TANZANIA NATIONAL COUNCIL FOR FINANCIAL INCLUSION

NATIONAL FINANCIAL EDUCATION FRAMEWORK 2016 - 2020

A Public - Private Stakeholders' Initiative

Tanzania National Council for Financial Inclusion

National Financial Education Framework 2016 - 2020
2017 re-print

A Public - Private Stakeholders' Initiative

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FOREWORD

The National Financial Education Framework (N-FEF) is one of several initiatives which are being implemented under the National Financial Inclusion Framework. The latter has a goal to increase financial inclusion, the quality of financial services and the welfare of users.

The N-FEF, will contribute towards the broader goals of the Financial Inclusion Framework by improving the levels of financial capability of the Tanzania population. Financially capable consumers are better equipped to act with confidence in making optimal choices in the management of their personal financial matters. Financially capable consumers also contribute to the development of the sector by demanding more customer-centric products and services; while they are better positioned to identify unscrupulous practices and practitioners. Financial capability and education therefore form an integral part of consumer protection, a requirement for financial sector stability - which, in turn, is a prerequisite for sustainable growth and deepening of the financial sector.

The N-FEF provides a guide for the implementation and coordination of financial education initiatives in Tanzania. It comprises three components namely: a consumer strategy; a national coordinating and implementation structure; and a results-based monitoring and evaluation framework.

The need for N-FEF was identified following the FinScope survey of 2009, which identified low levels of financial capability as one of the main barriers to financial inclusion. This led to an in-depth diagnostic study, which included an extensive consultative process with stakeholders from both the Mainland and Zanzibar. The N-FEF was also informed by the findings of the National Financial Capability Baseline survey (2015).

The National Council for Financial Inclusion Council will be the custodian of the N-FEF, as a component of the broader National Financial Inclusion Framework.

On behalf of the National Council for Financial Inclusion, let me take this opportunity to thank all members of various committees and different stakeholders for their contribution to this Framework. I wish to thank the Consultant Marketworx for the commitment and tireless efforts in facilitating the production of this framework and the Financial Sector Deepening Trust, Tanzania, (FSDT) for its financial support in making this a reality.

I trust that this Framework will contribute to the goal of increasing financial inclusion and a strong, stable and vibrant financial sector.

BNdulu

Prof. Benno Ndulu
Chair, Financial Inclusion National Council

LIST OF ACRONYMS

AKDN	Aga Khan Development Network
ATE	Association of Tanzania Employers
ATI	Association of Tanzania Insurers
ATL	Above-The-line media
ATM	Automatic Teller machine
A-V	Audio-visual
CBO	Community-Based Organisation
CMSA	Capital Market and Securities Authority
CRDB	CRDB Bank PLC
DP	Development Partners
FAO	Food and Agriculture Organization (of the United Nations)
FinCap	Financial Capability
ILO	International Labour Organization
LSI	Life Style Indicator
M&E	Monitoring and Evaluation
MALE	Ministry of Agriculture, Livestock and Environment (Zanzibar)
MALF	Ministry of Agriculture, Livestock and Fisheries
MFI	Microfinance Institution
MFTC	Microfinance Technical Committee
MIVARF-PMO	Market Infrastructure, Value Addition and Rural Finance under Prime Minister's Office
MoESTVT	Ministry of Education, Science, Technology and Vocational Training
MoHCDGEC	Ministry of Health, Community Development, Gender, Children and the Elderly
MSME	Micro, Small and Medium Enterprise
MUCCoBs	Moshi University Cooperative College of Business Studies
NC	(Financial Inclusion) National Council
NEEC	National Economic Empowerment Council
N-FEF	National Financial Education Framework
N-FES	National Financial Education Secretariat
N-FETC	National Financial Education Technical Committee
NFIF	National Financial Inclusion Framework
NGO	Non-Governmental Organization
NMB	National Microfinance Bank
NTC	National Technical Committee
NUFFIC	Netherlands University Foundation for International Cooperation
PMO	Prime Minister's Office
PPSI	Public Private Stakeholders' Initiative
SACCOs	Savings and Credit Cooperative Society
SCCULT	Savings and Credit Cooperatives Union League
SHG	Self-Help Group
SIDO	Small Industries Development Organisation
SME	Small and Medium Enterprise
SSRA	Social Security Regulatory Authority
TA	Technical Assistance
TAMFI	Tanzania Informal Association of Microfinance Institutions
TBA	Tanzania Bankers' Association
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TCDC	Tanzania Cooperative Development Commission
TIE	Tanzania Institute of Education
TIMAP	Tanzania Informal Microfinance Association of Practitioners
TIRA	Tanzania Insurance Regulatory Authority
TUCTA	Trade Union Congress of Tanzania
TYC	Tanzania Youth Coalition
UDEC	University of Dar es Salaam Entrepreneurship Centre
VETA	Vocational Education and Training Authority
VICOBA	Village Community Bank
VSLA	Village Savings and Loan Association
ZATI	Zanzibar Association of Tourism Investors
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

DEFINITIONS

Evaluation is defined as "the systematic and objective assessment of the impacts, effectiveness and sustainability of a programme."[1] Evaluation illustrates the causality of intended and unintended consequences and whether these are as a result of a specific programme intervention (attribution).

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

National Financial Capability Baseline Survey (Baseline) refers to the first survey conducted in which levels of fi- nancial capability are measured – for purposes of repeating the survey in future to assess changes in levels of financial capability over time.

Financial education is defined as "the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being."[2]

Financial inclusion is defined as "the regular use of financial services through payment infrastructures to manage cash flows and mitigate shocks, which are delivered by formal providers through a range of appropriate services with dignity and fairness."[3]

Monitoring is defined 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."[4]

1 Adapted from: OEcD, Public management and governance (PumA). "Overview of results-focused monitoring and Evaluation in OEcD member countries." 23rd Annual meeting of OEcD Senior budget Officials. Washington Dc. June 2-3, 2002.
2 OEcD, "Improving Financial literacy: Analysis of Issues and Policies," 2005
3 Tanzanian National Financial Inclusion Framework (2014-2016).
4 OEcD, 2002.

EXECUTIVE SUMMARY

The National Financial Education Framework (N-FEF) is aimed at improving the levels of financial capability of the Tanzania population, so that individuals are better equipped to act with confidence in making optimal choices in the management of their personal financial matters. Financial education is the broad term reflecting all activities aimed at transferring knowledge and skills, and influencing financial behaviour.

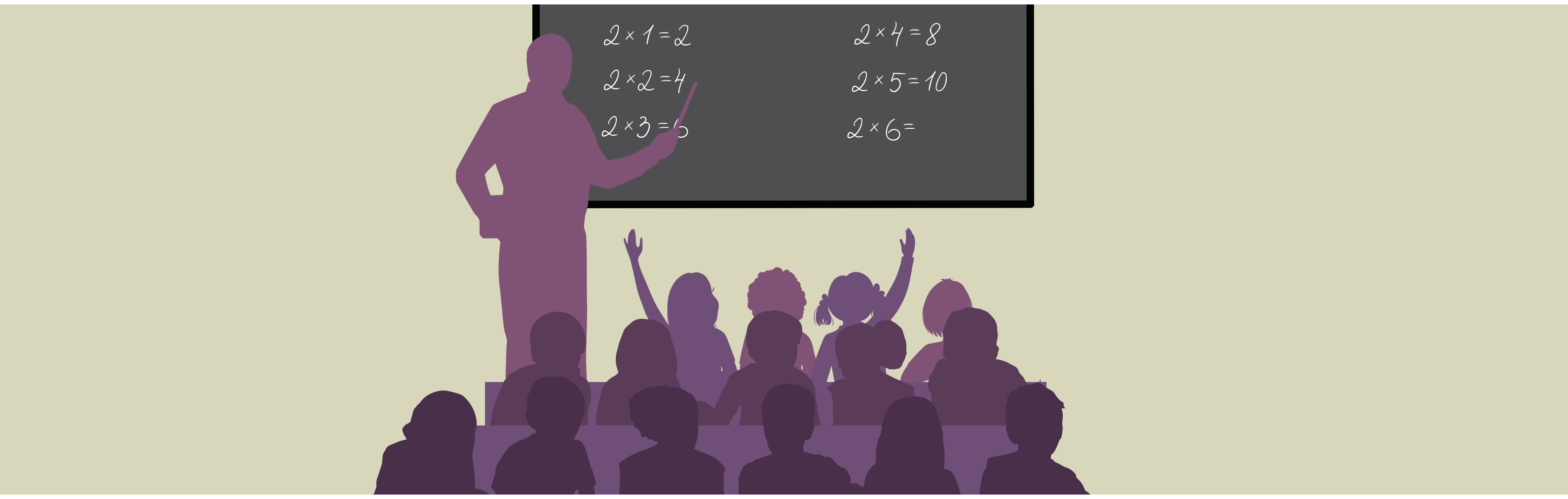
Despite major strides in the overall levels of financial inclusion in Tanzania over the past decade, 27.4% of the adult population remains completely excluded from any formal or informal financial services (FinScope, 2013). The N-FEF (2014 – 2016) identified low levels of financial capability as one of the main barriers to financial inclusion. Improved levels of financial inclusion and improved financial consumer protection have also been identified as two enablers for sustainable financial sector growth.

