



## **Launching of the Financial Literacy Baseline Survey results**

### **Opening remarks by the Governor of the Central Bank of Seychelles**

**Time: 8:35 a.m.**

**Venue: STC Conference Room, Victoria**

Minister Jean-Paul Adam,

Minister Wallace Cosgrow,

Invited Guests,

Ladies and Gentlemen.

Good morning and welcome to the presentation of the financial literacy baseline survey results. A special welcome to Mr Abel Motsomi who will be our main presenter for the day. May I begin these opening remarks with a few words on the background of this work:

As part of the deliverables of the Seychelles' Financial Sector Development Implementation Plan which was approved by the Government in November 2014, it was recommended that a baseline study on financial literacy be developed and conducted, following which a national strategy on financial education will be developed and implemented.

The Central Bank of Seychelles in collaboration with the Financial Services Authority has been tasked with the mandate for financial literacy in Seychelles. Against this backdrop, the financial literacy baseline survey was commissioned to FinMark Trust, an independent trust based in South Africa. FinMark Trust has focused its efforts on making financial markets work for the poor by facilitating and catalysing development around access to financial services. Much of the work of FinMark Trust is focused on supporting financial inclusion and financial education.



The financial literacy baseline survey is the first of its kind to be conducted in Seychelles and its importance needs to be emphasised. The aim of the study was to gauge the level of financial literacy of the population and provide an assessment of the needs of the population including the identification of possible target groups. Assessing the levels of financial literacy in the population is a key component of a successful national strategy for financial education which enables policy makers to identify gaps and design appropriate responses.

The results of the survey which are about to be discussed this morning, provides us with a set of data which reflects how the public are making financial decisions vis-à-vis saving, borrowing, budgeting, spending and planning for their financial future in general, amongst other factors. Accordingly, the statistics collected will guide and inform the development of the national strategy on financial education. The collected data which also provides a description of levels of financial literacy in terms of socio-demographic groups will enable policy makers to identify the needs of the population and areas where interventions and attention are most required. In addition, the information collected provides the possibility to conduct repeat surveys to identify change over time.

The Central Bank of Seychelles and the Financial Services Authority will be working in collaboration with the public and private stakeholders to achieve the development and implementation of the national strategy. In fact, the procurement for consultancy services to assist with the development of the strategy is currently being initiated.

Ladies and gentlemen, these initiatives and engagements towards financial consumer empowerment echo the recent global tempos in respect of financial education. There has been an increased focus on financial literacy internationally, particularly since the 2008 financial crisis which has exposed the effects of lack of financial education amongst consumers, leading many countries to develop or start developing national financial education strategies. Whilst other countries are yet to roll out strategies at the national level, ample efforts are being put into designing financial education programmes or interventions for specific groups of the population. The message is clear:



Financial education matters and it matters at many levels. Primarily, from a social welfare perspective, it matters in terms of the ability of people to manage their financial affairs prudently and live within their means. Financial education is meant to empower individuals in the financial marketplace, in terms of increasing their ability to make informed decisions and meaningful participation in the markets, allowing them to better manage personal and household finances and resources. Financially savvy consumers who interact effectively with providers of financial services are more likely to achieve their financial goals and therefore improve their households' welfare. Moreover, financial education is instrumental in supporting financial inclusion policies through creation of awareness of the availability of financial products and services and through developing confidence in the use of such products and services. Accordingly, financial education contributes to the development of financial systems and markets as well as to the promotion of more transparent competition amongst financial service providers. In fact, financial education is very much considered as the first line of defence and protection for consumers of financial products and services, since it complements the regulatory and supervisory measures in place.

It is widely recognised that individuals across the globe, living in different economic, financial and social circumstances have to take more responsibility for their future financial well-being and protection. It is important to consider that while Authorities will devote resources and work towards establishing mechanisms that will support financial consumer empowerment, it is important to acknowledge that the ultimate responsibility rests with the individual to ensure that financial knowledge and skills acquired are transformed into positive financial behaviour.

Ladies and gentlemen, allow me to stress that CBS and its partners remain committed to the development of the financial sector in line with our respective mandates. The successful development of the financial sector must be sustained, amongst other factors, by appropriate legislative and supervisory frameworks, including an effective regulatory framework for financial consumer protection, as recommended in the Financial Sector Development Plan. Accordingly, to further consolidate financial consumer empowerment, CBS and the FSA are working on the development of a legislative framework for financial consumer protection.



The proposed framework, which is at a preliminary drafting stage, is specifically aimed at protecting the interests of financial consumers and to fairly, reasonably, and effectively handle financial consumer disputes, thereby reinforcing the confidence of financial consumers in financial markets and promoting their sound development. Such will complement the development of the national strategy on financial education.

Ladies and gentlemen, please allow me to conclude my remarks with a few words of acknowledgement. The conduct of the financial literacy baseline survey has been made possible due to the commitment of our faithful partners. May I acknowledge the role of government through the Cabinet of Ministers for approving that such an initiative be conducted. I wish to particularly thank the Financial Services Authority for its involvement throughout the entire process and the National Bureau of Statistics which assisted with the development of the sample for the survey. May I also acknowledge our international partners which are contributing to the funding of these projects, specifically the Investment Climate Facility for Africa and the African Development Bank. The Central Bank also extends its appreciation to FinMark Trust for the work conducted. I express my gratitude also to the Central Bank team for making sure the work program moved along smoothly and attained its objectives. Last but not least, I wish to thank the general public for making the time available to participate in the survey.

With these remarks, it is my pleasure to invite Mr. Abel Motsomi of FinMark Trust to deliver his presentation on the results of the financial literacy baseline survey.

Thank you.