Article

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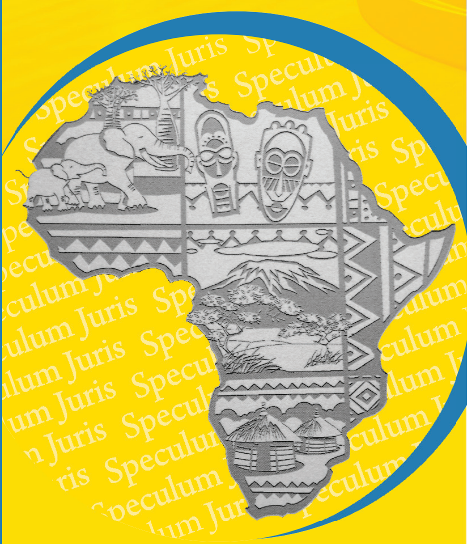

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Building Financial Resilience through Financial Education to Withstand a Pandemic

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Abstract

The COVID-19 pandemic had a negative effect on the financial well-being of people. One of these negative effects includes that people became financially fragile. A possible strategy to overcome the negative effects of the pandemic on the financial resilience of people is for employers to provide financial education to employees to build their financial literacy. Financial literacy is described as consumers' competency to manage their income. The author investigates the statutory mandate for financial education in South Africa and concludes that there is no statutory obligation on employers to educate their employees financially. Although there is no such obligation on employers, they have to take up this responsibility to financially educate their employees voluntarily, because of the opportunity it gives employers to assist their employees in improving their financial literacy levels and in this way add to their well-being. Employers are well-positioned to develop the content of financial education programmes for employees and as such have a positive influence on employees' financial welfare. Employers will benefit from this as well, by having employees that are loyal to them as well as being more productive.

Keywords: Financial education; financial resilience; pandemic; employers and employees.

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1 INTRODUCTION**

The COVID-19 pandemic commenced by the end of 2019 and ripped through the world, causing economic and financial havoc. South Africa has not been spared. The pandemic caused fiscal shocks, with the probability of long-term financial damage to individuals as well as corporations. Governments globally implemented lockdowns and other measures to curb the pandemic. High levels of unemployment were the inevitable effect of these lockdowns. This created financial insecurity for employers and employees as well as for self-employed workers.[1]

This article appraises the effect of the COVID-19 pandemic on the financial well-being of people who are employed and suggests ways of overcoming the negative effect thereof. In this article, I specifically considered the possibility of employers building financial resilience through the financial education of employees to withstand a pandemic.

The conventional economic theory assumes that almost no financial education is necessary since it is expected that all people are fully informed, taking financial decisions in an unemotional and deliberate way.[2] I submit that it is clear from the overindebtedness of households in many countries, which has become worse because of unexpected loss of income during the pandemic, that people do not take such optimal financial decisions as assumed in the conventional economic theory.[3]

Some of the critics of financial education, like Schickel and Willis, maintain that not enough data supports the view that financial literacy education is effective and thus no "causal link" exists between financial education and financial literacy.[4] Schickel concedes that although there is inadequate empirical evidence to prove it, the benefits of financial literacy can be evaluated and there is evidence that the more financial knowledge a person has, the more he/she would be able to recognise fraudulent and manipulative transactions.[5] I agree with Schickel that financial knowledge is key to empowering consumers to be aware of possible fraudsters and cheaters. It is submitted that adequate financial knowledge of appropriate financial products is crucial for the users of such products. This would always be true, but even more so during a pandemic, when swindlers could abuse the uncertainties and insecurities posed during such a time to manipulate and deceive people.

The pandemic has emphasised that people's budgets should be prepared for the unexpected loss of income by improving financial decisions.[6] Various studies in the literature maintain that there is a correlation between financial illiteracy and poor financial decisions and that

** The author presented this article at the NWU Faculty of Law Corporate and Financial Markets Law Conference in October 2021. One of the themes of the conference was that companies and corporations should adopt innovative ways of conducting their corporate practices in order to be able to give adequate financial education to their employees to curb the negative effects of the COVID-19 pandemic and effectively protect the interests of all stakeholders. One of the subthemes of the conference was confronting the effects of the COVID-19 pandemic on financial education.