The N-FEF was developed through a broad consultative process with stakeholders on the Mainland and in Zanzibar. It identifies the main challenges related to financial capability, which needs to be addressed through financial education. It also provides guidelines on the successful implementation of financial education in Tanzania through a national coordinating framework.

The coordinating framework consists of:

1. The Financial Inclusion National council (Nc)
    - Oversight of the National Financial Education Secretariat (N-FES).
    - Strategic guidance.
2. The National Financial Education Secretariat
    - Implementation of the N-FEF.
    - Coordination of Interest Groups.
3. Interest Groups
    - Implementation on market segment level.
4. The National Financial Education Technical committee (N-FETC)
    - Technical advice to the N-FES.

The benefits of improved financial capability have an impact beyond the individual, the household or the financial sector. It has far-reaching benefits for society and the economy as a whole. Financial education is in the public domain and impact on a national level will only be achieved if the government, private sector and civic society support the initiative and work together.


2 × 1 = 2
2 × 2 = 4
2 × 3 = 6
2 × 4 = 8
2 × 5 = 10
2 × 6 =

1 BACKGROUND

Historically, the attention of governments and practitioners in the development and support of financial sectors has focused primarily on the enabling environment (legal, regulatory and policy environment) and on supporting and developing the supply side. Only in the last decade has the importance of financial capability among consumers been recognised. The N-FEF is unique as it is the only framework that focuses on the provision of direct support to the demand side of the financial sector.

The N-FEF provides a guide for the implementation and coordination of financial education initiatives in Tanzania, aimed at improving levels of financial capability among the public. Low levels of financial capability have been identified in the National Financial Inclusion Framework (N-FIF) (2014 – 2016), as one of the main barriers to financial inclusion. Improved levels of financial inclusion and improved financial consumer protection have also been identified as two enablers of sustainable financial sector growth.

The N-FEF was developed through a broad consultative process during which more than 70 stakeholders were interviewed and several workshops conducted. In 2011, recommendations of the study and draft framework were reviewed and approved by the Inter-Institutional committee (IC), which was the highest policy-making body overseeing the implementation of the Financial Sector Programme (FSP). One of the recommendations of the study was to conduct a National Financial capability baseline Survey (baseline) to define financial capability in the context of Tanzania, identify various financial capability segments and assess the level of financial capability in Tanzania. The baseline was conducted between 2013 and 2014 and this document reflects the revised N-FEF, incorporating the findings from the baseline.

The N-FEF comprises three components:

- The consumer Financial Education Strategy (FES)
- The National coordinating and implementation structure.
- The Monitoring and Evaluation (M&E) framework.

This document provides the definitions of financial education; an overview of the country context; the financial sector supply side and consumer insights identified in the baseline. It further details the three components of the N-FEF and a five-year implementation plan (Annex A). The five Financial capability Segments identified in the baseline (2014), are summarised in Annex B.

2.1 Country profile

Tanzania's economic growth has been impressive over the last 20 years with a real average GDP growth rate of 5.8% per annum for the period between 1995 and 2014. Inflation has been less volatile compared with the period between 1985 – 1994 and averaged 6.3% over the last three years (2013 – 2015).

Tanzania is an agrarian society and according to the Association of Tanzanian Employers (ATE) census of 2012, the majority of the population (71%) live in rural areas and 66% of households engage in agriculture. The population profile is changing with urbanisation: the number of formally employed has been slowly but steadily increasing as the dependence on agriculture as the only or main source of income has been declining slowly. However, in 2013, the formally employed still represented less than 4%. This implies that financial education initiatives through employee-based programmes will have limited reach and that innovative forms of communication must be considered to reach the less organised informal sector, notably farmers, fishermen, owners and employees of small enterprises.

2 TANZANIA COUNTRY CONTEXT

Tanzania has a young population with more than 50% of adults aged between 16 and 34 (Baseline, 2014). The population density is low with 51 persons per square kilometre (49 per square kilometre in the Mainland and 530 in Zanzibar). The large, dispersed rural population poses a challenge, both with respect to access to finance and financial education, as it can be challenging and costly to reach rural communities. urbanisation also points to the potential weakening of social support structures and financial support from family and friends.

Levels of education among adults are low and 76% have only completed primary education or less and only 1.3% have completed tertiary education (Baseline, 2014). While 83.8% of adults are capable of reading and writing Kiswahili, only 19.4% are capable of reading and writing English. This underscores the need for financial education initiatives and client communication from financial service providers to be available in Kiswahili. low functional literacy further limits the effectiveness of print as a medium for financial education.

Incomes are low and in 2013 more than half of the population earned less than TSh 50,000 (uS$ 30) per month (Baseline, 2014). Financial vulnerability is further underscored by 52% of adults indicating that they sometimes or always run short of money for necessary expenses. Also, 71% of respondents indicated that they were "keeping up with necessary payments, although it is sometimes a struggle;" while 16% indicated that "it is always a struggle" and 5% indicated that they have "serious financial problems".

Levels of income hold a strong relationship with levels of education, financial inclusion and financial capability. Poverty remains one of the main barriers to financial intermediation. It also negatively impacts on people's ability to adhere to their budgets, save and plan for retirement and their children's future.

2.2 Financial sector overview (supply side)

The financial sector has shown phenomenal development following the liberalisation of the sector during the last two decades. In the late 1980s, there were only a few state-owned banks, but by November 2015 there were 56 banks, 1 reinsurance company, 30 insurance companies, 7 pension funds and a fledgling stock market. Market Infrastructure, Value Addition and Rural Finance (MIVARF) has also proliferated and there were 3,865 societies in March 2015 (up from 803 in 2000), while membership increased from 133,134 to 919,992. There are about 170 credit Non-Governmental Organizations (NGOs) and companies; and four[5] mobile phone companies with mobile money services. A few banks have also started offering mobile and agency banking services.

Alongside formal financial services, there is a growing number of informal self-help groups (SHGs) such as Village community banks (VICOBAs) and Village Savings and loan Associations (VSLAs). Furthermore, there are micro-credit programmes supported by the Government which mainly target women and the youth.

Unlike developed markets, where financial products like leasing, mortgages, credit and debit cards, Automatic Teller machines (ATMs) and mobile banking were introduced over a period of several decades, most of these products have been introduced into the Tanzanian marketplace in recent years. Two credit bureaux have also recently been licensed. These rapid developments are new to most of the adult market and have left the youth without mentors to educate them on these market developments.

5 These are: TigoPesa, Mpesa, Airtelmoney and EzyPesa.

According to FinScope, formal financial inclusion (as measured by the FinScope Access Strand) has increased from 15.3% (FinScope 2009) to 56.8% (FinScope 2013) of the adult population. This increase has been driven primarily by the growth and developments in mobile money. However, mobile money is still primarily limited to transactions and does not (yet) offer the same depth of financial services as provided by banks and other financial service providers. Also, of those with a bank account, several appear to be "under-banked" with limited use of products and services, and deposits/salaries are often withdrawn almost immediately. While huge strides have therefore been made in outreach over the past few years, depth and quality of financial inclusion remains a challenge.

The main barriers to accessing formal financial services remain poverty and irregular incomes, which require broader interventions than merely financial sector related interventions. Other constraints which limit people's effective engagement with financial service providers are the lack of awareness and understanding of financial service providers, products and services; poor long-term planning and risk management skills and weak numeracy skills. There is also a mismatch between supply and demand for products, with a lack of cost-effective savings products with a positive return and a lack of micro-insurance products (notably life insurance).

So, while the financial sector has been developing rapidly from a supply side perspective, little attention has been paid to the demand side in educating and informing the public on the various types of products and suppliers which have been introduced into the market. Increasing consumerism among the population, as well as aggressive marketing by financial service providers, have resulted in pockets of over-indebtedness starting to appear.

Currently, there is no comprehensive, accessible and affordable system in place to deal with consumer recourse and redress in the financial sector, while the judicial system is costly and inadequately equipped to deal with all types of claims in the financial sector and do so efficiently and at low cost to the consumer. This leaves consumers by and large at the mercy of financial service providers. Enhanced financial capability will empower consumers to "self-protect" by being more vigilant, and as such contribute to a more stable market place. Financial education is also the vehicle through which the public is educated and informed of their rights, responsibilities and redress options.

