

UNIVERSITY OF KWA-ZULU NATAL

**FINANCIAL EDUCATION ON NEW NEDBANK CLIENTS IN
THE DURBAN CENTRAL BUSINESS DISTRICT**

Calvin Singh

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UNIVERSITY OF KWA-ZULU NATAL

**FINANCIAL EDUCATION ON NEW NEDBANK CLIENTS IN
THE DURBAN CENTRAL BUSINESS DISTRICT**

By

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**A dissertation submitted in partial fulfilment of the requirements for the degree of
Master of business Administration**

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2013

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The above student has satisfied the requirements of English Language competency.

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Abstract

Financial literacy is about making individuals aware and skilled in making decisions regarding financial services and products which will benefit them. The need for financial literacy in South Africa is huge considering the low levels of literacy, the large section of the population which remains unbanked, the high debt levels of individuals in the country, the poor savings culture and the increase in the number of people black listed for poor or non-payment of accounts. Hence, financial education is needed to improve the consumers, investors' understanding of financial products and concepts. Consumers can through information received, instruction and 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. The aim of this research is to evaluate the level of financial education of new Nedbank clients in the Durban Central Business District. The study was based on a quantitative method with a selection of 110 new Nedbank clients from the Durban CBD who participated in this study.

A convenience sampling technique was used to select the sample desired. Bank consultants assisted to administer the research instrument during consultation with new clients.

Respondents were asked who in their households was responsible for day-to-day decisions regarding the management of household finances. Of all the clients, 47.5% indicated that they assumed sole personal responsibility for daily financial management in their households. This comprised of 33.3% females. Therefore, approximately 70% woman clients directly play a role in managing the household budget.

Respondents were asked what they personally used credit facilities for; 39.4% indicated that they used it to pay bills and 31.3% indicated they used it to buy food; therefore 70.7% of clients used credit facilities to cover day-to-day expenses and living expenses.

Respondents were asked to report on whether they are saving setting aside emergency or rainy day funds that would cover their expenses hopefully for three months, in case of sickness, job loss, economic downturn, or other emergencies. 30% of respondents reported that they do not implying that they would not be unable to cover expenses for three months in case of an emergency.

Table of Contents

Description	Page
Title Page	ii
Declaration	iv
Acknowledgements	v
Abstract	vi
Table of Contents	vii
List of Figures	xi
List of Tables	xii

CHAPTER ONE

Introduction

1.1 Introduction	1
1.2 Motivation for the Study	1
1.3 Focus of the Study	2
1.4 Problem Statement	3
1.5 Research Sub-questions	4
1.6 Objectives of the Study	4
1.7 Limitations to the Study	4
1.8 Summary	4

CHAPTER TWO

Literature Review

2.1 Introduction to Financial Literacy	6
2.2 Definitions of Financial Literacy	6
2.2.1 Key competencies of Financial Literacy	7
2.2.1.1 Money Basics	8
2.2.1.2 Numeracy	8
2.2.1.3 Money Management Skills	9
2.2.1.4 Budgeting and living within one's means	9

2.2.1.5	Savings and Planning	9
2.2.1.6	Borrowing and Debt Literacy	10
2.2.1.7	Understanding Financial Products	11
2.3	The impact and understanding of Financial Literacy	11
2.3.1	The impact of consumer behavior on Financial Literacy	12
2.3.2	Consumer Behavior Models	13
2.3.2.1	The Nicosia Model	13
2.3.2.2	The Consumer Behaviour Model	14
2.3.2.3	Basic Decision-making Model	16
2.3.3	The impact of the Consumer Decision-making process on Financial Literacy	16
2.3.3.1	Need Recognition	16
2.3.3.2	Information Search	17
2.3.3.3	Evaluation of alternatives	18
2.3.3.4	Purchase decision	19
2.3.3.5	Post-purchase behavior	20
2.3.5	The impact of individual factors affecting consumer behavior on Financial Literacy	21
2.3.5.1	Perception	21
2.3.5.2	Motivation	23
2.3.5.3	Learning	24
2.3.5.4	Values, beliefs and attitudes	25
2.3.5.5	Personality, self-concept and lifestyle	26
2.3.6	The impact of social factors influencing consumer behavior on Financial Literacy	27
2.3.6.1	Culture	26
2.3.6.2	Reference Groups	28
2.3.6.3	Opinion Leaders	28
2.3.6.4	Family	29
2.3.7	The purchase situation	29
2.4	The South African Banking Sector	30
2.4.1	The Financial Services sector: Characteristics role and general trends	31

2.5 Summary	31
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CHAPTER THREE

Literature Review

3.1 Introduction	33
3.2 Aim and objectives of the Study	33
3.2.1 Aim of the Study	33
3.2.2 Objectives of the Study	34
3.3 Participation and location of the Study	34
3.4 Research Methodology and Design	34
3.4.1 Exploratory Research	35
3.4.2 Explanatory Research	35
3.4.3 Descriptive Research	35
3.5 The Sampling	36
3.5.1 Profitability Sampling	37
3.5.2 Non-profitability Sampling	37
3.6 The Research Instrument	38
3.6.1 Description and Purpose	38
3.6.1.1 Construction of the Instrument	38
3.6.1.2 Recruitment of Study Participants	38
3.6.2 Pretesting and validation	39
3.6.2.1 Validity	39
3.6.2.2 Reliability	40
3.6.3 Administration of the Instrument	40
3.7 Analysis of data	40
3.8 Ethical consideration	41
3.9 Summary	42

CHAPTER FOUR

Presentation, Analysis and Discussion of Results

4.1 Introduction	43
4.2 Analysis of Questionnaire	43
4.2.1 Presentation of results: Section A (Demographic Data)	43
4.2.2 Descriptive Statistics	43
4.3 Summary	77

CHAPTER FIVE

Conclusion and Recommendations

5.1 Introduction	79
5.2 Findings	79
5.2.1 Objective one: Evaluate the effectiveness of the financial education undertaken by Nedbank when on-boarding new clients	79
5.2.2 Objective Two: Evaluate Nedbank's role as a financial service provider in terms of financial literacy	82
5.2.3 Objective Three: Evaluate whether Nedbank's current programmes are sustainable with the changing environment	83
5.3 Recommendations for Further Research	84
5.4 Summary	84

BIBLIOGRAPHY

Annexure 1	96
Annexure 2	102
Annexure 3	103

List of Figures

Figure 2.1	The Consumer Behaviour Model	15
Figure 4.1	Bar chart representing who is responsible person to manage finances	46
Figure 4.2	Bar chart reflecting source of income within the household	49
Figure 4.3	Bar chart reflecting behaviour on credit record management	51
Figure 4.4	Bar chart reflecting experience with Credit Cards	56
Figure 4.5	Pie chart indicating Saving Behavior	56
Figure 4.6	Pie chart reflecting Teaching Behaviours to children about money	60
Figure 5.1	Nedbank's process of on boarding new clients	81

List of Tables

Table 3.1: Additional differences between quantitative and qualitative research approaches	36
Table 4.1: Frequency distribution of Biographical Variables	44
Table 4.2: Frequency distribution of responsible persons for Management of Finances	45
Table 4.3: Frequency distribution on Household and Financial Matters	47
Table 4.4: Frequency distribution of Key Financial Behaviours by Household	50
Table 4.5: Frequency distribution on the Household	52
Table 4.6: Frequency distribution of Credit and Credit Cards	53
Table 4.7: Frequency distribution on Savings and Saving Behaviours	56
Table 4.8: Frequency distribution of Financial Behaviours	59
Table 4.9: Profiling Q2.1 across the Biographical Variables	61
Table 4.10: Profiling Q2.5 across the Biographical Variables	63
Table 4.11: Profiling Q2.5 across the Biographical Variables	65
Table 4.12: Profiling Q2.19 across the Biographical Variables	66
Table 4.13: Profiling Q2.20 across the Biographical Variables	69
Table 4.14: Profiling Q2.23 across the Biographical Variables	71
Table 4.15: Profiling Q2.24 across the Biographical Variables	73
Table 4.16: Profiling Q2.24 across the Biographical Variables	74
Table 4.17: Profiling Q2.32 across the Biographical Variables	76

CHAPTER ONE

Introduction

1.1 Introduction

Over the past decade, policy makers around the world have increasingly considered financial literacy as a key pillar of financial market stability. Financial markets have become more sophisticated and households have assumed a growing share of the responsibility and risk for financial decisions. This has therefore made financial education a necessity to ensure sufficient levels of investor and consumer protection as well as the sustainability and smooth functioning of financial markets, the economy, companies such as Nedbank and individual households.

According to Gordhan (2012), financial literacy is about making ordinary citizens aware and proficient in making decisions regarding financial services and products which will benefit them. Cronje (2012) maintained the need for financial literacy in South Africa is huge considering the low levels of literacy, the large section of the population which remains unbanked, the high debt levels of individuals in the country, the poor savings culture and the increase in the number of people black listed for poor or non-payment of accounts.

In an environment like this effective financial education is foundational to warrant sufficient levels of investor confidence and customer protection to support a stable economy and a healthy financial market/system. This chapter presents the motivation for the study, the focus of the study, the problem statement, objectives and research questions and the limitations of the study.

1.2 Motivation for the Study

The study will add value to the following stakeholders:

- Nedbank Management;
- Nedbank Customers;
- Employees; and
- Shareholders.

1.3 Focus of the Study

It is a fair assumption that even the most financially literate person in the world has to access financial advice from others from time to time. Indeed, the more competent an individual may be in terms of financial literacy, the more likely he or she is to consult or engage others on financial products and financial decisions. However, the question that most often arises is from whom will an individual seek financial advice? In planning their financial futures and making decisions as to which financial products to purchase or discard? Area of focus was therefore based on three financial domains:

- Financial control;
- Choosing and using appropriate financial products;
- Financial planning.

- **Financial Control**

The research instrument included questions to understand who assumes the sole personal responsibility for daily money management in the household in which they reside, whether respondents had a household budget in order to guide the allocation of funds to spending, saving and paying debts. Other key areas of financial control are participants keeping track of their money, meeting household demands, pricing financial products and services before purchase and staying informed about financial issues.

- **Financial Planning**

Current rises in the cost of living and a higher inflationary environment are eroding the disposable income of South African residents. This makes questions surrounding ‘making ends meet’ and financial planning particularly important, due to its reflection on people’s behaviour in times of economic crisis. Client would carefully consider whether they could afford something before buying it, regardless of their age, sex, race or level of education.

In addition, does limited finance dictate how people pay their bills and hence, will a better understanding of financial system and implication help them to make better decisions?

- **Choosing and Using Appropriate Financial Products**

The study focussed on four primary financial product areas: banking, credit and loan, investment and savings and insurance. In each of the product areas, participants were requested to identify their awareness of different products in those areas and what kind of products they held, grouped by area. The participants were questioned on how they decided to acquire these products and how they used these products.

1.4 Problem Statement

South Africa currently experiences unique challenges with high unemployment, massive poverty and inequality in a very difficult global economic environment of uncertainty and slow growth. Such an environment is a difficult one for ordinary South Africans to navigate, particularly when it comes to financial products and services. Nedbank as a financial service provider plays a critical role under the corporate governance framework and as a corporate citizen to alleviate or reduce such challenges. In order for Nedbank to provide programmes and initiatives that would assist and inform clients and potential clients of financial products and services in South Africa, it is necessary to have an in-depth understanding of the current impact and effectiveness of their role in enhancing the financial literacy levels of new clients on-boarded.

Not only does financial illiteracy impact on the individual's or families' day-to-day money management, but also impacts on their ability to save for long-term goals and become financially independent at retirement. Ineffective money management can also result in behaviours that make consumers vulnerable to severe financial crises.

1.5 Research Sub-questions

The level of education can be determined through these three questions:

- Is the level of financial education adequate to empower clients to make good financial decisions?
- Is financial education a core competency for financial service providers or a corporate social investment?
- How can Nedbank sustain the levels of financial education with constant changes in the environment?

1.6 Objectives of the Study

The objective of the study is to establish the effectiveness in the following areas:

- Evaluate the effectiveness of the financial education undertaken by Nedbank when onboarding new clients;
- Analyse Nedbank's role as a financial service provider in terms of financial literacy;
- To evaluate whether Nedbank's current programmes are sustainable with the changing environment.

1.7 Limitations to the Study

This study is limited to the new clients of the Nedbank Central Business District (CBD) in Durban who opened accounts during the time of the survey.

A further limitation was the closed-ended structured questionnaire whereby respondents were only allowed to rate their level of satisfaction and are not given a chance to discuss any opinions they may have with regard to the study.

1.8 Summary

In this chapter the main problem was stated with an outline of the study. It is expected that the finding of this study and recommendations will be used to reinforce the financial education policies and programmes.

What is not evident though is the effectiveness in South Africa as it appears to be seen and applied more as a corporate social responsibility instead of a core responsibility of the country's mainstream banks and insurance companies. The next chapter presents the literature gathered for this study.

CHAPTER TWO

Financial Literacy

2.1 Introduction

Over the past decade, policy makers from countries around the world have realized that financial education is a fundamental pillar for financial market stability. Markets have grown into more complex operations. Private households have assumed a growing share of the responsibility and risk of the financial choices. This position therefore makes financial education a necessity for all individuals and households, to ensure sufficient levels of investor confidence and customer behaviour to support a stable economy.

This chapter defines financial education, discusses key competencies of financial literacy, the impact of consumers' perspectives on financial literacy and the characteristics role and general trends in the financial services sector.

2.2 Defining Financial Literacy

Financial education is a term commonly used across the world to refer to various methods used to increase an individual's financial knowledge. Some of these methods may not be considered as "education" in the usual sense. Examples of this kind of "financial education" could include a retirement seminar in the workplace or within the community or an information website, as well as education in a school's curriculum. In all instances the intended outcome of financial literacy, in a nutshell, would be the improved financial capability of individuals to make correct financial choices and decisions.

Financial literacy is a broad concept encompassing people's knowledge and ability to understand their own financial circumstances, along with the motivation to take action (Her Majesty's Treasury, 2007a:19). A number of definitions of financial literacy exist in the literature. At its most basic level, "financial literacy" refers to the knowledge and understanding of financial concepts, the outcome being the ability to make informed, confident and effective decisions regarding money.

According to the Organization for Economic Co–operation and Development (2005) financial education is “the process by which financial consumers and investors improve their understanding of financial products and concepts, through information gathering, through instruction and through objective advice. By engaging in these processes they develop the skills and confidence to become more aware of financial risks and opportunities and thereby empowering themselves to make informed choices, to know where to go to for help and to take other effective action to improve their financial well-being”.

2.2.1 Key competencies of Financial Literacy

The capacity to make informed financial decisions improving one’s financial well-being is an essential life skill, and the development of this critical life skill is dependent on the availability of effective financial education (Financial Literacy Journal, 2009). According to LaSalle (2012), it became evident that with the complexity of financial systems, its instruments, its broad product offerings and its terminology, the need for effective financial education became critical, as it equipped households to understand the complexities of the system, thus supporting the taking of wiser long-term and short-term financial decisions.

The decisions taken by households were becoming accumulatively more crucial to the financial stability of the country’s economy. This last economic crisis highlighted the need to increase the levels of financial literacy amongst all citizens, not just of the country but the world. The world has become a small place and the decisions taken by individuals can have ripple effects on the world’s financial systems and markets, as seen with the toxic bonds (American Daily, 2010).

It may be true that this need is more obvious in emerging economies with populations exhibiting lower levels of education but experiencing rapidly increased access to formal financial services and products, but it is not exclusive to such economies, and the gap in knowledge can be obvious even in more advanced countries as well, as stated by Cole, Sampson and Zia (2001).

According to Lamb *et al* (2005) “Although no universal definition of financial literacy has been accepted in the literature, a number of ‘key competencies’ can be listed to elucidate the meaning of financial literacy”.

Based on a review of the literature and surveys, a financially literate person should be proficient in the following “key competencies”:

- Money basics;
- Numeracy;
- Money management skills;
- Budgeting and living within one’s means;
- Saving and planning;
- Borrowing and debt literacy; and
- Understanding financial products.

2.2.1.1 Money Basics

Money basics relates to the knowledge, skills and understanding required for the most essential day-to-day calculations. These take the form of numeracy and money management skills, which include a broad range of life skills (Tahira, 2005). In comparison to the research on corporate finance, research on household financial decisions has received scant attention in the professional literature. This disparity exists because household financial decisions incorporate some unique and complex characteristics that prevent an easy application of models from corporate finance (HM Treasury, 2007). The uniqueness of household financial decision-making almost certainly means that what economists know about corporate finance cannot be applied in a straightforward manner to households. A formal survey of household finance by Campbell (2006) addresses some of these differences.

2.2.1.2 Numeracy

According to Garman *et al* (1999) numeracy, in this case a skill which allows people to assess the suitability of their expenses for themselves is more beneficial than mere knowledge about certain products or financial concepts. Financial literacy starts with numeracy. Numeracy is the foundation of considering which financial products are cost effective.

Numeracy has been found to play an important role in influencing saving and even budgeting. Bernheim *et al* (1996) posits that the problem of developing an appropriate personal financial plan is extraordinarily complex. Ideally, a plan should account for earnings, earnings growth, assets, current and future rates of return, pension benefits, social security benefits, special needs (for example college tuition, weddings, down payments on homes), household composition, current and future tax law, mortality probabilities, disability probabilities, insurance rates, risk-return trade-offs, and a host of other factors.

2.2.1.3 Money Management Skills

Kempson's (2009) review of financial literacy surveys reveals three core areas that define money management skills: financial control, making ends meet, and approaches to financial management. Financial control relates to budgeting, keeping records, knowledge of daily living costs, and the ability to pay. Making ends meet includes a person's ability to predict times when finances may be low and to deal with that situation. This includes assessing the ability to maintain spending and keep up with commitments. Kempson (2009) further argues that education about approaches to financial management would result in the avoidance of impulsiveness during spending, using credit instead of cash, and general spending patterns that result in using more money than is available.