1 OECD Financial Consumer Protection and Financial Literacy in Asia in Response to COVID-19 (2021) 8: The Organization for Economic Cooperation and Development is an association of 37 nations that represent 80 per cent of world trade and investment.

2 Simon "Rationality as a Process and as a Product of Thought" 1978 *American Economic Review* 1 in Kurowski "Household's Overindebtedness during the COVID-19 Crisis: The Role of Debt and Financial Literacy" 2021 *Risks* 1 4.

3 Kurowski 2021 *Risks* 11.

4 Schickel "Financial Literacy Education" 2016 *Journal of Law and Education* 259; Willis "Against Financial-Literacy Education" 2008 *Iowa Law Review* 197; Willis "The Financial Education Fallacy" 2011 *American Economic Review* 429.

5 Schickel 2016 *Journal of Law and Education* 263.

6 *Ibid.*

the financial literacy levels of people can be enhanced by financial education.[7] To this end, I argue that employers have a predominant opportunity to assist employees with appropriate financial education so that their financial literacy levels are improved and they be ready to face a pandemic with financial resilience.

The damaging effect of the COVID-19 pandemic affected people's financial health. The unemployment rate in South Africa which rose from 28,7 per cent before the pandemic to 34,9 per cent in the third quarter of 2021, attributed to that.[8] South Africa lost 2,2 million jobs until September 2020.[9] The effect thereof was that even more households than before the pandemic were left economically frail. This is one of the reasons why employers should build the financial resilience of their employees to assist the latter in withstanding the negative effects of a pandemic.

Since the pandemic has not only affected physical and mental health but also financial health, Anand *et al.* examined the effect of the COVID-19 pandemic on the financial health of urban working individuals, as well as the mediating effect that financial literacy may have.[10] According to these authors, intrinsic and extrinsic factors affect the financial health of employees.[11] Intrinsic factors refer to a person's numeracy skills and knowledge, while extrinsic factors are uncontrollable and include socio-economic and political factors as well as natural disasters and disease outbreaks that could lead to pandemics.[12] Sound financial health that is furthered by financial literacy and awareness, would not only include knowledge of saving, investment, and financial planning but would also include being prepared and aware of financial shocks that could happen in the future.[13] I emphasise that such sound financial health will result in financial resilience assisting people to withstand the negative effects of a pandemic.

Arndt and Lewis examined the effect of the HIV/AIDS pandemic on unemployment in South Africa and concluded that it affected economic growth and pushed down the demand for unskilled and semi-skilled labour, thus causing more unemployment.[14] The COVID-19 pandemic had the same effect as the HIV/AIDS pandemic on unemployment in South Africa, namely causing it to

7 Roberts and Struwig "Financial Literacy in South Africa: Results of an OECD/INFE Pilot Study" 2011 *Human Science Research Council* 15; Rootman and Antoni "Investigating Financial Literacy to Improve Financial Behaviour among Black Consumers" 2015 *Journal of Economic and Financial Sciences* 475; Calderon "The Role of Financial Literacy and of Financial Education Interventions in Developing Countries" 2014 *DIW Round Up* 34; Cole, Sampson and Zia "Prices or Knowledge? What Drives Demand for Financial Services in Emerging Markets?" 2011 *Journal of Finance* 1933; Lusardi and Mitchell "The Economic Importance of Financial Literacy: Theory and Evidence" 2014 *Journal of Economic Literature* 5; Mashizha, Sibanda and Maumbe "Financial Literacy Among Small and Medium Enterprises in Zimbabwe" 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 3.

