

Confidence in public financial literacy very low

A PPS survey, conducted among approximately 3,000 of South Africa's graduate professionals, recorded a confidence level of just 38% when respondents were asked how confident they were that the general public in South Africa have a good understanding of financial matters such as budgeting, saving, retirement and insurance.



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Macy Seperepere, manager of Professional Associations at PPS, says the results of the survey echo widespread concerns about the low levels of financial literacy in the country, which is one of the contributing factors to the high level of debt and low retirement savings.

Seperepere points to the Financial Services Board (FSB) 2013 Financial Literacy Report which revealed that South Africa has a financial literacy level of 54 out of 100.

"There definitely seems to be a link between unemployment and financial literacy. The FSB report found that employed people were significantly more financially literate than unemployed people," says Seperepere. "When respondents were asked about their confidence that unemployment in South Africa will improve over the next five years, a confidence level of 38% was recorded."

Role of education

"Education also has an important role to play in enhancing financial literacy," says Seperepere. PCI respondents revealed a confidence level of only 46% in the standard of education in South Africa at a basic school level over the next five years, while a confidence level of 60% was recorded when the same question was asked for tertiary institutions.

"These confidence levels are incredibly low and justify the low level of financial literacy, as this is where education about financial matters should begin," she says.

The PCI results revealed many parallels with the recently released PPS Student Confidence Index (SCI), a survey which

was conducted among students in their fourth year or above studying at a university or university of technology towards a profession specific degree, such as engineering, medicine, law or commerce.

Financial planning

The SCI respondents revealed a confidence level of 71% in their understanding of financial matters such as budgeting and saving, while 87% of respondents indicated that they would be more confident about their finances had they been taught about financial planning at school. "Clearly these students want to know more about how to handle their finances at a basic school level - which would benefit the wider population at the same time," Seperepere points out.

Other results from the survey revealed that:

- confidence in the economic outlook for SA over the next 12 months increased one percentage point quarter-on-quarter to 55%;
- confidence in the outlook for the local equity/share markets over the next 12 months dropped one percentage point quarter-on-quarter to 61%;
- 95% of respondents are concerned about the lack of mathematics;
- confidence that crime rates would improve in SA over the next five years dropped two percentage points quarter-on-quarter to 39%; and
- confidence in the future of the health care systems increased one percentage point quarter-on-quarter to 46%.

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