2.2.1.4 Budgeting and living within one's means

Household budgeting has to do with keeping track of finances and reducing unnecessary spending. The Irish National Steering Group on Financial Education (2009) states that living within one's means is a skill necessary for effective budgeting, and this reflects the finding that budgeting is sometimes necessary due to one's having a limited income.

2.2.1.5 Savings and Planning

According to Comeau (2003) long-term savings are relevant to retirement and the acquisition of the large items required in life, such as a house or a car.

Superannuation is a retirement option that uses investment strategies, therefore an understanding of investment is important. In the Australian market the Saver Plus programme identifies three types of savers: (Comeau, 2003)

- those who do not save;
- those who cannot save; and
- those who save

2.2.1.6 Borrowing and Debt Literacy

Borrowing and debt literacy includes knowledge of the different types of loans (such as secured and unsecured personal loans) and mortgages (such as fixed and variable), as well as positive and negative gearing. Debt literacy concerns the understanding required to mitigate debt and repay loans. Many consumers take up loans or mortgages (Braucher, 2006).

An indicator of competent borrowing is the loan amount relative to earnings. Kotler (2005) states that a large proportion of respondents in financial literacy surveys do not understand the difference between an unsecured or secured personal loan, and a fixed or variable interest rate on their mortgages. The concepts of positive gearing and negative gearing are also relevant, because these can increase the costs of borrowing and multiply potential losses. Given that all forms of debt stem from loans, debt literacy is a vital aspect of proficient borrowing. Fox (2005) states that a large number of consumers incur debt.

A key competency of a financially literate consumer is the ability to understand debt and the processes involved to avoid it, to reduce it, to repay it and to maintain a good credit rating. This relates to competency in using loans, and the responses to debt, including the ability to determine if credit is justified and the inclination to repay credit card debt and bills when they are due. Braucher (2006) states that debt illiteracy is therefore, related to over-indebtedness and an inability to reduce existing levels of debt.

2.2.1.7 Understanding Financial Products

Mitchell (2006) refers to the ability to determine whether independent advice has been or will be given. In addition, it is the ability to decide between financial advisors not just financial products, understanding product features and investment considerations such as risk, return, interest rates, compound interest, simple interest, inflation, company features as some of the components of a full understanding of financial products, which also includes the ability to compare products and investments by shopping around and understanding concepts such as diversification and risk minimisation.

Consumers need the ability to protect themselves by understanding dispute resolution procedures, taking redress against a financial institution, and being able, where possible, to identify and take action against fraudulent schemes. The ability to understand financial and legal information is also important. Competence in investing and choosing financial products is a key feature of financial literacy. According to the United Kingdom Financial Services Authority (2009) “a person who makes capable choices is someone who collects information on a range of products, compares key features as well as cost, identifies risk, and takes an overall view of the product on offer in order to make the right choice”.

2.3 The impact and understanding of Financial Literacy

In entering the twenty-first century South Africa, like the rest of the world, is characterized by the diversity of its population. This diversity is a matter not only of age, gender, race and nationality, but also of people’s education and occupation, marital status and living arrangements, the consumers’ interests and activities, their preferences and opinions, their taste in music and television programme, clothes and food. There is also a vast difference in their political beliefs and religious attitudes. This diversity is growing at a rapid pace due to the diverse inter-cultural influences to which the population is exposed. Apart from this diversity among consumers, according to LaSalle (2012), there is an enormous diversity among financial service providers i.e. there is a shifting trend away from traditional banking in brick and mortar branches towards mobile and digital banking, which suggests a shift from mass marketing to niche marketing.

The reason why consumers purchase what they purchase and the steps they take to reach their purchases define consumer behaviour, a fact that has intrigued marketers and researchers for years. This applies to financial purchases and decisions as well.

Kolb (2001/2) states that “South Africa precariously sits between a first and third world country. Due to the impact of apartheid and the post 1994 elections, understanding consumer behaviour has been a challenge for marketers. The questions of how to position product offerings, to whom and where, is taking on a more critical edge.” According to Hawkins *et al* (1998:7), the “field of consumer behaviour is the study of individuals, groups, or organisations and the processes they use to select, secure, use and dispose of products, services, experiences, or ideas to satisfy needs and the impact that these processes have on the consumer and society”.

2.3.1 The impact of consumer behavior on Financial Literacy

Du Plessis and Rousseau (2003:3) postulate that in an increasingly competitive environment, all organisations must be consumer orientated. According to them, future customers will be dramatically different from past or even present customers. They caution that customers will be more demanding, more time driven, more information intensive and more individualistic.

The study of consumer behaviour is of the utmost importance in managerial decision-making because businesses need to market their products effectively in order to survive. A comprehensive knowledge of customers’ needs and wants, desires and interests, preferences, activities, beliefs, age, gender, marital status, race, occupation and nationality is highly important in developing an effective, mutually rewarding relationship.

The concept of consumer behaviour is about people and their perceptions and how their perceptions influence their decision-making processes. It includes the study of what, why, when, where and how often customers buy. Marketers have to personalise services and most importantly determine the customers’ needs and satisfy them fully. Erasmus and Donoghue (1998:38), suggest that the benefit of consumer satisfaction to businesses is that they have managed to provide products to the market that satisfy the needs of the consumers.

This could in turn ensure the continued existence and growth of the business, particularly if the consumer is satisfied to the extent that he or she shares the positive experience with other consumers.

According to Bolton, Lemon and Verhoef (2004:202), as cited by Mithas *et al* (2005), consumer satisfaction has significant implications for the economic performance of a business. According to their research, customer satisfaction has a positive impact on customer loyalty and usage behaviour. According to them consumer loyalty will increase usage levels and secure future revenues. Richins and Verhage (1985) find that consumer dissatisfaction has far-reaching implications. According to their research any negative experience with a product is generally communicated to an average of five other consumers – a situation that the retailer and the producer would like to avoid. Furthermore, the reason for dissatisfaction is often attributed to the product or the lack of education by the retailer, rather than the incompetence of the consumer.

2.3.2 Consumer Behavior Models

Various models are examined in order to lead to better understand the diversity and development of consumer behaviour. They may serve as conceptual frameworks for a better understanding of the different variables that have bearing on a consumer's behaviour patterns. According to Kolb *et al* (2001), everyone tend to hold various models in their minds, which allows for sense to be made of the world, and to help predict the likely course of events. In a discussion of the consumer decision models, Engel, Blackwell and Miniard (1995:143) as cited by Erasmus, Boshoff and Rousseau (2001:82) state that “a model is nothing more than a replica of the phenomena it is designed to present. It specifies the building blocks (variables) and the ways in which they are interrelated”.

2.3.2.1 The Nicosia Model

This model is a circular process between an organisation and the consumer. Bettman and Jones (1986:544) postulate that consumer behaviour is represented as a series of decisions, which follow one another.

The model analyses consumer decisions through four fields: message exposure, information search, evaluation, purchase and feedback. In field one the consumer develops an attitude towards a product. In the second field the consumer develops a motivation after evaluating the product. The consumer purchases the product in the third field, the results of which are memorized for future reference in field four.

2.3.2.2 The consumer Behaviour Model

To better understand the factors that lead to consumer decisions there is a strong need for an agreed model to measure consumer and financial literacy over time. The Consumer Behaviour Model (Figure 2.1) is proposed as such a model for discussion.

Consumer Behaviour Model

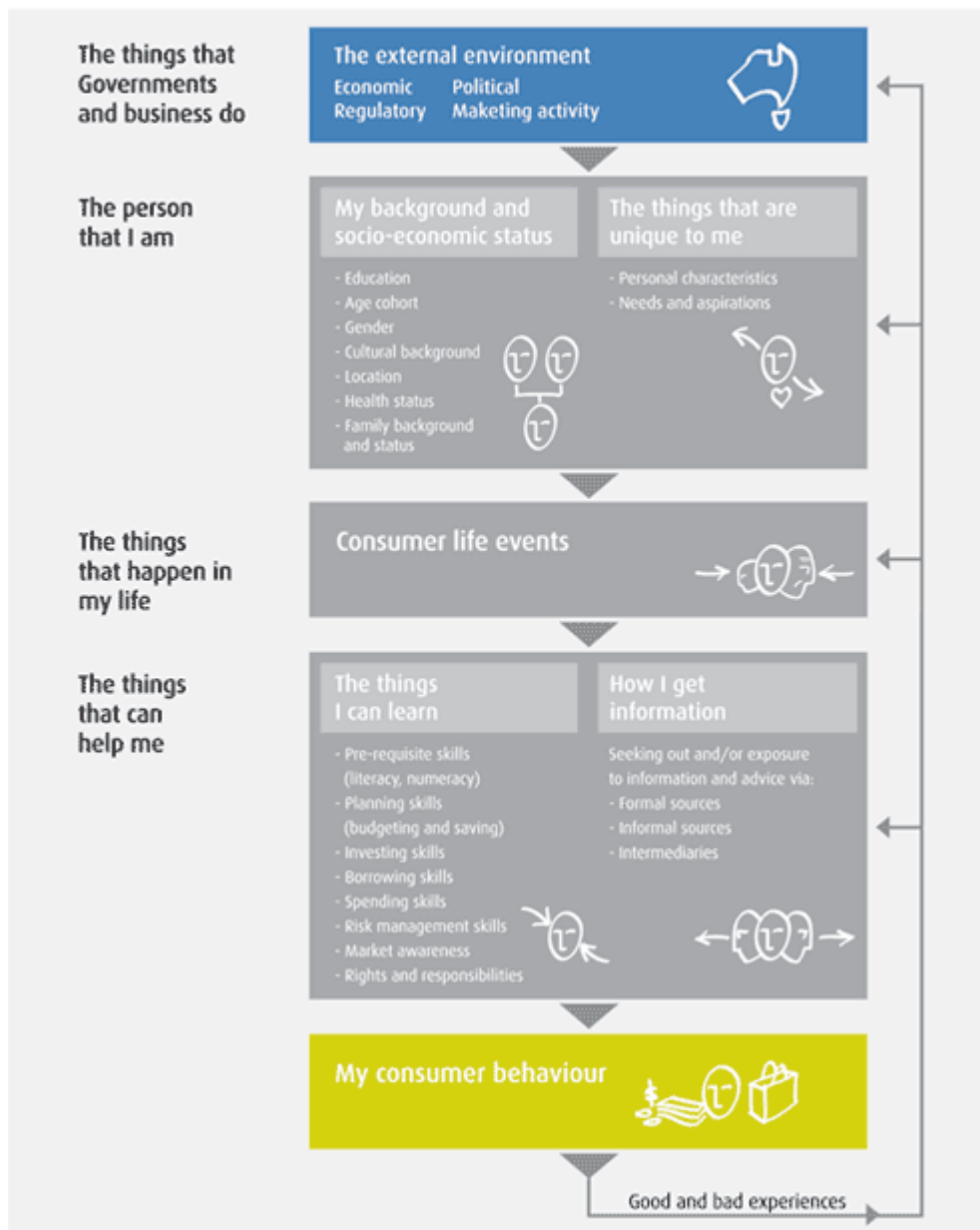


Figure 2.1: The Consumer Behaviour Model

Source: Adapted from Del, I. Hawkins, David, L. Mothersbaugh. and Amit, Mookerjee. (2010). Consumer Behaviour Building Marketing Strategy. Eleventh Edition. New York Tata Mcgraw-Hill Education. p25.

The Consumer Behaviour Model looks at things from the consumer's perspective and shows how external events, socio-economic background, personal characteristics, skill levels and the choice of information can shape the way decisions are made. The model is a synthesis of all of the best approaches to these problems drawn from a wide range of disciplines.

2.3.2.3 Basic Decision-making Model

Kotler and Armstrong (2004:198) describe the Basic Decision-Model as having five stages: need recognition, information search, the evaluation of alternatives, the purchase decision, and post-purchase behaviour. While many theorists include personal, psychological and social influences in this model, it is appropriate for use for the purposes of this research.

Erasmus, Boshoff and Rousseau (2001:83), on the other hand, postulate that consumer behaviour models usually refer to five elements of the consumption process, namely the recognition stage, the pre-search stage, the alternative evaluation stage, the choice stage and the outcome evaluation stage. They state that the classification in terms of the various stages of consumer decision making is typical of the rational method of consumer decision making. Walters (as cited by Erasmus, Boshoff and Rousseau (2001:83)) states that consumer decision-making models provide broad, organised structures that reflect the basic process of consumer decision-making from certain viewpoints and within certain contexts.

2.3.3 The impact of the Consumer Decision-making process on Financial Literacy

The impact of the consumer decision-making process on financial literacy has five components as follows:

2.3.3.1 Need Recognition

According to Lamb *et al* (2005:73) the first stage in the consumer decision process is need recognition – that is, the realisation that an unfulfilled need exists.

They contend that the recognition of a need or problem occurs when consumers are faced with a discrepancy between an actual state (I do not have enough money to meet all my wants and desires) and a desired state (I want to have enough money to cover all my wants and needs). According to them, need recognition is triggered when a consumer is exposed to either an internal or an external stimulus – hunger and thirst are internal stimuli.

While Lamb *et al* (2005:73) acknowledge that marketers cannot create a need such as hunger, thirst or homelessness; they can create a sense of want in the consumer. According to them, consumers recognize unfulfilled wants in various ways. For instance, this commonly occurs when a possession is not performing properly or when the consumer is about to run out of something that is generally kept on hand. Consumers may also recognise unfulfilled wants if they hear about or see a product whose features make it superior to the one they currently use. According to Mitchell (2006), it is at this stage of the process that clear understanding of the desired goals is required. Mitchell (2006) states that this initial stage involves identifying firstly, the principal objectives that a successful decision should address, and secondly, the inclusion of possible constraints that could affect the successful completion of the objectives.

Kotler and Armstrong (2004:199) confirm that the buying process starts when the buyer recognises a problem or need. This can be triggered by internal stimuli when one of the person's normal needs – hunger, thirst, security – rises to a level high enough to become a drive. They also confirm that needs can be triggered by external stimuli such as culture or cultural values.

2.3.3.2 Information Search

According to Lamb *et al* (2005:74), once a consumer recognises a need or a want, he or she searches for information about the various alternatives available to fulfill that needs or want. Lamb *et al* (2005) mention two ways in which this happens: an internal or an external information search. According to them, an internal information search is a process of recalling information stored in the consumer's memory. This stored information stems largely from previous experience with a product. In contrast, an external information search seeks information from the outside environment.

They further postulate that there are two types of external information sources; a non-marketing information source and a marketing-controlled information source. A non-marketing controlled information source is one where marketers have nothing to do with promoting a particular product. According to them, a marketing information source, on the other hand, is by definition biased, because it originates with marketers promoting a particular product or service.

Kotler and Armstrong (1999) suggest that, once a need has been recognised, the consumer undertakes an information search related to the need. They state that “the consumer can obtain information from personal sources (family, friends, neighbours, acquaintances), commercial sources (advertising, salespeople, dealers, packaging, displays) public sources (mass media, consumer rating organisations), and experimental sources (handling, examining, using the product)”. According to Erasmus, Makgopa and Kachale (2005:89), consumers with limited product-related knowledge and experience might for instance trust cues such as store images, salespeople, friends and colleagues, advertisements and guarantees as indications of quality.

While many decisions are made within certain time constraints and sometimes in partial ignorance, Lamb *et al* (2005:75) point out that the extent to which an individual conducts an external search depends on his or her perceived risk, knowledge, prior experience, and level of interest in the goods or service. When the perceived risk of the purchase increases, the consumer enlarges the search and considers more alternative brands. Feelings, hunches or intuitive urges must be part of one’s collection of facts.

2.3.3.3 Evaluation of Alternatives

Lamb *et al* (2005:76) state that after having identified the need and after securing all possible facts, the consumer is ready to make a decision. According to them, this decision is aided by the information search process, which helps the consumer set criteria for the choice of product. According to them, one way in which the consumer narrows down the number of choices is to pick an important attribute and then exclude all products in his or her range of alternatives that do not have this attribute. Kotler and Armstrong (2004:200), on the other hand, state that “the consumer arrives at attitudes toward different brands through some evaluation procedure.

How consumers go through evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating: instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides, or salespeople for buying advice”.

The dimensions of performance in the evaluation of alternatives are described by Hawkins, Best and Coney (1998), who suggest that performance expectations from the perspective of a service provider are critical factors in the decision-making process of the consumer. According to them, a major study of the reasons why customers switch service providers or outlets is their perception of problems with their existing service providers or outlets. Consumers have negative reactions to delays over which they believe the service provider has control.

2.3.3.4 Purchase Decision

This step involves making the decision to purchase and involves a selection of one of the alternatives or sometimes more than one and in some cases none. Kotler and Armstrong (2004:200) state that “the consumer’s purchase decision will be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision.” They go on to suggest that the first factor is the attitudes of others, for example family members who believe, for example, that the lower price option is better.

The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. Kotler and Armstrong (2004:200) conclude that “preferences and even purchase intentions do not always result in actual purchase choice”.

2.3.3.5 Post-purchase Behavior

According to Kolb (2001/2:95), the fifth stage of the Basic Decision-Making Model involves evaluating the experience and satisfaction derived from the decision to purchase. It is at this stage that the purchaser or decision maker learns from his/her experiences. If the experience was enjoyable, a re-purchase is likely. Kotler and Armstrong (2004:201) remind us that “the marketer’s job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post-purchase behaviour of interest to the marketer”.

Kotler and Armstrong (2004:201) state that “if a product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted”. Schiffman and Kanuk (2004:570) point out that “an important component of post purchase evaluation is the reduction of any uncertainty or doubt that the consumer might have had about his selection. As part of their post purchase analyses, consumers try to reassure themselves that their choice was a wise one; that is, they attempt to reduce post purchase cognitive dissonance”. Cognitive dissonance is defined by Kotler and Armstrong (2004:201) as “buyer discomfort caused by post purchase conflict”.