8 Statistics South Africa "Quarterly Labour Force Survey – Q3:2021" (2021) http://www.statssa.gov.za/?p=14957 (accessed 11-02-2022). *Reuters* "South Africa's Unemployment Rate Hits New Record High in Second Quarter" (2021) https://www.reuters.com/article/safrica-economy-unemployment-idUSJ8N2KH000 (accessed 30-09-2021): If an expanded definition of unemployment is used, 44.4 per cent of the labor force was unemployed in the second quarter of 2021. For people to be regarded as unemployed, they should be seeking work. The expanded definition of unemployed people also includes people who are not looking for work but are available for work.

9 Statistics South Africa "SA Economy Sheds 2,2 Million Jobs" (2021) http://www.statssa.gov.za/?p=13633 (accessed 30-07-2021).

10 Anand, Mishra, Verma and Taruna "Financial Literacy as a Mediator of Personal Financial Health During COVID-19: A Structural Equation Modelling Approach" 2021 *Emerald Open Research* 1.

11 *Ibid.*

12 *Ibid.*

13 *Ibid.* Widyastuti, Suhud and Sumiati "The Impact of Financial Literacy on Student Teachers' Saving Intention and Saving Behaviour" 2016 *Mediterranean Journal of Social Sciences* 41.

14 Arndt and Lewis "The HIV/AIDS Pandemic in South Africa: Sectoral Impacts and Unemployment" 2001 *Journal of International Development* 427.

rise even higher than it was before the pandemic. The real economic growth rate in South Africa likewise descended from an already low 0,2 per cent in 2019[15] to minus 6,4 per cent in 2020.[16] The higher unemployment rate and lower growth rate will have a very real impact on the socio-economic prosperity of the millions of underprivileged South Africans.

In a recent publication in 2021 from The Organisation for Economic Co-operation and Development (OECD), "Financial Consumer Protection and Financial Literacy in Asia in Response to COVID-19", it was stated that

> Access to high-quality information, advice and guidance also play an important role in helping those with lower levels of financial literacy to improve their financial acumen and work on their financial resilience. Financially resilient consumers are less likely to face hardship in the event of a downturn, and more likely to be able to bounce back quickly when things start to improve.[17]

The OECD also stated that the COVID-19 pandemic illustrated that adequate financial education should take place in response to a pandemic since companies laid off many people and were hit very hard financially.[18] The OECD put forward policy considerations for economies in Asia-Pacific to consider in the future, drawing from responses to their questionnaires during the pandemic.[19] Financial resilience should be rebuilt and enhanced, by informing, guiding and educating people on financial matters promptly.[20] It is clear from the OECD publication that the financial education that employers should supply employees with, would be more than providing factual information. Such financial education should also include counselling and direction to employees to improve their financial literacy and in doing so build their financial resilience. The OECD publication beyond doubt underlines that the financial education of employees is necessary at all times, but even more so to be prepared for a pandemic.

A further policy instrument from the OECD in 2021 on the topic of financial literacy, "Recommendation on Financial Literacy", highlights that many people lack even basic financial knowledge and are ill-prepared to make good financial decisions.[21] The OECD recommends that relevant private and not-for-profit stakeholders have to be involved in transferring financial knowledge to consumers; such stakeholders would include non-financial entities like employers.[22] The research in this article emphasises that since employers have daily access to employees and are entitled to their time, employers are well-positioned to offer their employees financial education and assist them to make good financial decisions.

The OECD recommended that corporations should offer their employees financial education, and it should include financial literacy programmes where a large variety of channels and means are used to reach a wide audience, to build financial resilience.[23] Such financial literacy programmes should focus on changing the behaviour of employees regarding their finances, for example by saving and investing some of their income and starting to plan for their retirement at a young age. I will endeavour to point out in this article that employers should through efficient financial education in the workplace focus on making employees aware of important

15 Statistics South Africa "Economic Growth" http://www.statssa.gov.za/?p=13049 (accessed 15-04-2020).

16 Statista, "South Africa: Real Gross Domestic Product (GDP) Growth Rate From 2016" https://www.statista.com/statistics/370514/gross-domestic-product-gdp-growth-rate-in-south-africa/ (accessed 20-11-2021).

17 OECD Financial Consumer Protection and Financial Literacy in Asia in Response to COVID-19 (2021) 11.

18 *Ibid.* 18.