2.3 Insights into consumers' levels of financial capability (demand side)

The 2014 baseline shows that people across all socio-economic levels lack mathematical literacy; basic knowledge of financial concepts, products and service providers. They also lack knowledge of and skills in dealing with financial processes, such as budgeting, keeping track of expenses, planning for unexpected expenses and making a provision for old age/retirement.

The head of a household and their partner make around one third of financial decisions together, with around one quarter of decisions made by the respondent only. men make most of the decisions relating to large, long-term expenses. The decision-making role and status in the household of beneficiaries of a financial education intervention should be considered in its design.

Unlike developed countries, where people are often subjected to information overload, Tanzanians have limited exposure to media and other sources of information. The main source of information is Above-The-line (ATL) media – primarily radio (41%), followed by television (16%) and newspapers (5%). However, these media forms provide mostly marketing messages, rather than objective information on financial matters.

Two-thirds of respondents indicated that the information available on financial matters is not adequate; while 52% felt that the information was not reliable. Credibility of the source of information is critical for successful financial education interventions.

The main self-identified needs for financial education relates to risk management (30.9%) of which the main one is life insurance, followed by planning for unexpected expenses. Illness or death of the (main) breadwinner is the single biggest threat to a household's financial security. Financial education can improve people's awareness and understanding of the benefits of insurance products and where and how to obtain these. However, suitable and cost-effective products need to be available and easily accessible in the marketplace.

Several dimensions and competencies of financial capability were assessed in the baseline. The main findings are summarised in Table 1.

Table 1: Assessment of dimensions and competencies of financial capability

FINANCIAL CAPABILITY DIMENSIONS
Knowledge and awareness of financial terms (self-assessment) • Knowledge and awareness of financial service suppliers like banks, Mpesa and SACCOs, are reasonably high, but knowledge and awareness of financial products such as insurance, retirement annuities/pensions and mortgages are low (<40%).
Attitudes • Most adults have a positive attitude to savings. • Most adults are risk averse.
Confidence • Most adults are confident in making financial decisions (65%). • Most adults lack confidence in dealing with financial service providers (68%).
Skills – performing financial processes • Fewer than 25% of respondents rated themselves as "very knowledgeable" on financial processes such as planning for old age (25%), managing loans (15%), choosing a financial product (8%) and calculating interest rates (7%). • The only process for which more than 50% of respondents rated themselves as "very knowledgeable," was budgeting. ***Skills numeracy skills*** • Addition and subtraction skills are reasonable. • Multiplication and division skills are weak, which impacts directly on abilities such as keeping track of finances and calculating interest rates.
FINANCIAL CAPABILITY COMPETENCIES
Day-to-day money management • Most adults (86%) have some kind of household budget of which 92% always or mostly keep to it. • Reasons for not keeping to a household budget are mostly poverty related (low or inconsistent income). • Many adults are not good at keeping track of money: 45% did not know what their expenses were in the past week; 38% did not know how much money they had available.
Long-term planning • 83% of adults have financial goals; 91% have plans to achieve these goals; 90% keep to these plans. • More than 70% have a retirement plan in place before retirement and most have multiple retirement strategies. • The main strategies relate to investments in land or farming-related activity. • Despite that, around 70% of adults feel that their retirement strategies are not adequate and most are worried about their retirement. • Only 2% of adults have a pension. • Only 1.6% have a life policy. • 15% have a funeral policy.
Credit and savings behaviour • More people save (82%) than borrow (46%). • Most savings are in cash at home/in a hiding place; while 62% save in non-monetary assets. • While most adults have a positive attitude to savings, they save less than they would like to, due to a lack of resources. • Most loans are from family/friends (38%), followed by a kiosk (37%). • More than a quarter do not know where to get a loan. • There are pockets of debt stress and almost 70% of those who have borrowed indicated that they have borrowed to their limit.
Risk management • Only 38% have a plan in place to deal with large, unexpected expenses. Of those, most have multiple strategies. • The main strategy for unexpected expenses is savings (50%) followed by selling physical assets (15%).
Seeking financial advice and product search behaviour • Most people (52%) rarely seek advice. • Of those that do, the primary source is family/friends (71%). • 41% of adults searched for information on different savings options and 48% searched for information on loans.

While the above provides an indication of levels of financial capability across the adult population in general, there are vast differences in these among different market segments. This calls for a targeted (or segmented) approach to drive financial education. The design of financial education programmes should consider the relevant messaging and optimal mix of delivery channels for a specific target market.

A financial capability market segmentation model was therefore developed, based on the findings of the baseline (2014). It yielded five segments of differing sizes for the adult population of Tanzania. Each segment has similar scores on financial capability dimensions and competencies, and financial education priorities, while these differ between the various segments. The segmentation model also provides descriptors of the socio-economic profile of each segment and the most suitable channels through which to reach each segment. This segmentation model forms the basis for the consumer Financial Education component summarised in Section 6.1. Profiles of these segments are detailed in Annex b.

Some challenges identified in the baseline (2014) cannot be dealt with through financial education alone. (next line)

Firstly, there is a mismatch between supply and demand of financial products and services:

- The biggest risk for Tanzanians is loss or illness of the main breadwinner, or losses of/damage to crop or livestock. The market requires access to low cost life insurance, medical services and crop and, livestock insurance.
- The market requires easily accessible, efficient and cost-effective savings options with a positive return. People will continue saving in cash and non-monetary instruments if formal savings products are perceived to be costly, with negative real returns.
- Small-scale farmers and some small enterprise owners require access to agricultural/productive credit.

Secondly, a comprehensive financial protection and recourse framework is required, while consumers must be made aware of their rights and recourse options through financial education.

Lastly, there is a strong relationship between levels of financial capability, levels of education and income, and levels of financial inclusion. The main barrier to accessing finance remains poverty. A strong financial sector and improved financial inclusion calls for more than financial education and consumer protection – it underscores the need for addressing poverty in general and education in particular.

3 DEFINITION, VISION AND MISSION

3.1 Definition[6]

Financial education iis the broad term reflecting all activities aimed at transferring knowledge and skills and influencing financial behaviour. Financial education can take various forms. A combination of these forms and different channels should be included in a consumer strategy, depending on the needs of the target audience and the strategic objectives:

- **Awareness** of product and institutional types, rights and responsibilities, recourse options, changes in the marketplace and where to turn for advice or assistance when in financial distress.
- **Broad-based/generic financial education** focussed 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 product-specific financial education** does not relate to a specific branded product, but to a product category such as mobile banking, life insurance, credit reference bureaux, or purchasing a property with a mortgage. It is required on an "as needed" basis throughout a person's life and will change with a person's life stage and an evolving financial sector.

Financial education has touch-points with various other disciplines and can incorporate the following elements:

- **Financial advice** differs from financial education in that it is usually paid for, be that directly, or indirectly through commission on the sale of a product. As such, the information or advice could be biased and does not necessarily provide an individual with all the relevant options.
- **Economic literacy** refers to knowledge of basic economic concepts, such as inflation and tax. It is prudent to include some basic economic concepts into financial education initiatives so that people understand the broader principles of what might impact on their finances, how interest rates are set and how and why these may change.
- **Business skills and financial management** of an enterprise. In developing markets, where many consumers rely on enterprise activities to generate their incomes, financial education should be included in business skills and financial management education.
- **Marketing** relates to activities aimed at increasing product sales of a specific financial institution's branded product and/or services. The "litmus test" whether a specific financial education initiative is financial education or marketing, is to ask the question: "Can any brand go onto the training material?"
- **Financial and money advice** stands somewhat apart from what is generally termed as "financial education." money advice is provided for free, but financial advice is paid for or tied to a sale. If tied to the sale of a product, this is generally not viewed as financial education at all, but rather as sales or marketing.

6 Adapted from: Financial Literacy Scoping and Strategy Study, Finmark Trust (2004). EcIAfrica. Piprek, G., Dlamini, P. and coetzee, G.

Financial education is not a one-size-fits-all solution: the content and appropriate delivery mechanism(s) depend on various factors, such as the individual's socio-economic profile, financial context and current level of financial capability. It is not a once-off intervention, but is required continuously throughout an individual's life as his or her financial context changes.

Financial capability is an outcome of financial education. Increasing the levels of financial capability is therefore a long- term, on-going process.

3.2 Vision and Mission

VISION
To have highly financially capable individuals and households.