According to Lamb *et al* (2005:78), consumers try to reduce dissonance by justifying their decision to purchase in three ways. One, they may seek new information that reinforces positive ideas about their purchase, confirming that it was the right decision. Second, they would avoid information that contradicts their decision, or they may revoke their original decision by returning the product. Lamb *et al* (2005:78) warn that dissatisfied consumers sometimes rely on word-of-mouth to reduce cognitive dissonance by letting friends and family know they are displeased. After investigating and evaluating the strengths and limitations of the Nicosia Model, The Theory of Reasoned Action and the Basic Decision-Making Model, it is believed that the contributions of the Basic Decision-Making Model will prove most helpful for the purposes of this evaluation. It is clear that consumer behaviour is a sequential process which involves various activities and that the outcome of the process will influence the consumer in a certain way.

2.3.5 The impact of individual factors affecting consumer behavior on financial literacy

The impact of five individual factors affecting consumer behavior on financial literacy is as follows:

2.3.5.1 Perception

Consumers are diverse and complex individuals who see the world in their own special ways. Consumers select varying ways to meet their needs because of their differences in perception. Perception is described by Kolb *et al* (2001/2:63) as “how an individual views and makes sense of the world around him/her by the process of how he/she receives, selects, organises and interprets stimuli which are detected by one of the five senses. This stimulus is thereafter formed into a meaningful and coherent picture”. Perreault and McCarthy (1999:159) add that “we are constantly bombarded by stimuli – ads, products, stores – yet we may not hear or see anything”.

Perreault and McCarthy (1999:159) go on further to say that consumers apply the following selective processes:

- “Selective exposure – our eyes and minds seek out and notice only information that interests us;
- Selective perception - we screen out and modify ideas, messages, and information that conflict with previously learned attitudes and beliefs; and
- Selective retention – we remember only what we want to remember”.

According to Hawkins *et al* (1998), “retailers, in this case financial service providers, use this exposure very effectively. Store interiors are designed with frequently sought out items (canned goods, fresh fruits/vegetables, meats) separated so that the average consumer will travel through more of the store. This increases total exposure. High margin items are often placed in high traffic areas to capitalise on increased exposure.”

Kolb (2001/2) states that “consumers judge quality of products and services on various cues: some are intrinsic to the product (for example colour, size, flavour and aroma) while others are extrinsic (e.g. price, store image, brand image, service environment). Consumers often perceive price as an indicator of quality”.

Terblanche and Boshoff (2001) concur when they say that “consumers with limited knowledge typically opt for expensive products, assuming that higher prices signal better quality. The general perception is that the higher the price, the higher the quality. The image of retail stores (Queens Park, Casanova, and many others) influences the perceived quality of the products they carry, as well as the decisions of consumers as to where to shop. However, with regard to items such as sweets, chips, bread and so forth, price appears to be less important while convenience of the distribution channel is more important”.

Marketers who understand how perceptions are formed are better equipped to communicate with customers. Du Plessis and Rousseau (2003:217) state that “individuals act and react on the basis of their perceptions, not objective reality”. It is important to remember that the stimulus experienced by an individual is influenced by his or her individual and unique biases, needs and experiences. This subjective nature of perception can explain why some people can remember a television advertisement and enjoy it, while others sometimes cannot remember it or if they do, find it offensive or in bad taste.

This point is reinforced by Lamb *et al* (2005:82), who suggest that what is perceived by consumers may also depend on the stimuli’s vividness or shock value. Graphic warnings of the hazards associated with a product’s use are perceived more readily and remembered more accurately than less vivid warnings or warnings that are written in text on the product’s packaging. They cite the television advertisement used by the Arrive Alive campaign featuring a car accident scene with screaming injured children as a good example of vividness or shock value.

2.3.5.2 Motivation

According to Hawkins *et al* (1998:366), “Motivation is the reason for behaviour. A motive is a construct representing an unobservable inner force that stimulates and compels a behavioural response and provides specific direction to that response.” They explain this concept of motivation by using the example of the purchase of water.

While, according to them, water is virtually cost-free from various municipalities, millions of consumers are prepared to pay in excess of 1000 times the price of municipal water to purchase bottled water. In explaining the logic involved in this purchase decision, Hawkins *et al* (1998:366) forward the suggestion that, in this example, consumers are driven by three purchase motives, namely health concerns, safety concerns, and snob appeal. In this example health concerns focus on nutrition and fitness, where individuals want natural, untreated, “pure” water. Safety concerns, according to Hawkins *et al* (1998), center on concerns regarding water contamination and reports of deteriorating water quality levels. The third motivating factor forwarded is “snob appeal” or status. Ordering or serving Perrier is more chic and suggests that one has a higher status than if one served plain water. This is no different to the decisions made by consumers on financial products and services.

There are numerous theories of motivation, and many of them offer potentially useful insights for the marketing manager. The most popular and well explained theory, according to Kolb *et al* (2001/2:66), is Maslow’s Hierarchy of Needs. According to Kolb *et al*, Maslow’s theory arranges needs in ascending order of importance i.e. physiological, safety, social, esteem and self-actualisation needs. As a person satisfies one need which is of preliminary importance, another higher-level need then takes precedence.

Kolb *et al* (2001/2:67) suggest that motivation is complex and cannot be inferred from behaviour. As wealth and status increase, motivation, political beliefs and behavioural changes take place. As cited by Kolb *et al* (2001/2:71), Blythe points out that “an important point that marketers need to take note of is that one’s emotional and dominant motives often override one’s rational and conscious motives”.

2.3.5.3 Learning

According to Kotler and Armstrong (2004:195), when people act, they learn. These authors describe learning as changes in an individual's behaviour arising from experience. Kolb *et al* (2001/2:71), while agreeing with Kotler and Armstrong, add that "it is not possible to observe learning directly, but we can infer when it has occurred, by a person's actions."

They conclude that learning is the result of a combination of motivation, attention and repetition. An example offered by Kolb *et al* (2001/2:70) is that a person watching an advertisement on television about a new herbal slimming formula may go out and buy it the following day. This example infers that the buyer has learnt something about the slimming product advertised. Kolb *et al* (2001/2:71) remind us of the six principles that enhance the learning process, which, according to them, are important when formulating marketing messages. These principles are:

- Repetition reinforces the message;
- A unique and simple message is best remembered;
- The Law of Primacy states that the aspect mentioned at the beginning of the message is well remembered and according to the Law of Recency, the last-mentioned aspect is well remembered;
- Eye-catching demonstrations facilitate the learning process;
- Reinforcement, either positive or negative, facilitates learning; and
- Messages that arouse fear and danger must be avoided because individuals tend to distort such messages and this evokes negative feelings toward the organisation.

Hawkins *et al* (1998:330) state that attitudes, values, tastes, behaviours, preferences, symbolic meanings and feelings are acquired through learning. Through such institutions as schools and religious organisations as well as family and friends, culture and social class provide learning experiences that greatly influence the type of lifestyle that a consumer seeks and the products they consume.

Schiffman and Kanuk (2004:207) suggest that the role of experience in learning does not mean that all learning is deliberately sought. According to them, while much learning is intentional, a great deal of learning is also incidental.

2.3.5.4 Values, Beliefs and Attitudes

The knowledge one acquires shapes and molds the values one holds. According to Kolb *et al* (2001/2:72), “It is one’s value system that determines one’s beliefs, lifestyles, self-concept and personality and thereby affects buying behaviour and consumption patterns”.

Rokeach (1973), as cited by Kolb *et al* (2001/2), states that “a value is an enduring belief that a specific mode of conduct or end state of existence is personally and socially preferable to alternative modes of conduct or end states of existence.” Kolb *et al* further imply that values serve to guide the actions, attitudes, judgments and comparisons that an individual makes across specific objects and situations. Moven and Minor (1998:242) state that consumer beliefs “are all the knowledge a consumer has and all the inferences a consumer makes about objects, their attributes and their benefits.” An example of this is the fact that Muslims believe that it is a sin to earn interest.

Kolb *et al* (2001/2:73) describe one’s attitude as “a learned predisposition to behave in a consistently favourable or unfavourable way towards a given object.” As consumers each of us has a vast number of attitudes towards products, services, advertisements and outlets where we shop. Whenever we are asked whether we like or dislike any of the above, we are being asked to express our attitudes. Schiffman and Kanuk (2004:253), state that attitudes are learnt. They point out that although attitudes may result from behaviour, they are not synonymous with behaviour. Instead, they reflect either a favourable or an unfavourable evaluation of the object of the attitude. Schiffman and Kanuk (2004:253) state that “As learned predispositions, attitudes have a motivational quality; that is; they might propel a consumer toward a particular behaviour or repel the consumer away from a particular behaviour.”

From a marketer's perspective, it is comforting to note Schiffman and Kanuk's (2004:253), suggestion that while another characteristic of attitudes is that they are relatively consistent with the behaviour they reflect, despite their consistency attitudes are not necessarily permanent; they do change.

2.3.5.5 Personality, Self-concept and Lifestyle

Schiffman and Kanuk (2004:120) describe personality as "those inner psychological characteristics that both determine and reflect how a person responds to his or her environment". They go further to state that the emphasis in this definition is on inner characteristics, those specific qualities, attributes, traits, factors and mannerisms that distinguish one individual from other individuals. Kolb *et al* (2001/2:75) suggest that a consumer's perception of himself or herself is closely associated with his/her personality.

They suggest that an individual tends to buy products or services and patronise retailers with images or personalities that closely correspond to the individual's own self-image, thereby enhancing, altering or retaining his or her self-concept when purchasing a product or service. Strydom *et al* (2000:89) suggest that consumers associate personality factors with specific colours. The colour red symbolises excitement and fun, yellow is associated with novelty, while black is associated with sophistication and power. Oltersdorf *et al* (1999), as cited by Viljoen, Botha and Boonzaaier (2005:86), state "the South African society is in a process of radical change, and one of the greatest changes that have been observed is in the life-styles of the black population groups, where a shift from the traditional life-style to a partially Western-orientated life-style is noticed".

Kolb *et al* (2001/2:79) state that "in South Africa, psychographics research has enabled researchers to develop lifestyle groups for Black and White South Africans. Among the Whites in South Africa, during the past decade, there has been a decline in the role of hierarchical authority, particularly in the employment arena with regard to self-esteem and the Protestant work ethic, an increase in the need for self-expression, and a need for acceptance of the political changes that occurred in 1994.

Among Black consumers, there is a shift to a more ambitious and positive outlook in life, and a move away from being old-fashioned, conservative and traditional. They are becoming self-motivated with a drive for self-improvement, economic improvement and a need for education.”

2.3.6 The impact of social factors influencing consumer behavior on financial literacy

2.3.6.1 Culture

Kotler and Armstrong (2004:179) state that consumer purchases are influenced strongly by cultural, social, personal and psychological characteristics. Sirsi *et al* (1996), as cited by Kolb *et al* (2001:79), state that “culture is a complex of symbols and artifacts created by a given society and handed down from generation to generation as determinants and regulators of human behaviour.” Bhowan (1978:12) states that “An important determinant of culture is the environment in which it exists.”

For example, Indians in South Africa have assimilated the ‘White’ culture in many respects, such as the mode of dressing, pop music as opposed to traditional music, reading habits and extra-curricular activities.” Hawkins *et al* (1998:42) state that “culture provides the framework within which individuals and household lifestyles evolve.” They say that people tend to obey cultural norms without thinking because to do otherwise would seem unnatural. According to Kolb *et al* (2001/2:81), South Africa is a developing country with a multi-cultural, diverse and heterogeneous society, where the young are adopting western culture and its accompanying values open-heartedly. They add that “the youth, especially Indians and Blacks who live in the suburbs, speak and understand the English language more frequently than their own vernacular languages, thus eroding their traditional customs and values.”

According to Schiffman and Kanuk (2004::408), culture can be characterised as follows:

- The Invisible Hand of Culture – “Culture is so natural and automatic that its influence on behaviour is often taken for granted.”

- Culture satisfies needs – “Culture offers order, direction and guidance in all phases of human problem solving by providing “tried and true” methods of satisfying physiological, personal and social needs.”
- Culture is learned – “Adults and older siblings teach a young family member through a process of formal learning; a child learns primarily by imitating the behaviour of selected others, such as family, friends or television heroes through informal learning, while teachers instruct children in an educational environment about what should be done, how it should be done, and why it should be done through technical learning.”
- Culture is shared – “Culture frequently is viewed as group customs that link together the members of a society.”
- Culture is dynamic – “To fulfill its need gratifying role, culture continually must evolve if it is to function in the best interest of society. For this reason, the marketer must carefully monitor the socio-cultural environment in order to market an existing product more effectively or to develop promising new products.”

2.3.6.2 Reference Groups

Kotler and Armstrong (2004:183), point out that a person’s behaviour is influenced by many small groups. Reference groups, in their opinion, serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or behaviour. There are many reference groups that an individual can belong to, in which he or she can interact with others to accomplish goals. These groups may include families, close friends, co-workers or neighbours. Kolb *et al* (2001/2:85) state that consumers are often prone to adopt behaviours that are generally advocated by these reference groups. Consumers are likely to purchase products especially if they perceive the reference groups as credible or as experts in the products which they endorse.

2.3.6.3 Opinion Leaders

Opinion leaders, according to Kolb *et al* (2001/2:87), are individuals in a reference group who influence the attitudes of others.

They add that opinion leaders often possess outstanding achievement records, are very knowledgeable, possess a high level of interest in certain issues, and indulge in new products. They are trend-setters, have a desire to be unique, and are likely to be the first to try out a new product. Hawkins *et al* (1998:242) state that “opinion leadership functions primarily through interpersonal communications and observation. These activities occur most frequently among individuals with similar demographic characteristics. Thus, it is not surprising that opinion leaders are found within all demographic segments of the population and seldom differ significantly on demographic variables from the people they influence.”

2.3.6.4 Family

Hawkins *et al* (1998) state that the household is the basic purchasing and consuming unit and is therefore of great importance to marketing managers. Family decision-making involves consideration of questions such as who buys, who decides, and who uses. Family decision making, in their opinion, is complex and involves emotion and interpersonal relations as well as product evaluation and acquisition.

Kolb *et al* (2001/2:88) forward the idea that the younger generations observe their parents’ consumption patterns and most often tend to shop in a similar manner and buy similar products. Schiffman and Kanuk (2004:354) state that the family is the prime target market for most products. The members of a family assume specific roles in their everyday functioning, which roles include those of influencers, deciders, buyers, and users. They inform us that although marketers recognise the family as the basic consumer decision-making unit, they frequently examine the attitudes and behaviour of the one family member whom they believe to be the major decision maker.

2.3.7 The purchase situation

According to Lamb *et al* (2005:100), an individual’s buying behaviour is affected by the purchase situation that he or she finds himself or herself in at the time of the purchase.

The three variables identified by Lamb *et al* (2005) include the reason for the purchase, the influence of time, and the physical surroundings. Hawkins, Best and Coney (1998:474) concur with Lamb *et al* and state that the purchase situation can affect the product selection. They state, by way of an example, that mothers shopping with children are more apt to be influenced by the product preferences of their children. They suggest that a shortage of time can affect the choice of the outlet selection, the number of brands considered, and the price that a consumer is willing to pay. Physical surroundings, according to Lamb *et al* (2005:100), may encourage or discourage buying behaviour.

According to Hawkins *et al* (1998:477), consumers are more satisfied with services acquired in an organised, professional-looking environment than those acquired in a disorganised environment. Hawkins *et al* (1998:479) postulate that crowding produces negative outcomes for both the retail outlet as well as for the consumer, while colours, aromas and music can be used to enhance situational influences.

2.4 The South African Banking Sector

The corporate sector is still highly concentrated as a result of years of economic isolation during the 1980s. There are at least 60 banks registered in South Africa, but the largest four have approximately 70% of the assets and own the bulk of the retail banking system. The others are mainly niche banks focusing on specific activities, regions or communities (Daily News – Gill Marcus 2002). The “big four” South African banks have always invested heavily in information technology (IT) and their systems are as sophisticated as those in more developed countries. This fact has increased the availability of information in the markets and has led to a substantial expansion in cross-border transactions.

Technological developments have also facilitated the design of complex new financial instruments which have provided innovative ways of hedging against risks. But most importantly, IT is seen as a major strategic competitive factor, since it forms the basis of improved cost efficiencies for South African banks (South African Banking Journal Vol. 15, 2002).

2.4.1 The financial services Sector: characteristics role and general trends

Financial services support employment in two ways: as a source of high-quality employment and through the provision of credit to other sectors. A well-functioning financial sector is essential in financing the operations of an economy through both intermediation (borrowing money from one sector to lend to another), and through auxiliary services such as securities broking and loan flotation, where financial enterprises arrange the processes of funding without intervening between the borrower and the lender (Bureau of Statistics: Finance, 1999). The institutions, services and products that comprise the financial sector vary from country to country, but generally include the central bank and depository organisations such as banks, building societies and mortgage banks. The financial system in any country has four overlapping components: financial enterprises (such as banks) and regulatory authorities; the financial markets (for instance, the bond market); their participants (issuers and investors) and the payment system such as cash, cheque and electronic means for payments (for example banks).

The interaction of these components facilitates funding for investments or consumption on a national or international level. Banks in most countries are the largest deposit-takers and most profitable enterprises in both the domestic and global markets. This is hardly surprising since money, the business of financial services, went global before “globalisation” became a buzzword. However, liberalisation and technological advances are increasingly pushing the sector towards greater globalisation in which mergers and acquisitions are both a cause and a consequence of this phenomenon of consolidation in financial services (Fortune Global 500 Report, 2001).

2.5 Summary

This chapter introduced the notion of financial literacy and describes its importance to consumers, the financial system and the economy. With the OECD definition as the basis of the investigation the study looked at what the literature foregrounds as the key competencies that financially literate consumers should develop and display.

