which includes insurance, gambling, capital markets, collective investment schemes, international corporate services and the Seychelles International Trade zone.

4.2.3. Consumer protection and complaints handling

The Fair Trading Commission (FTC) has responsibility for consumer protection in Seychelles pertaining to any goods or services. It draws its powers from the Fair Trading Commission Act of 2009 and the Consumer Protection Act of 2010. In 2008, the CBS issued the Financial Institutions Complaint Handling Regulations. This only applies to entities licensed under the Financial Institutions Act (FIA) and requires that these entities disclose a mechanism for handling complaints. The FSA has a broad legal mandate for financial consumer protection which is further reinforced through other laws such as the Insurance Act, 2008, and the Securities Act 2007.

The FSDIP included a recommendation for a financial ombudsman as well as for developing a specific policy for consumer protection in the financial sector. The development of the policy is currently in progress and the Financial Consumer Protection Act (FCPA) has been drafted under guidance of the CBS. In this context, the CBS and FSA are currently working on the enactment of the FCPA. The



FSPA will allocate powers to both the CBS and FSA with regard to consumer protection and the function of the financial ombudsman will be fulfilled by the CBS and FSA.

The FSDIP report highlighted the international trend of setting up a separate statutory body to fulfil the role of ombudsman, given the small population of Seychelles, the scarcity of resources and the fact that financial sector expertise resides primarily within the current regulators, it has been deemed preferable to incorporate the financial ombudsman function within the existing regulators, namely the CBS and FSA.

A special financial education initiative will be required to create awareness of and educate the public on the FSPA and the role of the CBS and FSA in consumer protection, when the FSPA is launched.

Improved skills and customer communication among FSP employees, would also ensure improved understanding of products by customers, better product decision making by FSP clients and better handling of consumer complaints by FSPs. To this end, the CBS plans on working with the Seychelles Banking Association (SBA) in identifying possible skills gaps among bank staff. In addition to vocational skills, personal financial management training of FSP employees will be considered for inclusion in such a course. This could be a good starting point for implementation of the NFES, as it would set a notable example for other employers and demonstrate that the financial sector is committed to supporting improved

4.2.4. *Banking sector*

There are currently nine commercial **banks** with 25 branches, and four other institutions such as the Seychelles Credit Union (SCU), Development Bank of Seychelles (DBS), Housing Finance Company (HFC) and Airtel Mobile Commerce (Seychelles) Ltd. Seven of the banks are foreign-owned (Al Salam Bank Seychelles Limited, Bank AL Habib, Bank of Baroda, Bank of Ceylon, Barclays Bank Ltd, Habib Bank Ltd, Mauritius Commercial Bank Ltd) and two (Nouvobanq and SCB) are majority state-owned. While Nouvobanq has the largest footprint and market share, SCB has a strong foothold among low-income earners. The SBA has appointed a CEO for the first time in 2017.

Long lines in banking halls are not uncommon and complaints about pricing and complicated documents. This challenge with complicated products and contracts were evidenced in the findings of the 2016 Baseline Survey and is discussed in more detail in Section 3.3. It is recommended that the CBS and FSA consider issuing guidelines to financial service providers on simplicity and transparency in communication by financial service providers.

FinEd can facilitate increased financial inclusion by educating the public on different product categories and banking procedures. However, the banks will also have to bring their side in strengthening their product and service offering and improving their customer service orientation. Notable is the need for a savings product for youth.

4.2.5. *Mobile money*

There is one mobile network operator (MNO) in Seychelles, namely Airtel Seychelles, but Cable & Wireless is apparently also exploring entering the market. Airtel started operating in Seychelles in 1998 and in 2015 introduced Airtel Money. Airtel Seychelles was issued an operating license by the CBS in April 2015, but the regulatory framework for mobile money operators (MMOs) must still be developed. According to Airtel, its clients mainly purchase airtime and send airtime to others, send money to other islands, and make merchant and utility payments.

Mobile money represents a big market opportunity in a marketplace with 138% mobile phone penetration (i.e. several people have more than one sim card and/or mobile phone). The network covers the whole of Seychelles. Mobile banking also represents a great market opportunity as 94% of the adult population has a bank account. However, mobile banking will require that banks put an interoperability system in place to allow clients to use their eWallets from their bank accounts. Mobile banking will also require appropriate consumer protection and recourse mechanisms. Trust is key in the uptake of mobile money services.

4.2.6. *Insurance*

There are five domestic insurance companies as well as nine non-domestic insurance companies. Non-domestic insurers insure risks situated outside of Seychelles. The five local insurance companies have a sector-level body with a rotating chair.

4.2.7. *Retirement and pensions*

Seychelles Pension Fund (SPF) administers the National Pension System in the country through its own Act (SPF Act 2006). It has a Board of 12 Trustees and is managed by a CEO both appointed by the President of the Republic according to the SPF Act. SPF was preceded by a Pensions Scheme where benefits were limited to an individual's contributions over time.

This was converted to the fully-fledged Seychelles Pension Fund (SPF) in 2006. Contributions to the SPF are compulsory for all employees and employers and are based on an individual's gross monthly income. Members of the SPF can also make voluntary complementary contributions to the SPF. Currently the SPF has 61,859 members of which 41,085 are active (89% of the labour force). Of these, 1,600 are self-employed. Voluntary contributors have been increasing over the past few years and totalled around 5,910 members in June 2017.

Currently, retirement is compulsory at the age of 63 but there is an option for early retirement from the age of 60 onwards. This will change in 5 years' when the compulsory retirement age will be increased to 65 and the early retirement option to 63. There is also the possibility of a change next year to a flexible retirement age from 60 onwards with no forced compulsory retirement age.

With regards to the Social Security Fund Pension from Government of SCR 5,050, this will only be paid on attaining the age of 63 years from next year (2018), which will then increase to 65 years from 2022.

This is in line with the announcement made by the President on Tuesday 25 July 2017 that the retirement age will move from 63 to 65 years in 5 years' time, and this will lead to the amendment to SPF Act, to become effective on January 1, 2023.

All Seychellois as of the age of 63 years qualify for a government retirement pension through the Social Security Act – regardless of whether an individual has previously worked or is a member of the SPF. As such, the income of some households may increase at 'retirement'. In 2016, the retirement benefit from the Social Security Fund was set at a flat SCR 5,050. This is more than a threefold increase from SCR 1,600 in 2005.

In the event of death of a SPF member, the spouse and children automatically receive certain benefits on behalf of the deceased member. This may partially explain the rather low uptake of life insurance in Seychelles.

Employees' contributions to the SPF is collected by employers and paid over to the SPF. However, the self-employed have to make monthly payments to the Pension Fund which is mostly done in person or through Bank transfer. The SPF continues to find innovative ways increase coverage of the self-employed taking into account that success is slow.

The SPF places great emphasis on its long-term financial sustainability and since its inception it has continuously taken into account ongoing trends and developments in the pension world to ensure its proper management and development.

The challenges ahead, which are linked to the aging population and, the increasing level of unemployment among the youth population, have brought about the need to make planned adjustments which will include, amongst others a review of the following:

- Retirement age;
- Contributions;
- SPF Act;

- Strategic Asset Allocation;
- Service to Customers; and
- Sustainability.

4.2.8. **Capital markets**

A securities exchange started operating in 2012 and there are currently 13 companies listed. The biggest capital market constraint is the lack of investment opportunities for institutional investors. There are several proposed reforms to address this in the FSDIP.

Currently only about 1% of the adult population invests in securities. To grow the market over time requires interventions both from the supply and demand side. The public should be educated on the opportunities offered by capital markets and the need for diversifying investments.

4.2.9. **Credit**

The CBS has a Credit Information System (CIS) for credit provided by FSPs regulated by the CBS, such as commercial banks, the SCU, DBS and HFC. The CIS is currently being reformed to make provision for all credit providers – also those not regulated by the CBS – as part of a broader initiative to strengthen the credit market in Seychelles. The CBS is also currently developing a collateral registry for movable collateral, aimed at improving access to credit for small and micro-enterprises.

Salary-based lending is the most common form of consumer credit. To minimise the risk of over-indebtedness, there is a common practice in place among commercial banks and financial institutions that an individual's monthly repayments should not exceed 40% of after tax income. However, it is not known to what extent this is honoured and whether credit applicants would necessarily make their full credit history available – particularly if also borrowing through informal sources.

While consumer credit has been growing, productive credit to MSMEs has remained low. Government agencies that provide credit



to MSMEs, include the Small Business Financing Agency (SBFA) and the DBS. The SBFA has historically experienced high default rates and is in the process of resolving these issues. The SNYC provides grants for start-up businesses of young people. The applicants for the grants attend compulsory sessions that touch on matters such as budgeting and business planning, and FSPs are invited to present talks on their product offering.

Commercial banks remain the main source of credit for MSMEs and are also best positioned to do so. However, there are several challenges from the perspective of the banks and SBFA. Entrepreneurs are often not business literate, cannot put together bankable business plans and do not have the required collateral. The interest rate of commercial banks is seen as too high and credit requirements too challenging for MSMEs.

The FSDIP makes various recommendations to strengthen access to credit for MSMEs, including a recommendation to strengthen the capacity of SEnPA in the provision of business development services (BDS) to MSMEs. To date, SEnPA's focus has been on the micro/cottage industry, but the FSDIP recommends that SEnPA should in future support all MSMEs. This change is currently being implemented with support from the African Development Bank (AfDB). In future, SBFA will then also require that all MSMEs complete SEnPA training before becoming eligible for a loan.

FinEd can play a role in enhancing entrepreneurial literacy and credit readiness among individuals, MSMEs or MSME start-ups. As such there is an opportunity to build FinEd content into entrepreneurship training by SEnPA as well as through the educational system and into some of the content of the banks such as the "Ready to start" programme from Barclays.

4.3. Status of financial education (supply-side)

While most stakeholders recognise the need for FinEd in the marketplace, no major financial education programmes have been implemented. Only a few stakeholders – primarily NGOs and government agencies – have implemented some *ad hoc* initiatives with little coordination and limited resources.

4.3.1. Government ministries and agencies

A few government ministries and agencies have implemented initiatives related to aspects of FinEd. These initiatives usually have as focus household budgeting, entrepreneurship or consumer rights, or seek to raise awareness of financial services.

- **The Small Enterprise Promotion Agency (SEnPA)** currently runs three programmes to promote entrepreneurship in the 'cottage industry' (micro and small businesses). These programmes touch on some elements of FinEd (budgeting and cashflow management), but there is no overall specific focus on FinEd.



- **The Seychelles National Youth Council (SNYC)** runs an Entrepreneurship Programme in the context of the Conférence Francophone de Jeunes et Sports (CONFEJES) which touches on elements of budgeting and cash flow. As part of the national Family Day, the SNYC sometimes runs half-day budgeting sessions.
- The **Family Council** (which falls under the Ministry of Local Government) organises some educational sessions on family budgeting. In May 2017, the Council participated in the Family Day 2017 (in partnership with the Agency for Social Protection (ASP)), and ran half-day family budgeting sessions. This pilot project aimed at changing family members' mindset, improving their quality of life, creating a platform with families to discuss financial issues and equipping them with the relevant skills. The pilot reached 150 people. The Family Council will be tracking the impact of this pilot project for two months after implementation. The results will also provide information on salary levels and whether these are too low.
- Social workers from the **Department of Social Affairs** under the Ministry of Family Affairs, ran eight parenting sessions of 90 minutes each. One of these sessions focused on budgeting. These parenting sessions were on hold during May 2017, due to the heavy workload of the social workers.
- The **Fair Trade Commission (FTC)** is responsible for issues pertaining to consumer protection and consumer rights. When reaching out to the public, it sometimes works in partnership with organizations from civil society such as NATCOF and SNYC. The FTC has run some *ad hoc* consumer right awareness campaigns, mostly during the World Consumer Rights Day. It distributes leaflets such as the "Consumer in Your Pocket", and publishes sensitization messages in newspapers, on its Facebook page and on TV. In 2017, the FTC focused on youth, digital payments and businesses: it released a set of videos to raise awareness on digital payments and organised a Competition Conference where participants had the opportunity to pitch a business model while learning about their legal recourse options. iMedia assisted with the roll-out of the programmes on national level.

The FTC is also considering entering into an agreement with the Seychelles Broadcasting Corporation (SBC) to benefit from free time slots for some of its advocacy programmes.

- The **Financial Service Authority (FSA)** has issued leaflets on insurance, gambling and other financial services that fall under its jurisdiction. Awareness material is published regularly in the FSA newsletter and in local newspapers. Recently, an awareness initiative was undertaken on insurance fraud. The FSA also participated in the Financial Services Open Day to promote awareness of financial services. The FSA plans on appointing a Financial Literacy Officer to run its advocacy campaigns.
- A Financial Literacy Baseline survey was commissioned by the FSA and CBS in 2016. The objectives of the survey were to:

- determine the levels of FinCap of the adult population of Seychellois aged 18 and above;
- inform the NFES by identifying the key issues to be addressed in the consumer component of the NFES; and
- develop a baseline against which changes in the levels of FinCap can be measured over time on a national level.

4.3.2. **Financial sector**

- All the banks indicated their support for introducing FinEd initiatives and suggested that this should be done on sector-level given that it is a public good. The banks further suggested that initiatives could be funded through their contribution.

Barclays Bank has a programme called: "Ready to Work" which is aimed at entrepreneurs. External parties can also obtain the material from Barclays and run workshops. Part of this programme focuses on FinEd to promote sound management of cash flow. This programme has been used by SenPA and the School of Business Studies and Accounting (SBSA).

- The **Insurers' Association** has implemented a few initiatives aimed at increasing awareness of insurance products among the public. It issued email and hard copy newsletters focusing on different topics (for example housing insurance); and participated in the FSA Open Day in June/July 2016 to raise awareness on the breath of financial services available in the market.
- The SPF has also implemented *ad hoc* financial education programmes aimed at (i) educating people on what the SPF is about; and (ii) encouraging people (MSMEs and the self – employed in particular) to join the SPF and for existing members to increase their voluntary contributions. This has been done through newspaper advertorials, radio shows and TV. The SPF indicated that it has been difficult to get airtime on TV in primetime (around the Creole news), which has limited their TV exposure to short one to two-minute slots. This is not sufficient to explain complicated concepts. The SPF also has a Facebook page, but this has not been used much by the public.
- **Trop-X** conducts stakeholder education as part of its corporate social responsibility goals. The Trop-X Academy provides courses on Securities Regulation, Trop-X Rules and Listing Requirements. Trop-X also has several publications aimed at informing market participants and the general public about securities markets. These can also be found on its website (www.trop-xacademy.com) and include material on:
 - The History of Securities Exchanges.pdf
 - Why Invest in Stock.pdf
 - Why would a company list on the Securities Exchange.pdf
 - Methods of Listing.pdf
 - Examples of Listing on Trop-X.pdf

4.3.3. **Civil society organisations**

Several civil society organisations implement *ad hoc* financial education initiatives, such as on household budgeting or entrepreneurship skills. Most of these organisations lack human resources and mostly rely on volunteers to implement their initiatives.

- The **National Consumers Forum (NATCOF)** customised for the Seychelles context the Consumer Protection Curriculum of Consumers International. They have organised once-off one hour and half day sessions on budgeting, saving and consumer rights in 2015 and 2016, targeted at employees of the Police Academy and the Army. NATCOF also collaborates with FTC during the annual World Consumer Rights Day on raising awareness of consumer rights. NATCOF is looking at expanding its reach through schools and the District Administration Office.
- **Seychelles Association of Women Entrepreneurs (SAWE)** has 120 members and promotes women entrepreneurs on the three main islands. Barclays sponsored a 6-month training programme of SAWE members whereby 28 participants met twice a month to be trained on the topic of their choice, depending on the issues they were facing at that point in time. SAWE also provides training on different topics related to entrepreneurship, such as promoting a positive approach to business, soft skills, promoting confidence and finding role models. It also facilitates engagements with key stakeholders, such as banks and the Tax Revenue Commission. SAWE's workshops last between one and three days and the number of attendees are usually around 30 women.
- The **SNYC** provides compulsory training to youth that apply for start-up grants. This is primarily BDS, but has components of personal FinEd as it touches on some of the foundation skills such as budgeting.
- **AIIESEC Seychelles** is a new organisation in Seychelles and aims to promote internships for students worldwide. AIIESEC is the only organisation within Seychelles that has participated in the Global Money Week and their first participation was in 2017. They organised some digital media competition between youth to raise awareness on savings practices.
- **Fathers' Association** is a small organisation that aims at promoting the responsibilities of fathers within families. One of its objectives are to promoting sound management of the household budget by men and to encourage talking about money issues within the household, increased saving, managing income sources and budgeting.
- **Churches and the Interfaith Organisation** organise family budgeting sessions as part of their preparation for marriage programmes.

4.3.4. **The educational system**

There are currently no dedicated financial education curricula in schools, although the Ministry of Education indicated that there are components of FinEd in some subjects, such as in the Technical and Vocational curriculum, Accounting and Mathematics. The Ministry indicated its commitment to embed FinEd in schools and proposed that this could best be done in the subject Personal and Social Curriculum – a compulsory subject offered to all grades. Embedding FinEd in the curricula would also require that the teachers' training curricula be adjusted. The Ministry is currently busy reviewing the curricula for early childhood, so this would be a good entry point.