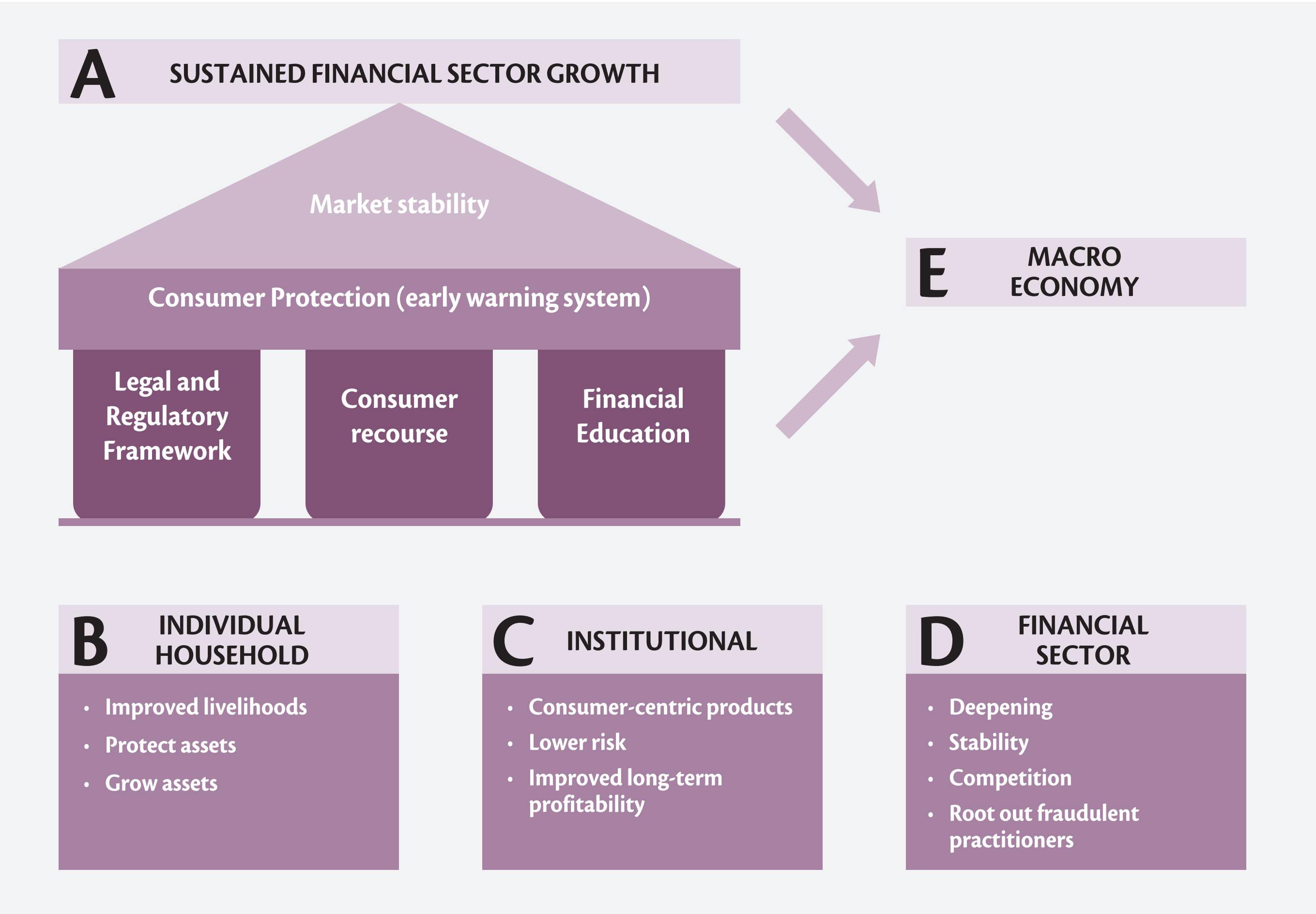
MISSION
To create and implement a broad-based framework which sets the strategic direction for the implementation of financial education programmes, funding, research and coordination within the country in order to improve the financial capability of the population.

4 RELEVANCE OF FINANCIAL EDUCATION AND ENABLING ENVIRONMENT

4.1 Relevance of financial education in financial sector development and stability

As illustrated in Figure 1, financial education is one of the three components of consumer protection, along with an appropriate legal and regulatory framework (prudential and market conduct) and an effective consumer recourse framework. Financial Education also serves to inform and educate the public about their rights, responsibilities and recourse options.

Figure 1: Linkage between financial education, financial sector growth and market stability



The outcome of financial education, namely financial capability, manifests on several levels:

The individual

- Financially capable consumers make better decisions in managing and growing their assets and are less susceptible to unscrupulous suppliers of financial services.
- Financial distress could have an extremely negative emotional impact on families and households and thus on people's productivity in the workplace.
- Financial education can play a vital role in consumer protection by enabling consumers to make better-informed decisions and identify fraudulent practices. Through financial education, individuals are also informed of their rights, responsibilities and recourse options.

Financial sector

Institutional level: Improved financial capability can result in increased uptake of appropriate products, a decrease in product cancellations, reduced risk for institutions and improved repayment rates. Financially capable consumers can also guide financial service providers in the development of better-tailored products.

Sector level: financially capable consumers play a developmental and monitoring role in the industry by encouraging competition and helping to identify unscrupulous financial service providers. This will lead to a stronger financial sector overall.

Macro level

A strong financial sector and consumers capable of managing, protecting and growing their assets will ultimately support overall macro-economic stability and growth.

The benefits of financial education for society have the potential of reaching far beyond the specific individuals targeted. Financial education is in the public domain and government, the private sector and civic society all have a role to play in supporting and promoting both financial education and financial capability.

4.2 Enabling environment

A separate policy is not required for financial capability in Tanzania. However, several actions should be taken to put financial education on the national agenda, some of which are already in place.

- Financial education is a specific action point on the agenda of the National Financial Inclusion Framework.
- The promotion of financial education must be an explicit component of the mandates of all statutory agencies in the financial sector, such as the bank of Tanzania (BOT Capital Markets and Securities Authority (CMSA), the Social Security regulatory Authority (SSRA), Tanzania Cooperative Development Commission (TCDC) and the TanzaniInsurance regulatory Authority TIRA).
- Financial education must be built into the organisational mandates of all government agencies providing support to entrepreneurs and small-scale farmers, such as the Small Industries Development Organisation (SIDO) and the Ministry of Agriculture, Livestock and Fisheries (MALF), and the Ministry of Agriculture, Livestock and Environment (MALE, Zanzibar).
- Financial education must be formally endorsed as a fifth cross-cutting issue in the broader educational system on the mainland and in Zanzibar.
- Government funds disbursed to the public, such as the youth Funds, should require the end recipient to engage in financial education.
- Responsible lending and client education must become specific requirements encapsulated in the National microfinance Policy (NMP) and banking and Financial Institutions Act. Regulators must also strengthen client communication requirements within the private sector.

- The private sector should be encouraged to include the promotion and implementation of financial education into the mandate of their sector-level bodies, such as the Tanzania Bankers' Association (TBA), the Association of Tanzania Insurers (ATI) and the Tanzania Association of microfinance Institutions (TAMFI) – and possibly at an institutional level.

In addition, on **Zanzibar**:

- The Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) should be endorsed to specifically include the promotion of financial education through all government structures and funds.

5 RATIONALE AND GUIDELINES FOR IMPLEMENTING A NATIONAL FINANCIAL EDUCATION (N-FEF)

5.1 Rationale

Rationale and objectives of the N-FEF:

- Educate stakeholders – Government, the private sector and civic society alike – on the benefits and importance of financial education, as well as their potential roles.
- Optimise resources on a national level through coordinating financial education initiatives and encouraging strategic partnerships.
- Guide and support stakeholders in the implementation and measurement of financial education initiatives.
- Share lessons learnt to ensure continuing improvement of programmes.
- Set baseline criteria and measure progress over time at a national level.

5.2 Guidelines

Guidelines for the successful implementation of the N-FEF:

- A long-term vision and commitment by the Government and stakeholders.
- Those who best understand the market and have the mechanisms to reach the public should undertake implementation at grassroots level.
- A voluntary approach should be adopted, rather than legislating for the implementation of financial education.
- Implement a national stakeholder strategy aimed at educating stakeholders on the relevance of financial education and their roles in the implementation of financial education initiatives.
- Encourage the formation of strategic partnerships to improve outreach and impact.
- Resource materials should be shared.
- Use what is already available in the marketplace and adapt where necessary.
- Programmes implemented by stakeholders should follow a targeted approach.
- All players should set achievable targets.
- Build evidence through projects which can achieve results over the short to medium term.
- Implement a M&E framework during the design phase at both the national level and on programme level.
- A programme champion is required to coordinate and, where applicable, drive financial education at a national level.
- Financial education must be institutionalised, with accountability for results to be achieved.
- A national coordinating entity must have credibility, influence and the required resources.