A general conclusion from the literature review indicates that there is a need for financial literacy but that this would not be of much use in isolation without a good understanding and application of consumer behavior.

The literature proceeded to look at models of consumer behaviour models and decision-making and considered their relevance to and impact on financial literacy. The chapter has presented a view and explanation of various models used in the study of consumer behaviour and has considered the benefits and limitations of each model. Considerations in respect of a comprehensive knowledge of customers' needs and wants, desires and interests, preferences, activities, beliefs, age, gender, marital status, race, occupation and nationality are viewed as critically important in developing effective financial literacy programs and processes. The next chapter presents the research methodology adopted for this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to discuss the research method employed in obtaining the results of the study. This includes a discussion on the basic research design, the sampling and the data collection as well as the statistical techniques used to analyze the results. The research design chosen acknowledges that the subject financial literacy is in an embryonic phase in the context of South Africa. The degree with which the research question has been crystallized required an exploratory study designed to glean a comprehensive understanding of consumer behavioral trends and market trends in order to determine if similar experiences can be predicted across the South African population.

3.2. Aim and objectives of the study

3.2.1 Aim of the study

The aim of the study is to analyse the importance of financial education on new Nedbank clients in the CBD. This is done by gathering baseline information about financial literacy in Nedbank during on boarding new clients in order to assist Nedbank to fulfil their vision of becoming a great place to bank and Southern Africa's most admired bank. The purpose of this research, the first of its kind in Nedbank, is to conduct research in the CBD of Durban area and to generate information on the levels of awareness, knowledge and understanding of financial literacy amongst new clients.

The broader objectives of the Nedbank study are to determine levels of financial literacy in Nedbank nationally to benchmark these against those of other banks within the country, to inform strategy and client policy relating. The aim of the study is to also present recommendations on best practices to adopt when dealing with new clients.

3.2.2 Objectives of the Study

The objectives were derived from the problem statement and are as follows:

- Evaluate the effectiveness of the financial education undertaken by Nedbank when on-boarding new clients;
- Analyse Nedbank's role as a financial service provider in terms of financial literacy;
- To evaluate whether Nedbank's current programmes are sustainable with the changing environment.

3.3. Participants and Location of the Study

McMillan and Schumacher (2006:119) state that a population is a group of elements or cases, whether individuals, objects, or events that conform to specific criteria and to which the researcher intends to generalize the results of the research. This group is also referred to as the target population or universe. Nedbank, registered financial services provider was targeted as the basis for the study. A representative sampling of the new clients on-board by the Durban CBD Area of the bank was targeted to participate in this study. Nedbank Durban CBD on boards approximately 700 new clients a month. For this study the sample size that was selected was 110 as per the minimum sample required to participate in this study.

3.4 Research Methodology and Design

The research design is the overall plan for relating the conceptual research problem of relevant and doable empirical research (Saunders, Lewis and Thornhill, 2009). According to Shajahan (2005) three main types of research methods are used when conducting research, which are exploratory, explanatory and descriptive research.

3.4.1 Exploratory Research

Exploratory studies are a valuable means of finding out ‘what is happening, to seek new insights, to ask questions and to assess phenomena in a new light’. This type of research is useful if a researcher wishes to clarify an understanding of a problem. Exploratory research usually does not directly lead to decisions being made.

3.4.2 Explanatory Research

The main idea in an explanatory research method is to study a particular issue with the aim of obtaining and measuring the existence of relationships between the variables. In addition, explanatory research establishes casual relationships between variables.

3.4.3 Descriptive Research

Zikmund (2006:55) adds that the major purpose of descriptive research is to describe the characteristics of a population or phenomenon. Descriptive research seeks to determine the answers to who, what, when, where and how questions. This study used descriptive research to describe the findings of the results which is presented in chapter 4. The aim of the descriptive research was to describe the characteristics of an existing phenomenon. The existing phenomenon in the current study is the impact of consumer behaviour towards financial management.

There are two types of descriptive research methods, namely qualitative and quantitative. There are distinctions between quantitative and qualitative research:

- Quantitative research presents statistical results by means of numbers (Bryman and Bell, 2007).
- Qualitative research is the quest for understanding and for in-depth inquiry. Qualitative inquiry allows the respondents to have a more open-ended way of giving their views and demonstrating their actions (Henning, 2005:5).

Table 3.1 Additional differences between quantitative and qualitative research approaches

QUANTITATIVE APPROACH	QUALITATIVE APPROACH
<p>Research methods and process: Focus is control of all components and the researcher plans and executes control in the way the study and instruments are designed. Research subjects are not free to express data that cannot be captured by predetermined instruments (Henning, 2004:pp3-4).</p>	<p>Research methods and process: Components are usually not controlled. Do not want to place the understanding of researcher within the boundaries of an instrument designed beforehand (Henning, 2004:pp3-4).</p>
<p>Focusing on counting and quantifying</p>	<p>Importance of context: Emphasis on detailed description that is coherent gives more than facts and empirical content and also interprets information in light of other empirical information and from theoretical framework that locates study (Henning, 2004:6).</p>
<p>Role of researcher: Researcher chooses to stay in background and not be involved in events or “objects” of inquiry. The researcher’s role of outsider aims to achieve higher level of objectivity (Henning, 2004:8).</p>	<p>Role of researcher: Researcher in inter-subjective position of insider where researcher is most “important instrument” in research process. It places added responsibility on researcher to be unbiased in description and interpretation (Babbie and Mouton, 2004:273).</p>

The quantitative method using a survey questionnaire was selected for this study. Quantitative method allowed for all participants to answer identical questions which in turn allowed for meaningful comparison of responses. In quantitative method, the aim is to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) in a population.

3.5 Sampling

The basic idea of sampling is that some elements of the population provide useful information on the entire population so that by studying those selected elements, the results can be generalised onto the entire population (Sekaran and Bougie, 2009).

Research suggests that to gain the greatest confidence levels in the results, the correct sample size needs to be used (Bryman and Bell, 2007). According to Bryman and Bell (2007), there are two types of sampling, probability and non-probability sampling as discussed below.

3.5.1 Probability Sampling

Probability sampling is established on the notion of random sampling and is most commonly associated with survey-based research where inferences are made from the sample, about a population, to answer the research question(s) and to meet its objectives (Saunders et al., 2009). The following are examples of probability sampling:

- Simple random - Each population element has an equal chance of being chosen to participate in the study. The sample is drawn using random number table/ generator.
- Systematic - Selects an element of the population at a beginning with a random start and following the sampling fraction select every *k*th element.
- Stratified - Population is divided into sub populations or strata and simple random sample on each strata is utilised.
- Cluster - Population is separated into internally heterogeneous subgroups.

3.5.2 Non-probability Sampling

In non-probability sampling the study has no way of forecasting or assuring that each element of the population will be represented in the sample. Hence, the target population has little or no chance (that is, a probability of zero) of being incorporated in the sample (Leedy and Ormrod, 2010). Non-probability sampling is usually utilised where it is convenient and cost-effective to do so. Hair, Bush and Ortinau (2011) state that in non-probability sampling, the addition or omission of elements in a sample is left to the discretion of the researcher. Hair et al. (2011) advise that a skilful selection process should result in a reasonable representative sample.

Hair *et al* (2011:167) mention the following examples of non-probability sampling:

- Haphazard/Convenience: The researcher selects a sample that is convenient;
- Quota : A sample in a predetermined group is selected;

- Purposive/Judgement: The researcher selects anyone in a hard-to-find target population;
- Snowball: The researcher selects a sample that connected to one another; and
- Maximum Variation: The researcher identifies the categories of interest in relation to the research topic and then intentionally seeks out subjects or settings which represent the greatest possible range of differences in the phenomena being studied.

This study adopted a convenience sampling technique in that all the participants were first approached by a bank consultant and only if they agreed to participate they were selected. This was done until 110 participants were selected for this study.

3.6 The Research Instrument

3.6.1 Description and Purpose

A structured questionnaire was selected to gather the necessary data required for this study. Collis and Hussey (2003:173) describe a questionnaire as “a list of carefully structured questions, chosen after considerable testing, with a view of eliciting reliable responses from a chosen sample”.

Leedy and Ormrod (2010:213) state the questionnaire has the following advantages:

- The data collected can be easily analysed; and
- The questionnaire is relatively easy to understand.

3.6.1.1 Construction of the Instrument

The questionnaire was divided into six sections, namely:

- Section A: Demographics;
- Section B: Financial Information and Management;
- Section C: Household and Financial Matters;
- Section D: Household Financial behaviours;

- Section E: Credit and Credit Cards; and
- Section F: Saving and Saving Behaviours.

The research questionnaire was constructed to effectively answer the aims and objectives of the study. The questionnaire is presented in mostly a Likert-type scale and closed-ended questions. Halperin and Heath (2012:261) state that Likert scale rating is perhaps one of the most common types of rating that is used when designing a quantitative questionnaire. The Likert scale of questions usually provides a statement that reflects a particular attitude or opinion whereby respondents are requested to indicate their levels of agreement or disagreement with the statement. The questionnaire consisted of 41 questions in total.

3.6.1.2 Recruitment of study participants

Bank clients were approached to participate in this study. If they agreed they were handed a questionnaire during consultation of business. This was done until the desired sample was reached.

3.6.2 Pretesting and Validation

Cooper and Schindler (2003) state that a pretesting of the research instrument is necessary to detect weaknesses in design and instrumentation. Ten individuals were approached to participate in a pretesting study of the instrument in ensuring its validity and reliability. The participants indicated that the instrument was simple and clear to follow. Hence, there were no changes made to the design of the instrument.

3.6.2.1 Validity

Treiman (2009) mentions that an instrument is valid if it measures what it was believed to measure.

Treiman adds that there is no technical way to evaluate the validity of a scale, hence assessment of validity is mainly a matter of constructing an appropriate theoretical link for the relationship between the concept and its instrument/s, and between the concept and other variables. For this study questions for the instrument was formulated after a search of literature was carried out. Questions were therefore linked to theory to ensure its validity.

3.6.2.2 Reliability

Reliability refers to consistency in measurement in that different measures of the same concept, or the same measurement repeated over time, should produce the same results (Treiman, 2009:243). For this study, a structured instrument was designed whereby participants only had to insert and cross or tick next to their preferred answer. There is no discussion required with closed-ended questions hence this makes it easy for this type of instrument to be consistent when gathering data at different times either during the study or after a few months of the study.

3.6.3 Administration of the Instrument

The study primarily made use of self-administered questionnaires. Assistance was given to those clients who needed it, however most of the participants preferred to complete the questionnaire on their own. These were collected immediately after the client had completed the questionnaire. All completed questionnaires were handed to one particular bank consultant who volunteered to collect all completed questionnaires to hand to the researcher. The administration of questionnaires was done over two weeks until the desired sample size of 110 was reached.

3.7 Analysis of Data

After data is collected it has to be analysed into meaningful data. The primary findings for this study was entered into Microsoft excel, and exported into the Statistical Package for the Social Sciences (SPSS) version 21.0 (SPSS Inc., Chicago, Illinois, USA). Only 99 questionnaires were fully completed and could be used for analysis.

Eleven questionnaires were destroyed as there were too many missing answers. Both descriptive and inferential statistics were used to describe the primary data collected. Simple descriptive statistics using percentages were used.

The primary findings were discussed with the secondary data gathered for this study. Frequency distribution statistics in the form of frequency (count) and percentage were computed for individual variables.

The results were graphically depicted using bar and pie graphs. Cross tabulation statistics in the form of two-way frequency distribution tables were computed between the biographical variables and other variables of interest to compare the distribution across the pairs of variables was used in this study.

3.8 Ethical consideration

Burton (2000) states that ethical concerns exist in all research designs and go beyond merely collecting and presenting data. The following was done to ensure that all the necessary ethical considerations were taken into account:

- Permission was obtained from Nedbank to conduct this study;
- Participants gave their informed consent to participate in this study;
- Participants fully understood the background and purpose of this research and what was expected of them in answering the questionnaire. An introductory covering letter presenting the nature of this study was attached to the questionnaire. Some participants were also given a verbally explanation of the study and its purpose;
- Participants were made aware that their participation was voluntary and that they could decline to participate in this study if they felt in any way intimidated; and
- Participants were assured that their submissions would be kept confidential in that no names or any contact details were necessary for the participation in this study.

3.9 Summary

In this chapter the research method employed in obtaining the results of the study have been discussed. This included a discussion on the basic research design, the sampling and the data collection as well as the statistical techniques used to analyze the results. The research instrument was designed to obtain a comprehensive understanding of consumer behaviour and reasons for adoption of such behavior. The quantitative approach allowed for a larger sample to be collected and analysed. The next chapter presents analyses and discusses the findings from the study.

CHAPTER FOUR

Presentation of Results

4.1 Introduction

This chapter reveals the results and discusses it in line with the theoretical framework developed in chapter two. SPSS version 21.0 (SPSS Inc., Chicago, Illinois, USA) was used to analyze the data. In the study, a p value <0.05 was considered as statistically significant. Descriptive statistics in the form of frequency (count) and percentages were computed. Percentages are graphically presented using graphs. Cronbach's alpha was computed for the Likert-scale.

4.2 Analysis of Questionnaire

4.2.1 Presentation of Results: Section A (Demographic Data)

Tables 4.1 reflects the frequency distribution of the biographical variables. Each question from section A was analyzed with columns or pie charts.

4.2.2 Descriptive Statistics

- **Frequency Distribution Statistics – Tables 4.1 to 4.8**

Descriptive statistics in the form of frequency (count) and percentages were computed for individual variables.

- **Cross Tabulation Statistics – Tables**

Two-way frequency distribution tables were computed between the biographical variables and other variables of interest to compare the distribution across the pairs of variables.

Table 4.1: Frequency distribution of biographical variables

		n	%
Gender	Male	31	31.3%
	Female	68	68.7%
Marital status	Married	45	45.5%
	Single	45	45.5%
	Living with partner	3	3.0%
	Widowed	6	6.1%
	Divorced	0	0.0%
Population group	African/Black	37	37.4%
	Coloured	13	13.1%
	Indian/Asian	41	41.4%
	White	8	8.1%
	Other	0	0.0%
No. of people living in the same house	1-2	19	19.2%
	3-4	60	60.6%
	5-6	17	17.2%
	7 or More	3	3.0%
Highest level of education	Higher than degree level	11	11.1%
	University-level education	38	38.4%
	University of technology level	23	23.2%
	Technical/vocational education beyond secondary school level	25	25.3%
	Complete secondary school	2	2.0%
	Some secondary school	0	0.0%
	Complete primary school	0	0.0%
	Some primary school	0	0.0%
	No formal education	0	0.0%

Table 4.1 reflects the sample according to the biographical variables. A total of 68.7% of respondents are female. An equal proportion of respondents are either single or married. The findings also indicated that 37.4% of the respondents are African and 60.6% have 3-4 people living in the same house. Most respondents have post-secondary school education with 38.4% having University-level education.

Table 4.2: Frequency distribution of responsible persons for management of finances

		n	%
Who manages your finances?	Spouse/partner/s	26	26.3%
	Grandparent/s	20	20.2%
	Parent/s	5	5.1%
	Yourself	47	47.5%
	Other	1	1.0%
	Total	99	100.0%
Who is responsible for drawing up the budget in this household?	Breadwinner	49	49.5%
	Father	24	24.2%
	Mother	10	10.1%
	Brother	16	16.2%
	Sister	0	0.0%
	Other	0	0.0%
	Total	99	100.0%
Which of the following accounts or credit facilities are held by household members?	An investment account such as a unit trust	32	32.3%
	Mortgage bond	27	27.3%
	A bank loan secure on property	4	4.0%
	An unsecured bank loan	36	36.4%
	A credit card	0	0.0%
	A current account	0	0.0%
	A savings account	0	0.0%

	A micro finance loan	0	0.0%
	Stock and Shares	0	0.0%
	Bonds	0	0.0%
	Total	99	100.0%
Which member/s of the family (non grant)income ?	Spouse/partner/s	45	45.5%
	Grandparent/s	10	10.1%
	Parents	15	15.2%
	Other	29	29.3%
	Total	99	100.0%

Table 4.2 shows that 47.5% of the respondents manage their finances themselves. In addition, 49.5% indicated that the breadwinner is responsible for drawing up the budget. Most household members have an investment account, mortgage bond or bank loan. The findings also revealed that only 45.5% of the spouse/partners earn income.