19 *Ibid.* 42.

20 *Ibid.*

21 OECD Recommendation of the Council on Financial Literacy (2021) 8.

22 *Ibid*.

23 *Ibid.* 3, 6 and 12.

financial issues that could have an impact on enhancing their financial situation, specifically during a pandemic.

Mashizha, Sibanda and Maumbe state that a lack of financial literacy was one of the factors that contributed to harmful financial decision-making and that research should be conducted to determine how financial resilience during a pandemic can be improved through financial education.[24] This article will argue that these authors are correct and that employers should be encouraged to assist their employees in expanding their financial literacy knowledge.

The central question in this article is whether financial education can add to the financial resilience of people during a pandemic and whether one of the strategies to build such financial resilience should be that employers provide financial education to employees to not only enhance their financial knowledge and skills but also change their behaviour.

The statutory mandate of financial education in South Africa will be investigated in part 2 of this article, followed by an analysis of the literature on financial literacy in part 3. Thereafter in part 4, I will consider whether financial education can have an impact on the financial challenges experienced during a pandemic. Strategies that corporations can take to build financial resilience of employees, as well as benefits of such strategies for employers in part 5 and lastly a conclusion, will follow in part 6.

2 STATUTORY MANDATE OF FINANCIAL EDUCATION IN SOUTH AFRICA

The discussion above accentuates that the financial education of a person can enhance the financial knowledge and skills of such an individual. This knowledge can lead to behavioural changes in a person in decisions about financial matters.[25] The statutory mandate of financial education in South Africa to promote financial literacy will be briefly analysed with reference to the Financial Services Board Act of 1990,[26] the Broad-Based Black Economic Empowerment Act of 2003[27] (B-BBEE Act), the Financial Sector Charter (FS Charter), the National Credit Act of 2005[28] (NCA) and the Financial Sector Regulation Act of 2017[29] (FSR Act).

The South African Financial Services Board, established by the Financial Services Board Act had to provide, promote and support financial education regarding financial products, institutions and services.[30] In the new democratic regime established in South Africa after the end of apartheid in 1994, the B-BBEE Act was enacted in 2003. According to Pearson, Stoop and Kelly-Louw, the B-BBEE Act and the FS Charter were the main pillars of transformation in the financial sector in South Africa.[31] However, the B-BBEE Act does not refer to financial education. The FS Charter came into effect on 1 January 2004 because of agreements reached in August 2002 at the Financial Sector Summit of the National Economic Development and Labour Council (NEDLAC).[32] In this voluntary Charter, the financial sector committed itself

24 Mashizha *et al*. 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 1 2.

25 Massey, Wyatt and Smit “Evaluating Financial Education Initiatives in South Africa: The Importance of Multiple Evaluation Approaches” 2016 *African Evaluation Journal* 1.

26 Act 97 of 1990.

27 Act 53 of 2003.

28 Act 34 of 2005.

29 Act 9 of 2017.

30 Section 3(c) of the Financial Services Board Act 97 of 1990; Pearson, Stoop and Kelly-Louw “Balancing Responsibilities –Financial Literacy” 2017 *PELJ* 1 2.

31 Pearson *et al*. 2017 *PELJ* 14.

32 National Economic and Labour Council “About Us” (2020) http://nedlac.org.za/ (accessed 01-04-2020): NEDLAC is a multilateral social dialogue forum where the government, labour, business and the community work together on finding solutions for economic, labour and development issues.

thereto that each financial institution would invest a percentage of profits in consumer education that will include programmes to assist consumers in making better-informed decisions about their finances.[33] Financial institutions would also contribute to supporting financial literacy programmes in communities.[34]

The purpose of the NCA encompasses that the Act has to protect consumers by providing them with education about credit and consumer rights.[35] In terms of the NCA, the National Credit Regulator is responsible to implement education and information measures to increase the knowledge of consumers regarding credit and their rights as consumers.[36] The National Credit Amendment Act of 2019[37] amended the NCA to require that the National Credit Regulator provides a debt intervention applicant with counselling on financial literacy and access to training to improve such applicant's financial literacy[38] and the National Credit Tribunal may require a debt intervention application to attend a financial literacy programme. [39]