6 COMPONENTS OF THE NATIONAL FINANCIAL EDUCATION FRAMEWORK (N-FEF)

6.1 Consumer Strategy

6.1.1 Challenges to be addressed by the Consumer Strategy

- A proliferation of new products and services makes it increasingly challenging for an individual to identify, compare and select the most suitable product mix.
- The emergence of a growing middle class and increased formal financial inclusion means consumers are increasingly credit-worthy and facing increasing social pressure to showcase wealth. Pockets of indebtedness are therefore starting to appear.
- Traditionally there is strong reliance on social networks, but urbanisation is putting pressure on the effectiveness of these networks in providing for retirement and unexpected expenses.
- Poor literacy and mathematical skills hamper people's ability to manage and track their finances, calculate interest rates and loan repayment terms. Poor literacy levels also impact on the use of printed media in financial education, and limits people's functional understanding of financial product information.
- Extreme poverty and dependence on micro/survivalist enterprises by a vast portion of the population, underscores the need for personal financial capability as a precursor to managing the finances of micro, Small and medium Enterprises (MSMEs).
- The growing number of young people – often with limited opportunity to be gainfully employed – underscores the need for support in enterprise development and financial education. The youth also lacks role models and mentors on navigating the financial sector.
- Weaknesses in the current regulatory framework – and in market conduct regulations in particular – means the public must be largely self-reliant in resolving contentious issues.
- Credit bureaux have recently been introduced into the market. Stakeholders and consumers alike have limited knowledge of the role and operations of credit bureaux and how to engage with them to check their credit records and rectify errors.

6.1.2 Themes/messaging of financial education

Based on the findings of the national baseline, the main issues to be addressed on a national level are the following:

- Financial numeracy – basic addition, subtraction, multiplication and division. This does not only relate to the poorly educated: in the baseline, the most sophisticated segment with the highest scores on financial capability, expressed the strongest need for better understanding on how to calculate interest rates.
- Budgeting and keeping track of cash flow. While most people budget, they seem to struggle with keeping track of their expenses.
- Long-term planning - including planning for retirement and welfare of dependants. The need for training on planning for retirement was expressed as a priority by all financial capability market segments identified in the National baseline. Of those with retirement strategies in place, most indicated that these would not sufficiently provide for their retirement and that they were very concerned about their retirement.

- Risk management - Illness or death of the main breadwinner or a family member is the largest risk faced by most families and can push a family from poverty into destitution. While most people are acutely aware of the need to make provision for large unexpected events, fewer than 40% have long-term risk management strategies in place. When asked what people would like training on, topics relating to risk management received the highest overall score.
- Financial products and services - How to save was expressed as a priority by many, and particularly the financial capability segment with the lowest socio-economic profile. Small-scale farmers also highlighted the need for access to credit, while the more sophisticated market segments wanted to know more about products such as insurance and mobile banking.
- Attitudes and confidence - Tanzanians are generally risk averse and have a positive attitude to savings. However, they should be encouraged to become more financially self-reliant and more confident in interacting with financial service providers. Consumers must also be more assertive and willing to take appropriate action when confronted by unscrupulous financial service providers.
- Improved livelihoods - Financial education should empower entrepreneurs to start and fund their own businesses. Improved personal financial management is a precursor to improved financial management of a business. Several entrepreneurship programmes are in place, which could be expanded to include components of personal financial management, as well as financial management skills for small businesses.
- Consumer protection - Finally, consumers need to be made aware of their rights, responsibilities and recourse options; how credit bureaux work, how to obtain their credit records and how to engage with credit bureaux in resolving incorrect credit records.

The above are generic issues, which need to be refined for each specific target market and financial education intervention - also see Annex B.

6.1.3 Delivery channels

As literacy levels are low, messaging should be kept simple, should ideally be delivered in an individual's own language and should focus on visual and auditory learning. A combination of complementary delivery channels should ideally be used to optimise frequency, exposure, learning and retention. The most suitable channels will depend on the target market profile and message/ financial education content.

To optimise reach and minimise costs, existing delivery channels should be used as far as possible and financial education initiatives should be embedded in existing programmes and channels. Implementation will require the involvement of government ministries and agencies, the private sector and civic society. Strategic partnerships should be formed to optimise impact. Activities should be coordinated on national level to minimise duplication and harmonise messaging.

6.1.4 Summary of consumer financial education strategy

Table 2 summarises the financial capability market segments identified in the baseline survey, the rationale for financial education targeted at each segment, the segment priority on national and sub-sector level, and the main channels and types of financial education suitable to each segment (more detail in Annex B). It also summarises the stakeholders who have an interest in each specific market segment, including government, the private sector and civic society. The stakeholders are grouped accordingly into "Interest Groups."

The national coordinating and implementation framework – detailed in Section 6.2 – is premised on the formation of the "Interest Groups" aligned with the market segments. The Interest Groups will be the main implementing vehicles for financial education in Tanzania.

Table 2: Summary of consumer market segments, channels and interest groups

MARKET SEGMENT DESCRIPTION	RATIONALE AND PRIORITY	CHANNELS/ MEDIA	INTEREST GROUPS
1. Formal market (Segments A and B of the National Baseline)			
This market segment resides and works mostly in urban areas; falls into the middle to upper income range and reflects the growing middle-class in Tanzania. Most completed secondary school and those with a tertiary education generally fall into this group. Functional literacy levels are reasonably high. Those that are currently financially included are mostly formally banked, although many are under-banked. Almost all of the insured fall into this market segment. Policy makers and opinion formers also fall into this market in their personal capacity.	This market segment displays the highest level of financial sophistication and financial capability of all the segments. Financial education is required on second tier products, such as insurance, capital markets, pension funds and mortgages. Self-education through media (such as newspapers, radio, television and the internet) should be encouraged in the upper end of this market. **A secondary national priority.** **Main priority for formal financial institutions and employers.**	***Financial sector:*** Mass media Financial institution branches: • Brochures • In-branch Audio- visual (A-V) • Training • ATMs • Mobile phones	***Financial sector:*** Government agencies: BOT Financial markets • CMSA • SSRA • TIRA Financial sector level bodies: • TBA • ATI Financial institutions: • Banks • Insurers • Pension funds • Brokers and agents in capital and security markets Mobile money operators
		Employee wellness programmes: • Classroom-based training • Posters • Counsellors	***Employers and employee organisations:*** • Association of Tanzania Employers (ATE) • Trade union congress of Tanzania (TUCTA) and individual unions • Government ministries, agencies and parastatals Zanzibar: • Zanzibar Association of Tourism Investors (ZATI)

MARKET SEGMENT DESCRIPTION	RATIONALE AND PRIORITY	CHANNELS/ MEDIA	INTEREST GROUPS
2. Emerging market (adult) (Segments C, D and E of National Baseline)			
This market segment resides predominantly in rural areas and is mostly employed in the informal sector: self-employed or employed by an MSME; small-scale farmers are involved in agricultural trade. Literacy levels are low, although most have completed primary education and some have secondary education. This group reflects a large market segment, estimated at about 35% of the adult population. Some are currently financially served by informal/semi-formal financial service providers (such as microfinance Institutions (mFIs) and mIVArF), financial NGOs (credit only) as well as, to a limited extent, by VSlAs and VIcObAs. Some only receive loans from family and friends. Current use of financial products is low and often limited to a basic savings account and/or a loan, with no risk management/insurance	An opportunity exists to draw the "excluded" component of this market segment into semi/informal institutions (particularly in rural areas) with appropriate and cost-effective products. Alternatively, those currently served informally could be drawn into formal institutions with a larger variety of products and services. Risk management is almost unknown in this market and micro-insurance initiatives should be targeted at this market. **A primary national priority.** **Main priority for bank and non-bank institutions with MSME programmes.** **Entrepreneurship programmes targeted at youth and adults.**	***Financial sector:*** • Member training (classroom) • Workshops: members and non-members • Audio-visual • Village road shows • Mobile phones	***Financial sector:*** Government ministries and agencies including: • TCDC • Market Infrastructure, Value Addition and Rural Finance under Prime minister's Office(MIVARF-PMO) • Moshi University Cooperative College of Business Studies (MUCCoBs) • Ministry of Health, Community Development, Gender and, Elderly and Children (Women Development Fund) MoHCDGEC • Prime minister's Office (PMO): Youth, Labour and Employment (Youth Development Fund) • National Economic Empowerment Council (NEEC) Financial sector-level bodies and SACCOs networks such as: • Savings and Credit Cooperatives Union League (SCCULT) • Dunduliza • CRDB Bank PLC (CRDB) • (SACCOs) • NMB (SACCOs support) • TAMFI • Tanzania Informal Microfinance Association of Practitioner (TIMAP) Financial institutions including: Banks targeting lower end of market and banks' • MSME divisions • MFIs • Financial NGOs • Mobile money operators