Figure 4.1: Bar chart representing who is responsible person to manage finances

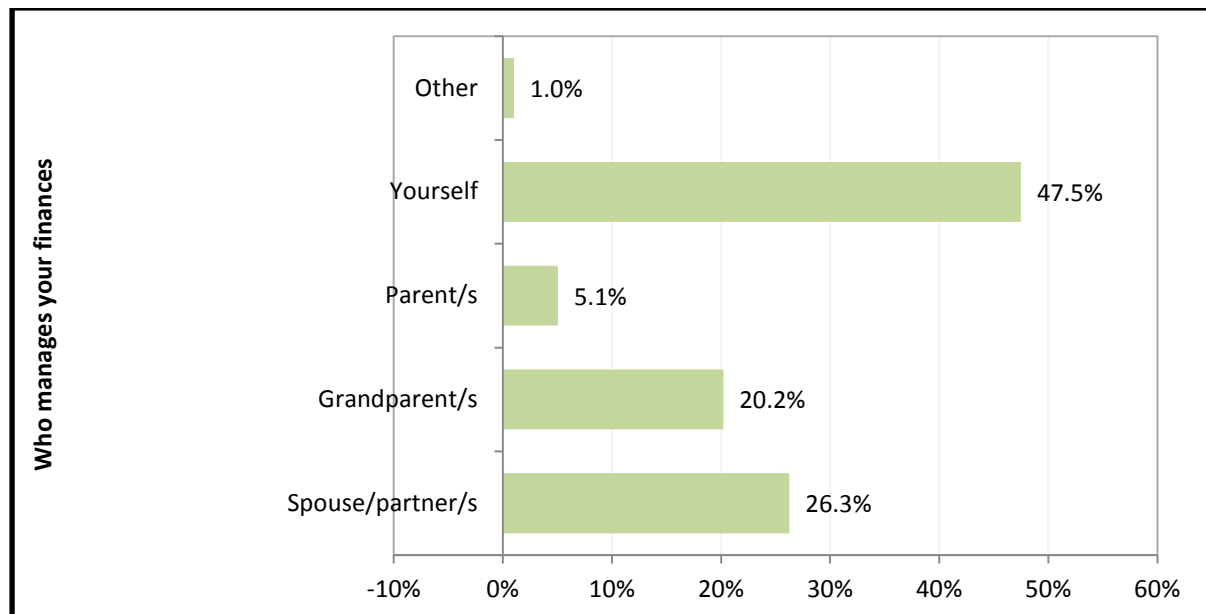


Figure 4.1 shows that 47.5% of the respondents manage their finances themselves, which implies that the majority 52.5% do not, which could mean they do not manage their finances or depend on others to assist. This highlights the need for financial education. Kempson (2009) states that there are three core areas that define money management skills: financial control, making ends meet and approaches to financial management. Financial control relates to budgeting, keeping records, knowledge of daily living costs, and the ability to pay. Making ends meet includes a person's ability to predict times when finances may be low and to deal with that situation. This includes assessing the ability to maintain spending and keep up with commitments. Kempson (2009) further argued that education about approaches to financial management would result in the avoidance of impulsiveness during spending, using credit instead of cash, and general spending patterns that result in using more money than is available.

Table 4.3: Frequency distribution on household and financial matters

	N	%	
What sources of income does the household rely on?	Wages/salary	82	82.8%
	Self-employed earnings or proceeds from a business	8	8.1%
	Government grants	3	3.0%
	Transfers from family members	6	6.1%
	Transfers from someone else outside the household	0	0.0%
	Don't know	0	0.0%
	Other	0	0.0%
	Total	99	100.0%
The extent to which the household monitors its expenses	No monitoring at all	17	17.2%
	A bit of monitoring	23	23.2%
	Monitoring without records	20	20.2%
	Monitoring with record keeping	39	39.4%
	Total	99	100.0%
Does the household find it necessary	Always	62	62.6%

to deal with its financial matters?	Usually	14	14.1%
	Sometimes	19	19.2%
	Never	4	4.0%
	Not sure	0	0.0%
	Total	99	100.0%
Does the household prioritise and consider affordability when it comes to spending?	Always	59	59.6%
	Never	11	11.1%
	Sometimes	21	21.2%
	Don't know	8	8.1%
	Total	99	100.0%
Does the household pay its bills on time?	Always	70	70.7%
	Never	11	11.1%
	Sometimes	13	13.1%
	Don't know	5	5.1%
	Not sure	0	0.0%
	Total	99	100.0%

Table 4.3 indicates that 82.8% indicate wages/salary as the primary source of income. Only 39.4% monitors their finances with record keeping. A further 62.6% of the respondents indicated that they always find it necessary to deal with financial matters, while 59.6% indicated their household prioritises and considers affordability when it comes to spending. Seventy point seven percent of the respondents indicated that the households always pay their bills on time.

Figure 4.2: Bar chart reflecting source of income within the household

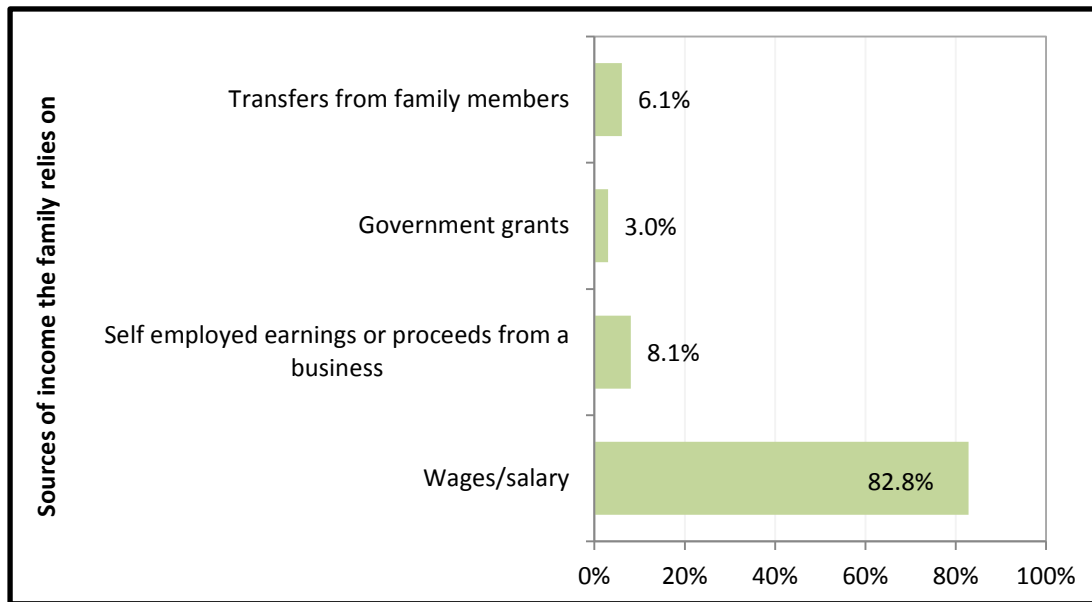


Figure 4.2 reflects that only 39.4% monitor their finances with record keeping which implies that 60.6% either do not monitor their finances or are dependent on others to monitor their finances. Literature states that money basics relate to the knowledge, skills and understanding required for the most essential day-to-day calculations. These take the form of numeracy and money management skills, which include a broad range of life skills (Tahira, 2005). In comparison to the research on corporate finance, research on household financial decisions has received scant attention in the professional literature.

This disparity exists because household financial decisions incorporate some unique and complex characteristics that prevent an easy application of models from corporate finance (HM Treasury, 2007). The uniqueness of household financial decision-making almost certainly means that what economists know about corporate finance cannot be applied in a straightforward manner to households.

Table 4.4: Frequency distribution of key financial behaviour by household

		N	%
Which financial documents does the household keep records of?	Receipts for major purchases	34	34.3%
	Bank statements	55	55.6%
	Loan or hire purchase statements	6	6.1%
	Tax records	4	4.0%
	Major bills such as electricity or school fees	0	0.0%
	Financial service agreements and contracts, such as loan agreements	0	0.0%
	Other	0	0.0%
	Total	99	100.0%
How often do the household members request a copy/copies of their credit report?	within 6 months	31	31.3%
	6-12 months	21	21.2%
	12 months and above	9	9.1%
	Never	38	38.4%
	Total	99	100.0%
How often does the household/members of the household monitor their debt?	Daily	29	29.3%
	Weekly	32	32.3%
	Every two weeks	14	14.1%
	Monthly	24	24.2%
	Yearly	0	0.0%
	Never	0	0.0%
	Not applicable	0	0.0%
	Total	99	100.0%
How often do the household members check their bank statement/s?	Check the bank statement sent in the mail	28	28.3%
	Check the statement online, internet banking	39	39.4%

Check through telephone and cellphone banking	20	20.2%
Call the bank and ask for balance	12	12.1%
Ask for balance, statement or bankbook update at a bank branch	0	0.0%
Ask for balance, statement or bankbook update at an ATM and cash machine	0	0.0%
Receive a text message from the bank	0	0.0%
Never check	0	0.0%
Not applicable	0	0.0%
Total	99	100.0%

Table 4.4 shows that most households keep receipts for major purchases and bank statements. However, 38.4% of household members have never requested copies of their credit reports while over half the respondents indicated they do request these reports within a 12 month period. Most households monitor their debt daily/weekly and the majority of respondents check their statements online.

Figure 4.3: Bar chart reflecting behaviour on credit record management

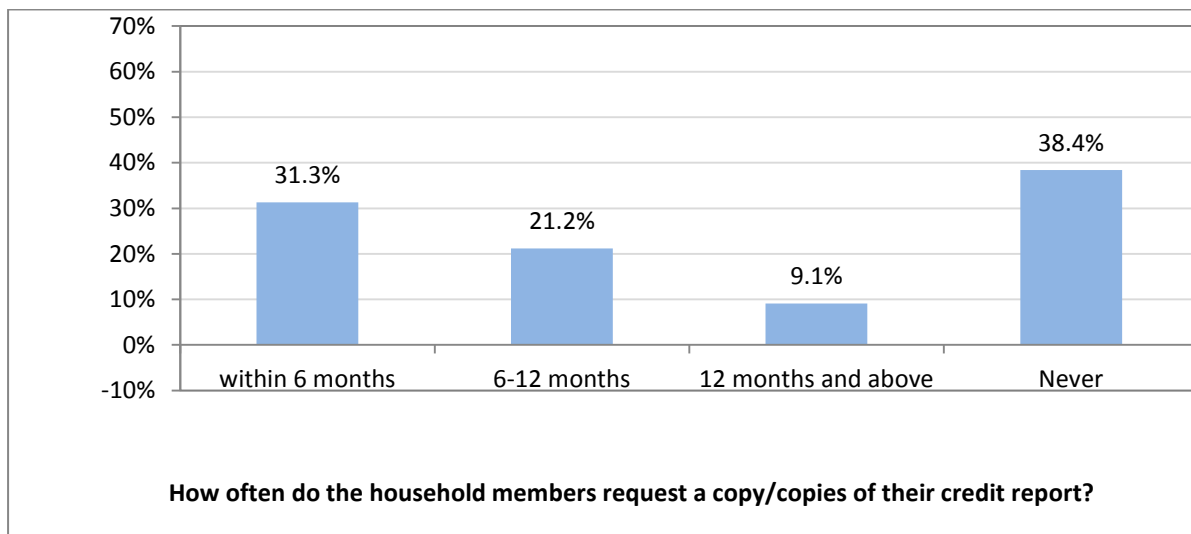


Figure 4.3 indicates that 61.6% of household members have requested copies of their credit reports; implying there is an awareness and desire to know ones credit rating. Various models are examined in order to lead to better understand the diversity and development of consumer behaviour.

They may serve as conceptual frameworks for a better understanding of the different variables that have bearing on a consumer’s behaviour patterns. According to Kolb *et al* (2001), everyone tend to hold various models in their minds, which allow for sense to be made and to help predict the likely course of events. In a discussion of the consumer decision models, Engel, Blackwell and Miniard (1995:143) as cited by Erasmus, Boshoff and Rousseau (2001:82) state that “a model is nothing more than a replica of the phenomena it is designed to present. It specifies the building blocks (variables) and the ways in which they are interrelated”.

Table 4.5: Frequency distribution on the household

		n	%
How satisfied is the household with its current financial status?	Not at all satisfied	35	35.4%
	Slightly	17	17.2%
	Uncertain	36	36.4%
	Satisfied	11	11.1%
	Extremely satisfied	0	0.0%
	Not applicable	0	0.0%
	Total	99	100.0%
How often have you experienced an unauthorised overdraft in your bank account?	Always	16	16.2%
	Sometimes	17	17.2%
	Rarely	24	24.2%
	Never	42	42.4%
	Not applicable	0	0.0%
	Total	99	100.0%
How many credit cards are owned by members of the household	1	36	36.4%
	2	33	33.3%

collectively?	3	20	20.2%
	4 or more	9	9.1%
	None	1	1.0%
	Total	99	100.0%
In the last 12 months, which of the following statements describe your experience with your credit card/s?	You have not used a credit card at all in the last 12 months	26	26.3%
	In some months, you used a credit card to withdraw cash from an ATM	42	42.4%
	In some months you used your credit card to get a cash advance	18	18.2%
	In some months, you used a credit card cheque to pay bills or to purchase items	11	11.1%
	You always paid your credit card bills in full	0	0.0%
	In some months, you carried over a balance and were charged interest	0	0.0%
	In some months, you paid the minimum payment only	2	2.0%
	In some months, you were charged a late fee for late payment	0	0.0%
	In some months, you were charged an over the limit fee for exceeding your credit line	0	0.0%
	Total	99	100.0%

Table 4.5 shows that 35.4% of households are not satisfied with their current financial status while 36.4% are uncertain. A further 42.4% have never experienced an unauthorized overdraft. The majority of households own either one, two or three credit cards. At least 42.4% of the respondents have used their credit cards to withdraw cash from an Automatic Teller Machine (ATM).

Table 4.6: Frequency distribution credit and credit cards

		n	%
What is the highest rate of interest charged on any of the credit cards that you have?	Don't know	36	36.4%
	Between 10 % and 14%	29	29.3%
	Between 14.1% and 18 %	18	18.2%
	Between 18.1% and 22%	13	13.1%
	Between 22.1% and 24%	2	2.0%
	Above 24%	0	0.0%
	Not applicable	1	1.0%
	Total	99	100.0%
Have you personally used credit facilities for any of the following purposes in the past 12 months and paid interest on the balance?	To pay regular bills	39	39.4%
	To pay for food	31	31.3%
	For everyday spending	16	16.2%
	To make a donation to charity	13	13.1%
	To help support family or friends outside your immediate household	0	0.0%
	To buy something on impulse	0	0.0%
	To buy a gift for someone	0	0.0%
	Not applicable	0	0.0%
	Total	99	100.0%
	In which of the following circumstances would you use credit?	If the interest rate on credit is higher than the one on savings accounts	28
If you can borrow money at a low interest rate to invest		39	39.4%
If a shop is selling something that you need at a reduced price		21	21.2%
If you or a family member need to pay for education or training to get a better paid job		11	11.1%

	If you wanted to go on holiday but didn't have the money available	0	0.0%
	Not applicable	0	0.0%
	Total	99	100.0%
How often do you check whether your credit facilities (credit cards, clothing accounts, overdraft etc) still meet your needs?	At least once a year	44	44.4%
	Less often	24	24.2%
	Never	20	20.2%
	Not applicable	11	11.1%
	Total	99	100.0%
Do you or your partner or head of the family currently have a bonded house (that is financed through a home loan)?	Yes	44	44.4%
	No	43	43.4%
	Not sure	12	12.1%
	Total	99	100.0%

Table 4.6 shows that more than 36% of respondents do not know the interest rate on their credit cards. Credit facilities are used mainly to pay bills or for food. The majority of the respondents would use credit facilities to invest. The findings also indicated that 44.4% of the respondents check at least once a year that their credit facilities meet their needs, 44.4% of the respondents have a bonded house while 43.4% don't.

Figure 4.4: Bar chart reflecting experience with credit cards

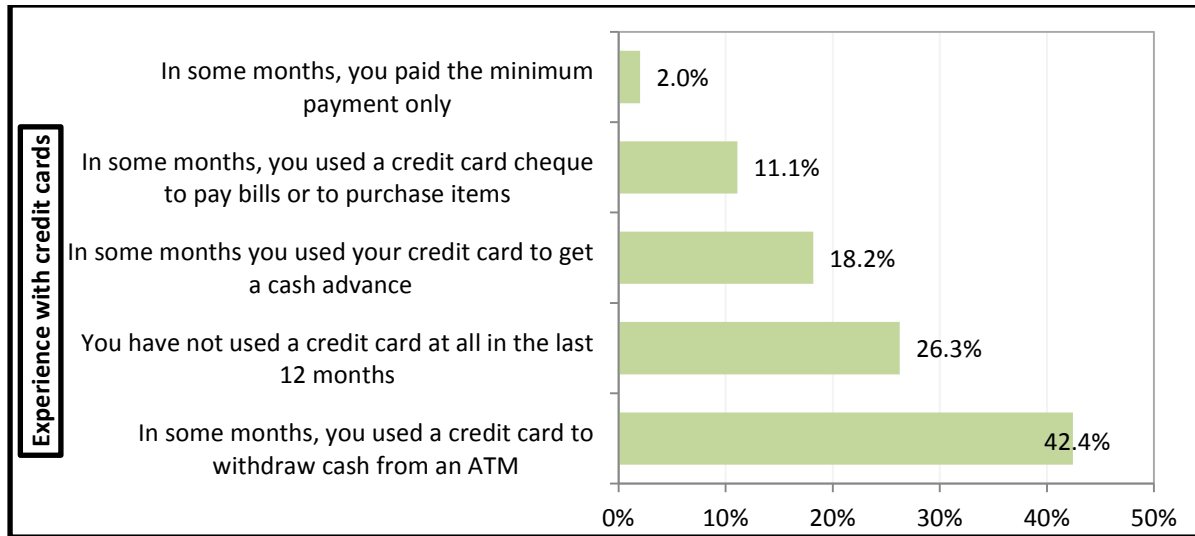


Figure 4.4 shows that more than 36% of the respondents do not know the interest rate on their credit cards. Credit facilities are used mainly to pay bills or for food.

Table 4.7: Frequency distribution on savings and saving behaviours

		N	%
Do you save money?	Yes	44	44.4%
	No	30	30.3%
	Sometimes	25	25.3%
	Total	99	100.0%
How do you save OR what type of account do you have for saving purposes?	Post Bank savings account	28	28.3%
	Commercial bank Account	53	53.5%
	Stokvel	18	18.2%
	Total	99	100.0%
Your motivation for your choice of account	Level of interest rates	35	35.4%
	Flexibility	38	38.4%
	Bank charges	8	8.1%

	Form good relationships with the bank to get access to credit and other products	18	18.2%
	Any other	0	0.0%
	Total	99	100.0%
Have you ever been exposed to one or more of the following bank fraudulent incidence/s?	ATM fraud	19	19.2%
	Card stolen fraud	34	34.3%
	Identity theft	7	7.1%
	Credit card fraud,etc.	39	39.4%
	Total	99	100.0%
How would you rate your bank's response?	Unsatisfactory	10	10.1%
	Fair	39	39.4%
	Good	20	20.2%
	Very good	30	30.3%
	Total	99	100.0%
Have people in your household ever been blacklisted?	Yes	28	28.3%
	No	55	55.6%
	Don't know	16	16.2%
	Total	99	100.0%
Are you familiar with your rights, warranties and guarantees as a consumer?	Yes	61	61.6%
	No	24	24.2%
	Not sure	14	14.1%
	Total	99	100.0%
Do you or any member of the households belong to savings clubs /stokvels, burial society / Masingwabisane, cooperatives?	Yes	33	33.3%
	No	38	38.4%
	Not sure	13	13.1%
	Not applicable	15	15.2%
	Total	99	100.0%

Table 4.7 shows that 44.4% of the respondents definitely save money while 25.3% indicated sometimes. At least half the respondents have a commercial bank account with 35.4% indicating the level of interest rates and 38.4% indicating flexibility as the motivation for choice of account. The majority of the respondents have been exposed to either stolen card fraud or credit card fraud. In addition, 39.4% indicated that their bank's response is fair.