The Ministry also indicated its support for introducing extra-curricular activities relating to FinEd and entrepreneurship in schools. Several tactics were discussed for consideration, such as

promoting school competitions to develop theatre plays, internet or video based games, simulated stock market games or competitions, entrepreneurship competitions with on-the-ground exposure to all the aspects related to starting a business, and the promotion of holiday and weekend programmes with content on financial education.

The Ministry further agreed to introducing FinEd to teachers in their personal capacity, i.e. through an employee work-based programme.

4.4. Financial behaviour and levels of financial capability

This section draws heavily from the 2016 Baseline Survey data (unless stated differently) and provides an overview of financial behaviour and the levels of FinCap of adult Seychellois. The 2016 Baseline Survey was a hybrid between a FinCap and financial inclusion survey.⁵ While financial behaviour is not necessarily indicative of levels of FinCap, it provides us with insight into the market and financial context of consumers. In the sections that follow, we first review the levels of financial inclusion on national level, before going into detail on the dimensions and competencies of FinCap and other information pertinent to developing the NFES.

4.4.1. Financial Behaviour and levels of financial inclusion⁶

Levels of financial inclusion relates to the behaviour component of KSACB (refer Section 2.1) of FinCap. However, several other factors beyond FinCap come to play in influencing financial behaviour (and ultimately levels of financial inclusion), and as such levels of financial inclusion is not considered as an indicator of levels of FinCap per se. For example, an individual may know about a product, but may not need the product, i.e. if an individual does not have a car, s/he does not need car insurance. Should the individual have a product need, various other factors may still prevent the person from purchasing

So, while levels of financial inclusions are not necessarily indicative of levels of FinCap, it remains an important consideration in the development of a national FinEd strategy. Firstly, an individual's financial product mix provides an indication of the person's level of

⁵ Unlike most financial capability baselines administered in other countries, the Seychelles 2016 Baseline Survey does not contain a financial capability or socio-economic segmentation model, which should form the basis of the NFES. Such a segmentation model is currently being explored and, if successful, the NFES will be refined accordingly.

⁶ The financial inclusion data does not provide any indicators of the quality of services. This can be established through questioning around the degree of satisfaction with products and services. Such client satisfaction surveys are common research practice among commercial banks and should be considered (in a simplified manner) in national level financial inclusion surveys.

financial sophistication (an important indicator of the required FinEd messaging that is required) and, secondly, knowing the outreach of financial service suppliers and the product uptake, we can determine which market segments can be reached by which financial service providers through existing client communication channels. A deeper look at the type of product uptake within an institution (for example the uptake of various banking products) also provides insights into product cross-sell and associated FinEd opportunities.

The Access Strand: national level of financial inclusion⁷

The Access Strand measures the uptake of products among various categories of financial service suppliers. The the combined uptake among all financial service suppliers provides a measure of financial inclusion. As depicted in Figure 6, Seychelles has high levels of financial inclusion rate – the highest of all countries in the SADC, if not in Africa. The high level of financial inclusion is essentially driven by the high percentage of banked (94%). However, product usage at banks is shallow and the high percentage of banked is, in turn, driven by 83% of respondents holding a simple savings account and 58% holding an associated ATM/debit card. The next product category of loans drops to around 20%.

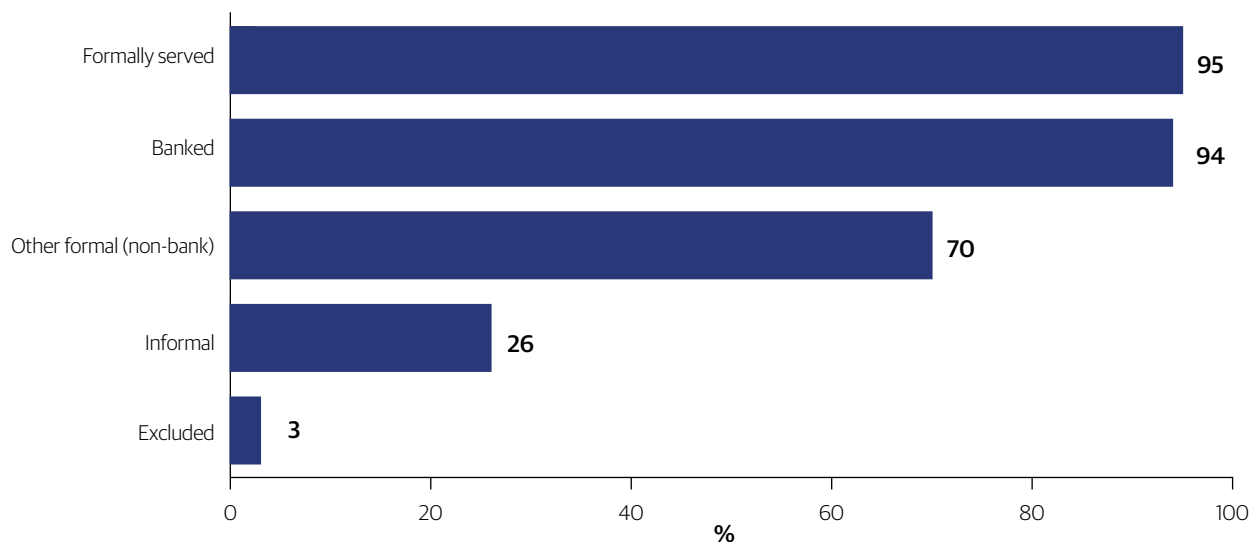
The small percentage of excluded (3%) have a bias to young adults (18-29) and a slight bias to men. This underscores the need for FinEd at school and at tertiary level. It also underscores the need for introducing youth savings products and fomenting savings habits as well other positive financial management habits (such as budgeting and planning ahead) at a young age.

Furthermore, the small percentage of adults not banked (around 5%) indicated that the main reason that they are not banked is because they do not have sufficient income to justify a bank account (37%). This was followed by not trusting banks (29%). Only 3% of the 5% (or 0.15% of the adult population) indicated that they are not banked as they do not understand how a bank works.

This again indicates that the opportunity for the banking sector is to deepen product uptake among existing customers (rather than to focus on the unbanked) by improving their product offering, service levels and cross-selling existing products. This, in turn, will require educating customers on the advantages and disadvantages of different products.

⁷ The Access Strand was developed by FinMark Trust approximately 16 years ago when the first FinScope was developed and implemented in South Africa. It is a measure of usage (rather than access) of all products among different types of financial service providers classified as formal (banked and other formal), semi-formal, informal and excluded. Overlap is excluded, and every respondent is only counted once starting from formal to excluded.

Figure 6: Access Strand

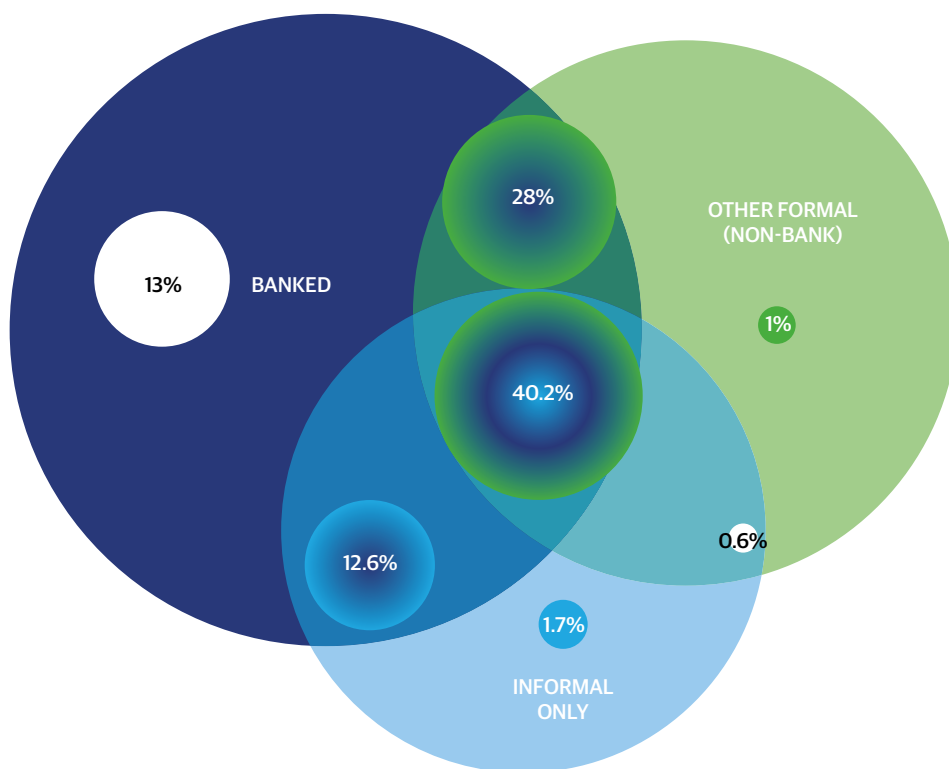


Source: Seychelles 2016 Baseline Survey

As depicted in Figure 6, there is quite a high degree of overlap among the various types of service providers, with almost 58% of respondents using banking services while also making use of

informal services, while more than two thirds of those that have bank accounts, also make use of other formal financial services (primarily insurance).

Figure 7: Financial inclusion overlaps



Source: Seychelles 2016 Baseline Survey

The high level of financial inclusion demonstrates the vast reach and impact FSPs could have if they work together on the design and implementation of FinEd targeted at existing customers alone. Starting with the FinEd of their own staff would be a prerequisite.

Product uptake

Product uptake is summarised in Table 8. The uptake of all three categories (savings, credit and insurance) is exceptionally high. However, it is necessary to better understand what is underlying these numbers, e.g. what types of savings products people hold and what has motivated people to take up these products. This is further explored in the sections under levels of FinCap, with insurance discussed under 'risk mitigation.'

Table 8: Product uptake

| PRODUCT CATEGORY | % of Seychellois (aged 18+) that held product in the past 12 months |
|------------------|---|
| Savings | 89% |
| Credit | 76% |
| Insurance | 53% |

Source: Seychelles 2016 Baseline Survey

Banking channels

As depicted in Table 9, the use of electronic banking channels is very low. Overall, only 8% of those that are banked indicated that they use internet banking. Given the long queues in banks, it is surprising that half of cash withdrawals are made inside a bank. It is not known why the usage of electronic banking channels is so low and this should be further explored by banks. Be that as it may, there is clearly a huge opportunity for banks to work together to increase the understanding among their clients of the benefits of using electronic channels – assuming that this is a demand-side issue and not the result of unreliable service.

Table 9: Banking transactions and channels used (% of banked adults)

| TRANSACTIONS | CHANNEL USED | | | | | |
|--|-------------------|-----------|---------------------|-----------------|-------------|-----------------|
| | WITHIN THE BRANCH | AT AN ATM | VIA PHONE OR ONLINE | AT SUPER-MARKET | POST OFFICE | SOME-WHERE ELSE |
| Cash withdrawals | 57.9% | 40.9% | 0.0% | 0.5% | | 0.5% |
| Cash deposits | 53.2% | 0.5% | | | | 1.6% |
| Money transfers between own bank accounts and someone else's | 12.1% | | 1.6% | | | 0.5% |
| Money transfers between own bank accounts | 13.2% | | 1.6% | | | 0.9% |
| Buy cellphone airtime (pre-paid) | | 0.7% | 1.8% | 52.0% | 0.2% | 6.4% |
| Pay utility bills (e.g. electricity, water) | 2.5% | 1.2% | 0.7% | | 0.4% | 68.1% |
| Pay cellphone or telephone bill | 1.4% | 0.7% | 0.7% | | 0.4% | 40.9% |
| Purchase items using debit card | | | 1.6% | 26.5% | | 6.0% |
| Credit card purchases | | | 0.5% | 4.1% | | 2.0% |
| Settlement of credit card payments | 2.5% | | 0.5% | | | 0.7% |
| Request balance enquiry | 55.0% | 18.5% | 2.8% | | | 1.1% |
| Request mini-statement/normal statement | 23.7% | 28.8% | 1.2% | | | 0.7% |

Source: 2016 Baseline Survey

4.4.2. Dimensions of financial capability

Knowledge levels and confidence⁸

When respondents were asked whether they would like further information on financial management, two thirds said 'no'. This points to quite a high level of confidence in their own financial management skills and knowledge. Similar responses were received when asked whether respondents understood the benefits of insurance (66% agreed) and whether they knew what products and services are offered by banks (68% agreed). However, given certain aspects of Sechellois' financial behaviour, it may seem that this is not the case. For example, respondents demonstrated low usage of electronic banking channels, narrow uptake of available banking products (primarily simple transactional savings account) and low uptake of life insurance (discussed in more detail later).

Furthermore, almost one third of respondents indicated that they are not sure what types of banking products are on offer. Given that 95% of adults have a bank account, it means that there are also existing banking clients that are not sure about the product and service offerings of banks. These findings – combined with the narrow product uptake at banks – point to an opportunity for banks to better inform and educate clients on their products and services and perhaps doing so in a subtle way without customers even knowing that they are being 'educated.' It is then also more cost-effective to cross-sell product ('deepening product usage') than to try and gain new clients – particularly in an environment where such a high proportion of the population is already banked.

Table 10: Understanding of banking and insurance products and services (self-assessment)

| KNOWLEDGE QUESTIONS | % OF ADULTS THAT AGREE ('YES') |
|---|--------------------------------|
| Banking | |
| Do you know what services and products a bank offers? | 68% |
| Insurance | |
| Do you understand the benefits of insurance product? | 66% |
| Do you know the companies that offer insurance? | 80% |
| Contracts | |
| Do you understand the product terms and conditions in a contract? | 48% |

⁸ *Mathematical literacy (a financial capability skill) should be tested in a future financial capability survey, as it has been demonstrated in other countries that it is a strong determinant of levels of financial capability. Mathematical literacy is tested by including a few simple mathematical problems to be solved by respondents by applying their skills subtraction, division and multiplication. This will also help to identify whether low levels of mathematical literacy may be one of the underlying causes that has resulted in the low scores relating on the ability to calculate interest, knowing the full repayment amounts and comparing products.*

| KNOWLEDGE QUESTIONS | % OF ADULTS THAT AGREE ('YES') |
|--|--------------------------------|
| Credit | |
| Do you know how to apply for a loan? | 77% |
| Do you know how a loan works | 79% |
| Do you know how much a loan will cost at the end of the payment period | 69% |
| Can you calculate interest on a loan | 46% |
| If you guarantee someone else's loan, are you liable to pay for the loan if the person defaults? | 67% |
| If you put up your property to secure someone else's loan, may your property be seized/foreclosed if that person defaults? | 66% |

Source: Seychelles 2016 Baseline Survey

Respondents demonstrated some particular challenges with respect to loans: while most people know how a loan works, only 61% know the fees that lenders charge and only 46% seem to know how to calculate an interest rate. This is even more worrying given that reportedly in one in three instances, the credit provider did not as much as explain how the interest rate is calculated. This is a major concern given the high credit uptake in Seychelles (76% had credit in some form in the past 12 months).

Another area in which people are struggling, is with the completion of contracts and conducting product comparisons. Only 48% of respondents indicated that they **understand the product terms and conditions** in a contract. Given that a high proportion of respondents (88%) indicated that they compare product options when selecting products, it appears as though people are really trying to make an educated decision when selecting products, but are struggling to do so because of complex forms/contracts and poorly communicated product terms. It was then also mentioned earlier in this report, that complaint about the complexity of financial product documentation are rife in Seychelles. This issue should be addressed both from the supply and demand side, i.e. the CBS and FSA should issue guidelines around 'simplicity and transparency' in communication and pricing, as this is a key component of the broader framework of consumer protection, while people should be educated on contract terminology, contract negotiations and completion of contract documentation.

From a **consumer redress** perspective, it is encouraging to note that 79% of respondents feel **confident** enough to lodge a complaint against a financial institution and 75% of respondent indicated that they know what recourse options to follow when they are not satisfied with a product. However, it is interesting to note that despite the high confidence level of 79%, knowing what to do had a slightly lower score. This is then also a self-assessment and may not reflect actual knowledge levels. Once the CFPA is launched, it is recommended that a dedicated programme be put in place to

educate the public about their rights, responsibilities and recourse options; and also on changes in the CIS. The public must know about the existence of the CIS and understand that this has a positive (not punitive) role. People must also be educated on how to check on their credit record and how to have errors rectified.

Finally, the 2016 Baseline Survey tested **risk-taking** by exploring the propensity to gamble through a small skills test. Only 12% of respondents indicated that they would select the riskier option. Respondents also achieved high (positive) scores on questions aimed at testing their ability (skills) to identify scams.⁹

4.4.3. **Financial capability competencies**

Short-term money management and tracking of income and expenditure

Around 83% of adults know exactly or roughly how much they have earned in the past month while 42% know exactly how much they spent in the past month and 43% know roughly how much they have spent. These high numbers are not surprising, given that more than two thirds of the population are formally employed/have a fixed income and would therefore know their monthly income and roughly what they have left in the bank (i.e. how much they have spent). However, only 19% of Seychellois reportedly have a **budget**. This is concerning and demonstrates a lack of financial involvement and pro-active personal money management.