MARKET SEGMENT DESCRIPTION	RATIONALE AND PRIORITY	CHANNELS/ MEDIA	INTEREST GROUPS
2. Emerging market (adult) (Segments C, D and E of National Baseline) (continued)			
		Entrepreneurship programmes: Embed financial education into existing and planned entrepreneurship training programmes.	***Entrepreneurship programmes:*** Government ministries and agencies: • SIDO • Vocational Education and Training Authority (VETA) Private sector: • University of Dar es Salaam Entrepreneurship Centre (UDEC) • Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) • VIBINDO • Community-Based Organisations (CBOs), including: • Churches and Mosques • Village leaders NGOs: • Technoserve Donors/DP, e.g.: • International labour Organization (United Nations) (ILO) • Danish-African coalition • Netherlands University Foundation for International Cooperation (NUFFIC) • Food and Agriculture Organization/ International Fund for Agricultural Development (both of the United Nations) (FAO/IFAD) Zanzibar: • ZATI • Angoza • Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)

MARKET SEGMENT DESCRIPTION	RATIONALE AND PRIORITY	CHANNELS/ MEDIA	INTEREST GROUPS
3. Youth of school-going age			
Not in educational system – primarily children of segments D and E: As with the adult market, young adults working in the informal sector and agriculture-related activities form the largest portion of the youth. They are mostly located in rural areas.	Financial education is critical to assist this segment to manage and fund their own businesses or small incomes. It is also necessary to make them aware of the need to save and plan for the future, the various product options and types of financial service providers. **A primary national priority.**	Embed in existing and future entrepreneurship training programmes	As with adult emerging market, plus: Government ministry • Ministry of Education, Science, Technology and Vocational Training (MoESTVT) NGO-MFIs focusing on youth, such as: • BRAC NGO and civic society youth programmes, such as: • Tanzania Youth Coalition (TYC) • AIESEC • Twaweza
In educational system – primarily children of segments B and C: This segment includes both learners in the school system and educators. The educational system in Tanzania is under severe resource constraints with curriculum overload and general literacy levels are believed to be on the decline. Despite these challenges, a start should be made to target this market, as early intervention is critical in effective financial education.	Financial education should aim to create awareness of the need to take responsibility for personal finances, planning, budgeting and savings. Terminology, different types of financial institutions, products and services should be introduced in a structured manner. Creating a mindset of financial responsibility and savings is most important. Financial education can be introduced through the formal curriculum and extra-curricular activities such as school clubs and entrepreneurial programmes. The former will take a long time to develop and implement and should therefore start sooner rather than later. In the interim, the focus should be on extra- curricular activities which can be implemented with more ease.	***Learners*** Schools and VETAs: - First priority: extra-curricular (clubs) - Second priority: mainstream curricula ATl channels: • Radio • TV • Print • IT Mobile phones	***Learners*** Government ministries and agencies: • MoESTVT • Tanzania Institute of Education (TIE) • VETAs • Teachers' colleges • Regional and local authorities NGOs and civic society e.g.: • Femina HIP (clubs, magazines, radio, television) • Aga Khan Development Network (AKDN) Schools • Winrock Foundation Donors/DP • UNICEF (not confirmed)

MARKET SEGMENT DESCRIPTION	RATIONALE AND PRIORITY	CHANNELS/ MEDIA	INTEREST GROUPS
3. Youth of school-going age (continued)			
	Financial education should be built into the teachers' curricula to mirror that in the formal learners' curricula, but special courses should also be offered to educators in their personal capacity. As teachers in training form part of the tertiary segment mentioned above, they could be reached as individuals while students. **A primary national priority.** **Main priority for MoESTVT on Mainland and Zanzibar.**	*Educators* • Classroom- based seminars • Formal teachers' curricula • Other activities on campus – see "Young adults at tertiary institutions"	*Educators* These include: • MoESTVT • Universities and colleges in formal curricula • Seminars to teachers • Seminars to teachers-in-training
Segment B Youth at tertiary institutions: This market segment reflects a small portion of the population, but is an important group as these young adults often become the future opinion formers,	These young adults need to understand the importance of financial capability not only for themselves as individuals, but also the importance of financial education in the broader society. Financial education programmes can be implemented on campus, through mainstream media and through alternative channels, such as mobile phones and internet. **A secondary national priority.** **A priority for the formal financial sector.**	• Seminars and lectures • Targeted ATL media • Counsellors • Mobile phones	MoESTVT: Universities and colleges Private tertiary institutions Formal financial institutions NGO and civic society programmes, such as: • TYC • AIESEC • Xpress-success Forum
4. Training-of-trainers, CBOs, NGOs, policy makers			

6.2. National coordinating and implementation framework

The successful implementation of financial education in Tanzania requires a partnership between Government, the private sector, civic society and donors/DP. This calls for a national coordinating framework to ensure the effective implementation of the N-FEF.

6.2.1 Institutional framework

The national framework will comprise the following structures:

Financial Inclusion National Council (NC)

The NChas been set up to provide oversight and strategic guidance on financial inclusion in Tanzania and is tasked with the implementation of the N-FIF. The NC comprises of a Public- Private Stakeholders Initiative (PPSI). An entity will be set up to, among others, facilitate and coordinate financial education at national level.

The roles and responsibilities of the NC will be as follows:

- Set the strategic direction for financial education in Tanzania.
- Ensure close coordination in the implementation of the N-FEF and N-FIF and its various task teams.
- Provide oversight of the N-FES.
- Approve funding requirements of the N-FES.

National Financial Education Secretariat (N-FES)

The N-FES will be institutionalised and will report to the Nc. The N-FES will be tasked with implementing the N-FEF. The Secretariat will require **full-time staff**. The government will carry the operational costs of the N-FES.

A Financial Education Fund will be set up to provide support for the implementation of financial education programmes by stakeholders, based on criteria to be proposed by the N-FES and approved by the Nc.

The roles and responsibilities of the N-FES will be:

- Development and management of an information "warehouse:"
- Development and upkeep of an interactive information portal (web-based) of local and international resources, content and success stories.
- Dissemination of information and lessons learnt.
- Development and implementation of a structured stakeholder communication strategy aimed at educating stakeholders, encouraging participation and support, and sharing information about financial education.
- Advocacy on the role and relevance of financial capability.
- Provision of technical support to Working Groups, including research, design and implementation of financial education programmes.
- Funding and coordination of the public financial education campaign.
- Funding and coordination of the training-of-trainers and journalists.
- Funding and implementation of national baselines or other national-level financial education studies/surveys.
- Ownership of national framework: review, monitor and update.
- Fund raising and fund management.

Interest Groups

Interest Groups will be formed by grouping stakeholders with a common mandate and target market, aligned with the proposed market segments of the consumer Strategy – as illustrated in Table 3. These Interest Groups will comprise representatives from Government, the private sector (individual organisations and sector-level bodies), civic society and donors/DP and will represent the interests of both Zanzibar and mainland. The Interest Groups will be tasked with developing financial education strategies for their respective target markets; and the design and implementation of financial education interventions.

Implementation can be done at the level of Interest Group, individual stakeholder and/or through strategic partnerships. Resources should be shared to avoid costly duplication. Where possible, use existing stakeholder channels and infrastructure for the implementation of financial education.

