IOPS/MFW4A/RBA Workshop: Strengthening Private Pension Systems in Africa through Effective Supervision

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Financial Literacy Initiatives in Tanzania

Social Security Perspective

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Framework for Financial Edc

- The SGFSRP provides the framework for development of the financial sector and is largely based on the IMF/World Bank Financial Sector Assessment Programme (FSAP) undertaken in 2003. Following the recommendations of the FSAP, an Inter-Institutional Committee (IIC) was appointed by the Minister of Finance (2004). Chaired by the Governor of the BoT
- The Framework was developed by Marketworx Africa (Pty) through funding from the Financial Sector Deepening Trust. The Framework provides a strategic approach to developing and implementing financial literacy initiatives in Tanzania.

Why is FL important to the SSS in TZ

- Looking at the demographic trend
- Economy of the country
- Social protection structure
- The social security schemes
- Limited coverage
- Fragmented benefit structure
- Lack of development of private schemes
- Large informal sector
- Legal and regulatory framework
- Role of SSS in the development of the financial sector

Need for Financial Educ in TZ

- Need for financial consumer protection. Financial Consumer Protection Framework has three components (i) Market Conduct Laws, Regulations and Supervision; (ii) Dispute Resolution Arrangements; and (iii) Financial Literacy.
- The three components are also outlined in the Tanzania Financial Education Framework, 2009. OECD (2009): Addressing Financial Consumer Protection Deficiencies in the Post Crisis Era

LIMITED COVERAGE

The self-employed in agriculture and elsewhere account for about 93.5%

Public-sector and other formal-sector employees account for about 6.5% of total employment
Public mandatory social security/ protection arrangements. (Institutions are NSSF, PPF, LAPF, PSPF, GEPF, GPS (Treasury department), NHIF and Employment contract incentives)

Private schemes which are not community based. The coverage is insignificant

Mobile money services

- Providers include M-PESA, Airtel Money, EazyPESA, TigoPESA
- Rose from 112,000 transactions in 2008 to 32,686,489 in September 2012 (Bank of Tanzania).
- Estimated 24% of Tanzanians are registered for mobile money services. (Intermedia)
- Mobile phone penetration 61% as at Mar 2013 (TCRA).

The evolution of strategies for growthand financial sector development

Source: Rural Finance Support Strategy, January 2009, Oxford Policy Management.

Challenges

Demand side Barrier

- Low income
- Low financial literary
- Psychological
- Cultural

- **Supply side barriers**
- Banking terms & conditions
- High fee
- Accessibility (infrastructure)
- KYC
- Contribution rates (frequency

THE FOCUS

Reduce Demand Side Barriers
Increase awareness of products &services.
Better Management of Personal and household resources.
Increase Confidence.
Financial Inclusion.
Consumer Protection
Attitude.
Culture
Strengthen Financial Markets.
Risk Management.
Reduce Supply side Barriers

For a successful financial Educ strategy

- A long-term vision and commitment is required from Government and stakeholders
- Implementation should be undertaken on grassroots level
- Ownership of financial education among stakeholders, which in turn requires the implementation of a stakeholder communication strategy on financial education
- A voluntary approach should be adopted, Organisations should work together through strategic partnerships
- Gather evidence through projects which can achieve results over the short- to medium term
- Keep the momentum Implement a monitoring and evaluation (M&E) framework during the design phase on both a national and programme level
- Financial education must be institutionalised, with clear roles and accountability for the responsible entity

THANK YOU