Long-term planning and planning for retirement¹⁰

The SPF specifies that an individual is eligible for retirement at age 60 and that retirement is compulsory at age 63. This is younger than the norm of age 65 in most countries. A sizeable 15% of the adult population currently receives an income from a retirement benefit. It is critical that retirees spend their income carefully and are guided on how to adjust to what may be a much smaller income than what they were used to. Also, few people contribute to an additional private pension fund (over and above the compulsory government fund). This should be addressed in, among others, employee well-being programmes to encourage people to contribute more.

Savings behaviour and attitudes to savings

Regular savings set the foundation for good personal financial management. Savings could be made at various intervals in various forms and of varying amounts depending on an individual's financial context. Of importance is that everyone should save regularly and maximise the amount within his/her financial context – whatever 'regular' may mean for a specific individual and whatever the amount may be. This is a habit that should ideally already be cemented in the foundation years of a child.

⁹ Given the prevalence of gambling outlets in Seychelles, questions around attitudes to gambling and gambling behaviour should be explored in a future Financial Capability survey.

¹⁰ The Baseline (2016) explored whether people have plans to 'improve their (long-term) financial situation'. The responses reflect aspirational ideas (rather than plans per se) to increase incomes, such as starting/expanding a business, finding a job and saving money, which do not relate to levels of financial capability. The concept of long-term planning in the context of personal financial management (planning for retirement, asset building, children's education, etc) was not explored in the 2016 Baseline Survey and should be considered for inclusion in future financial capability surveys.

From the 2016 Baseline data, we observe that 91% of respondents indicated that they save when they can, which shows a positive orientation towards savings. From a behavioural perspective, we observe that 95% of adult Seychellois hold savings in some form. However, while this looks impressive at face value, when unpacking the data, it becomes apparent that this number does not tell the real story. The 95% figure is broken down into 89% of adults holding a savings product at a bank, 83% of which hold a simple (transactional) savings account and 5% hold a fixed deposit account. While the latter can be safely assumed as being real savings, the same cannot be said about all 83% of (transactional) savings accounts. What we do know is that 17% of respondents indicated that they immediately withdraw all their money when it is deposited, but we do not know whether the remaining 83% withdraw all/most before the next pay day. **There is a fundamental difference between holding a savings product and actively saving.**¹¹

Among those who save, the main motivation appears to be for risk management purposes (medical emergencies, planned medical expenses and non-medical emergencies total 58%). This is followed by savings for income-smoothing purposes at 25% (much lower than in most African countries). However, it is worrying that Seychellois do not appear to save for long-term asset building. Only 8% of respondents indicated that they are saving for retirement and only 3% are saving to provide for dependants in the event of death. This is less than the 9% that save for holidays.

Data on frequency of savings are difficult to interpret without corresponding data on frequency of income or income cycles. However, it is notable that 40% of respondents indicated that they only save when they have extra money. This calls for the principle of 'savings first' to be reinforced through training on savings and budgeting. We then also note in the section on "information needs", that information/education on savings and budgeting achieved the highest scores.

Credit behaviour and attitudes to credit

Consumer credit increased substantially following a campaign a few years ago and 76% of adult Seychellois have borrowed in the past 12 months of which 67% borrowed from banks. There is not much information available on credit behaviour, but according to the 2016 Baseline, those that have borrowed to pay off a loan represent less than 1% of the population.¹² So while there is no data that points to a problem of over-indebtedness, credit behaviour should nevertheless be closely monitored in future – particularly as those that are financially vulnerable may start borrowing/falling into the debt trap if the issue of financial vulnerability is not addressed.

¹¹ Savings and investments can take many forms, such as cash at home, a second property, contributions to a retirement annuity or endowment policy or even non-financial forms such as jewellery. All forms of saving and investment should be explored to better understand people's current financial behaviour. Without an in-depth understanding of current behaviour it will be difficult to develop relevant messaging to change/influence this behaviour.

¹² The 2016 Baseline Survey indicates that 26% of the adult population show signs of over-indebtedness. This is based on a composite index which was calculated including those that stated that they often run out of money for necessary expenses. However, hardship does not necessarily equate borrowing and we also see that only 4.5% of people currently state that they borrow for purposes of income-smoothing. Again, while this means they have debt, it does not automatically translate into over-indebtedness.

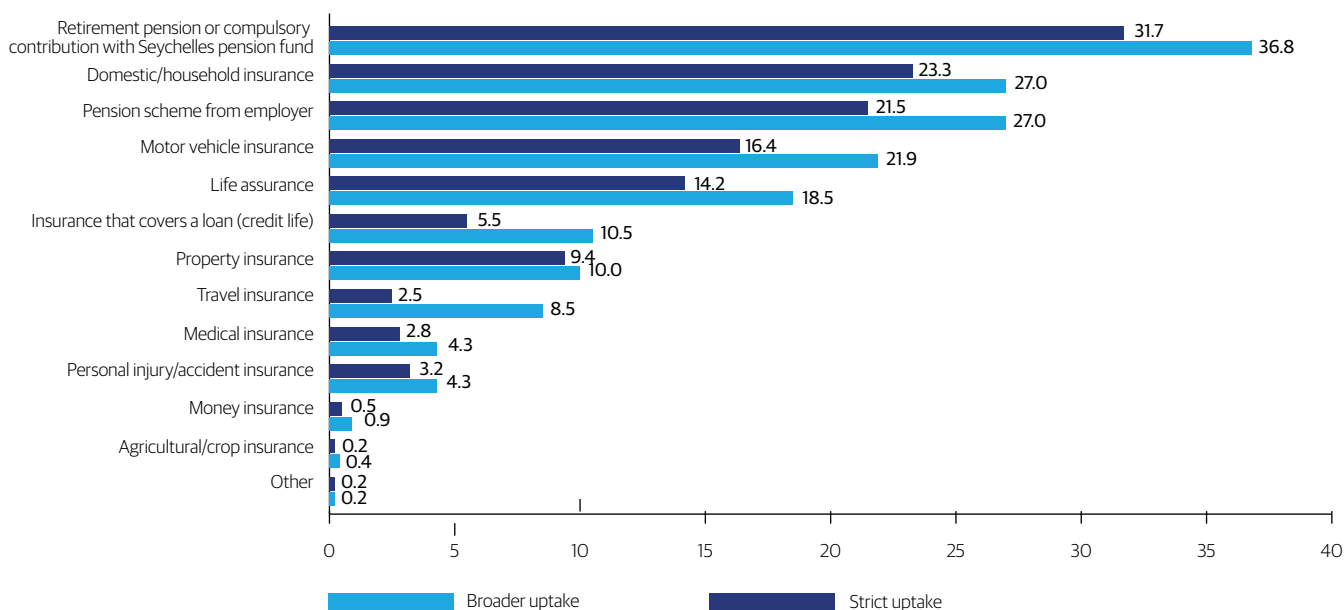
The CBS then also recently reported an increase in complaints from consumers about their inability to pay back loans.

Risk mitigation

As the main reasons for saving are to provide for unexpected events, it is not surprising to observe that the main coping mechanism in the event of an unexpected occurrence such as illness or the death of a family member/breadwinner, is the use of savings. This is followed by cutting down on expenses.

As illustrated in Figure 6, insurance product uptake is quite high and the main uptake is household insurance followed by motor vehicle insurance. Life insurance is high relative to most African countries, but should be much higher particularly given that around three quarters of the population is economically active: the death of an income earner remains one of the biggest risks faced by any household. Life insurance is then also not expensive and communicating the benefits of such cover should form a key message of FinEd in Seychelles.

Figure 8: Insurance product uptake (%)



Source: Seychelles 2016 Baseline Survey

Product choice

It is most encouraging to find that as many as 88% of Seychellois compare different product options before making a purchasing decision. However, as indicated earlier, it is concerning that only 48% understand the product terms and only 61% know the fees that lenders charge.

4.4.4. Other findings

These findings help to inform the development of the national strategy, but should not be interpreted as levels of FinCap *per se*.

Information needs and sources of information and advice

Of the roughly one third of respondents that indicated that they would like more information on money management, approximately 40% indicated that they would like to know more about savings and investments and 20% indicated that they would like to know how to budget. These findings on savings and budgeting are similar to those in other countries. The two concepts are then also inter-related as one needs to budget better to enable you to save more.

Next were information on available products, terms and conditions/advantages and disadvantages of products and how to choose a financial product. These three related variables had a combined total of 21%. This is unusual and supports the findings discussed

earlier about the apparent struggle for Seychellois to understand complex product and contract terms.

While 39% of all respondents indicated that they consult with family on financial matters (lower than in other African countries), it is encouraging to note that as many as 20% of respondents indicated that they consult with a financial professional or bank on financial matters. Regular media is also an important source of information, but only 3% use the internet and 1% social media. What isn't known is whether the low usage of the internet/social media is because there is not much financial information available or whether this is not a preferred channel. We believe it may be the former and that a media campaign driving people to an informative website should be explored and may well yield surprising results as may the use of social media.

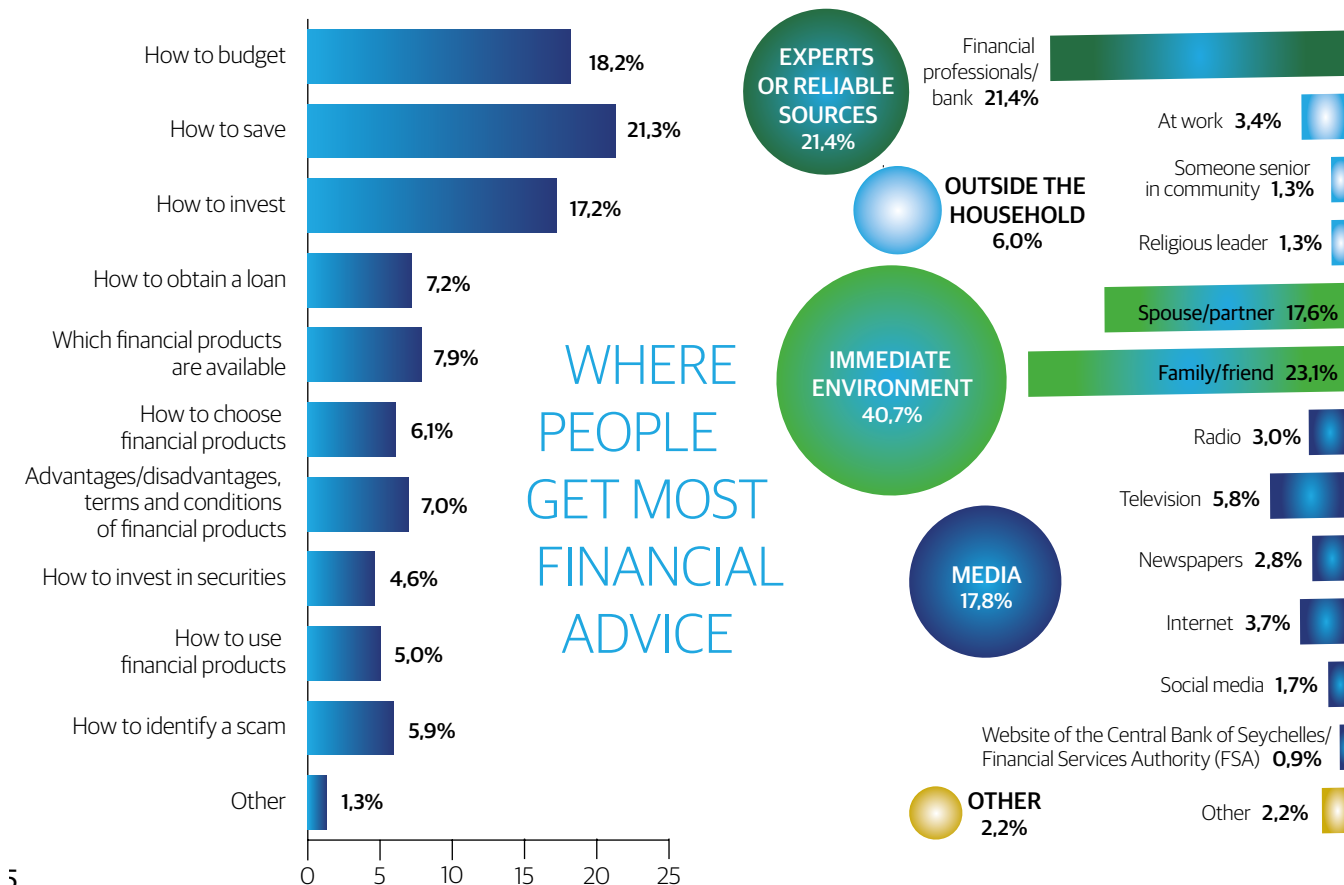
It should be noted that the Baseline did not distinguish between sources of information and sources of advice. These are two closely related but separate concepts. 'Sources of information' relates to the availability and quality of information available in the market place. Developed countries tend to suffer from an overload of messaging on financial products, making it difficult for people to decipher what is relevant, while in developing countries, there is normally not sufficient information or messaging on financial matters. From the Baseline data is not clear what the situation is in Seychelles, but we suspect that the availability of financial information may be on the

low side. The quality, reliability and simplicity of information should also be considered.

Financial advice, on the other hand, relates to approaching someone (preferably an independent objective professional) to

provide customised advice on matters such as budgeting, debt management or long-term personal financial planning. It is then also important to distinguish the latter from 'advice' tied to product sell, which may attract commission and as such may be biased and not reflective of FinEd.

Figure 9: Information requirements and current sources of financial advice/information



Source: Seychelles 2016 Baseline Survey

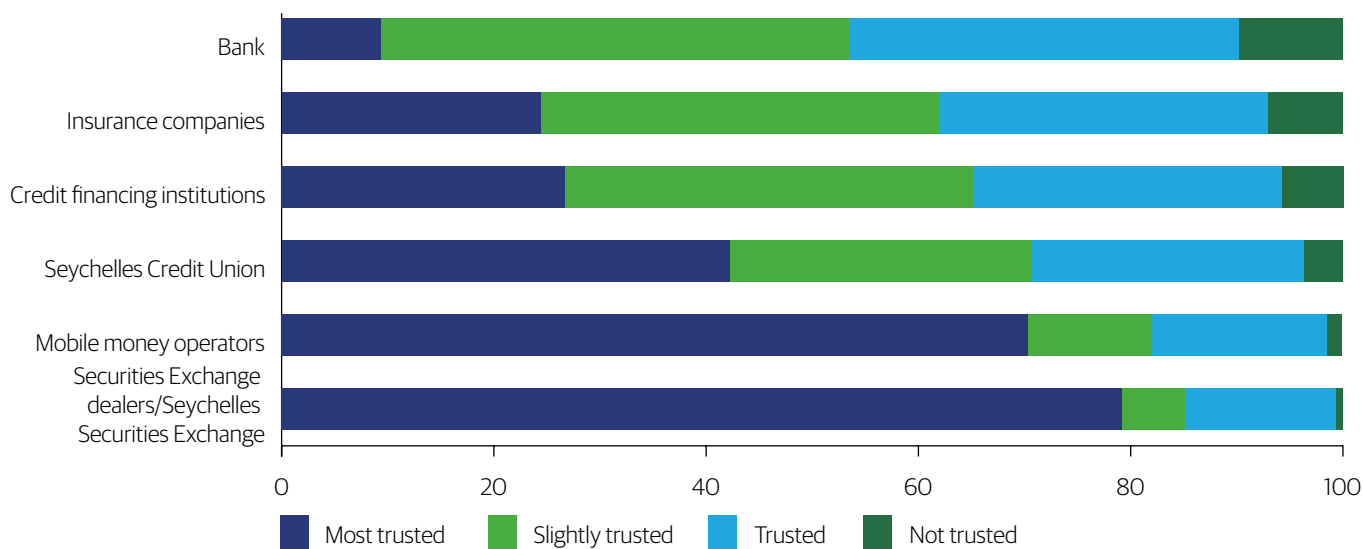
About two thirds of adults make decisions together with a spouse and/or another household member, and 27% make financial decisions alone.

Trust in financial institutions

Levels of trust in financial institutions are often misconstrued as an indicator of FinCap. It is not. Trust must be earned, it cannot be taught. You cannot tell (educate) an individual to trust an institution. However, one can educate people on different types of financial institutions, how they operate and how they are regulated – but it

remains up to the institution to then deliver accordingly and treat customers with respect. While there are clearly no major trust issues in Seychelles (refer Figure 10 below), it is disappointing and somewhat surprising to note that banks have the lowest levels of trust. That said, as can be seen from Figure 9, there appears to be a direct relationship between product uptake at financial institutions and levels of trust, i.e. those institutions used most (banks) have the lowest trust levels and the Seychelles Securities Exchange has the highest. It may therefore simply be that respondents who have not engaged with institutions (and consequently would not have had a negative experience) simply rated these institutions in the positive.