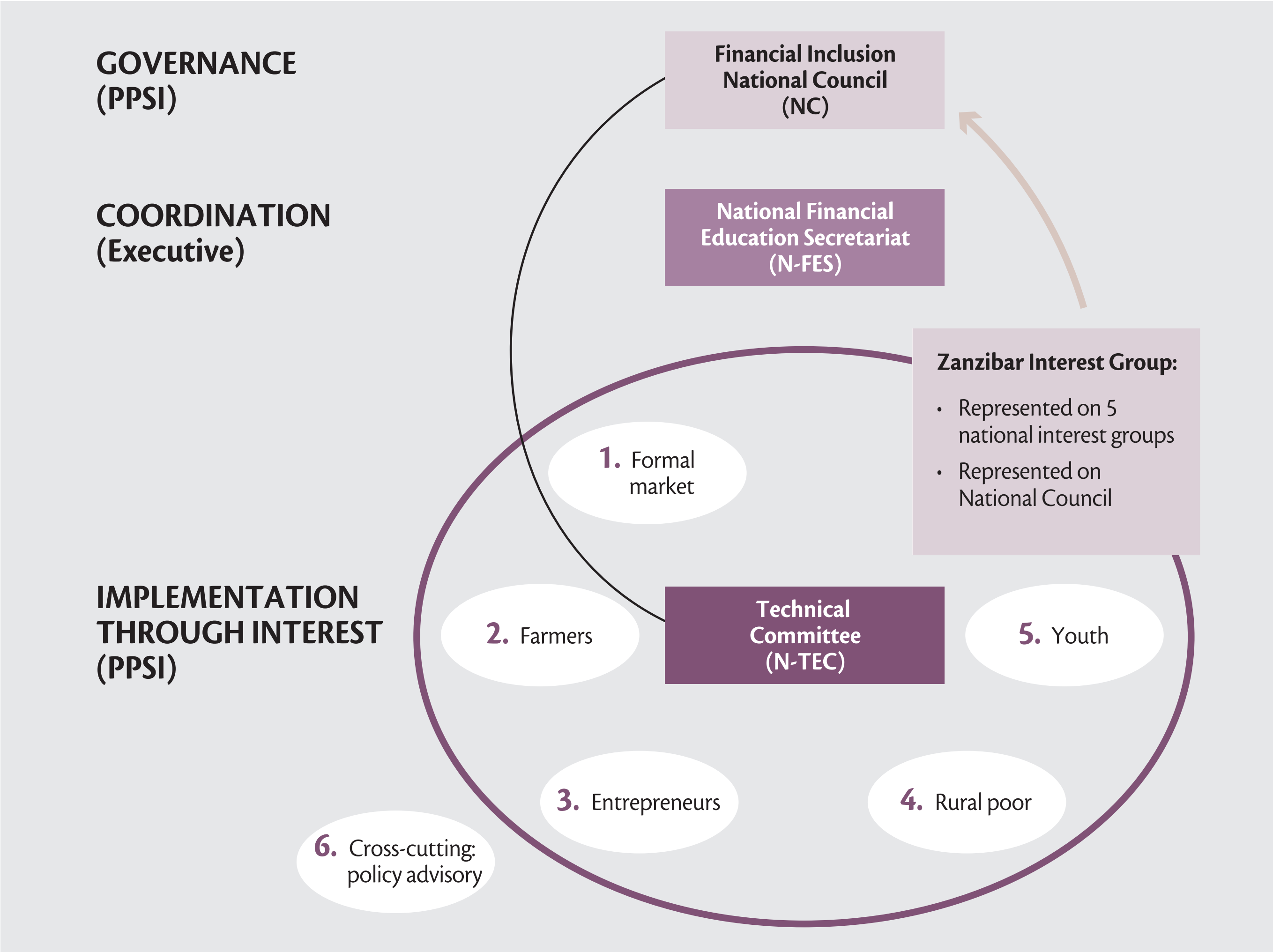
Zanzibar will have its own Interest Group to facilitate coordination on Zanzibar, but with representation also in each of the other Interest Groups, on the Financial Education council and the Financial Education Technical committee.

A cross-cutting Interest Group will be tasked with dealing with policy and regulatory matters and will work closely with the Financial consumer Protection task team of the N-FIF, the Interest Groups and the Financial Education Technical committee.

National Financial Education Technical Committee (N-FETC)

A N-FETC will be formed with representatives from the various Interest Groups. The committee will provide technical support to the Secretariat and act as liaison between the Secretariat and the various Interest Groups.

Figure 2: Proposed national coordinating structure



6.2.2 Role of stakeholders

Government

The Government is to provide leadership through demonstrated action:

- The BOT, on behalf of the Government, will:
  - Facilitate the creation and institutionalisation of the N-FES and NC.
  - Lead the development of an efficient, easily accessible and cost-effective consumer recourse framework.

- Government ministries and statutory agencies will:
  - Design and fund implementation in government institutions such as schools, universities and entrepreneurship programmes.
  - Implement financial education initiatives targeted at own employees.
  - Form part of the Interest Groups and, as such, will work closely with the private sector and civic society in designing, funding and implementing financial education initiatives.
  - Conduct or fund research and data collection to assess performance on implementation of financial education programmes from time to time.
- State-owned media to support financial education initiatives.

Private sector and civic society

The private sector should take the lead in the implementation of financial education initiatives and the adoption of responsible finance practices. The private sector will:

- Include the promotion and support of financial education into the mandates of their sector-level bodies.
- Include in the mandate of their sector-level bodies and in their codes of conduct, principles relating to transparency in communication and (where relevant) responsible lending practices.
- Engage in strategic partnerships to strengthen outreach and impact of financial education initiatives.

6.3 Results-based monitoring and evaluation (M&E) framework

The successful and expedient implementation of the N-FEF requires that stakeholders be held accountable for their various responsibilities. A results-based M&E framework shall be implemented on national and Interest Group level, to monitor and evaluate both the effective implementation of the N-FEF (process indicators) and evaluate the impact on levels of financial capability.

6.3.1 National level

Implementation process:

- The BOT is responsible for initially setting up the national coordinating structures and the N-FES in particular.
- Once that has been done, the NC and N-FES will be responsible and held accountable for implementation.

Impact – changes in levels of financial capability over time:

- Assessment of financial capability among adults on national level through financial capability baselines surveys every 4 – 5 years.
- Baselines to be complemented by the inclusion of key questions in the FinScope survey, which is implemented every two years.
- Assessment of financial capability levels among the youth every 4 – 5 years.
- Impact assessment of financial education implemented in the national school curricula.

The process and impact indicators are summarised in Tables 3 and 4 respectively.

Table 3: National level process indicators

PROCESS INDICATORS			
PROCESSES	ACTION	INDICATOR	RESPONSIBILTY
Coordination	Establishment of National coordinating structure	N-FES established	BOT
		Interest Groups set up	
		Website/information portal set up	
		Funding strategy developed	
Implementation	Development of strategies	Strategies for specific market segments developed.	N-FES
Measurement	Track changes over time	National Financial capability survey conducted every 4 – 5 years (adults)	
		Key questions embedded in FinScope	
		National Financial capability every 4 – 5 years (youth)	
		Track levels of financial capability in schools (impact of financial education curricula to be embedded in schools)	

The impact indicators comprise some composite indicators based on the development of the Financial capability (Fincap) segmentation model competency and dimension scores. These are marked with an asterisk (*) and can only be measured in future through the same statistical interrogation of the Fincap data. Some more simplistic indicators have therefore also been included, which can also be measured through the FinScope surveys.

Table 4: National level impact indicators

INDICATORS	Baseline (FinCap 2015)	Future data source(s)
Dimensions		
Knowledge and awareness of financial products and services	*56.9%	Fincap
Confidence in engaging with financial institutions and making financial decisions	*60.4%	Fincap
Competencies		
Short-term planning and budgeting	*76.2%	Fincap
Long-term planning	*68.5%	Fincap
Retirement planning: Have a retirement plan (average of retired and not yet retired)	75%	Fincap/FinScope
Risk management: Have a plan for unexpected expenses	38.2%	Fincap/FinScope
Save money regularly	27.6%	Fincap/FinScope
Search for product dis/advantages (average of savings and credit)	44.9%	Fincap/FinScope
Considered many product alternatives (average of savings and credit)	56.4%	Fincap/FinScope
Youth (Indicators and baseline to be set after the followup FinCap)	NIL	FinCap Survey

6.3.2 Interest Group level:

The Interest Groups must develop strategies and plans for the implementation of financial education targeted at their respective market segments; and must develop a measurement framework for these strategies and implementation plans, as well as for each financial education initiative. The measurement frameworks of the Interest Groups must include, but not be limited, to the following:

Process:

- Development of strategies and plans for market segments.
- Development of M&E framework.
- Programme development and implementation.

Impact:

- Measure impact of programmes against set goals and objectives.

The indicators for the Interest Groups cannot be specified now, as these must be developed by the Interest Groups.

7 RISKS

The proposed national framework and recommendations for its implementation hold several risks. Table 5 summarises these risks and the actions to be taken by the N-FES under the guidance of the N-FEb to mitigate the risks.

Table 5: risks and mitigating actions

	RISKS	MITIGATING ACTIONS (N-FES)
1	Lack of support from Government and stakeholders for the implementation of the N-FEF.	Develop and implement a carefully crafted stakeholder communication strategy aimed at educating stakeholders on the importance of financial education and their potential roles as implementers.
2	Insufficient funds for the implementation of the proposed financial education programmes, including research, development and M&E	Design and implementation of a fundraising strategy
3	Lack of adequate technical skills to support market research and development, implementation, M&E of financial education programmes.	Implementation of a training-of-trainers programme for financial education market research, programme design, implementation and evaluation.