The FSR Act changed the financial regulation landscape in South Africa with the implementation of the Twin Peaks system of financial regulation in 2017.[40] Through this Act, a stronger focus was placed on the financial education of consumers.[41] The Act determines that one of the objectives of the Financial Sector Conduct Authority (FSCA) is to protect financial customers by providing them with financial education programmes and by promoting financial literacy and the ability to make sound financial decisions.[42] To achieve its objectives, the functions of the FSCA include that it should formulate and implement strategies and programmes for financial education for the general public.[43]

The powers and responsibilities of the FSCA to ensure that people are ready and prepared for financial setbacks, like a pandemic, include that the FSCA may make conduct standards to ensure that financial education programmes promoting financial literacy are appropriate.[44] These conduct standards may be made on the design, suitability, implementation, monitoring and evaluation of financial education programmes or other initiatives promoting financial literacy.[45] The FSCA may issue a written directive to a financial institution to take action specified in the directive if the financial education that the financial institution is providing, is not done by the conduct standards.[46]

From the aforementioned, it is clear that there is currently no statutory obligation on employers to educate their employees financially. I will argue that such financial education by employers has to be undertaken voluntarily, because of many other advantages to employers as well to employees.

33 Clause 8.4 FS Charter. Massey *et al.* 2016 *African Evaluation Journal* 3: Financial service providers are required to spend a minimum of 0,4 per cent net profit after tax on financial education, a portion of which must go towards the monitoring and evaluation of these initiatives.

34 Clause 13.3 FS Charter.

35 Section 3(e)(i) of the National Credit Act.

36 Section16(1)(a) of the National Credit Act; Pearson *et al*. 2017 *PELJ* 1 2.

37 Act 7 of 2019.

38 Section 86A(5)(a) and (b) of the National Credit Act.

39 Section 87A(2)(b)(ii) of the National Credit Act.

40 Act 9 of 2017.

41 Pearson *et al.* 2017 *PELJ* 14.

42 Section 57(b)(ii).

43 Section 58(1)(j).

44 Section 106(2)(c) FSR Act.

45 Section 106(3)(d) FSR Act.

46 Section 144(1) FSR Act.

3 FINANCIAL LITERACY

Several studies over time investigated the meaning of financial literacy. Chitimira and Ncube referred to various components that are crucial for financial literacy, such as financial education, financial knowledge, financial competence and financial responsibility.[47] Mundy and Musoke argue that financially literate consumers are informed about budgeting, financial planning, savings, investments and how to choose the correct financial products.[48] Similarly, according to Hogarth, financial literacy include being educated about investments, credit, insurance, taxes and an understanding of how to manage money and assets.[49] The general perspective of financial literacy adopted by Pearson, Stoop and Kelly-Louw, is that financial literacy is

> the ability to understand how money works, how a person can earn money or make it more. It specifically refers to the set of skills and knowledge that allows people to make informed and effective decisions with all of their financial resources.[50]

I draw attention thereto that this perspective does not include a reference to the attitude that consumers have towards money and financial resources, and as such lacks in not referring to this element.

I am in favour of bringing the concept of financial literacy in line with the way consumers manage their income, as proposed by Remund who regards financial literacy as consumers' competency to manage their income.[51] Hung *et al.* defined financial literacy as consumers' ability to use their knowledge, skills and attitudes to manage income effectively to improve their financial well-being for the future.[52]

Other studies regard financially literate people to have the financial knowledge to manage daily expenses and choose financial products from financial institutions.[53] In a study by Mashizha, Sibanda and Maumbe, they found that to be able to budget,[54] and manage financial resources and be active participants in the stock market, individuals have to be financially literate.[55] They

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47 Chitimira and Ncube "Legislative and Other Selected Challenges Affecting Financial Inclusion for the Poor and Low Income Earners in South Africa" 2020 *Journal of African Law* 337 343.