Figure 4.5: Pie chart indicating saving behaviour

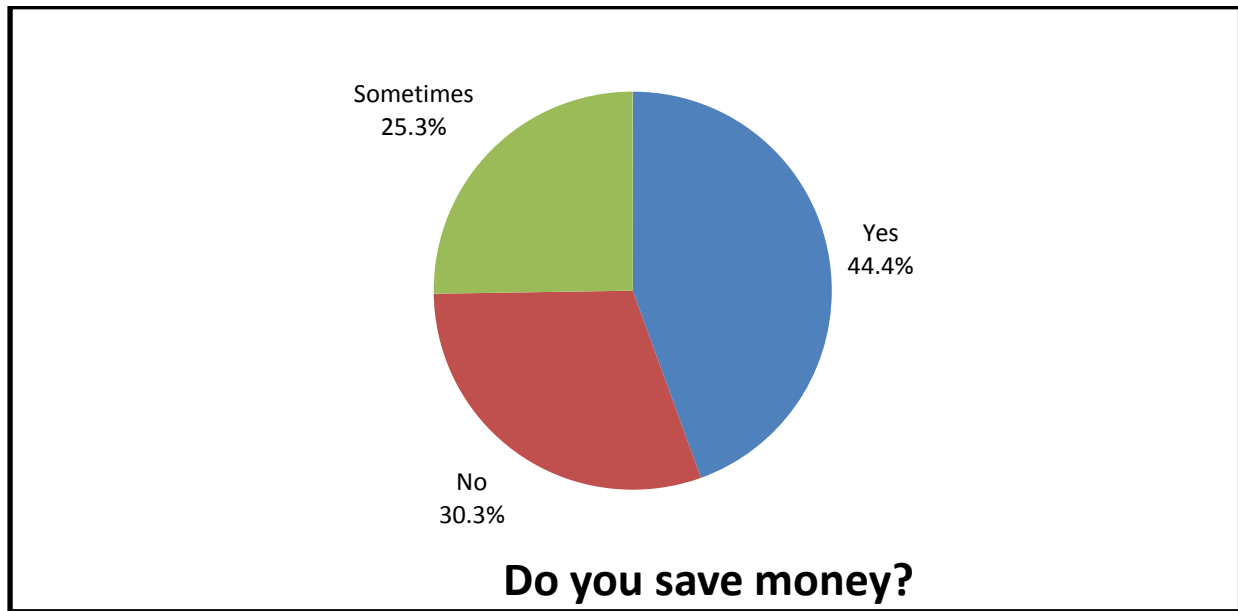


Figure 4.5 shows that 44.4% of the respondents definitely save money while 25.3% indicated sometimes. According to Comeau (2003) long-term savings are relevant to retirement and the acquisition of the large items required in life, such as a house or a car. Superannuation is a retirement option that uses investment strategies; therefore an understanding of investment is important.

Table 4.8: Frequency distribution of financial behaviour

	N	%	
Do you have any or some form of legally binding contracts in these societies?	Yes	25	25.3%
	No	55	55.6%
	Not sure	6	6.1%
	Not applicable	13	13.1%
	Total	99	100.0%
Do you or anyone in your household gamble (including lotto)?	Yes	39	39.4%
	No	46	46.5%
	Not sure	8	8.1%
	Don't know	6	6.1%
	Total	99	100.0%
Do you teach your children about money?	Always	41	41.4%
	Never	15	15.2%
	Sometimes	16	16.2%
	Not applicable	27	27.3%
	Total	99	100.0%
What different ways have you (or your household members) used to earn money?	Starting own businesses	35	35.4%
	Street vendor	23	23.2%
	Working part-time	13	13.1%
	Gambling	28	28.3%
	Pyramid schemes	0	0.0%
	Other	0	0.0%
	Total	99	100.0%
Which of the following methods do you use to transfer money?	Money market (Checkers, Pep, PickNPay)	14	14.1%
	Western Union	10	10.1%
	ATM banking	47	47.5%

Cell phone banking	28	28.3%
E-Wallet	0	0.0%
None	0	0.0%
Total	99	100.0%

Table 4.8 reflects that 41.4% of the respondents always teach their children about money matters, while ATM and cell phone banking are the most popular methods of banking.

Figure 4.6 Pie chart reflecting teaching behaviours to children about money

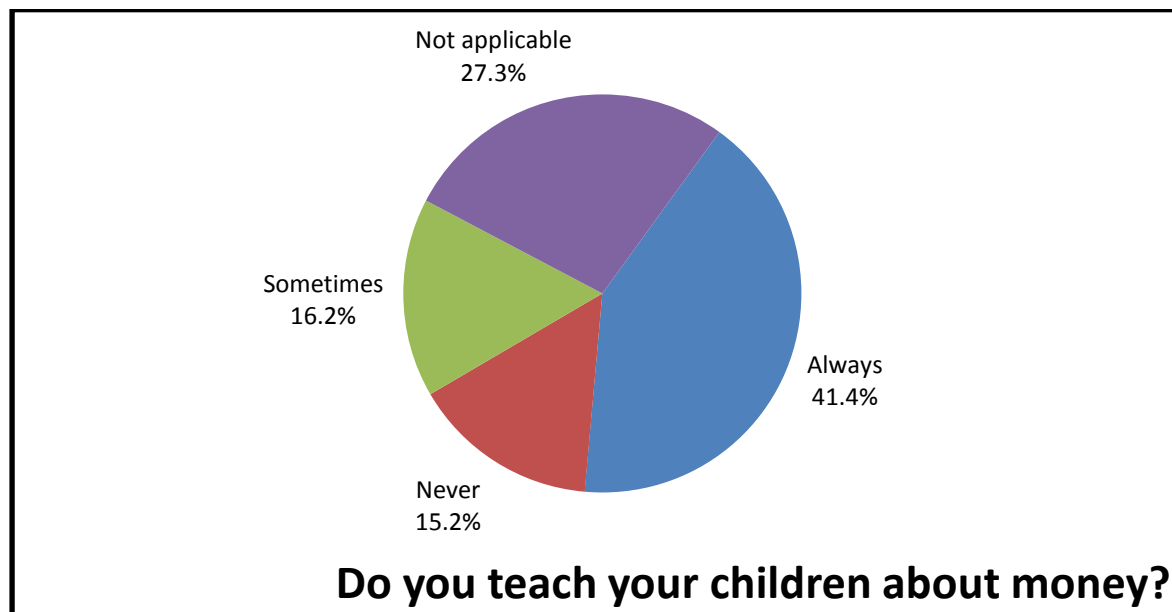


Figure 4.6 reflects that 41.4% of the respondents always teach their children about money matters. According to Kotler and Armstrong (2004:195), when people act, they learn. These authors describe learning as changes in an individual’s behaviour arising from experience. Kolb *et al* (2001/2:71), while agreeing with Kotler and Armstrong, add that “It is not possible to observe learning directly, but we can infer when it has occurred, by a person’s actions.” They conclude that learning is the result of a combination of motivation, attention and repetition.

An example offered by Kolb *et al* (2001/2:70) is that a person watching an advertisement on television about a new herbal slimming formula may go out and buy it the following day. This example infers that the buyer has learnt something about the slimming product advertised.

Kolb *et al* (2001/2:71) remind of the six principles that enhance the learning process, which, according to them, are important when formulating marketing messages. These principles are: repetition reinforces the message.

A unique and simple message is best remembered. The Law of Primacy states that the aspect mentioned at the beginning of the message is well remembered and according to the Law of Recency, the last-mentioned aspect is well remembered. Eye-catching demonstrations facilitate the learning process. Reinforcement, either positive or negative, facilitates learning.

Messages that arouse fear and danger must be avoided because individuals tend to distort such messages and this evokes negative feelings toward the organisation. Hawkins *et al* (1998:330) state that attitudes, values, tastes, behaviours, preferences, symbolic meanings, and feelings are acquired through learning. Through such institutions as schools and religious organisations as well as our family and friends, our culture and social class provide learning experiences that greatly influence the type of lifestyle we seek and the products we consume. Schiffman and Kanuk (2004:207) suggest that the role of experience in learning.

Table 4.9 Profiling question 2.1 across the biographical variables

		Question 2.1 Who manages your finances?									
		Spouse/partner/s		Grandparent/s		Parent/s		Yourself		Other	
		N	%	n	%	n	%	n	%	n	%
Gender	Male	6	6.1%	6	6.1%	5	5.1%	14	14.1%	0	0.0%
	Female	20	20.2%	14	14.1%	0	0.0%	33	33.3%	1	1.0%
	Total	26	26.3%	20	20.2%	5	5.1%	47	47.5%	1	1.0%
Marital status	Married	20	20.2%	9	9.1%	1	1.0%	15	15.2%	0	0.0%
	Single	6	6.1%	10	10.1%	4	4.0%	24	24.2%	1	1.0%
	Living with partner	0	0.0%	0	0.0%	0	0.0%	3	3.0%	0	0.0%
	Widowed	0	0.0%	1	1.0%	0	0.0%	5	5.1%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	26	26.3%	20	20.2%	5	5.1%	47	47.5%	1	1.0%

Population group	African/Black	6	6.1%	7	7.1%	4	4.0%	20	20.2%	0	0.0%
	Coloured	6	6.1%	4	4.0%	0	0.0%	3	3.0%	0	0.0%
	Indian/Asian	13	13.1%	7	7.1%	1	1.0%	20	20.2%	0	0.0%
	White	1	1.0%	2	2.0%	0	0.0%	4	4.0%	1	1.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	26	26.3%	20	20.2%	5	5.1%	47	47.5%	1	1.0%
No. of people living in the same house	1-2	6	6.1%	3	3.0%	0	0.0%	9	9.1%	1	1.0%
	3-4	16	16.2%	15	15.2%	4	4.0%	25	25.3%	0	0.0%
	5-6	3	3.0%	2	2.0%	1	1.0%	11	11.1%	0	0.0%
	7 or More	1	1.0%	0	0.0%	0	0.0%	2	2.0%	0	0.0%
	Total	26	26.3%	20	20.2%	5	5.1%	47	47.5%	1	1.0%
	Highest level of education	Higher than degree level	2	2.0%	5	5.1%	3	3.0%	1	1.0%	0
University-level education		9	9.1%	5	5.1%	2	2.0%	21	21.2%	1	1.0%
University of Technology level		6	6.1%	6	6.1%	0	0.0%	11	11.1%	0	0.0%
Technical/vocational education beyond secondary school level		8	8.1%	4	4.0%	0	0.0%	13	13.1%	0	0.0%
Complete secondary school		1	1.0%	0	0.0%	0	0.0%	1	1.0%	0	0.0%
Some secondary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Complete primary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Some primary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
No formal education		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total		26	26.3%	20	20.2%	5	5.1%	47	47.5%	1	1.0%

Table 4.9 profiles question 2.1 across the biographical variables. The 47.5% who responded that they manage their finances themselves comprised mainly females. The findings indicated that 24.2% were single. An equal proportion was African or Indian. At least 25% had 3-4 members in the household and 21.2% were university educated.

Table 4.10 Profiling question 2.5 across the biographical variables

		Question 2.5 What sources of income does the household rely on?													
		Wages/ salary		Self employed earnings or proceeds from a business		Government grants		Transfers from family members		Transfers from someone else outside the household		Don't know		Other	
		n	%	N	%	N	%	n	%	n	%	n	%	n	%
Gender	Male	24	24.2%	3	3.0%	1	1.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	Female	58	58.6%	5	5.1%	2	2.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%
Marital status	Married	39	39.4%	4	4.0%	0	0.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Single	37	37.4%	4	4.0%	2	2.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Living with partner	3	3.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Widowed	3	3.0%	0	0.0%	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%
Population group	African/Black	32	32.3%	0	0.0%	2	2.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	Coloured	6	6.1%	6	6.1%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Indian/Asian	37	37.4%	2	2.0%	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	White	7	7.1%	0	0.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%
No. of people living in the same house	1-2	13	13.1%	4	4.0%	0	0.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	3-4	51	51.5%	3	3.0%	3	3.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	5-6	15	15.2%	1	1.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	7 or More	3	3.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%

Highest level of education	Higher than degree level	6	6.1%	3	3.0%	0	0.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	University-level education	33	33.3%	2	2.0%	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	University of Technology level	19	19.2%	0	0.0%	2	2.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Technical/vocational education beyond secondary school level	22	22.2%	3	3.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete secondary school	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	82	82.8%	8	8.1%	3	3.0%	6	6.1%	0	0.0%	0	0.0%	0	0.0%

Table 4.10 profiles question 2.5 across the biographical variables. Of the 82.8% who indicated wages/salary, 58.6% were female, 39.4% were married, and 37.4% were Indian. According to the findings, 51.5% had 3-4 household members and 33.3% had a university education.

Tables 4.11 Profiling question 2.10 across the biographical variables

		Question 2.10 Which financial documents does the household keep records of?													
		Receipts for major purchases		Bank statements		Loan or hire purchase statements		Tax records		Major bills such as electricity or school fees		Financial service agreements and contracts, such as loan agreement		Other	
		n	%	N	%	n	%	n	%	N	%	N	%	n	%
Gender	Male	8	8.1%	19	19.2%	3	3.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Female	26	26.3%	36	36.4%	3	3.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%
Marital status	Married	15	15.2%	26	26.3%	2	2.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Single	17	17.2%	23	23.2%	4	4.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Living with partner	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Widowed	1	1.0%	4	4.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%
	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%
Population group	African/Black	15	15.2%	17	17.2%	3	3.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Coloured	6	6.1%	6	6.1%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Indian/Asian	12	12.1%	26	26.3%	2	2.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	White	1	1.0%	6	6.1%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%
No. of people living in the same house	1-2	12	12.1%	6	6.1%	0	0.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	3-4	17	17.2%	36	36.4%	4	4.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	5-6	4	4.0%	11	11.1%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	7 or More	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%
Highest level of education	Higher than degree level	6	6.1%	3	3.0%	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	University-level education	12	12.1%	21	21.2%	3	3.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	University of Technology level	9	9.1%	13	13.1%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Technical/vocational education beyond secondary school level	5	5.1%	18	18.2%	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%
	Complete secondary school	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	34	34.3%	55	55.6%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%

Table 4.11 profiles question 2.10 across the biographical variables. Of the 55.6% who keep bank statements, 36.4% were female, 26.3% were married, 26% were Indian and 21% had a university education. Of those who keep receipts for major purchases, the trend is similar.

Table 4.12 Profiling question 2.19 across the biographical variables

		Q2.19 Have you personally used credit facilities for any of the following purposes in the past 12 months and paid interest on the balance?															
		To pay regular bills		To pay for food		For everyday spending		To make a donation to charity		To help support family or friends outside your immediate household		To buy something on impulse		To buy a gift for someone		Not Applicable	
		n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Gender	Male	12	12.1%	12	12.1%	3	3.0%	4	4.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Female	27	27.3%	19	19.2%	13	13.1%	9	9.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	39	39.4%	31	31.3%	16	16.2%	13	13.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Marital status	Married	20	20.2%	10	10.1%	8	8.1%	7	7.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Single	17	17.2%	19	19.2%	5	5.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Living with partner	1	1.0%	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Widowed	1	1.0%	1	1.0%	2	2.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	39	39.4%	31	31.3%	16	16.2%	13	13.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Population group	African/Black	16	16.2%	11	11.1%	6	6.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Coloured	3	3.0%	4	4.0%	4	4.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Indian/Asian	17	17.2%	14	14.1%	5	5.1%	5	5.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	White	3	3.0%	2	2.0%	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	39	39.4%	31	31.3%	16	16.2%	13	13.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

No. of people living in the same house	1-2	8	8.1%	4	4.0%	5	5.1%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	3-4	21	21.2%	19	19.2%	10	10.1%	10	10.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	5-6	8	8.1%	7	7.1%	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	7 or More	2	2.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	39	39.4%	31	31.3%	16	16.2%	13	13.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Highest level of education	Higher than degree level	3	3.0%	4	4.0%	3	3.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	University-level education	18	18.2%	9	9.1%	5	5.1%	6	6.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	University of Technology level	8	8.1%	9	9.1%	4	4.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Technical/vocational education beyond secondary school level	9	9.1%	8	8.1%	4	4.0%	4	4.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete secondary school	1	1.0%	1	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	39	39.4%	31	31.3%	16	16.2%	13	13.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Table 4.12 profiles question 2.19 across the biographical variables. Amongst the females, 27.3% pay bills and 19.2% pay for food. Of those who pay bills, 20.2% are married. Of those who pay for food, 19.2% are single. Amongst those who pay bills, 18.2% are university educated while those who pay for food have post school education.