ANNEX A: FIVE-YEAR IMPLEMENTATION PLAN

The deliverables and required actions for implementing the national framework and consumer strategy are depicted in Table 6 below.

Table 6: Five-year implementation plan for the Secretariat

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
National organisational framework				
Institutionalise N-FES, including: • Appointment of board • Set organisational mandate • Develop operational plan and budget • Appoint staff				
Establish fund: • Develop fund raising plan • Criteria for disbursement • Secure funds	Fundraising	On-going	On-going	On-going
Design and implement stakeholder strategy regular stakeholder communication	• Financial education conference • On-going communication	On-going communication	• Financial education conference • Ongoing communication	On-going communication
Workshop with stakeholders to cement interest groups	Set up National Technical committee (NTC)			
Set up information portal and populate	• Add shared content • Add electronic newsletter	Add interactive communication facility		
Seminars to journalists	Seminars to journalists			
Consumer strategy				
Present national consumer plan (Workshop)	Review and refine	Repeat	Repeat	Repeat
Run technical workshops with interest groups	Facilitate forming of NTC on mainland			
Facilitate development of plans on Interest Group level	Assist in implementation M&E, refine			
Technical Assistance (TA) in design and implementation of programmes	On-going TA to stakeholders; Selected funding support	On-going	On-going	On-going
Training-of-trainers (based on interest group needs)	Repeat (if required)			
Educational system				
• Set up working group • Develop strategy • Cost	• Secure funding • Design	• Pilot • Refine	• Start national roll-out	• M&E • Refine • Continue roll-out
Measuring levels of financial capability (national)				
Conduct National Capability Survey		Include key dimensions and competencies in FinScope		Conduct National Capability Survey

ANNEX B: SUMMARY OF THE FINANCIAL CAPABILITY SEGMENTS OF THE NATIONAL FINANCIAL EDUCATION BASELINE SURVEY, 2014

The deliverables and required actions for implementing the national framework and consumer strategy are depicted in Table 6 below.

Segment A: Mature family – in control (4,801,854 = 21.4%)

Segment A represents middle and upper income, mature families. It has a male bias, urban bias, and the highest percentage of those who generate their main income through their own business. It has the second highest lifestyle Indicator (ISI)[7], second highest level of education and second highest level of financial inclusion (as measured using the Access Strand) after Segment B. It has the highest number of savers and borrowers of all the segments. Segment A also has the most positive attitude to money and life, and people in this segment regard themselves as being in control of their own destinies and finances. Not surprisingly, Segment A has the highest scores in terms of financial capability dimensions and competencies.

This segment can be reached through radio, newspapers and television (in that order) and has the highest newspaper readership (20%) of all segments.

Segment B: Young educated adults – privileged (1,469,182 = 6.5%)

Segment B consists of the privileged educated young adults, and appears to be mostly siblings of the upper end of Segment A. Three quarters are aged between 15 and 24 years. Segment B has the strongest urban bias (61.8%), a slight male bias, has the highest education of all segments with 5.2% having a tertiary educationn (compared with the national average of 1.3%), the highest level of formal sector employment (10.4% compared with the national average of 3.5%) and the highest ISI profile of all. Segment B has the highest level of formal financial inclusion and a high percentage of savers, but an average percentage of borrowers (i.e. savers far exceed borrowers). It therefore appears as though this group is financially self-sufficient and financing its lifestyle through its high income levels. The people in this segment generally have a positive outlook on money and a modern outlook on life, i.e. they are in control of their own destiny. Segment B has the second highest scores on financial capability dimensions and competencies after Segment A.

This segment can be reached through radio, TV and newspapers (in that order) and, at 25%, has the highest TV viewership of all.

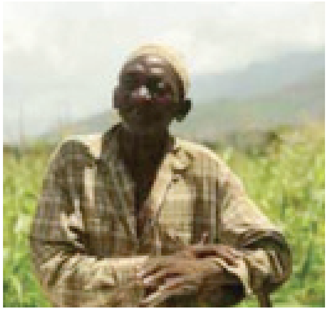
Segment C: Spouses, widows and children of Segment A (5,561,934 = 24.8%)

Segment C appears to represent the siblings, spouses/home-makers, divorcees and widows of the lower end of Segment A. It has the biggest proportion of women (80.8%) of all the segments; an urban bias; and a slight bias to younger age groups. Forty percent is married, 36.5% single and 14.2% divorced/widowed. Only 20% of those in this segment are the heads of households. Educational levels are much higher than those of segments D and E, but those with tertiary education make up a mere 0.3% of Segment C. In terms of its socio-economic profile, Segment C is similar to that of the national average, as it has a socio-economic profile lower than A and B, but higher than that of D and E. In terms of scores on financial capability dimensions and competencies, it has similar/slightly higher scores than Segment D. However, Segment D is 100% male, displays much lower levels of education, a lower socio-economic profile and is 83% rural. It may therefore be that Segment C displays lower than expected levels of financial capability because of limited involvement in household decision-making. Segment C also has the second lowest score on "my life is close to my ideal" after Segment E (which consists primarily of disadvantaged

7 The ISI is a household-level socio-economic profile which was developed through statistical modelling of the baseline results. It comprises a continuum of five levels with ISI 1 representing the highest quantile and ISI 5 the lowest.

women). It therefore appears as though there is a level of frustration among these relatively educated young urban women and that they may want to have more control over their destiny and money matters.

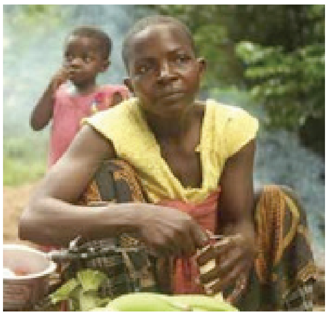
The media usage of Segment C is close to the national average for most media, except for radio where it has the highest radio listenership of all at 49.4% - probably because these women are mostly at home. This is followed by newspapers (13.8%), village concerts (11.8%) and TV (only 11.4%).



Segment D: Traditional small-scale male farmers – struggling

Segment D comprises men only and there is not a single woman in this segment. Segment D has a strong rural bias and represents the typical traditional (male) small-scale farmer in Tanzania. Their incomes and ISI profile are low, as are their levels of education; English reading and writing skills; and their levels of formal financial inclusion – all of which are second lowest, with only Segment E being lower. The percentages of savers and borrowers are on par with national averages, but Segment E has by far the highest percentage (18%) of all segments that expressed the need to learn more about borrowing. This might reflect a need for credit for agricultural purposes or for income smoothing during low seasons. This group also appears to be experiencing some financial stress and has the lowest score on "keeping up with necessary expenses without difficulty" (4.5%), and a slightly above average score on "experiencing financial problems" (5.3%).

At almost 50%, Segment D has the highest radio listenership of all, followed by newspapers (13.8%) and village road shows/TV at just over 13%.



Segment E: Rural poor – female survivalist farmers/enterprises; spouses, widows and children of Segment D (7,632,856 = 34%)

Segment E represents the largest segment, comprising more than a third of the adult population. This group appears to be completely marginalised. It has a rural bias of 75%, a female bias of 65.8% and has the lowest educational levels (one quarter has no formal education whatsoever). Only 66% can read and write in Kiswahili and 4.6% in English. They seem to generate an income mostly from (survivalist) farming (48.3%) and some micro businesses (11%), with 24% dependent on family and friends for an income. It appears as though this group may represent the siblings and spouses of Segment D. It also has the highest percentage of widowed/divorced/separated (16.3%) of all the segments. This segment has the lowest income, with 70.6% falling into ISI 5. Almost two thirds (61%) are financially excluded. Segment D has the lowest percentage of savers and the lowest percentage of borrowers. This segment shows the highest levels of financial stress of the five segments, with more than 7% of respondents indicating that they have serious financial problems and a further 18.9% indicating that they are "keeping up with necessary expenses, but it is always a struggle." Only 1% indicated that "my life is close to my ideal," while almost 30% indicated that "my life is not very close to my ideal."

This segment's self-identified need for financial education relates primarily to basic topics, such as how to save (14%), followed by how to obtain life insurance, planning for old age and how to borrow – all at just over 12%. The prospect of retirement is of much bigger concern to this group than others, as 12.4% indicated a need for training on this, compared to the national average of 8%. Given that this segment represents over a third of the adult population, it also has the biggest impact on the average national score on retirement.

Just under 50% of Segment E can be reached through radio, followed by village road shows at 11.4%. As many as 19.9% indicated that they could not be reached through any of the listed sources of information or media. Government social programmes, NGOs and donors will therefore have to play a major role in reaching this large segment.


Revenue growth divisions.
FRT division
TYU division