Figure 10: Level of trust in financial institutions



Source: Seychelles 2016 Baseline Survey

4.4.5. Summary of findings of levels of financial capability

The following is a summary of the main findings related to the levels of FinCap and financial product behaviour in Seychelles, and should be considered in the development of the NFES:

- Seychellois currently have high levels of financial inclusion, but shallow product usage (mostly transactional savings accounts).
 - There is a need to educate people on second tier products, such as fixed-term savings and insurance products.
 - There is an opportunity for FSPs (banks and insurance companies in particular) to cross-sell and simultaneously educate individuals on other products available in the market place.
- Seychellois appear to make a reasonable effort towards risk management through savings and insurance. However, as indicated above, more emphasis should be placed on insurance products (beyond short-term insurance) and, in particular, on the benefits of life insurance.
- Many Seychellois appear to save, although this seems to be mainly for day-to-day cash flow management and risk management with limited long-term asset-building and limited provision for retirement. The situation is aggravated by the changing demographic profile of Seychellois and what appears to be an ageing population. It seems as though many people do not actively take responsibility for their own financial well-being, but tend to rely on the state. Long-term savings should therefore be encouraged.
 - Encourage long-term savings (also see above) and complementary voluntary retirement contributions. The latter should specifically be emphasised among 30 to 60-year olds and can be done through, among others, broader employee wellness programmes.

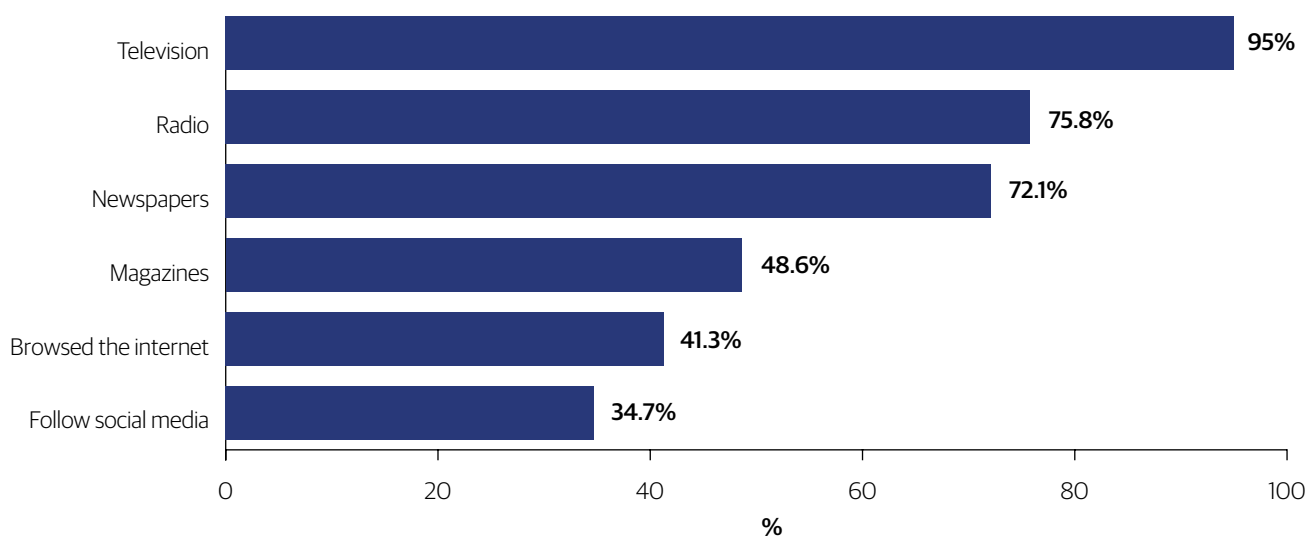
- Training should also be provided to those already retired to guide them on how to live on less through, for example, improved budgeting.
- Encourage a shift in attitudes towards greater personal financial self-reliance. This should start at a young age, as attitudes are more difficult to change among older people.
- Educate people on the need for short-term budgeting for improved day-to-day cash management, which is also necessary to increase savings and long-term planning.
- Closely related to the above is what appears to be a growing trend of consumerism – particularly among the youth. Social problems are on the increase, particularly alcohol and drug abuse and teenage pregnancies. The importance of ‘early intervention’ in the sphere of FinEd is widely recognised, as it is easier to instil the right values, attitudes and perceptions among young people than to change the habits and perceptions of older people. Anecdotal evidence also suggests that some households tend to overspend and then turn to the state for assistance.
- Many Seychellois appear to make a concerted effort to search for and compare product benefits, but there is frustration with complicated product features and contracts, seemingly poor/no explanation of loan terms and a lack of understanding of interest rate calculations.
 - From a regulatory perspective, guidelines or regulations should be provided relating to simplicity and transparency in communication. This may call for further research to better understand the challenges currently faced by any individual, as well as research into current communication and promotional activities of suppliers.
 - Financial service suppliers should simplify product features and contracts, improve training to staff in client communication, monitor staff behaviour, and enforce training on credit for first-time borrowers (personal or MSMEs) and (previous) defaulters or those struggling to pay back debt.

- The population should be educated on product features, understanding of contracts and contract negotiations, improved mathematical literacy and, specifically, calculating interest rates. Improved mathematical literacy should be a core focus in the educational system.
- Further to the above, the regulators may wish to conduct broader research into issues relating to consumer protection and consumer redress to better understand people's current knowledge and awareness of their rights, responsibilities and recourse options. This is specifically necessary as a type of 'benchmark' before introducing the CFP, revised CIS and movable property register. Specific financial education programmes will have to be launched relating to these and other issues which may be identified during the research. The impact of the education programmes should then be monitored over time.
- Entrepreneurs often lack financial management and business skills. Improved personal FinCap is a precursor to improved financial management of a small business or farm. Personal and business finances are also closely inter-linked in most households and few households have separate budgets and bank accounts for their businesses.

4.5. Communication channels

As illustrated in Figure 11, the ATL media reach in Seychelles is exceptionally high and can be successfully used to reach the population. As many as 95% of adults have watched TV in the past month and 76% have listened to the radio. TV viewership is particularly high between 6pm and 9pm and in the mornings between 6 am and 8am. Print media readership is also very high at 72% for newspapers and 47% for magazines.

Figure 11: Media channels used in last month (adults aged 18+) (%)



Source: 2016 Baseline Survey

In 2014, there was an estimated 14,000 TV sets in the country.¹³

Seychelles has satellite TV and two local TV stations, namely the government-owned SBC TV and the newly launched privately-owned TéléSesel. The latter is the first high-definition local TV channel broadcasting through the Cable IPTV platform.

Children can be reached on TV during shoulder period from around 5pm to 7 pm. There are current educational programmes focusing specifically on children in which NGOs (such as CARE Seychelles) embed programming. SBC TV has an interactive live debating programme, "An direk", during which viewers can call in and participate in debates on social matters, such as prostitution, drug abuse or cancer treatment.¹⁴ These debates take place between Monday and Thursday (9pm to 11pm) and are re-played over the weekends to ensure that most of the population is exposed to the programmes.

Seychelles has four radio stations: Paradise FM, AM Radio, K Radio and Pure FM. There are popular radio games where participants from all ages can call in and engage in specific topics. Radio is also popular among children and the youth, in particular FM radio.

There are two daily newspapers (Today in Seychelles and The Nation) and three weekly newspapers (The People, Le Seychellois Hebdo and Le Nouveau Seychelles Weekly). In 2014, The Nation was selling about 3,500 copies during the week and 4,000 copies over weekends. It used to be funded by the GoS, but is now financially self-sustainable. However, it remains under the auspices of the Ministry of Information. The Nation has a section dedicated to Education, which could possibly be expanded to also include messaging on financial management and basic economic literacy. The weekly newspapers were selling between 2,000 and 4,000 copies weekly, but distribution in La Digue and Praslin is at times challenging. Office workers are the main newspaper readers.

¹³ Seychelles Broadcasting Corporation

¹⁴ Ferrari P., Report on the State of Media and Communication, Republic of Seychelles, 2014

Table 11: Print media and broadcasters in Seychelles in 2017

As shown in Figure 11, media usage is largely dominated by television viewing, followed by newspapers readership and then radio. These should therefore be the three main channels to explore when implementing the FinEd strategy.

| MEDIA TYPE | NUMBER |
|--------------------------|--------|
| Newspapers and magazines | 18 |
| Newsletters | 13 |
| News Agencies | 2 |
| Publishers | 11 |
| Broadcasters | 3 |

An estimated 90% of adults have a mobile phone. Slightly less than half the population has browsed the internet and 35% have used social media in the past month. Internet connectivity is therefore near the average global penetration (estimated at 54%¹⁵) and places Seychelles as the second most connected country in Africa (after Mauritius). Internet connection via mobile phones are mainly driven by young people, as depicted in Table 12.

Table 12: Internet users by age categories

| | 18 - 29 YEARS | 30 - 39 YEARS | 40 - 49 YEARS | 50 - 59 YEARS | 60 YEARS AND ABOVE | TOTAL |
|------------------------------------|---------------|---------------|---------------|---------------|--------------------|-------|
| Internet connection through mobile | 42% | 34% | 16% | 5% | 3% | 45% |

Source: 2016 Baseline Survey

4.6. Context for implementing NFES

The environment in Seychelles is very conducive to the implementation of a NFES. The population is small and highly literate with good media outreach and the information and technology sector is well developed. With around 60% of the population salaried/formally employed, employee workplace programmes will have good outreach; as will the educational system, given that school enrolment rates are high and drop-out rates low.

Stakeholders were very supportive of the proposed strategy during the fieldwork. However, stakeholders have other priorities and may not be able to commit the necessary time for coordination and implementation of activities. This can be mitigated through a strong centrally driven Steering Committee (SteerCom) and centrally driven technical implementation, which is doable in the Seychelles context.

Currently there are limited technical skills in the marketplace for the implementation and M&E of financial education programmes, but this can be addressed through initial technical assistance from international specialists and training intermediaries, such as training of trainers, facilitators, counsellors, programme developers and journalists.

Funding is often a challenge for the continuous implementation of FinEd. In the context of Seychelles, there are some funds available that could possibly be re-allocated to support the implementation of the NFES. Recommendations are provided in the NFES on sourcing and structuring a national financial education fund.

The single biggest challenge in Seychelles is that much of the focus of the NFES will have to be on changing people's attitudes to money. This is much more difficult than to simply train people on financial concepts and, as such, will require a long-term vision and commitment from the GoS and partners.

Part B: National Financial Education Strategy and Implementation Plan

5. Vision, purpose and components of the National Financial Education Strategy

The **Vision** of the NFES is that Seychellois will display improved levels of FinCap, enabling people to take responsibility for their own financial well-being by better managing their personal finances and thereby reducing financial vulnerability, increasing asset-building and long-term financial security, improving risk management and displaying responsible financial practices in a competitive client-centric financial sector.

The **Purpose** of the NFES is to provide a framework for the implementation of a well-coordinated, efficient and effective targeted approach that will optimise resources in the implementation of FinEd aimed at improved levels of FinCap of Seychellois.

The NFES comprises several **components**:

- **The Consumer FinEd strategy**

This component sets out to define and describe the market segments which should be targeted by the NFES, the rationale for targeting these segments, the main themes or messages to be delivered to each segment, the main stakeholders identified that should be tasked with implementing the financial education initiatives targeted at each segment, and a high-level overview of the channels.

- **Coordinating and implementing structure and funding**

The purpose of this component is to ensure that there is a well-funded and efficient structure in place tasked with the coordination and implementation of the NFES, with clear roles and accountability for the various stakeholders. Working Groups are identified which correspond with the key stakeholders identified for each market segment in Component 1. Sub-strategies must be developed by each Working Group.

- **M&E framework**

An M&E framework is required to assess on an on-going basis whether the NFES is being implemented in an efficient and effective manner and achieving its goals. Such an M&E framework must consider both the NFES on national levels as well as the activities of the Working Groups.

- **Implementation plan**

The implementation plan for the NFES is a high-level plan focussing on setting up the coordinating and implementing structures and funding mechanisms, and the activities to be implemented by the proposed national FES. Detailed implementation plans must be developed by each Working Group to ensure the successful implementation of their sub-strategies.

6. Guidelines for the successful implementation of the NFES

The successful implementation of the NFES will require:

- a programme champion with influence and authority that will place FinEd on the national agenda;



- a long-term vision and commitment from all stakeholders and the GoS in particular;
- that the GoS sets the strategic direction, as well as drive implementation and coordination with stakeholders;
- strategic partnerships and the use of existing structures among public, private and civic organisations to optimise reach and impact;
- sourcing, customising and sharing existing content to optimise efficiency;
- a targeted approach with a clearly defined profile for selected target markets and well-formulated messages with defined financial education outcomes;
- realistic and achievable targets as over ambitious targets can lead to disappointment and ultimately a view that FinEd yields no positive results;
- that evidence is built through projects which can achieve results in the short-term ('low-hanging fruit');
- the use of 'teachable moments', such as talking about the need for financial planning for children with expecting parents; and
- that financial education initiatives are monitored and evaluated to enable continuous learning and improvement.

7. Summary of findings from the situational analysis

The issues considered in the development of the NFES are cross-sectoral and range from attitudinal challenges (e.g. dependency on welfare state services and increased consumerism), to increasing income inequalities and social problems such as alcohol and drug abuse. On the positive, Seychelles has an advanced information and technology sector. The following is a summary of the main findings from the situational analysis and should be considered in the development of the NFES:

- The financial sector is set to undergo several changes, particularly with respect to the NPS, the introduction of the FCPA and the broadening of the scope of the CIS. This will require financial education interventions to educate and inform the public on the changes and on their rights, responsibilities and recourse option.
- Seychelles has the highest level of financial inclusion in sub-Saharan Africa, but uptake of **financial products** is shallow and comprises primarily simple savings products. The limited usage of low-cost electronic channels among the banked, also point to a lack of awareness and understanding of the benefits of these products and channels.
- There is a **lack of long-term planning and savings**. While most Seychellois save, these savings are primarily for short-term income-smoothing and risk management purposes, rather than for long-term asset-building. The uptake of voluntary additional pension products is minimal as is investment in the capital markets. This is of particular concern given the changing demographics of Seychelles and the projected ageing of the population.
- Seychellois demonstrate **weak day-to-day money** management skills, such as budgeting and tracking of expenses. This, combined with a lack of long-term planning, points to low levels of involvement in the management of personal financial matters.
- Seychellois have a reasonable level of **risk management** and it is encouraging that in the event of an emergency, many resort to savings first. Insurance uptake is also relatively high, but could be improved. According to the 2016 Baseline Survey, about one third of Seychellois indicated that they do not understand the benefits of insurance. It is unclear whether this relates to knowledge levels or whether some simply do not believe there is a benefit. Either way, clearly this needs to be addressed through FinEd.
- While an attempt is made by most Seychellois to compare product benefits when making a purchase decision, these efforts appear to be hampered by **complicated and/or poorly explained product benefits and contract terms**. Many also indicated that loan officers did not always (fully) explain loan terms and that they did not understand or know how to calculate interest rates.
- Despite strong economic growth over the past couple of years and many social services provided by the GoS, **financial vulnerability** appears to be on the rise. This seems to stem primarily from a widening income gap, as evidenced by the worsening Gini coefficient. Social problems also appear to be on the rise, particularly alcohol and drug abuse and teenage pregnancies.

- There also appears to be a growing trend towards **consumerism**, particularly among the youth. Credit increased tremendously after a successful credit campaign a few years ago. While we do not have data on loan types, it appears that most loans have been taken for consumption purposes (income smoothing, household appliances and so forth). While this may be good for the financial sector, this is a worrying trend from a consumer perspective and the principles of responsible lending and borrowing must be emphasised to the FSPs and the population as a whole.
- **Entrepreneurs** often lack financial management and business skills. Stakeholders reported weak business plans that do not enable MSMEs to obtain credit and poor loan repayment by those who did obtain credit from government agencies. Improved personal FinCap is a precursor to improved financial management of a small business or farm. Personal and business finances are also closely inter-linked in most households and few households have separate budgets and bank accounts for their businesses.

Many of the challenges therefore appear to be related to underlying attitudinal issues, such as the lack of long-term planning and savings, turning to the state rather than accepting responsibility for own finances, low levels of involvement with own finances, increasing consumerism and credit for consumption purposes, and increasing social problems. Attitudes are not easy to change and this will call for a concerted long-term effort. It also underscores the need for 'early intervention', as it is easier to instil the right values, attitudes and perceptions among young people than to change the habits and perceptions of older people.

However, not all the issues identified can be addressed solely through financial education initiatives targeted at the population. Some also call for action from regulators. To enable FSPs to incentivise clients to use electronic channels, regulations that may hamper the implementation of pricing strategies, as well as regulations governing transparency and simplicity of product material, contracts and client communication must be reviewed.

Similarly, the FSPs will have to improve their offering, such as introducing suitable savings products for the youth, introducing simplified product material and contracts, training customer relationship and loan officers on engaging with clients, and introducing compulsory training for first time borrowers and defaulters.

These issues to be addressed by the NFES are summarised in Table 13, as well as the goals and quantitative indicator(s) for each. Where a quantitative indicator is not currently available, a recommendation is made for the type of indicator that can be used and that should be collected in future. The table also presents the actions required from stakeholders and regulators, and suggested further research. All research is indicated in italics.