48 Mundy and Moseke "Towards an Effective Framework for Financial Literacy and Financial Protection in Uganda" (2011) http://www.microfinancegateway.org/gm/document-1.9.55544/Framework_for_Financial_Literacy_and_Financial_Consumer_Protection_in_Uganda.pdf 50 (accessed 25-09-2021); Pearson *et al.* 2017 *PELJ* 3.

49 Hogarth "Financial Literacy and Family and Consumer Sciences" 2002 *Journal of Family and Consumer Sciences* 14 15–16.

50 Pearson *et al*. 2017 *PELJ* 2.

51 Remund "Financial Literacy Explicated: The Case for a Clearer Definition in an Increasing Complex Economy" 2010 *Journal of Consumer Affairs* 267 277.

52 Hung, Parker and Yoong "Defining and Measuring Financial Literacy" 2009 *RAND Corporation Working Paper Series WR-708* 3.

53 Kempson *Framework for the Development of Financial Literacy Baseline Surveys: A First International Comparative Analysis* OECD Working Papers (2009); Roberts, Struwig, Gordon, Viljoen and Wentzel "Financial Literacy in South Africa: Results of a National Baseline Survey" (2012) 2 ftp://ftp.fsb.co.za/public/Consumer%20Education/Financial%20Literacy%20Booklet%202012.pdf (accessed 25-10-2021).

54 Mashizha *et al*. 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 3; Capuano and Ramsay "A Research Report: What Causes Suboptimal Financial Behavior? An Exploration of Financial Literacy" 2011 *Social Influences and Behavioral Economics* 1; Wachira and Kihiu "Impact of Financial Literacy on Access to Financial Services in Kenya" 2012 *International Journal of Business and Social Science* 42.

55 Lusardi and Mitchell "Financial Literacy Around the World: An Overview" 2011 *Journal of Pension Economics and Finance* 497 in Mashizha *et al.* 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 3;

also argued that financial literacy is important for individuals to be cautious of debt[56] and to make decisions on savings and wealth creation.[57]

It was found that financially literate people possess financial knowledge on interest rates, inflation, risk diversifications and numeracy skills.[58] Some authors argue that consumers' financial knowledge implies that they understand financial information about financial products and services and can apply that understanding to make responsible financial decisions.[59] The US Financial Literacy and Education Commission defines financial literacy as a process, starting with a better understanding of financial products to be able to make better choices, leading to financial prosperity.[60] Lusardi and Mitchell, who did substantive research on financial literacy over many years, defined it in 2006 as "the knowledge of a few but fundamental financial concepts".[61]

The OECD defines financial literacy as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being".[62] I underline this more comprehensive view of financial literacy and ascribes to the meaning of financial literacy as suggested by Rootman and Antoni, namely being "consumers' *financial knowledge* and *skills* to manage their income effectively with appropriate *attitudes* regarding financial matters".[63]

Consumers with high levels of financial literacy are educated about concepts like cash flows and inflation and succeed to manage their income.[64] Roberts and Struwig who did a study in South Africa in 2011, emphasised that consumers with a lack of formal education do not have access to credit and are dependent on family and social networks for credit, illustrating possible links between financial education, financial literacy and financial behaviour. [65]

It was found by Rootman and Antoni that

> Consumers with high levels of financial literacy are informed financial decision-makers, have

56 Calderon 2014 *DIW Round Up* 34 in Mashizha *et al.* 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 3; Gerardi, Goette and Meier "Numerical Ability Predicts Mortgage Default" 2013 *Proceedings of the National Academy of Sciences of the United States of America* 11267.

57 Mashizha *et al.* 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 3; Cole and Sampson and Zia "Prices or Knowledge? What Drives Demand for Financial Services in Emerging Markets?" 2011 *Journal of Finance* 1933; Japelli and Padula "Investment in Financial Literacy and Savings Decisions" 2013 *Journal of Banking and Finance* 2779; Lusardi and Mitchell 2011 *Journal of Pension Economics and Finance* 497.