Table 4.13 Profiling question 2.20 across the biographical variables

		Question 2.20 In which of the following circumstances would you use credit?											
		If the interest rate on credit is higher than the one on savings accounts		If you can borrow money at a low interest rate to invest		If a shop is selling something that you need at a reduced price		If you or a family member need to pay for education or training to get a better paid job		If you wanted to go on holiday but didn't have the money available		Not applicable	
		N	%	n	%	n	%	N	%	n	%	n	%
Gender	Male	15	15.2%	9	9.1%	7	7.1%	0	0.0%	0	0.0%	0	0.0%
	Female	13	13.1%	30	30.3%	14	14.1%	11	11.1%	0	0.0%	0	0.0%
	Total	28	28.3%	39	39.4%	21	21.2%	11	11.1%	0	0.0%	0	0.0%
Marital status	Married	11	11.1%	22	22.2%	7	7.1%	5	5.1%	0	0.0%	0	0.0%
	Single	14	14.1%	14	14.1%	12	12.1%	5	5.1%	0	0.0%	0	0.0%
	Living with partner	0	0.0%	1	1.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Widowed	3	3.0%	2	2.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	28	28.3%	39	39.4%	21	21.2%	11	11.1%	0	0.0%	0	0.0%

Population group	African/Black	10	10.1%	15	15.2%	6	6.1%	6	6.1%	0	0.0%	0	0.0%
	Coloured	8	8.1%	3	3.0%	2	2.0%	0	0.0%	0	0.0%	0	0.0%
	Indian/Asian	9	9.1%	19	19.2%	10	10.1%	3	3.0%	0	0.0%	0	0.0%
	White	1	1.0%	2	2.0%	3	3.0%	2	2.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	28	28.3%	39	39.4%	21	21.2%	11	11.1%	0	0.0%	0	0.0%
No. of people living in the same house	1-2	8	8.1%	4	4.0%	4	4.0%	3	3.0%	0	0.0%	0	0.0%
	3-4	15	15.2%	26	26.3%	15	15.2%	4	4.0%	0	0.0%	0	0.0%
	5-6	5	5.1%	7	7.1%	2	2.0%	3	3.0%	0	0.0%	0	0.0%
	7 or More	0	0.0%	2	2.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%
	Total	28	28.3%	39	39.4%	21	21.2%	11	11.1%	0	0.0%	0	0.0%
	Highest level of education	Higher than degree level	7	7.1%	4	4.0%	0	0.0%	0	0.0%	0	0.0%	0
University-level education		9	9.1%	15	15.2%	9	9.1%	5	5.1%	0	0.0%	0	0.0%
University of Technology level		4	4.0%	8	8.1%	7	7.1%	4	4.0%	0	0.0%	0	0.0%
Technical/vocational education beyond secondary school level		8	8.1%	11	11.1%	5	5.1%	1	1.0%	0	0.0%	0	0.0%
Complete secondary school		0	0.0%	1	1.0%	0	0.0%	1	1.0%	0	0.0%	0	0.0%
Some secondary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Complete primary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Some primary school		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
No formal education		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total		28	28.3%	39	39.4%	21	21.2%	11	11.1%	0	0.0%	0	0.0%

Table 4.13 profiles question 2.20 across the biographical variables. Of those who will borrow to invest, the majority are female, married and university educated. Of those who indicated if the interest rate on credit is higher than the one on savings accounts, 15.2% were male, 14.1% were single, and there was an almost even distribution amongst African, Coloured and White respondents.

Table 4.14 Profiling question 2.23 across the biographical variables

		Question 2.23 How do you save OR what type of account do you have for saving purposes?					
		Post Bank savings account		Commercial bank account		Stokvel	
		N	%	n	%	n	%
Gender	Male	11	11.1%	13	13.1%	7	7.1%
	Female	17	17.2%	40	40.4%	11	11.1%
	Total	28	28.3%	53	53.5%	18	18.2%
Marital status	Married	11	11.1%	27	27.3%	7	7.1%
	Single	14	14.1%	22	22.2%	9	9.1%
	Living with partner	0	0.0%	2	2.0%	1	1.0%
	Widowed	3	3.0%	2	2.0%	1	1.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%
	Total	28	28.3%	53	53.5%	18	18.2%
	Population group	African/Black	11	11.1%	18	18.2%	8
	Coloured	5	5.1%	3	3.0%	5	5.1%
	Indian/Asian	10	10.1%	26	26.3%	5	5.1%
	White	2	2.0%	6	6.1%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%
	Total	28	28.3%	53	53.5%	18	18.2%
No. of people living in the same house	1-2	6	6.1%	9	9.1%	4	4.0%
	3-4	19	19.2%	30	30.3%	11	11.1%
	5-6	3	3.0%	11	11.1%	3	3.0%

	7 or More	0	0.0%	3	3.0%	0	0.0%
	Total	28	28.3%	53	53.5%	18	18.2%
Highest level of education	Higher than degree level	4	4.0%	3	3.0%	4	4.0%
	University-level education	10	10.1%	23	23.2%	5	5.1%
	University of Technology level	6	6.1%	10	10.1%	7	7.1%
	Technical/vocational education beyond secondary school level	8	8.1%	15	15.2%	2	2.0%
	Complete secondary school	0	0.0%	2	2.0%	0	0.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%
	No formal education	0	0.0%	0	0.0%	0	0.0%
	Total	28	28.3%	53	53.5%	18	18.2%

Table 4.14 profiles question 2.23 across the biographical variables. Amongst the females, most have a commercial bank account. The majority of single and married respondents have a commercial bank account.

Table 4.15 Profiling question 2.24 across the biographical variables

		Question 2.24. Have you ever been exposed to one or more of the following bank fraudulent incidence/s?							
		ATM fraud		Card stolen fraud		Identity theft		Credit card fraud,etc.	
		n	%	n	%	n	%	n	%
Gender	Male	3	3.0%	15	15.2%	5	5.1%	8	8.1%
	Female	16	16.2%	19	19.2%	2	2.0%	31	31.3%
	Total	19	19.2%	34	34.3%	7	7.1%	39	39.4%
Marital status	Married	10	10.1%	16	16.2%	1	1.0%	18	18.2%
	Single	6	6.1%	15	15.2%	6	6.1%	18	18.2%
	Living with partner	1	1.0%	1	1.0%	0	0.0%	1	1.0%
	Widowed	2	2.0%	2	2.0%	0	0.0%	2	2.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	19	19.2%	34	34.3%	7	7.1%	39	39.4%
	Population group	African/Black	5	5.1%	16	16.2%	3	3.0%	13
	Coloured	3	3.0%	6	6.1%	2	2.0%	2	2.0%
	Indian/Asian	8	8.1%	12	12.1%	2	2.0%	19	19.2%
	White	3	3.0%	0	0.0%	0	0.0%	5	5.1%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	19	19.2%	34	34.3%	7	7.1%	39	39.4%
No. of people living in the same house	1-2	3	3.0%	9	9.1%	1	1.0%	6	6.1%
	3-4	12	12.1%	21	21.2%	4	4.0%	23	23.2%
	5-6	4	4.0%	3	3.0%	2	2.0%	8	8.1%
	7 or More	0	0.0%	1	1.0%	0	0.0%	2	2.0%
	Total	19	19.2%	34	34.3%	7	7.1%	39	39.4%
Highest level of education	Higher than degree level	1	1.0%	4	4.0%	4	4.0%	2	2.0%
	University-level education	10	10.1%	10	10.1%	1	1.0%	17	17.2%

University of Technology level	1	1.0%	9	9.1%	2	2.0%	11	11.1%
Technical/vocational education beyond secondary school level	7	7.1%	11	11.1%	0	0.0%	7	7.1%
Complete secondary school	0	0.0%	0	0.0%	0	0.0%	2	2.0%
Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	19	19.2%	34	34.3%	7	7.1%	39	39.4%

Table 4.15 profiles question 2.23 across the biographical variables. Amongst the females, most experienced credit card fraud. Most married and single women experienced stolen card fraud. The majority of university educated respondents, experienced credit card fraud.

Table 4.16: Profiling question 2.24 across the biographical variables

		Question 2.24.2 How would you rate your banks response?							
		Unsatisfactory		Fair		Good		Very good	
		n	%	n	%	n	%	n	%
Gender	Male	2	2.0%	13	13.1%	10	10.1%	6	6.1%
	Female	8	8.1%	26	26.3%	10	10.1%	24	24.2%
	Total	10	10.1%	39	39.4%	20	20.2%	30	30.3%
Marital status	Married	6	6.1%	21	21.2%	7	7.1%	11	11.1%
	Single	4	4.0%	16	16.2%	11	11.1%	14	14.1%
	Living with partner	0	0.0%	1	1.0%	1	1.0%	1	1.0%
	Widowed	0	0.0%	1	1.0%	1	1.0%	4	4.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	10	10.1%	39	39.4%	20	20.2%	30	30.3%

Population group	African/Black	3	3.0%	18	18.2%	7	7.1%	9	9.1%
	Coloured	6	6.1%	4	4.0%	2	2.0%	1	1.0%
	Indian/Asian	1	1.0%	15	15.2%	9	9.1%	16	16.2%
	White	0	0.0%	2	2.0%	2	2.0%	4	4.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	10	10.1%	39	39.4%	20	20.2%	30	30.3%
No. of people living in the same house	1-2	6	6.1%	6	6.1%	3	3.0%	4	4.0%
	3-4	2	2.0%	26	26.3%	13	13.1%	19	19.2%
	5-6	2	2.0%	6	6.1%	4	4.0%	5	5.1%
	7 or More	0	0.0%	1	1.0%	0	0.0%	2	2.0%
	Total	10	10.1%	39	39.4%	20	20.2%	30	30.3%
Highest level of education	Higher than degree level	3	3.0%	2	2.0%	2	2.0%	4	4.0%
	University-level education	4	4.0%	15	15.2%	7	7.1%	12	12.1%
	University of Technology level	2	2.0%	8	8.1%	5	5.1%	8	8.1%
	Technical/vocational education beyond secondary school level	1	1.0%	14	14.1%	6	6.1%	4	4.0%
	Complete secondary school	0	0.0%	0	0.0%	0	0.0%	2	2.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	10	10.1%	39	39.4%	20	20.2%	30	30.3%

Table 4.16 profiles question 2.24 across the biographical variables. Most females indicated fair or very good while most males indicated fair or good. Most married people indicated fair while single respondents selected fair or very good.

Table 4.17 Profiling question 2.32 across the biographical variables

		Question 2.32 Which of the following methods do you use to transfer money?											
		Money market (Checkers, Pep, PickNPay)		Western Union		ATM banking		Cell phone banking		E- Wallet		None	
		N	%	N	%	n	%	N	%	n	%	n	%
Gender	Male	6	6.1%	7	7.1%	11	11.1%	7	7.1%	0	0.0%	0	0.0%
	Female	8	8.1%	3	3.0%	36	36.4%	21	21.2%	0	0.0%	0	0.0%
	Total	14	14.1%	10	10.1%	47	47.5%	28	28.3%	0	0.0%	0	0.0%
Marital status	Married	7	7.1%	6	6.1%	22	22.2%	10	10.1%	0	0.0%	0	0.0%
	Single	5	5.1%	4	4.0%	19	19.2%	17	17.2%	0	0.0%	0	0.0%
	Living with partner	0	0.0%	0	0.0%	3	3.0%	0	0.0%	0	0.0%	0	0.0%
	Widowed	2	2.0%	0	0.0%	3	3.0%	1	1.0%	0	0.0%	0	0.0%
	Divorced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	14	14.1%	10	10.1%	47	47.5%	28	28.3%	0	0.0%	0	0.0%
	Population group	African/Black	6	6.1%	4	4.0%	14	14.1%	13	13.1%	0	0.0%	0
	Coloured	4	4.0%	3	3.0%	5	5.1%	1	1.0%	0	0.0%	0	0.0%
	Indian/Asian	3	3.0%	2	2.0%	24	24.2%	12	12.1%	0	0.0%	0	0.0%
	White	1	1.0%	1	1.0%	4	4.0%	2	2.0%	0	0.0%	0	0.0%
	Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	14	14.1%	10	10.1%	47	47.5%	28	28.3%	0	0.0%	0	0.0%
No. of people living in the same house	1-2	6	6.1%	2	2.0%	7	7.1%	4	4.0%	0	0.0%	0	0.0%
	3-4	8	8.1%	5	5.1%	31	31.3%	16	16.2%	0	0.0%	0	0.0%
	5-6	0	0.0%	3	3.0%	8	8.1%	6	6.1%	0	0.0%	0	0.0%
	7 or More	0	0.0%	0	0.0%	1	1.0%	2	2.0%	0	0.0%	0	0.0%
	Total	14	14.1%	10	10.1%	47	47.5%	28	28.3%	0	0.0%	0	0.0%

Highest level of education	Higher than degree level	4	4.0%	1	1.0%	5	5.1%	1	1.0%	0	0.0%	0	0.0%
	University-level education	4	4.0%	4	4.0%	18	18.2%	12	12.1%	0	0.0%	0	0.0%
	University of Technology level	3	3.0%	2	2.0%	9	9.1%	9	9.1%	0	0.0%	0	0.0%
	Technical/vocational education beyond secondary school level	3	3.0%	3	3.0%	15	15.2%	4	4.0%	0	0.0%	0	0.0%
	Complete secondary school	0	0.0%	0	0.0%	0	0.0%	2	2.0%	0	0.0%	0	0.0%
	Some secondary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Complete primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Some primary school	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	No formal education	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Total	14	14.1%	10	10.1%	47	47.5%	28	28.3%	0	0.0%	0	0.0%

Table 4.17 profiles question 2.32 across the biographical variables. The majority of females use ATM or cell phone banking, more married respondents use ATM banking, while more Indians use ATM banking.

4.3 Summary

The research highlights the need for greater financial consumer education in Nedbank, and as quoted by Gordhan 2012 and Cronje 2012, the ordinary South African consumer needs more financial education and interventions are required to assist consumers and increase access to (and thereby demand for) financial products. However, without an adequate understanding of the scale of financial literacy in within Nedbank, such interventions could be poorly targeted.

Therefore the research realised that a multidimensional approach is required to enhance the financial literacy levels of the new clients at Nedbank. The measures constructed included three components: financial control, financial planning and product choice and usage.

It is now also possible to measure and monitor the cumulative effect of interventions on Nedbank clients by comparing these results as a baseline to repeated measures.

CHAPTER FIVE

Conclusion and Recommendations

5.1 Introduction

The concluding chapter presents the findings of the literature study and the primary study. Conclusions were drawn by satisfying each research objective by using the primary study and supported by the theoretical framework as stipulated in the literature review. Based on the conclusions, opportunities were identified and recommendations are made to Nedbank to help them maintain a competitive position in the financial services industry. Study limitations and future research are outlined.

5.2 Findings

The findings from this study are used to answer the objectives formulated for this study. Recommendations are also presented based on the findings from each objective.

5.2.1 Objective one: Evaluate the effectiveness of the financial education undertaken by Nedbank when on-boarding new clients

Assessments were done against the core definition used as the basis of this study. According to the Organisation for Economic Co-operation and Development (2005) financial education is “the process by which financial consumers and investors improve their understanding of financial products and concepts, through information gathering, through instruction and through objective advice. By engaging in these processes they develop the skills and confidence to become more aware of financial risks and opportunities and thereby empowering themselves to make informed choices, to know where to go to for help and to take other effective actions to improve their financial well-being. Table 4.2 shows that 47.5% of respondents manage their finances themselves, which implies that the majority 52.5% do not, which could mean they do not manage their finances or depend on others to assist. This highlights gaps in the financial education undertaken by Nedbank when on-boarding new clients if measured it against the core definition as stated earlier in this paragraph.

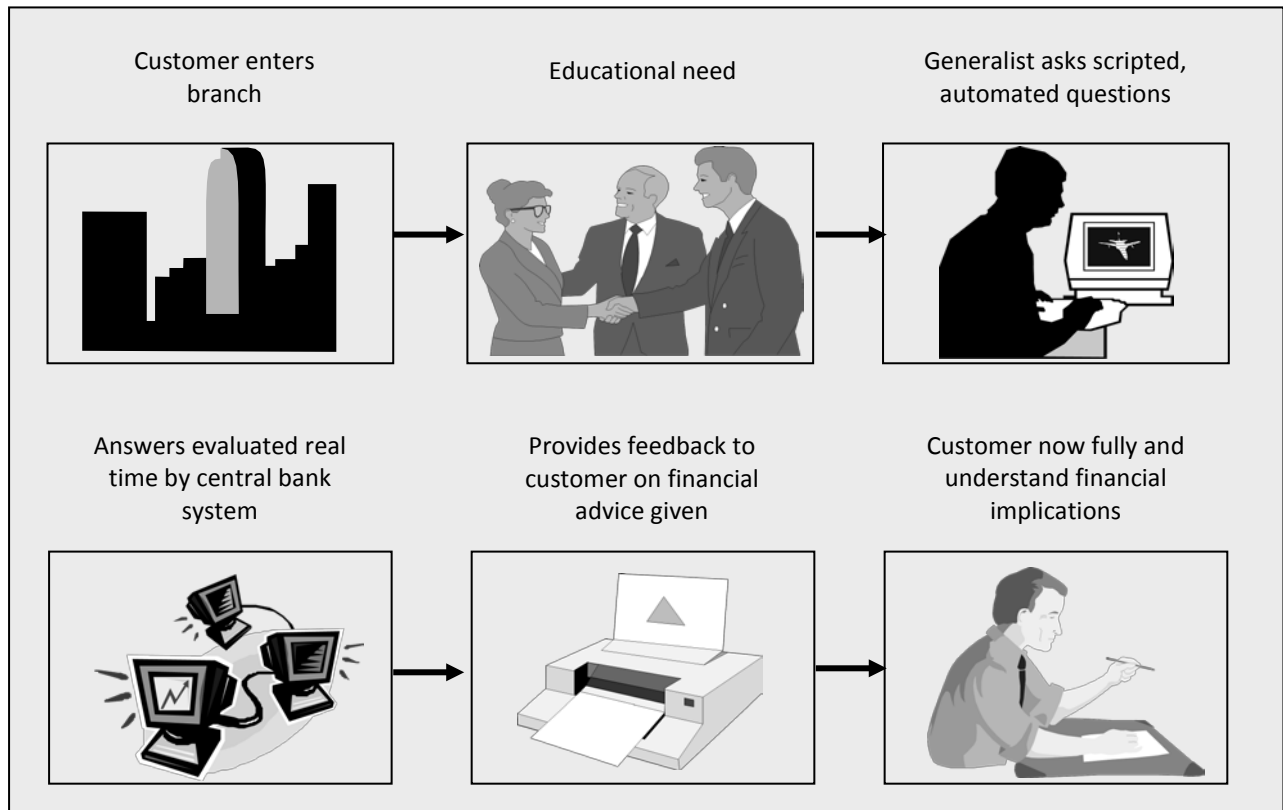
Table 4.3 reflects only 39.4% monitors their finances with record keeping which implies that 60.6% either do not monitor their finances or are dependent on others to monitor their finances again highlighting gaps in the financial education undertaken by Nedbank when on-boarding.