Table 13: Challenges to be addressed, goals, indicators and actions required by FSPs and regulators

| THEME/CHALLENGE | GOALS | M&E INDICATOR AND FURTHER RESEARCH REQUIRED | FSPS: ACTIONS REQUIRED AND SUGGESTED RESEARCH | REGULATORS: ACTIONS REQUIRED AND SUGGESTED RESEARCH |
|--|---|---|---|--|
| Day-to-day financial management & limited personal financial involvement | Increased number of adults that budget, improved budgeting skills | Financial capability indicator: Number of adults that currently have a budget = 19% Include in next financial capability survey direct questioning on importance of personal financial management and level of involvement | | |
| Long-term planning, saving and budgeting | <p>Increased long-term planning</p> <p>Increased savings for short-, medium – and (particularly) long-term. Introduce concept of 'pay self first' (not last, only if any money left over).</p> <p>Retirement planning: saving more/ increased voluntary pension fund contributions; living on less</p> <p>Increased life cover</p> <p>Imbed savings culture among youth</p> | <p>Include in next national financial capability survey measures on number of people with long-term financial plans</p> <p>Financial inclusion indicator: Number of long-terms savings/ investment products: Fixed savings accounts = 5% Withdraw income immediately = 17% (neg) Collective investments = 1%</p> <p>Number of adults with voluntary pension contributions/ pensions Current voluntary pension contributions (to be established)</p> <p>Life assurance = 30%</p> <p>Number of youth savings accounts</p> | <p>Strengthen savings & investment offering – particularly for long-term asset building and retirement</p> <p>Introduce youth savings product</p> | <p>Incentivise consumers (e.g., through tax benefits) and FSPs to improve savings & investment offering – including through various instruments such as RAs and endowment policies</p> <p>Regulatory restrictions? Incentivise FSPs to introduce no/low cost savings for youth, low balance requirements, positive returns</p> |
| Knowledge of financial products and processes and shallow product usage | <p>Improved understanding of bank, insurance and credit products</p> <p>Improved understanding of contracts and contract negotiations – and in particular loan conditions</p> <p>Increased usage of electronic channels</p> | <p>Financial capability indicators: Know what services and products a bank offers = 68% Understanding the benefits of insurance = 66% Know how to apply for a loan = 77% Know the fees that lenders charge = 61% Know how much loan will cost at end of period = 79% Include in next national financial capability survey indicators on understanding of financial processes.</p> <p>Financial capability indicator: Currently struggling with contract & product terms = 48% (neg)</p> <p>Track Increased usage of electronic channels: Banks to conduct research into reasons for low usage of alternative channels: focus group discussions (FGDs) – quant can follow it required.</p> | <p>Train client service staff and loan officers on improved client engagement</p> <p>Compulsory client training for first time borrowers and (previous) defaulters</p> <p>Simplicity and transparency in product terms and client communication – also how interest rates and repayments are presented/communicated</p> <p>Subject to above: FSPs to cross-sell products to existing clients and use as opportunity to educate clients on various product categories.</p> <p>Simplify product and contract terms</p> <p>Review costing structure and stability/security of alternative channels – incentive customers to use alternative channels</p> | <p>Introduce guidelines on 'transparency and simplicity in communication' – monitor adherence</p> <p>Regulators: Conduct research on client communication: print (promotional items, contracts, etc) and verbal client interaction</p> <p>Include 'mystery shopper' – *could form part of broader consumer protection research (below)</p> <p>Review regulations which may hamper improved costing structure</p> |
| Skills | <p>Improved mathematical literacy – specific focus on interest rates</p> <p>Improved budgeting skills</p> | <p>Can calculate interest rate on loan = 46%</p> <p>Include in next national FinCap survey tests on numeracy (+, -, × and division)</p> <p>(See above)</p> | | <p>Introduce guidelines/regulations for training of loan officers</p> |

| THEME/CHALLENGE | GOALS | M&E INDICATOR AND FURTHER RESEARCH REQUIRED |
|---|--|---|
| Attitudinal: • High level of dependence on welfare services • Increased consumerism • Confidence | Increased self-reliance/ responsibility for own finances Reduce credit for consumption purposes. Introduce concepts of responsible credit and living within means Confidence (not directly measured in Baseline Survey (2016)) | Develop financial capability composite index on budgeting, tracking of expenses, voluntary/ complementary pensions, increased long-term savings. Include in next national FinCap survey attitudes to saving and credit and indicators on purpose of borrowing Include in next financial capability survey indicators on confidence in decision making and confidence in dealing with FSPs |
| Reduce financial vulnerability | Improved budgeting and increased savings | See above indicators on budgeting and savings Note: Without the introduction of other interventions by the GoS, FinEd will have limited impact on financially vulnerable, as several other aspects (such as income levels) also come to play |
| Financial management in business context (MSME owners, farmers, fishermen, etc) | Improved personal financial management of MSME owners as precursor of MSME financial management | Include indicators in next national financial capability survey, e.g. budget/ business plan for MSME, separate bank accounts for business and personal purposes, etc |
| Strengthen consumer protection and redress | Understand rights, responsibilities, redress: know the FCPA and CIS Recognise fraudulent or exploitative practices; know what to do. | Financial capability indicators: Will lodge complaint = 79% Know what to do = 75% Introduce more indicators in future based on regulators' research and to monitor success of launching FCPA |

| FSPS: ACTIONS REQUIRED AND SUGGESTED RESEARCH | REGULATORS: ACTIONS REQUIRED AND SUGGESTED RESEARCH |
|--|---|
| | |
| Availability of suitable MSME products; Compulsory financial education training on business plans, budgeting and credit as precursor of MSME credit for first time borrowers and (previous) defaulters | |
| Introduce/improve codes of conduct and monitor compliance; Strengthen internal customer service & redress systems. For example, indicate on all client communication contact details for lodging complaints internally and externally (e.g. CBS, FSA or future ombudsmen). Ensure that separate objective person/unit deals with complaints (not same staff member that was responsible for complaint). | Set guidelines for FSPs and monitor implementation (including clarity and transparency in communication). Conduct detailed research on consumer protection and redress – also to set benchmark for introduction of FCPA, changes in CIS and introduction of movable property register. This could include research on transparency and simplicity in communications (see above). |



8. Component 1: Consumer financial education strategy

The consumer FinEd strategy comprises the proposed target market segments, content (messaging or themes), the relevant stakeholders and the most appropriate channels for each segment. The intention is to provide a high-level framework and guidelines for implementation of FinEd. Detailed sub-strategies, implementation and funding plans must then be developed by each Working Group (see Section 9.3). The stakeholders in the Working Groups have been identified because they are closest to the target markets, have intimate knowledge and understanding of these target markets and is in the best position to reach the respective target markets. Working Groups must 'own' the target market sub-strategies and plan as they will be responsible for the implementation and funding of these, with support from the National Financial Education Secretariat.

Four market segments have been identified with similar financial education needs, channels and stakeholders within each segment. These segments have been identified through an analysis of the 2016 Baseline, other secondary data such as the Household Budget Survey (2013) and stakeholder interviews. These segments are described in the sections below and a summary table is provided for each segment including some proposed tactics for each segment. The four segments are as follows:

- adults: including staff of financial sector regulators, other government ministries and agencies, and staff of FSPs;
- MSME owners and employees, farmers and fishermen;
- youth: learners and teachers in primary and secondary school and young adults in post-secondary education; and
- the socially and financially vulnerable (youth and adults).

The above will reach approximately 85–90% of the Seychelles adult population (70% is in the workforce plus retirees and the socially vulnerable) and about 95% of the youth. In addition to the above four segments, a separate **'mass media' campaign** will be implemented with sub-components aimed at some of the segments (i.e. a cross-cutting initiative reaching all segments) as well as those not working or retired, such as housewives.

In the coordination and implementation structure (Component 2), it is proposed that **Working Groups** be created and tasked with developing sub-strategies and implementation plans for each of these four segments, with the support of the NFES. The latter will take direct responsibility for some initiatives, such as the mass media campaign.

The main **national priority** is the youth, as improving levels of FinCap among the youth of today will determine the levels of FinCap of generations to come. Considering the main priorities from the perspective of the GoS as opposed to that of the FSPs, the main long-term **priority of the GoS** is learners and teachers at primary and secondary schools. Learners are further a priority, because of the vast outreach given the high levels of enrolment. However, from a short-term perspective, the MSMEs/farmers/fishermen and the socially/financially vulnerable, represent a priority for the GoS as they represent the lower vulnerable end of the market and are less inclined to 'self-educate'. **FSPs**, in turn, may wish to focus on those in the formal workplace, MSMEs/farmers/ fishermen and youth in post-secondary education (a sub-segment of the youth segment), as these represent their existing and future clients; while also supporting the GoS with the daunting task of introducing FinEd in schools. The latter can be combined with the introduction and promotion of a youth savings product.

The proposed themes and channels for each segment are presented as guidelines. All FinEd programmes or initiatives targeted at a specific market, should ideally be researched and tested before roll-out. Clear objectives must be set for each initiative with a supporting M&E framework – to be developed before implementation starts – to assess the programme's success against its stated objectives.

In the absence of a segmentation model in the 2016 Baseline Survey, these segments cannot be exactly quantified and estimated sizes are based on secondary data. Also, quantitative objectives cannot be set for each segment in the absence of a segmentation model. Goals and objectives should therefore be set for each segment by the Working Group. These should, in turn, reflect (be the collective of) the goals and objectives of the various programmes to be implemented for each sub-segment.

The financial education strategy must be reviewed and refined regularly (at least on an annual basis), as stakeholders, channels, the market context and people change. It is therefore kept to a high level, as the more detail on tactical level, the sooner the recommendations may become dated.

8.1. Adults in the formal workplace

Approximately one third of adult Seychellois are employed by the GoS. With a labour force of approximately 70% of adults, this represents 23% of the adult population. In addition, a further 30% (of the 70% workforce) of adult Seychellois are employed by the private sector, of which an estimated third are employed by large companies (or approximately 8% of adult Seychellois). This yields a total of roughly 30% of adult Seychellois in this market segment. This is a relatively easy market to reach through employee-based wellness programmes. Also, many of these full-time employees have internet access which will enable 'self-education', once a website has been developed that provides information on and answers to questions on financial matters.

Employees of financial sector regulators, government ministries and agencies directly involved in the NFES (such as the Ministry of Education) and FSPs also fall into this segment. It is recommended that these organisations and government ministries/agencies lead by example by introducing FinEd as part of a broader employee wellness programme for their management and staff. The CBS and FSA should kick off the process by developing and introducing such a programme, encouraging other government ministries/agencies and FSPs to follow suit. The content developed by the CBS/FSA can be made freely available to other employers. This is an example of a 'low hanging fruit' – a programme that can be introduced immediately and set an example to the rest of the market.

Table 14: Adults in formal workplace (government and large corporates)

| ADULTS (GOVERNMENT AND LARGE CORPORATES) (Approximately 40% of adult Seychellois) | |
|--|---|
| Profile | <ul style="list-style-type: none"> • Percentage of the adult population employed by the GoS and parastatals: about 23% • Average earnings in government in 2016: SCR 13,125 • Average earnings in parastatals in 2016: SCR 13,466. • Number of employees in large corporates estimated at about a further 8% of adult Seychellois • Policy makers and opinion formers are primarily in this market segment • Mostly formally financially included |
| Rationale and themes | <ul style="list-style-type: none"> • Large reach of adult work force through structured programme • Salary-based lending found primarily in this market segment • All management and staff are contributors to the SPF – opportunity to engage on retirement planning and encourage voluntary contributions • Employees of financial sector regulators and FSPs in this market segment: lead by example by introducing FinEd programmes for staff and management in these organisations |

ADULTS (GOVERNMENT AND LARGE CORPORATES)
(Approximately 40% of adult Seychellois)

| | |
|---------------------------------------|--|
| <p>Themes</p> | <ul style="list-style-type: none"> • Focus on foundation skills such as household budgeting, long-term planning for retirement and children, credit management, housing finance, and 2nd tier products such as insurance and investment in capital markets. Also include seminars on economic topics (economic literacy) • Compulsory training on retirement planning for all new employees – introduce need for retirement, pension fund, benefit of complementary contribution |
| <p>Channels and programmes</p> | <ul style="list-style-type: none"> • Embed as part of broader employee well-being programme, which could also include counselling on financial or social problems • Lunchtime 'brown bag' seminars, presentations on different topics by FSPs • Some large employers have 'Social Committees' which could be co-opted to identify topics of interest and assist with organising seminars and presenters • Salary-based lending: set requirement for first time borrowers and defaulters to attend course on 'responsible borrowing', including budgeting, need for savings and credit management • Coordinate participation in Global Money Week and World Consumer Rights day • 'Self-education' through CBS/FinEd website, FSA website and Pension Fund website • Exposure to mass sensitization campaign <p>Note: start with pilot programme at the CBS, FSA and FSPs before rolling out to other employers</p> |
| <p>Main stakeholders</p> | <ul style="list-style-type: none"> • Ministry of Employment • Government and large private sector employers • SBA, Insurers Association, Trop-X, MNOs, HFC, Pension Fund, • NATCOF and FTC to promote consumers' rights • Trade unions |



8.2. MSME owners and employees, farmers and fishermen

This segment comprises those in the workforce that are not working for the GoS or large corporates. It is estimated that about two thirds of those working in the private sector or roughly 35,000 businesses, fall into this market segment.

Personal FinEd is a precursor to business financial management skills. Often small business owners do not differentiate between their personal and business finances and have only one bank account. Risk management (e.g. stock insurance) is often low or non-existent. If a person cannot develop an own personal budget, the person will not be able to develop a business budget, less so a business plan. Without proper accounting and a separate bank account it is, in turn, difficult for a farmer or entrepreneur to obtain a loan. Stakeholder interviews confirmed that there are low levels of general financial literacy among many business owners in Seychelles. Also, high loan default rates have been experienced among MSMEs on government credit programmes specifically targeting this market.

This segment does not represent a homogeneous group, but rather three sub-segments, as MSMEs, farmers and fishermen have very specific (and different) financial needs. There may also be further sub-segments within these, as there are different types of MSMEs in different sectors and different types of farmers. However, there are certain basic principles that should be taught to all, such as how to budget, forecast, the principles of risk management and the need for a separate bank account. Sector-specific issues (such as sources of credit for farmers or MSMEs and specific types of insurance) should be dealt with under the usual BDS available in the market. As

such it is suggested that face-to-face FinEd be embedded in new or existing BDS material. This will also be more cost-effective than to develop separate FinEd material.

These sub-segments are more difficult to reach than those employed in large corporations, as they are distributed through different sectors and there is no single channel through which to reach all. However, there are organisations representing these various groups and government initiatives providing support to these sub-segments. In addition, they can also be reached through mass media, such as radio talk shows or newspaper editorials.

Table 15: MSMEs, farmers and fishermen

| MSMES, FARMERS AND FISHERMEN (APPROXIMATELY 80% OF BUSINESSES; APPROXIMATELY 40% OF WORKFORCE) | |
|---|---|
| Profile | <ul style="list-style-type: none"> • Most of the private sector employers are small and 79% have a turnover of less than SCR 1 million. The average turnover for these small businesses is SCR 204 066. • Average earnings in the private sector in 2016: SCR 10,469 • Average earnings in agriculture and fishing in 2016: SCR 10,909 • Average employment in agriculture and fishing in 2016: 400 Seychellois • The estimated number of adults working in the MSMEs sector, farming and fishing is approximately 20%. |
| Rationale | <ul style="list-style-type: none"> • Represents a large portion of the adult population and those that may be more financially vulnerable than salaried employees in large corporations or the government • Unlike salaried employees with compulsory contributions to the Pension Fund, it is up to MSME owners, farmers and fishermen to take the initiative to provide for their retirement and beneficiaries in the event of sickness or death • Anecdotal evidence points to a lack of Financial literacy and business skills • Credit to MSMEs a priority for the GoS, but MSMEs must be 'credit ready' |
| Themes | <ul style="list-style-type: none"> • Separation of business and personal finances • Foundation skills such as budgeting, forecasting, saving as well as mathematical literacy • Personal risk management and long-term savings, such a retirement planning and life assurance • Training related to the basics of running a business, such as opening a business account, applying for a business loan, management and repayment of a loan, business savings and risk management products available in the market • Rights and responsibilities – including consequences of non-payment of loans • Usage of low-cost electronic channels, in particular mobile money payments |
| Channels and programmes | <ul style="list-style-type: none"> • Entrepreneurship training programmes – embed in content and must be adapted to the seasonality for farmers and fishermen • Seminars organised through their associations and the Chamber of Commerce with presentations from financial service providers – notably providers of MSME and agricultural credit and insurance • Exposure to the mass sensitization campaign. One slot a week of the SBC FinEd content can be dedicated to matters relating to MSMEs, farmers and fishermen • Interactive talk shows on issues specifically relating to MSMEs, fishermen and farmers • Editorial content in print media |
| Main stakeholders | <ul style="list-style-type: none"> • Ministry of Employment and SEnPA • Seychelles Chamber of Commerce and Industry (SCCI), SAWE and other sector-level organisations • Financial service providers – particularly those providing specialised products for MSMEs, farmers and fishermen • NATCOF |

8.3. Youth

The levels of FinCap among the youth will determine the financial well-being of future generations. Values and attitudes (to money) are formed in early childhood and are difficult to change later in life. There is also the opportunity to introduce and cement good financial habits, such as regular savings, at school-going age. To this end, savings products for youth will be required.