58 Xu and Zia "Financial Literacy around the World: An Overview of the Evidence with Practical Suggestions for the Way Forward" *Policy Research Working Paper 6107* (2012) 1. Chitimira and Animashaun "The Adequacy of Nigeria, South Africa and Other Sub-Saharan Countries' Response to the COVID-19 Pandemic and Unemployment" 2021 *Acta Universitatis Danubius Juridica* 36 38.

59 Shuttleworth "A Financial Literacy Education Framework for Non-financial Individuals in Organisation" *Progressio* 2011 98; Sebstad, Cohen and Stack *Microfinance Opportunities Working Paper* 2006 3 10.

60 Schickel "Financial Literacy Education: Simple Solutions to Mitigate a Major Crisis" 2016 *Journal of Law & Education* 259 262; Livengood and Venditti "Financial Literacy a Primer for Librarians, Educators, and Researchers" 2012 *College and Research Libraries News* 1.

61 Lusardi and Mitchell "Baby Boomers' Retirement Security: The role of Planning, Financial Literacy and Housing Wealth" 2007 *Journal of Monetary Economics* 205.

62 OECD Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an Internationally Comparable Survey of Financial Literacy (2011); Nanziri and Leibbrandt "Measuring and Profiling Financial Literacy in South Africa" 2018 *South African Journal of Economic and Management Sciences* 2.

63 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478 [author's emphasis].

64 Hilgert, Hogarth and Beverly "Household Financial Management: The Connection Between Knowledge and Behaviour" 2003 *Federal Reserve Bulletin* 309 320.

65 Roberts and Struwig 2011 *Human Science Research Council* 15; Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 475.

> awareness of their personal financial issues and choices and have learned the basic financials skills such as spending, budgeting, borrowing and saving their income. [66]

This suggests that high levels of financial literacy aid people to be more financially resilient in difficult times, like during a pandemic. To ensure that levels of financial literacy are improved, and ultimately the financial behaviour of customers changed, financial education that teaches consumers about financial concepts such as spending, budgeting, saving and borrowing or debt management, can be applied.[67] Financially literate individuals have financial knowledge that affects their financial behaviour and have the skill to evaluate and use financial products.[68]

People prefer to learn about financial management from personal experience.[69] I accentuate that employers could utilise this fact to assist them in the financial education of employees because employers know what the income of their employees is and could use that as a kick-off point from which to launch the financial education based on the employees' personal experiences. Lusardi, Hasler and Yakoboski found that financially literate consumers will not easily be controlled by debt and will probably plan for the future.[70] The financial crisis caused by the pandemic has had the effect that many people whose savings were lacking even before have now shown to be insufficient to sustain them after losing their income.[71] This can be ascribed to a lack of adequate financial resilience before the pandemic.[72] Employers may be in a position to change this painful situation by financial education to employees.

From the foregoing, it is clear that several studies linked financial literacy to financial knowledge. Financial products and services are becoming more and more complex and varied, and therefore financial knowledge is more necessary and important than it was years ago. An example of financial products and services that became more complex are the many options that exist for retirement products. There are currently so many financial products available for retirement that individuals cannot rely only on themselves or on the government to make the best decision for their specific situation, but input through financial education of employers is also necessary.[73]

A large and growing body of literature has pointed out that financial knowledge needs to be translated into better management of a person's finances and financial problems and the skill to handle unexpected emergencies without acquiring more debt.[74] Better financial knowledge leads to more confidence to handle one's financial affairs and make good financial decisions.[75]

66 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 476.

67 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 477; Cohen and Sebstad "Financial Education for the Poor" 2003 *Microfinance Opportunities* Working Paper 1.

68 Kefela "Promoting Access to Finance by Empowering Consumers: Financial Literacy in the Developing Countries" 2010 *Educational Research and Reviews* 205.