- **Recommendation for Objective One - Language and Literacy**

When designing a financial education programme, the language of delivery needs to be carefully considered. A new client who is on-boarded by bankers who speak his dialect and deliver the education in his/her preferred language of understanding is more effective. Key concepts such as ‘compound interest’ and ‘investment’ are often difficult to translate, thus making the ability to explain even more critical to ensure effective delivery of the key messages driving a better understanding and aiding the educational process for the client. Involving a number of trainers who speak a particular language in the translation process will help with this as it is often not specific words that need to be translated, but sometimes concepts, phrases or metaphors that are required to get messages across appropriately. Where translation is necessary, this should be applied to the bankers’ guides, client hand-outs, SMSs, emails and any other client information. Where low literacy and illiteracy are common among clients, customised training tools, such as visual materials, images, and audio support may be required. In fact, regardless of literacy levels, the use of stories and pictures is often a very popular and effective means of delivering complex financial education messages. The responsible department within Nedbank to address and implement the above recommendations would be the Learning and Development Department to apply effective training for the staff. The second department that should adopt and take action would be the Client Communication and Marketing Department as they should be looking more at creating client tools that focus more on educating the client rather than marketing to the client, as marketing sometimes is slanted more on benefits and features rather than relevance and appropriateness to the client and his/her situation. Reviewing and applying this recommendation with immediate effect has strong merits.

Figure 5.1 below is a proposed process that Nedbank may/can implement to support effective on-boarding of new clients. Through this recommended process Nedbank will ensure that clients are educated prior to selling a product.

Figure 5.1: Proposed process FOR Nedbank to on-boarding new clients no



- **Recommendation for Objective One: Leveraging Existing Structures**

Using established physical infrastructure or programmes from which to leverage financial education provides a regular entry point into the target audience and assists in the process of securing clients’ trust. Examples include schools, churches, community meetings and savings group meetings. Organisations like Nedbank should provide an excellent platform from which to leverage financial education because good financial behaviour is already embedded in the savings model and facilitators are well positioned to understand and respond to the intricacies of the diversities across the communities in which the organisation operates. Using existing community structures also assists in securing the critical trust element (described above), as well as existing energy from within community groups.

5.2.2 Objective Two: To evaluate Nedbank's role as a Financial Service provider in terms of Financial Literacy

Table 4.3 shows only 39.4% of the respondents monitors their finances with record keeping. A further 62.6% indicated that they always find it necessary to deal with financial matters. The findings also indicated that 59.6% indicated that their household prioritises and consider affordability when it comes to spending, while 70.7% of respondents' households always pay their bills on time.

- **Recommendation for Objective Two: Include Financial Literacy into School Curriculum**

Nedbank programmes should provide content to high schools in South Africa which has been tailored to the national curriculum, and which provides educators with a structured approach to integrating financial education into their classrooms. This ensures buy-in both from the Department of Basic Education, and from the educators themselves. It also leverages classroom infrastructure, as well as the existing relationship between educators and learners.

- **Recommendation for Objective Two: Lifecycle Interventions – Teachable Moments**

It is important to make teaching material relevant to the age group targeted and take into consideration the possible circumstances facing that group. 'Teachable moments' are those moments where individuals face an event or decision that will affect their lives, and in most instances, their financial circumstances. Picking up on these 'teachable moments', is where financial education is likely to have the greatest impact and provides a good opportunity to influence decision-making.

Examples of these 'teachable moments' include:

- Students about to leave school;
- Marriage;
- Having children;
- Young adults entering the workplace; and
- Retirement.

These moments can, however, also apply to day-to-day financial decisions. In Nedbank's case, examples include members deciding what to do with their share-outs, or choosing between buying shares and paying off their loans each month, and thus in the case of Nedbank, the financial education messaging has been aligned to the client's life stage.

5.2.3 Objective Three: To evaluate whether Nedbank's Current Programmes are sustainable with the Changing Environment

Table 3 reflects only 39.4% of the respondents monitors their finances with record keeping. Kolb (2001/2) states that "consumers judge quality of products and services on various cues: some are intrinsic to the product (for example. colour, size, flavour, and aroma) while others are extrinsic (for example price, store image, brand image, service environment)".

- **Recommendation for Objective Three - Applicability and Practice**

Successful financial education programmes usually follow the 'learning by doing' model. The practical application of skills immediately or soon after financial education training supports knowledge retention and enhances understanding of the content. The immediate contextualisation of the content also enhances the likelihood that members will internalise the learning and implement it in their own lives. This can be done through 'mock' products or transactions and can relate to a financial service provider's real product suite. The Capital One/Junior Achievement Finance Park is a programme offered to schools in the United States. Students receive four weeks of classroom training first, culminating in a full day of hands-on budget training. During the practical, students get a fictional profile of financial circumstances and have to circulate between different 'stations' with different budget categories (for example housing, transport, etc.), and decide how best to allocate their money. It is recommended that Nedbank follows a similar process of education especially to their youth and scholar markets.

- **Recommendation for Objective Three - Understanding Context Diversities**

It is critical to tailor financial education to the relevant social and cultural idiosyncrasies. There is no 'one-size fits-all' solution to financial education. Financial education must be customised according to the context in which they are delivered.

Implementers and curriculum designers must therefore understand any social expectations around gender, religion and economic status. For example, many projects found that splitting target groups by gender allowed for more openness around money matters and facilitated sharing and engagement.

5.3 Recommendations for further Research

The research conducted was specific to Nedbank's new clients in Durban CBD. It is recommended that the research be conducted with other branches of Nedbank. Further research and the targeting of respondents for the questionnaire could be expanded to other financial institutions and other levels of the organisation.

5.4 Summary

Financial literacy can absolutely add value, and Nedbank must have this as a focus for both new and existing customers. The difference in low performers and high performers is not availability of ideas but successful execution and tracking. Nedbank must put financial literacy as a focus, and develop and execute a solid plan will see the results of their efforts both immediately and over time. This chapter concluded the research and provided practical recommendations that could be easily implemented to ensure that Nedbank stays competitive.

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Annexure 1

MBA Calvin Singh		
Notes to the Survey	<p>The financial literacy survey focuses on Households in District and Local Municipalities across KZN.</p> <p>The term “financially literate” refers to a person who has ability to identify & quantify those factors which could have a positive or negative influence on personal finances & financial future. These factors include but not limited to budgeting (income & expenditure plans), <u>saving, buying on credit, debt management etc.</u></p> <hr/> <p>Tick the appropriate value in the response column</p> <hr/> <p>“YOURSELF” refers to the breadwinner or any person representing the family .</p>	
Question	Options	X
1. Demographic Details		
1.1 Are you a male or a female?	(A) Male (B) Female	<input type="checkbox"/> <input type="checkbox"/>
1.2 What is marital status?	(A) Married (B) Single (C) Living with partner (D) Widowed (E) Divorced	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.3 What population group do you belong to?	(A) African/Black (B) Coloured (C) Indian/Asian (D) White (E) Other, Specify	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.4 How many people live in the same house as you do?	(A) 1-2 (B) 3-4 (C) 5-6 (D) 7 or More	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.5 What is the highest educational level that you have attained?	(A) Higher than degree level (B) University-level education (C) University of technology level (D) Technical/vocational education beyond secondary school level (E) Complete secondary school (F) Some secondary school (G) Complete primary school (H) Some primary school (I) No formal education	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. Financial Information		
2.1 In your household, who manages your finances?	(A) Spouse/partner (B) Grandparent/s (B) Parent/s (C) Yourself (D) Other, specify	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

2.2 Who is responsible for drawing up the budget in this household? (NB: a budget is used to decide what share of your income will be used for spending, saving and paying bills)

- (A) Breadwinner
- (B) Father
- (C) Mother
- (D) Brother
- (E) Sister
- (F) Other, Specify

2.3 Which of the following accounts or credit facilities are held by household members? (Tick more than one, if necessary)

- (A) An Investment account such as a Unit Trust
- (B) Mortgage bond
- (C) A bank loan secure on property
- (D) An unsecured bank loan
- (E) A credit card
- (F) A current account
- (G) A saving account
- (H) A micro finance loan
- (I) Stock and Shares
- (J) Bonds

2.4 Which member/s of the family earn/s (non grant) income? (Tick more than one, if necessary)

- (A) Spouse/partner
- (B) Grandparent/s
- (C) Parent/s
- (D) Other, specify

2.5 What sources of income does the household rely on? (Tick more than one, if necessary)

- (A) Wages or salary
- (B) Self employed earnings or proceeds from a business
- (C) Government grants (pension, child, disability, foster care etc.)
- (D) Transfers from family members (not living in same household)
- (E) Transfers from someone else outside the household (such as maintenance payments)
- (F) Don't know
- (G) Other, specify

<p>2. 6 Which ONE of the following best describes the extent to which the household monitors its expenses?</p>	<p>(A) No monitoring at all (B) A bit of monitoring (C) Monitoring without records (D) Monitoring with record keeping</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.7 Does the household find it necessary to deal with its financial matters?</p>	<p>(A) Always (B) Usually (C) Sometimes (D) Never (E) Not sure</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.8 Does the household prioritise and consider affordability when it comes to spending?</p>	<p>(A) Always (B) Never (C) Sometimes (D) Don't know</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.9 Does the household pay its bills on time?</p>	<p>(A) Always (B) Never (C) Sometimes (D) Don't know (E) Not sure</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.10 Which of these financial documents does the household keep records of (either electronically or in hard copy)? (Tick more than one, if necessary)</p>	<p>(A) Receipts for major purchases (B) Bank statements (C) Loan or hire purchase statements (D) Tax records (E) Major bills such as electricity or school fees (F) Financial service agreements and contracts, such as loan agreements (G) Other, Specify</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.11 How often do the household members request a copy/copies of their credit report?</p>	<p>(A) within 6 months (B) 6-12 months (C) 12 months and above (D) Never</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.12 How often does the household/members of the household monitor their debt?</p>	<p>(A) Daily (B) Weekly (C) Every two weeks (D) Monthly (E) Yearly (F) Never (G) Not applicable</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.13 How often do the household members check their bank statement/s?</p>	<p>(A) Check the bank statement sent in the mail (B) Check the statement online (internet banking) (C) Check through telephone/cellphone banking (D) Call the bank and ask for balance (E) Ask for balance, statement or bankbook update at a bank branch (F) Ask for balance, statement or bankbook update at an ATM/cash machine (G) Receive a text message from the bank (H) Never check (I) Not applicable</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>2.14 How satisfied is the household with its current financial status?</p>	<p>(A) Not at all satisfied (B) Slightly (C) Uncertain (D) Satisfied (E) Extremely satisfied (F) Not applicable</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

2.15 On a scale of 1 to 5, how often have you experienced an unauthorised overdraft in your bank account?

- (1) Always
- (2) Sometimes
- (3) Rarely
- (4) Never
- (5) Not applicable

2.16 How many credit cards are owned by members of the household collectively? Please include store and petro credit cards but NOT "debit cards".

- (A) 1
- (B) 2
- (C) 3
- (D) 4 or more
- (E) None

2.17 In the last 12 months, which of the following statements describe your experience with your credit card/s? (Tick more than one, if necessary)

- (A) You have not used a credit card at all in the last 12 months (IF YES SKIP OPTIONS B TO I)
- (B) In some months, you used a credit card to withdraw cash from an ATM
- (C) In some months you used your credit card to get a cash advance
- (D) In some months, you used a credit card cheque to pay bills or to purchase items
- (E) You always paid your credit card bills in full (IF YES DO NOT READ FOLLOWING OPTIONS)
- (F) In some months, you carried over a balance and were charged interest (IF NO DO NOT READ FOLLOWING OPTIONS)
- (G) In some months, you paid the minimum payment only
- (H) In some months, you were charged a late fee for late payment
- (I) In some months, you were charged an over the limit fee for exceeding your credit line

2.18 What is the highest rate of interest charged on any of the credit cards that you have?

- (A) Don't know
- (B) Between 10% and 14%
- (C) Between 14.1% and 18%
- (D) Between 18.1% and 22%
- (E) Between 22.1% and 24%
- (F) Above 24%
- (G) Not Applicable

2.19 Have you personally used credit facilities for any of the following purposes in the past 12 months and paid interest on the balance? More than one option can be chosen.

- (A) To pay regular bills
- (B) To pay for food
- (C) For everyday spending
- (D) To make a donation to charity
- (E) To help support family or friends outside your immediate household
- (F) To buy something on impulse
- (G) To buy a gift for someone
- (H) Not Applicable

2.20 In which of the following circumstances would you use credit? More than one option can be chosen.

- (A) If the interest rate on credit is higher than the one on savings accounts
- (B) If you can borrow money at a low interest rate to invest
- (C) If a shop is selling something that you need at a reduced price
- (D) If you or a family member need to pay for education or training to get a better paid job
- (E) If you wanted to go on holiday but didn't have the money available
- (F) Not applicable

2.21 How often do you check whether your credit facilities (credit cards, clothing accounts, overdraft etc) still meet your needs?

- (A) At least once a year
- (B) Less often
- (C) Never
- (D) Not applicable

2.22 Do you or your partner or head of the family currently have a bonded house (that is financed through a home loan)?

- (A) Yes
- (B) No
- (C) Not sure

2.23 Do you save money?

- (A) Yes
- (B) No
- (C) Sometimes

2.23.1 If yes, how do you save OR what type of account do you have for saving purposes?

- (A) Post bank savings account
- (B) Commercial Bank Account
 - B1. Savings Account
 - B2. Call Account
 - B3. (32 days) notice account
 - B4. Fixed deposit account (6 months, 12 months, 24 months and above).
 - B5. Money market account
- (C) Stokvel

2.23.2 Which of the following reason/s best fit your motivation for your choice of account, as mentioned in 2.23.1 above? More than one option can be chosen.

- (A) Level of interest rates
- (B) Flexibility
- (C) Bank Charges
- (D) Form good relationships with the bank to get access to credit and other products
- (E) Any other reason, specify

2.24.1 Have you ever been exposed to one or more of the following bank fraudulent incidence/s?

- (A) ATM fraud
- (B) Card stolen fraud
- (C) Identity theft
- (D) Credit card fraud etc.

2.24.2 If yes to 2.24.1, how would you rate your banks response?

- (A) Unsatisfactory
- (B) Fair
- (C) Good
- (D) Very good

2.25 Have people in your household ever been blacklisted?

- (A) Yes
- (B) No
- (C) Don't know

2.26 Are you familiar with your rights, warranties and guarantees as a consumer?

- (A) Yes
- (B) No
- (C) Not sure

2.27 Do you or any member of the households belong to savings clubs /stokvels, burial society / Masingcwabisane, cooperatives?

- (A) Yes
- (B) No
- (C) Not sure
- (D) Not applicable

2.28 Do you have any or some form of legally binding contracts in these societies?

- (A) Yes
- (B) No
- (C) Not sure
- (D) Not applicable

2.29 Do you or anyone in your household Gamble (including lotto)?

- (A) Yes
- (B) No
- (C) Not sure
- (D) Dont know

2.30 Do you teach your children about money?

- (A) Always
- (B) Never
- (C) Sometimes
- (D) Not applicable

2.31. What different ways have you (or your household members) used to earn money?

- (A) Starting own businesses
- (B) Street Vendor
- (C) Working part-time
- (D) Gambling
- (E) Pyramid Schemes
- (F) Other, specify

2.32 Which of the following methods do you use to transfer money?

- (A) Money Market(Checkers, Pep, PickNPay)
- (B) Western Union
- (C) ATM Banking
- (D) Cell phone Banking
- (E) E-Wallet
- (F) None

2.33 Please provide additional comments on financial issues not covered in the questions above

- 1
- 2
- 3
- 4
- 5

Thank you for your time. If you would like to receive a copy of the survey finding please provide your contact details below.

Name
 Contact Number
 Email Address

Annexture 2

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

MBA Research Project
Researcher: Calvin Singh 083 777 7893
Supervisor: Dr A. Kader (0829010225)
Research Office: Ms P Ximba 031-2603587

CONSENT

I.....(full names of participant)
hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT: _____ DATE: _____

This page is to be retained by the Researcher

Annexure 3

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Financial Education of New Nedbank Clients

Researcher: Calvin Singh (083 777 7893)

Supervisor: Dr A. Kader (0829010225)

Research Office: Ms P Ximba (031-2603587)

Dear Respondent

Mr Calvin Singh is a student at the Graduate School of Business and Leadership at the University of KwaZulu Natal is currently conducting research on the financial services industry, with special reference to the financial education of Nedbank clients.

You are assured that all the information in the attached questionnaire will be handled with strictest confidence and in no way be connected with your name and will only be published in aggregate format.

Your completion of this questionnaire will be considered to be your voluntary agreement to participate and an indication of your consent that I may use the data that you provided for research purpose. Your participation, valued input and time in completing the questionnaire is greatly appreciated.

Thank you for your participation.

Calvin Singh

Researcher

083 777 7893

This page is to be retained by the participant.