The youth are early adopters of new technologies, such as electronic banking, and can be instrumental in 'educating their parents' on topics such as budgeting and the use of innovative financial products. Educators should set as goal that young people should leave the educational system with the necessary skills to manage their eminent financial independence (such as a first salary). Also, those that intend starting an own business, need to be ready to manage not only their personal finance, but also their business finances.

The youth are relatively easy to reach in Seychelles, given the exceptionally high school enrolment rates and almost 50% of adults have a post-secondary qualification. Those that do not attend school or drop-out of school, will mostly be reached either in the MSME or the socially vulnerable market segments.

This segment comprises two sub-segments:

- Learners and teachers: primary and secondary school
- Young adults in tertiary education

8.3.1. **Learners and teachers: primary and secondary school**

Embedding FinEd in the school curriculum is only one way of reaching the youth of school-going age, but it is a critical channel given the wide outreach. It should ideally be done as part of a broader subject matter, incorporating (age appropriate) life skills, entrepreneurship and economic literacy. As it could take a long time to roll-out FinEd through all grades, the process should be kicked off as soon as possible. Several other channels and innovative means through which the youth can be reached are presented in Table 16.

School social clubs

An example of school clubs used effectively to both entertain and educate the youth on social issues, is that of Femina Hip in Tanzania (www.feminahip.or.tz). Femina Hip describes itself as 'a strategic communication initiative to promote healthy lifestyles, economic empowerment and citizen engagement among the youth.' It comprises several components, including the publication and distribution of a magazine target at teenagers and adolescents. The magazine contains content on fun as well as social issues and is distributed to secondary schools for free on a monthly basis. Other components of the Femina Hip program include interactive social media. Such a program can be introduced in both secondary schools and post-secondary educational institutions in Seychelles.

Teachers have a critical role to play and should be reached through FinEd in employee well-being programmes as part of the formally employed adult market, while FinEd should also be addressed in their teacher training material.



Table 16: Consumer FinEd strategy – Learners and teachers: primary and secondary

| LEARNERS AND TEACHERS: PRIMARY AND SECONDARY SCHOOL | |
|--|---|
| Profile | <ul style="list-style-type: none"> • Learners aged 6 – 18 in primary and secondary education • Teachers of primary and secondary school children • All staff at Ministry of Education as part of 'Adult: formally employed' segment • Net Enrolment Ratio in primary education in 2015: 100% – 89% of them in public schools and 11% in private schools • Net Enrolment Ratio in secondary education in 2015: 99% – 90% of them in public schools and 10% in private schools |
| Rationale | <ul style="list-style-type: none"> • Improved FinCap among the youth will improve financial wellness of future generations • Value system and good habits are formed when young • Wide outreach given high-levels of enrolment |
| Themes | <ul style="list-style-type: none"> • Foundation skills, such as financial planning and budgeting • Information on terminology, different types of financial institutions, products and services should be introduced in a structured manner • Mathematical literacy must be improved, including skills such as calculating interest rates and forecasting income and expenses • Consumer rights, redress and responsibilities • Attitudinal: <ul style="list-style-type: none"> • Focus on need to take responsibility for one's own financial well-being • Consumerism and money values are leaning towards social status and acquiring more assets than the family can afford: work on values and emphasise 'need to live within one's means' • Ideally, FinEd should be coupled with broader life skills such as entrepreneurship training and with basic economic literacy • Special financial youth products should be introduced by the financial sector with a focus on savings |
| Channels and programmes | <ul style="list-style-type: none"> • FinEd should be embedded in the national school curricula • FinEd through age-relevant extra-curricular activities and media • Teachers' training <p>School curricula:</p> <ul style="list-style-type: none"> • Phase financial education curricula into Personal & Social education – a compulsory subject offered to all grades. Combine with basic economic literacy and entrepreneurial skills • Also phase in components of FinEd in other subjects, such as in Mathematics and the Technical & Vocational curriculum • Introduce fun interactions and competitions on FinEd and related topics, such as: <ul style="list-style-type: none"> • entrepreneurship programme of Junior Achievement (JA) in secondary schools (http://jasa.org.za) • simulated stock market game in secondary school • interactive digital games (all ages). Several such programmes have been developed in other countries and can be customised for the Seychelle context |

LEARNERS AND TEACHERS: PRIMARY AND SECONDARY SCHOOL

| | |
|---|---|
| <p>Channels and programmes (continued)</p> | <p>Extra-curricular activities, such as:</p> <ul style="list-style-type: none"> • Introduce concept of school clubs in the afternoons with magazine and supporting social media – see programme description in Box 1 • Edutainment through theatre plays at school. Parents can also be invited • Include in holiday programmes – focus on edutainment, e.g. digital games • Financial service providers and thematic-stakeholders to pay visits to schools • Bank branches can each 'own a school' in which they can promote savings products for youth and address the learners during assembly. Parents can also be invited to attend such assemblies • Consumer Rights Competition during the yearly World Consumer Rights Day • Participation in Global Money Week (see below) • Exposure weeks at banks or other financial services providers' place of business <p>Other/mass media</p> <ul style="list-style-type: none"> • Embed in existing educational programming on SBC TV in the afternoons • Embed in call-in radio programmes in the afternoon – e.g. Radio FM • Use of social media – e.g. virtual game on Facebook • Development of an interactive specific mobile-based solution, based on gamification and simple rewards <p>Teachers:</p> <ul style="list-style-type: none"> • The teachers' training curriculum will have to be adjusted as FinEd is phased into the formal curriculum • Teachers to receive training on providing support with the extra-curricular activities. This will also serve to help strengthen their own personal financial management skills • Exposure to the mass sensitization campaign by both teachers and learners |
| <p>Main stakeholders</p> | <ul style="list-style-type: none"> • Ministry of Education, including the Seychelles Institute of Teacher Education (SITE) • Ministry of Youth, Sports & Culture • SNYC • SBA, Insurers' Association, Trop-X, MNOs • NATCOF • Citizens Engagement Platform Seychelles (CEPS), Campaign for Awareness Resilience and Education (CARE) Seychelles, other children or youth focused CSOs |

8.3.2. *Young adults in tertiary education*

Those in tertiary education include the future leaders and policymakers of Seychelles. These young people are about to enter the adult world and start taking financial decisions which will determine their future financial well-being and that of their future dependents. Students then also receive an allowance from the state and some from their parents, which they need to manage. Based on anecdotal evidence, many students struggle to do so and to cope on their monthly allowances. There is also an increasing trend towards consumerism and alcohol and drug abuse.

It is more challenging to reach students than in-school youth, as they are not a 'captive audience' with a compulsory subject across all study directions. However, it can be made compulsory that students must attend some basic courses in personal financial management to qualify as a recipient of the government student allowance. Also, counselling services provided to students that run into financial difficulties can be attached to a form of 'rehabilitative' training.

Interest can also be created by inviting speakers from the financial sector to address students in seminars; and through initiatives such as running simulated investment games and entrepreneurship competitions.

Table 17: Young adults in post-secondary education

| YOUNG ADULTS IN POST-SECONDARY EDUCATION | |
|---|--|
| Profile | <ul style="list-style-type: none"> • Learners in post-secondary education • Aged approximately 18-25 • Enrolment in tertiary education: almost 50% of adults have tertiary education |
| Rationale and themes (order of importance) | <ul style="list-style-type: none"> • Increased consumerism and money values leaning towards social status and acquiring more assets • Mismanagement of student allowances • Students will move into adult world earning first salary and having to budget to support own household |
| Themes | <ul style="list-style-type: none"> • Focus on values and attitudes to money • Create awareness of the need to take responsibility for one's own financial well-being, the need for planning, budgeting and saving to build assets • Budgeting, forecasting and interest rate skills • Product knowledge: insurance, banking and capital markets |
| Channels and programmes | <ul style="list-style-type: none"> • Where possible, embed in formal curricula – particularly in subjects related to business management, entrepreneurship, mathematics • Extra-curricular activities: Entrepreneurship Programme, Youth Assembly to raise awareness on financial issues • TV and radio interviews and debates run by youth leaders • Campus participation in Global Money Week and World Consumer Rights Day • Seminars on various topics, e.g. budgeting and managing student allowance; need to save and how to invest; what to do with first salary • Concept of 'School Clubs' with supporting magazine, social media, digital games and other tactics (see Box 1) • Thematic visits from relevant stakeholders to introduce their financial services or consumers' rights • Student counselling services for students that may require specific advice or assistance with their finances • Embed in radio programmes in the mornings • Use of social media – e.g. virtual game on Facebook • Development of an interactive specific mobile-based solution, based on gamification and simple rewards |
| Main stakeholders | <ul style="list-style-type: none"> • Ministry of Education – directors of various schools represented by the School of Business Studies and Accounting (SBSA) • SNYC – particularly programmes such as the Youth Assembly, the Entrepreneurship Programme, the Values Programme • SBA, SBFA, capital markets, Insurers Association, Trop-X, MNOs • NATCOF (World Consumer Rights Day) • UN Youth, AIESEC, other youth focused NGOs |

8.4. Youth and adults: socially and financially vulnerable

This is a broad segment comprising various sub-segments, such as low-income retirees, low-income earners such as domestic workers, the unemployed, grant recipients, expecting teenagers and those with social problems such as drug abuse. These sub-segments are not mutually exclusive and stretch across various ages.

The responsibility for this segment falls on the GoS as it relates to the vulnerable of society and is not of interest to the private sector. The relevant government ministries and agencies must work with NGOs to reach out to this segment. For some, improved levels of FinCap will have a limited (if any) impact without other forms of support, such as family counselling. The relevant government

ministries and agencies will have to coordinate their activities to optimise impact and work with NGOs in the implementation of financial management training and financial counselling services. Where possible, initiatives should be embedded or linked to existing programmes such as those provided by the Family Council or the Ministry of Family Affairs. The Ministry of Health could also be a partner and, for example, provide assistance and counselling on financial management to young women and expecting teenagers/young adults; and guidance on the impact of family size on household expenses in the family planning units. It is envisaged that most support to this sector will have to be face-to-face.

Table 18: Youth and adults: socially and financially vulnerable

| SOCIALLY AND FINANCIALLY VULNERABLE | |
|--|---|
| Profile | <ul style="list-style-type: none"> • In 2013, the NBS found that 39.3% of the population fell below the poverty line, which it estimated at an income of SCR 3,945 (approx. USD 290) per adult per month • The market segment will include households in government housing projects, receiving government grants and on social assistance programmes – including for substance abuse • Other low-income earners, including those that might receive or applied for but not received government assistance; single parent households; teenage mothers • Retirees – particularly those receiving a benefit from the Social Security Act rather than from the SPF |
| Rationale | <ul style="list-style-type: none"> • These are the vulnerable of society, the least able to help themselves and the most in need of careful personal financial management • The goal should be to try and rehabilitate/move them out of their current situation so that they can become self-reliant, if possible |
| Themes | <ul style="list-style-type: none"> • Household budgeting, debt management, saving • 'Living on less' – particularly for retirees • Attitudinal themes, such as encouraging taking responsibility for own life and finances; and impact of substance abuse on family and finances • Debt counselling |
| Channels and programmes | <ul style="list-style-type: none"> • Provide training to social workers, NGOs and on financial counselling and in particular, debt management • Embed FinEd and counselling in broader programme providing social and financial support, e.g. workshops offered by NGOs and social services. Develop cohesive content to be used by all • Provide one-on-one counselling at the District Administration Centres – train counsellors on debt counselling and provide supporting material • Posters and information leaflets at clinics (particularly services for expecting parents and teenagers) |
| Main stakeholders | <ul style="list-style-type: none"> • Ministry of Family Affairs: social workers • Ministry of Health • Ministry of Youth, Sports & Culture: youth workers • Agency for Social Protection • SNYC • Family Council • NGOs and such as the Father's Organisation, CARE Seychelles and Seychelles Interfaith Council (SIFCO) |

8.5. Mass sensitization campaign

Targeted initiatives should be complemented by a national level mass sensitization campaign which will reach all adults and youth. This will effectively be a 'cross-cutting' initiatives, as it will not focus on a specific target market only (although sub-components will be designed to address specific markets segment and issues), but will be implemented as a broad national initiative aimed at youth and adults. It will comprise on-going initiatives on specific

messages, such as the need to 'live within your means' and product category information, as well specific campaigns, such as Money Week, Consumer Rights Day and World Savings Day. Rather than coordinated by a formal Working Group, the Secretariat (under the auspices of the CBS and the FSA) will oversee the coordination of this initiative and will work closely with the representative of the various working groups to implement their ideas

Table 19: Mass sensitization campaign

| MASS SENSITIZATION CAMPAIGN | |
|------------------------------------|--|
| Profile | <ul style="list-style-type: none"> • Adults and youth • Includes policy makers and key opinion formers |
| Rationale and themes | <ul style="list-style-type: none"> • Educate the public on consumer financial protection: rights, roles and responsibilities • Attitudinal messaging on the need to take accountability for one's own financial well-being • Inform and educate on financial service providers and products • Include economic and entrepreneurial content |
| Channels and programmes | <ul style="list-style-type: none"> • The Secretariat will develop a website with information on financial service providers, products and consumer protection. This will enable the public to 'self - educate/inform' when a financial decision must be taken. It will also include budgeting tools and an active blog maybe added at a later stage • The most important information should also be available on a Smartphone mobile-based application with automated voice messaging options • The Secretariat may develop a Facebook page with quizzes and FinEd games with one specific topic a month • The Secretariat may develop an eLearning platform focusing on budgeting, long-term planning, consumer protection, financial services and providers • A mass media campaign through TV, radio and newspapers to include, among others: <ul style="list-style-type: none"> • A 15-minute slot on TV before the 8pm Creole news on Mondays, during which pertinent topics can be discussed by experts - interactive with texting in comments and questions • A second slot on Thursday evenings to discuss matters pertinent to entrepreneurs, farmers, fishermen • Financial topics could be included in the TV debates after the 8pm news • A regular weekly newspaper editorial (possibly on Saturdays when people have more time to read) on financial topics • Radio talk shows: invite different specialists/guests to talk about different topics and answer questions of viewers calling in • Youth: Include in radio games between 3 pm and 6pm on Pure FM and FM Radio • Support the ATL campaign with posters and simple leaflets in public places, such as clinics • Specific campaigns to be run in addition to on-going ATL campaign: launch of Consumer Protection Policy; sensitization during periods of over-spending such as Christmas and Easter; and participation in international events such as Global Money Week (http://globalmoneyweek.org), World Consumer Rights Day (http://www.consumersinternational.org) and World Savings Day |
| Main stakeholders | <ul style="list-style-type: none"> • To be driven and coordinated by the financial education Secretariat • Seychelles Media Commission, Assembly Media Committee • NATCOF and FTC on consumer rights and consumer protection • Various others for support with design and implementation |

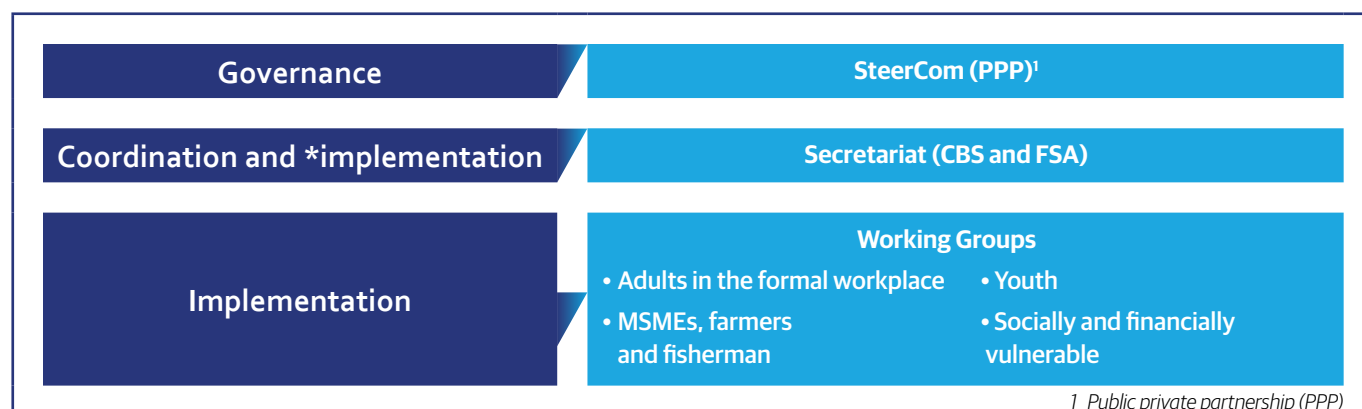
9. Component 2: National level coordination, implementation and funding

Given the strong government, small population and limited capacity among key stakeholders, it is envisaged that the GoS should take an important role in both the coordination and implementation of the NFES. It is nevertheless necessary to co-opt the private sector and civil society, all of which have a responsibility and role to play in the implementation of the NFES.

The proposed structure is illustrated in Figure 12 and will comprise three levels:

- SteerCom: oversight and strategic direction
- Secretariat: implementation and coordination
- Working Groups: implementation

Figure 12: NFES coordinating and implementing structure



9.1. Steering Committee

The SteerCom will be responsible for the following:

- set the strategic direction and overall responsibility for the implementation and annual review of the NFE;
- policy support and influence to place FinEd on the national agenda;
- oversight of the Secretariat; and
- oversight of the budget and allocation of funds.

The SteerCom will comprise the main ministries responsible for the implementation of the NFES, as well as the private sector and civil society. An Interim steering committee has been set up to approve the NFES and funding proposal; and to appoint the permanent members of the SteerCom. The SteerCom will comprise senior-level representatives. The initial members of the SteerCom are summarized in Table 20. This may be subject to change as progress is made with regards to the implementation of the strategy.

Table 20: Steering Committee members

| GOVERNMENT MINISTRIES, AGENCIES AND REGULATORS | FINANCIAL SECTOR | CIVIL SOCIETY |
|--|---|---|
| <ul style="list-style-type: none"> • Ministry of Industry, Entrepreneurship Development and Business Innovation • Ministry of Agriculture and Fisheries • Ministry of Employment, Immigration and Civil status. • CBS • FSA • Ministry of Education and Human Resource Development • Ministry of Finance, Trade and Economic Planning • Small Enterprise Promotion Agency (SEnPA)/Enterprise Seychelles Agency (ESA) • Ministry of Family Affairs | <ul style="list-style-type: none"> • Seychelles Banking Association (SBA) • Insurance Association | <ul style="list-style-type: none"> • Seychelles National Youth Council (SNYC) • Citizens Engagement Platform Seychelles (CEPS) • National Consumers Forum (NATCOF) |

9.2. Financial Education Secretariat

Responsibilities

- The mandate of the Secretariat will be as follows:
- assume overall responsibility for implementation of the NFES, including monitoring and tracking performance against the goals and objectives of the NFES and continuous refinement of the NFES;
- facilitate setting up of the various Working Groups, coordinating activities of the various Working Groups and providing strategic guidance and technical support;
- coordinate and implement the mass sensitization campaign;
 - identify the need for intermediaries and facilitate the necessary skills development;
 - identifying challenges in the EE and addressing these;
- source relevant material globally which can be customised for the Seychelles context;
 - the public: information on financial service providers, products, consumer protection;
 - for practitioners: information/content on local and international resources; international seminars; event calendar for Seychelles; achievements of the NFES; and international conferences;
- set criteria for the application for funding support from the Working Groups; manage the disbursements; and track performance. Allocation of funding must be approved by the SteerCom;
- M&E on national level, including funding and managing the implementation of future national financial education surveys; and
- regular reporting on progress to the SteerCom, Working Groups and the public.

The Secretariat will also be responsible for addressing several cross-cutting themes, namely issues pertaining to the EE, research, intermediaries and the mass media campaign:

• *Enabling environment*

This refers to matters relating to the regulatory environment, industry codes of conduct and regulatory requirements for FSP product and channel development. The Secretariat will also be responsible for providing the strategic direction on the launch of the FCPA and communicate financial education requirements to the other Working Groups relating to possible changes in the financial infrastructure or regulatory environment.

• *National level research*

National level research could include an evaluation of current client communication and pricing practices of FSPs; monitoring FSP's adherence to guidelines and regulations relating to consumer protection and redress; as well as the design and implementation of the next national financial capability survey.

• *Intermediaries*

A pool of skills for implementation of FinEd must be built up in Seychelles. This will include:

- training of specialists on the development of FinEd programmes and M&E;
- training of specialists and staff from implementing institutions on the implementation of financial education initiatives. These could include NGOs, teachers, implementers of employee wellness programmes and staff at District Administration Centres conducting family workshops;
- training of counsellors, including social workers, NGOs; and
- training of journalists to give adequate and appropriate exposure to financial education-related reporting.

The function of the CBS and FSA as the Secretariat will be to work with the Working Groups to identify training needs and possible candidates for training. International expertise may be required to conduct some of the initial training and training of trainers. The training of intermediaries will be a priority of the Secretariat after launching of the NFES and follow-up refresher courses will have to be conducted annually.

Resources

The CBS and FSA will share the role of the Secretariat and will also carry its operational cost. The CBS and FSA are best positioned to do so as FinEd holds such a close relationship with consumer protection, which is also driven by the CBS and FSA.

Whilst the CBS and FSA will be tasked with the responsibilities of the Secretariat, no dedicated staff will be allocated. Rather, the responsibilities will be incorporated in the functions of existing divisions.. The CBS and FSA may consider using international expertise to kick-off the process, and to provide training and mentoring to the Secretariat and to intermediaries.



9.3. Working Groups

The Secretariat will not be able to physically implement all the programming and will work with thematic Working Groups in the implementation of certain activities. These Working Groups will have to function autonomously, reporting to the Secretariat, while the Secretariat must provide strategic guidance and technical assistance to the Working Groups.

As illustrated in Table 21, four Working Groups will be set up tasked with the design, funding and implementation of financial education programmes targeted at the four identified market segments.

The Chairs of the various Working Groups could be rotating.

Table 21: Working Groups

| WORKING GROUPS | CHAIR |
|---|----------------------------|
| Market segments | |
| Adults in the formal work place | CEPS |
| MSMEs/Entrepreneurs, farmers, fishermen | SEnPA |
| Youth | Ministry of Education |
| Socially and financially vulnerable | Ministry of Family Affairs |

Working Groups focussing on market segments

The roles and responsibilities of these Working Groups will be as follows:

- identify all relevant stakeholders that should participate in a Working Group
- develop strategies and detailed implementation plans for the specific target markets, building on the proposed tactics of the NFES and Implementation Plan. The Working Group implementation plans will have to include, among others, roles and responsibilities of various parties, detailed budgets and proposed funding for initiatives;
- implement activities;
- conduct monitoring and impact assessments of own programmes;
- report regularly to the Secretariat on progress and impact; and
- share lessons learnt.

A representative of each Working Group should be appointed to coordinate with both the CBS and the FSA on the mass sensitization campaign and also to identify their needs for intermediaries. The Working Groups will be closely supported by the Secretariat, particularly during the initial set-up and planning phase. The Secretariat will also assist with sourcing content and funding, identifying the necessary skills to assist with implementation, provide guidelines on M&E and ensure coordination among the various Working Groups.

9.4. Funding

The intention of co-opting stakeholders through Working Groups is that they should work together and co-fund initiatives. For example, the financial sector may fund the development of an employee workplace programme to be rolled out in all large employers; whereas the Ministry of Education will be expected to fund the development of relevant curricula.

If required, the Working Groups could also apply to the Secretariat for funding support. It is recommended that a national fund be created for funding FinEd initiatives from CBS and FSA, from donors or government ministries/agencies including international donors, FSPs the national CSR Tax: all companies with a revenue above SR 1 million pay a SCR Tax of 0.5% to the SRC. Of this, 0.25% is discretionary and organisations can apply to spend this on own CSR initiatives in line with the guidelines of the Tax. It is proposed that the discretionary component be ring-fenced and 'pooled' on national level for financial education initiatives.

The Secretariat will be required to submit a letter to the Chairman of the CSR accompanied by a framework or mechanism to establish the fund and a list of proposed activities that would be undertaken by the fund. The Terms of Reference of the SteerCom could be used for the latter. The application will be subject to approval by the CSR Committee. The CSR Committee would also decide on the issuance of a certificate or letter in order to enable applying for CSR donations from the necessary

Funding support for FinEd initiatives will have to be prioritised by the Secretariat based on national priorities and available resources, and allocated based on pre-agreed criteria. However, the Working Groups will ultimately remain responsible for funding their own initiatives and should first and foremost attempt to obtain funding support from its member organisations, as the pooled funds will also be required to support initiatives implemented by the Secretariat such as the website, Mass Sensitization programme, training of intermediaries, monitoring and evaluation and future national financial capability surveys.



10. Component 3: Monitoring and evaluation framework

The successful implementation of the NFES requires that stakeholders be held accountable for their responsibilities. It also requires tracking of achievements through both process and impact indicators, to ascertain what works best and to continuously refine the NFES and the Working Group activities and financial education programmes.

The concepts of monitoring, evaluation, theory of change and the OECD's principles for evaluating development programmes set by its Development Assistance Committee (DAC) are described in Annex B.

M&E on national level

M&E on national level require first and foremost that the actual implementation of the NFES be monitored and evaluated; and secondly that the combined impact of all the initiatives on national level be evaluated.

(i) *M&E of the implementation of the NFES*

This relates to monitoring the performance of the CBS and FSA in setting up the structure for the coordination, implementation and governance of the NFES; as well as the achievements of the Secretariat once the latter has been set up by the CBS and FSA. These indicators are summarised in Table 22 below.

Table 22: National-level M&E indicators for implementation of the NFES

| ACTIVITY | PROCESS INDICATORS | RESPONSIBILITY |
|--|---|----------------|
| COORDINATION AND GOVERNANCE | | |
| SteerCom | SteerCom set up | Secretariat |
| Secretariat | Secretariat set up Secretariat resourced | Secretariat |
| Working Groups | Working groups set up Coordination proves established and agreed with SteerCom and Working Groups | Secretariat |
| IMPLEMENTATION | | |
| Funding strategy, plan and criteria for accessing pooled funds | Funding strategy approved by SteerCom Criteria for accessing pooled funds approved by SteerCom Funding made available | Secretariat |
| Website | Website active | Secretariat |
| Working groups technical assistance | Working Groups' initial strategies and plans completed | Secretariat |
| Mass sensitization campaign | Communication strategy completed Implementation | Secretariat |
| MEASUREMENT | | |
| Website | Website: Monitor hits Set-up portal for feedback on website | Secretariat |
| Mass sensitization campaign | Mass sensitization campaign: M&E framework developed and approved Implement M&E of campaign | Secretariat |
| National Financial Capability Survey | National financial literacy survey repeated every 3-4 | Secretariat |

Furthermore process and impact evaluation criteria can also be agreed with the SteerCom and Working Groups, such as on the quality of secretarial and technical assistance provided.

(ii) **Evaluating/tracking the impact of the NFES on national levels of financial capability**

A national financial capability survey should be repeated every 3–4 years to track changes in levels of FinCap over time. Other research methodologies can also be applied, such as the establishment of panel data which can be collected through mobile phone calls. The data on the panel members can be collected with the administration

of the next national financial literacy survey by adding a few questions, or such a panel can be set up sooner for purposes of tracking change. It may well be worthwhile doing the latter, as it can also prove useful as a M&E tool for the mass sensitization campaign.

Table 23 presents indicators from the 2016 Baseline against which progress can be tracked in future. No targets are set, as there is no basis on which to set meaningful targets at this point in time. However, once the Working Groups have been set up and they have developed their implementation plans within their resource constraints, estimated national level targets can be formulated by rolling up the Working Group targets onto national level.

Table 23: National level indicators of levels of FinCap

| FINCAP COMPETENCIES AND DIMENSIONS: GOALS | INDICATORS | SCORES ACHIEVED (2016 BASELINE SURVEY) | ADDITIONAL INDICATORS: OBTAIN FROM SUPPLY-SIDE AND/OR INCLUDE IN FUTURE NATIONAL FINCAP SURVEY |
|---|---|---|---|
| DAY-TO-DAY FINANCIAL MANAGEMENT | | | |
| Increase number of adults that budget | Number of adults that have a budget | 19% | Importance of personal financial management/level of involvement |
| LONG-TERM PLANNING, SAVING AND INVESTMENT | | | |
| Increase number of adults with long-term financial plans | Number of people with long-terms goals and plans | N/E | Number of people with long-term financial goals and plans |
| Increased savings and investments | Hold fixed savings account | 5% | |
| | Have collective investments | 1% | |
| | Withdraw income immediately (negative) | 17% | |
| Improved retirement planning | Number of adults with voluntary pension contributions/private RAs | N/E | Number of adults with voluntary pension contributions/private RAs |
| Increased life cover | Number of adults with life assurance | 30% | |
| Embed savings culture among youth | | Not applicable | Number of youth savings accounts |
| KNOWLEDGE OF FINANCIAL PRODUCTS AND PROCESS, AND SHALLOW PRODUCT USAGE | | | |
| Improved understanding of bank, insurance and credit products | Know what services and product a bank offers | 68% | Understanding of financial processes, such as budgeting, planning, etc |
| | Understanding the benefits of insurance | 66% | |
| | Know how to apply for a loan | 77% | |
| | Know the fees that lenders charge | 61% | |
| | Know how much a loan will cost at end of period | 79% | |

| FINCAP COMPETENCIES AND DIMENSIONS: GOALS | INDICATORS | SCORES ACHIEVED (2016 BASELINE SURVEY) | ADDITIONAL INDICATORS: OBTAIN FROM SUPPLY-SIDE AND/OR INCLUDE IN FUTURE NATIONAL FINCAP SURVEY |
|--|---|---|---|
| Improved understanding of contract terms and contract negotiations | Struggling with contract and product terms (negative) | 48% | |
| Increased usage of electronic channels | Various (ATM, internet, etc) | | |
| SKILLS | | | |
| Improved mathematical literacy | Can calculate interest rate on loan | | Indicators on numeracy (+, -, x and division) |
| ATTITUDES | | | |
| Increased self-reliance/ responsibility for own finance | | | <ul style="list-style-type: none"> • Composite index on budgeting, tracking expenses, voluntary pension contributions, long-term savings • Level of involvement with own finances |
| Improve attitudes to savings, living within means | | | <ul style="list-style-type: none"> • Attitudes to savings • Attitudes to credit and risk taking • Credit for consumptions purposes (negative) |
| Confidence | | | <ul style="list-style-type: none"> • Confidence in making financial decisions • Confidence in selecting FSPs |
| Financial management in business context | | | <ul style="list-style-type: none"> • Separate bank account for business and personal purposes • Have a business plan |

Monitoring and evaluation on Working Group and programme level

(iii) **M&E of Working Group activities**

KPAs and indicators must be agreed with the Working Groups, rather than dictated by the NFES, as these will also be dependent on the resources of the Working Groups. These KPAs and indicators include measures such as the development and implementation of plans and programmes, targets achieved, budget spent, and so forth.

(iv) **M&E of individual financial education programmes**

In the absence of a financial capability segmentation model, quantitative targets cannot be set on market segment level when the NFES was formulated. However, Working Groups must set these indicators for individual programmes, rolled up onto Working Group level which, in turn, should be rolled up onto national level to inform the national level targets. A comprehensive M&E framework should therefore be developed for each individual programme, based on a theory of change (see Annex B) clearly stating the goals

and objectives of the programme, and how these will be achieved (input indicators).

The Secretariat should encourage the Working Groups to design and implement evaluation frameworks for all their programmes and should provide technical assistance and advice to the Working Groups on the design and implementation of these frameworks. Such a framework will be compulsory for programmes directly implemented by the Secretariat, such as the proposed mass sensitization campaign, and for any programme implemented by another party/Working Group with funding obtained from the pooled financial education Fund administered by the Secretariat.

When a financial capability segmentation model is developed in future, it will enable the setting of specific quantitative targets for each market segment (accept the youth/below age 18) against which impact can be measured in future. As the Baseline (2016), was only administered among adults aged 18 and above and the same will probably apply in future surveys, targets and indicators must be set by the youth Working Group (learners and teachers). However, the findings among youth aged 18-25 present a good proxy of the success of programmes targeting learners at school.

11. Component 4: Implementation plan

A three-year implementation plan is presented in Table 24. It should be treated as a rolling implementation plan to be reviewed at the beginning of every year for the next three years. The focus of the implementation plan at this stage is on setting up the organisational structure and responsibilities of the Secretariat. These include training of intermediaries on skills required for the development and

implementation of programmes as well as the design and launch of a website and the mass sensitization campaign.

The Secretariat will support the Working Groups with their sub-strategies and implementation plans. These should then be incorporated into the national implementation plan to generate a detailed rolling three-year national implementation plan.

Table 24: Three-year rolling implementation plan

| | 2017 | | 2018 | | | | 2019 | | | | 2020 | | | |
|--|------|----|------|----|--------|----|------|----|----|----|------|----|----|--|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Approval of NFES by GoS | ■ | | | | | | | | | | | | | |
| Set up organisational structure and resources: | | | | | | | | | | | | | | |
| Resource Secretariat | | ■ | | | | | | | | | | | | |
| Set up financial education fund | | ■ | | | | | | | | | | | | |
| Set up Working Groups | | ■ | | | | | | | | | | | | |
| Develop Working Group Implementation Plans | | ■ | | | | | | | | | | | | |
| Training of intermediaries | | | | ■ | | ■ | | ■ | | | | ■ | | |
| Programme Implementation: | | | | | | | | | | | | | | |
| Develop website | | | ■ | ■ | LAUNCH | ■ | | | | | | | | |
| Develop mass campaign | | | ■ | ■ | LAUNCH | ■ | | | | | | | | |
| Kick off implementation by Working Groups | | | | | | | | | | | | | | |
| Revise Implementation Plan | | | | | | | | | | | | | | |
| National Financial Capability Survey | | | | | | | | | | | | | | |

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www.fsa.gov.uk www.globalfinancialed.org

www.globalmoneyweek.org

Annex A: Stakeholder interviews

Table 25: List of stakeholder interviews

| ENTITIES | DEPARTMENTS | NAME | EMAIL | PHONE |
|--|---|-------------------------------|----------------------------|--------------|
| Government ministries, agencies, regulators, parastatals | | | | |
| Agency for Social Protection (ASP) | Chief Executive Officer | Marcus Simeon | m.simeon@gov.sc | |
| Central Bank of Seychelles (CBS) | Governor | Caroline Abel | governor@cbs.sc | 2484282000 |
| Central Bank of Seychelles (CBS) | Second Deputy Governor | Jenifer Sullivan | sdg@cbs.sc | 2484282020 |
| Central Bank of Seychelles (CBS) | Head of Consumer Protection and Financial Inclusion | Beggita Vital | Beggita.Vital@cbs.sc | +248 4282086 |
| Central Bank of Seychelles (CBS) | Financial Services Supervision | Naadir Hassan | naadir.hassan@cbs.sc | 2484282000 |
| Central Bank of Seychelles (CBS) | Financial Inclusion & Market Conduct Division | James Jean | james.jean@cbs.sc | |
| Fair Trading Commission (FTC) | Deputy CEO | Francis Lebon | francislebon@ftc.sc | 2484325250 |
| Financial Services Authority (FSA) | Chief Executive Officer | Jennifer Morel | ceo@fsaseychelles.sc | 2484380800 |
| Financial Services Authority (FSA) | Policy, Research & Legal | Paul Robert | paul@fsaseychelles.sc | |
| Financial Services Authority (FSA) | Senior Policy Analyst | Audrey Khan | audrey@fsaseychelles.sc | |
| Ministry for Youth, Sports & Culture | Minister | Idith Alexander | ialexander@gov.sc | 2484325555 |
| Ministry for Youth, Sports & Culture | PS Youth and Sports | Fabian Palmyre | fpalmyre@gov.sc | 2484325555 |
| Ministry for Youth, Sports & Culture | PS Culture | | | |
| Ministry of Education and Human Resources Development | PS Education | Dr. Odile De Comarmond | odecomarmond@edu.hq.sc | 2484283011 |
| Ministry of Employment, Entrepreneurship Development and Business Innovation | Minister | Wallace Cosgrow | | |
| Ministry of Employment, Entrepreneurship Development and Business Innovation | PS Entrepreneurship Development & Business Innovation | Pamela Charlette | psedbi@gov.sc | 2482822865 |
| Ministry of Family Affairs | Minister | Jeanne Simeon | | |
| Ministry of Family Affairs | Director Social Affairs | Sylvette Gertrude | sgertrude@gov.sc | 2482722263 |
| Ministry of Family Affairs | Senior Social Worker | Natasha Louise | | |
| Ministry of Finance, Trade and Economic Planning | Minister | Dr. Louis, Rene, Peter Larose | minister@finance.gov.sc | 2484382119 |
| Ministry of Finance, Trade and Economic Planning | PS Finance & Trade | Patrick Payet | psf@finance.gov.sc | 2484382000 |
| Ministry of Finance, Trade and Economic Planning | PS Economic Planning | Elizabeth Agathine | elizabeth@finance.gov.sc | 2484382057 |
| Seychelles Business Financing Agency (SBFA) | Chief Executive Officer | Rosandra Alcindor | ceo@sbfa.gov.sc | 248438900 |
| Seychelles Business Financing Agency (SBFA) | Loans Manager | Marlene Khan | | |
| Seychelles National Youth Council (SNYC) | Chief Executive Officer | Alvin Laurence | alaurance@gov.sc | 2482723998 |
| Small Enterprise Promotion Agency (SEnPA) | Chief Executive Officer | Penny C. Belmont | ceo@senpa.sc | 248432351 |
| Academic/educational institutions | | | | |
| School of Advanced Level Studies (SALS) | Principal | Lester Omondi | salsseyl@gmail.com | 2482790377 |
| School of Business Studies and Accounting (SBSA) | Director | Josianne Bristol | j.bristol@sbsa.edu.sc | 2484371188 |
| Seychelles Broadcasting Corporation | Producer | Barbara Coopoosamy | barbara.coopoosamy@sbc.sc | 2482724816 |
| Seychelles Institute of Art & Design (SIAD) | Director | Christine Payet | chetty.christine@gmail.com | 2482520085 |
| Seychelles Institute of Teacher Education (SITE) | Director | Rosianna Jules | rjules@site.edu.sc | 2484224452 |
| Seychelles Institute of Technology (SIT) | Director | Hubert Barbe | director.SIT@eduhq.edu.sc | 2484601510 |
| Seychelles Maritime Academy (SMA) | Director | Krishan Perera | director@sma.edu.sc | 2482801483 |

Annex A: Stakeholder interviews (continued)

| Financial sector | | | | |
|--|---------------------------------------|---------------------------|------------------------------------|------------|
| Airtel Mobile Commerce (Seychelles) Ltd | Managing Director | Amadou Dina | amadou.dina@sc.airtel.com | 2482810001 |
| Al Salam Bank | Acting CEO | Asim Kumar | a.kumar@alsalambahrain.com | 2482825870 |
| Bank of Baroda | Chief Executive Officer | Sujeet K. Shrivastava | sujeet.srivastava@bankofbaroda.com | 2484610333 |
| Barclays Bank Seychelles Ltd | Managing Director | Johan Van Schalkwyk | johan.vanschalkwyk@barclays.com | |
| Development Bank Seychelles (DBS) | Head of Credit | Rana Fernandes | rana.fernandes@dbs.sc | 2484294404 |
| H. Savy Insurance Co. Ltd (HSI) | General Manager | Lambert J. Woodstock ACII | lwoodcock@hsi.sc | 2484280400 |
| Habib Bank | Country Manager | Shoaib Awan | shoaib.awan@seychelles.net | 2482542843 |
| Housing Finance Corporation | Chief Executive Officer | Ronny Palmyre | rpalmyre@hfd.sc | 2482724113 |
| Housing Finance Corporation | IT Director | | | |
| Housing Finance Corporation | Loans Manager | | | |
| Nouvobanq | Operations Manager | Deoraj Puddoo | deoraj@nouvobanq.sc | 2484293002 |
| Sacos Life Assurance Co Ltd/ SACOC Insurance Company Limited | Chief Executive Officer | John A K Esther | john.esther@sacos.sc | 2484295002 |
| Seychelles Commercial Bank (SCB) | Chief Executive Officer | Annie Vidot | annie.vidot@scb.sc | |
| Seychelles Credit Union | Chief Financial Officer | Jessica Alcindor | jessica@scu.sc | 2482618388 |
| Trop-X (Seychelles) Limited | Chief Executive Officer | Bobby Brantley | bobby@trop-x.com | |
| Sector Level Organisations | | | | |
| Bankers Association | Chairperson | Annie Vidot | annie.vidot@scb.sc | |
| Insurance Companies Association | Chairperson | Lambert J. Woodstock ACII | lwoodcock@hsi.sc | 2484280400 |
| Media Association | Chairperson | Barbara Coopoosamy | barbara.coopoosamy@sbc.sc | 2482724816 |
| Seychelles Chamber of Commerce & Industry (SCCI) | Chairman | Wilson Nancy | wnancy18@gmail.com | 2484323812 |
| Seychelles Tourism Board | | Adrian Nanty | adrian.nanty@seychelles.travel | 2484671300 |
| Civil Society Organisations | | | | |
| AIESEC Seychelles | | Annarose Clarisse | annarose300@live.com | 2482532145 |
| CARE | Director | Noella Gontier | noellagontier@hotmail.com | 2482723584 |
| CEPS | Treasurer of the Board | Steve Thelermont | thelermont@yahoo.com | 2482566597 |
| CEPS | Social and Health Commission | Ronny Arnephy | rarnephy@gmail.com | |
| CEPS | Faith-based Commission | Christiane Vidot | vidotpaquerette@gmail.com | 2482792289 |
| CEPS | Project Fund | Mervin Fanny | mervinfanny@gmail.com | |
| CTF Consultancy | Director | Craig Francourt | craigfrancourt@gmail.com | 2482633450 |
| Family Council | Chairperson | Robert Moumou | robertmoumou@gmail.com | 2482515225 |
| Interfaith Council (SIFCO) | Chairperson / Eveque Port-Victoria | Mgr Denis Wiehe | dwiehe@email.sc | 2484322152 |
| National Consumer Forum (NATCOF) | Chairperson | Raymonde Course | raymacourse@msn.com | 2484225941 |
| National Consumer Forum (NATCOF) | Administrative Officer | Najea Barbe | natcof@seychelles.net | |
| Seychelles Association for Women Entrepreneurs (SAWE) | Chairperson | Sylvianne Valmont | sylviannevalmont@gmail.com | 2482722609 |
| UN Youth | | Annarose Clarisse | annarose300@live.com | 2482532145 |
| Media | | | | |
| Creative Industries and National Events Agency (CINEA) | Chief Executive Officer | Galen Bresson | ceocinea@gov.sc | 2482513200 |
| Joseph Sinon | Event Organiser | Joseph Sinon | tanmiproduction@yahoo.com | 248712398 |
| Media Committee at the Assembly | Chairperson, editor | Gervais Henrie | leseychellois@seychelles.net | 2482591040 |
| Patrick Victor | Artist | Patrick Victor | | |
| Seychelles Media Commission | Chairperson & Chief Executive Officer | Ibrahim Afif | chairperson@seymediacom.org | 2482710210 |

Annex B: Defining monitoring, evaluation and a theory of change¹⁵

¹⁵ This Annex is an extract from the GIZ manual: "Evaluating financial education programmes and measuring financial capability", Piprek, G.L., 2017, adapted for purposes of the Seychelles NFES

Monitoring and evaluation

- **Monitoring** is defined¹⁶ as 'a continuous function that uses the systematic collection of data on specified indicators to provide management and stakeholders with indications on the progress and achievements of a programme'. Monitoring provides the status of a programme over time and at a specific point in time.
- **Evaluation** is defined¹⁷ as 'the systematic and objective assessment of the impacts, effectiveness and sustainability of a programme'. Evaluation aims to assess the causality and magnitude of intended (and unintended) changes resulting from a specific programme intervention (attribution). Ideally

¹⁶ OECD 2002.

¹⁷ Adapted from OECD 2002.

evaluations should not be a one-off activity performed at the end of a project nor an additional discrete intervention. Rather, they should provide an ongoing flow of insights over the lifetime of a programme,¹⁸ as this will enable timely and continuous improvements to the programme and the ability to be flexible and to respond to changes in the programme context.

Table 26 demonstrates the complementary nature of monitoring and evaluation. Indicators should be identified for both monitoring and evaluation at the outset of any initiative and the optimal mixture of data collection should be determined before launching a programme.

¹⁸ Adapted from Kusek and Rist 2004.

Table 26: Complementary nature of monitoring and evaluation

| MONITORING | EVALUATION |
|--|--|
| Clarifies programme objectives | Analyses why intended results were or were not achieved |
| Links activities and their resources to objectives | Assesses the specific causal contribution of activities to results |
| Translates objectives into performance indicators and sets targets | Examines implementation processes |
| Routinely collects data on these indicators | Explores unintended results |
| Reports progress to managers and alerts them to problems | Provides lessons, highlights significant accomplishments or programme potential, and offers recommendations for improvements |

Source: Kusek and Rist 2004.

There are different types of programme evaluations:

- Process evaluations look at how a programme has been implemented.
- Impact evaluations look at whether there has been a measurable change in outcomes that can be attributed to the programme intervention.

A **process evaluation** aims to answer questions such as: Did we reach the intended target market? Was the training content and material appropriate? Was the duration of the training too long or too short? Was the trainer well trained, prepared and organised?

Monitoring data can form the basis for process evaluations, but specific research may be required at a specific point in time to collect additional data for a process evaluation. For example, while continuous monitoring can tell us whether we are reaching our target market, qualitative research may be required to gather information on the quality of the trainers and materials (process evaluation).

An **impact evaluation** aims to answer questions such as: Has the programme succeeded in changing behaviours? Which behaviours?

To what extent/magnitude? Can these changes be directly attributed to the programme intervention (causality)? Are there any unintended consequences (positive or negative)? What are the main drivers of change? In other words, impact evaluations set out to measure the magnitude of change, causality, and the underlying reasons for change. However, they do not always shed light on which components of a financial education programme worked well or could be improved. For this, we require process evaluations (as well as ongoing monitoring).

An impact evaluation will usually require that a baseline be conducted, after which one or two follow-up surveys (mid-term and end-line) are conducted. This kind of programme baseline is different to market research for programme design or a general (national level) financial capability survey which is not related to a specific programme or intended to measure outcomes against specific (programme) indicators.

Principles for evaluating programmes and projects

The OECD's Development Assistance Committee (DAC) developed a set of criteria in the early nineties to guide the evaluation of development projects and programmes. These criteria have

been widely adopted by development practitioners and can be summarised as follows:

- **Relevance:** the extent to which the goals, objectives and activities of the programme are suited to the needs of the target population and aligned with the implementing and funding agency's goals and objectives.
- **Effectiveness:** the extent to which the goals and objectives of the programme have been achieved.
- **Efficiency:** this relates to how the programme has been implemented and considers the use of resources and time required for implementation.
- **Impact:** has the desired outputs and outcomes been achieved? Has the desired change been affected? Both, intended and unintended, positive and negative consequences, should be considered.
- **Replicability and scalability:** can the programme be up-scaled? Implemented elsewhere? While replicability and/or scalability may not always be a required, it is mostly the case or at least a set of 'lessons learnt' may be developed for consideration in future programme design

Theory of change

The five DAC criteria can be systematically captured in a **'Theory of change'**, which provides a logical framework for the design and evaluation of a programme. The theory of change describes how and why an intervention is supposed to deliver certain outcomes and impacts. The starting point in the development of the theory of change is to define the desired impact, why the planned programme will achieve this impact and what the underlying assumptions are. It provides a framework with a series of events against which a programme can be evaluated at every step – from inputs and

activities through to outputs, outcomes and impacts (sometimes also referred to as final or long-term outcomes). This is also called the **'results chain'**. The desired impacts should be the same as the programme objectives i.e. what the intervention set out to achieve in the first place.

A theory of change comprises three components:

- Implementation inputs, activities and outputs.
- Results outcomes and impacts/long-term outcomes/programme objectives.
- Assumptions and risks evidence on the causal logic and risks that may affect the realisation of these intended results.

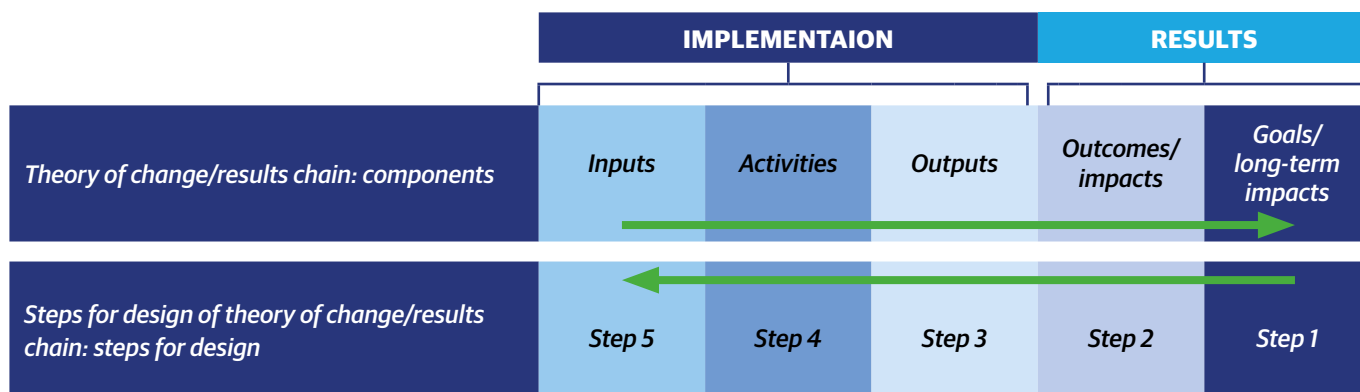
Indicators are defined for each step of the results chain against which the design, implementation and outcomes or impact of an intervention can be measured. This is done through the development of a comprehensive results-based monitoring and evaluation framework that not only defines the indicators, but also identifies the sources of data and data collection methodologies.

A theory of change therefore provides a structured approach to guide the design, monitoring and evaluation of a financial education programme, working back from the programme goals or desired impacts to the inputs required to eventually achieve these goals.

The results chain describes how the process flows from the:

- inputs and resources required to develop a financial education programme and its monitoring and evaluation framework;
- to the activities required;
- the planned outputs of the programme;
- and how these, in turn, will yield the anticipated outcomes/impacts; and
- ultimately the desired long-term programme goals and impacts.

Figure 13: Steps in the development of a theory of change



The results-based M&E framework for the NFES will therefore comprise four components: impact and process indicators on both national and Working Group level. The indicators and/or impact on national level will effectively be the collective of what is achieved on Working Group level. Ideally, impact and process targets should be set on Working Group level which should be rolled up on national level to inform the national level impact and process indicators. However, at this stage data is not available on segment level to set

impact indicators on segment level. A detailed M&E framework with key performance indicators and targets will therefore require that the Working Groups be set up, that these formulate their sub-strategies within the broader framework of the NFES, develop their implementation and funding plans, and set associated performance indicators within the limitations of availability of data. These can then be rolled up to refine the national level indicators.