69 Hogarth and Hilgert "Financial Knowledge, Experience, and Learning Preferences: Preliminary Results from a New Survey on Financial Literacy" Paper published in the *Proceedings of the American Council on Consumer Interests 2002 Annual Conference.*

70 Lusardi, Hasler and Yakoboski "Building up Financial Literacy and Financial Resilience" 2020 *Mind and Society* 5.

71 *Ibid.*

72 *Ibid.*

73 Klapper, Lusardi and Van Oudheusden *Financial Literacy Around the World: Insights from the Standard and Poor's Ratings Services Global Financial Literacy Survey* (2015).

74 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478; Orton "Financial Literacy: Lessons from International Experience" 2007 *Canadian Policy Research Networks Research Report* 7; Cohen and Sebstad 2003 *Microfinance Opportunities* 1; Yilmaz "Improving Financial Literacy: The US Experience" 2011 *International Journal of Business and Social Science* 65.

75 William "The Missing Link: Financial Self-efficacy's Critical Role in Financial Capability" (2010) http://www.earn.org/static/uploads/files/Missing_Link_Financial_Self-Efficacy_Critical_Role_in_Financial_Capability.pdf 3 (accessed 15-10-2021); Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478.

Strong financial skills potentially lead to better savings for retirement and to making better investments by diversifying risk.[76] These studies support my view that employers could assist in building the financial resilience of their employees through financial education.

Financial attitudes relate to persons' thoughts, feelings and opinions about financial issues.[77] Previous research studies documented that financial attitudes influence a person's thoughts about money and credit[78] and influence a person's decisions about the financial products and services they acquire[79] and it determines how a person would spend their money.[80] Financial attitudes thus determine financial behaviour.[81] I, therefore, highlight that financial education should address the attitudes of individuals over and above financial knowledge about financial products.

As mentioned above, poor financial decisions often are the result of a lack of financial literacy and low levels of financial literacy and thus may have the effect that consumers spend more than what their income actually is or are less inclined to save.[82] Rootman and Antoni draw our attention to the major problem of poor financial behaviour leading to overspending, where people run up big debts or budget poorly and lose track of how much they spend.[83] Klapper, Lusardi and Van Oudheusden highlighted that financial ignorance of concepts such as compounding interest can lead to excessive debt and individuals who have to borrow even more than they anticipated.[84]

In a study done in 2012, it was found that South Africans do not have high levels of financial knowledge on saving, budgets, interest rates, life insurance and credit agreements.[85] One of the reasons for this could be that during the previous dispensation in South Africa many people did not have access and were not exposed to more complex financial products. This could be remedied by vigorous financial education on saving, budgeting and financial planning and

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76 Behrman, Mitchell, Soo and Bravo "The Effects of Financial Education and Financial Literacy: How Financial Literacy Affects Household Wealth Accumulation" 2012 American Economic Review 300; Lusardi and Mitchell 2014 Journal of Economic Literature 5 in Klapper *et al*. *Financial Literacy Around the World* (2015); Abreu and Mendes "Financial Literacy and Portfolio Diversification" 2010 *Quantitative Finance* 515.

77 Sebstad *et al.* 2006 *Microfinance Opportunities Working Paper* 10.

78 Edwards, Allen and Hayhoe "Financial Attitudes and Family Communication about Students' Finances: The Role of Sex Differences" 2007 *Communication Reports* 90; Shim, Barber, Card, Xiao and Serido "Financial Socialization of First-year College Students: The Roles of Parents, Work and Education" 2010 *Journal of Youth and Adolescence* 1457.

79 Botha, Du Preez, Goodall, Palframan, and Rossini *Fundamentals of Financial Planning* (2013) 126.

80 Potgieter "Change Your Client's Attitude: Change Their Retirement" 2013 *The Financial Planner* 5.

81 Koropp, Grichnik and Kellermanns "Financial Attitudes in Family Firms: The Moderating Role of Family Commitment" 2013 *Journal of Small Business Management* 114 115 in Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478.

82 Nene "Speech at the Launch of Savings Month" 2009 South African Savings Institute - Ministry of Finance, South Africa 3 in Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 480; Mandell and Klein "The Impact of Financial Literacy Education on Subsequent Financial Behaviour" 2009 *Association for Financial Counselling and Planning Education* 15 19.

83 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478; Grubman, Bollerud, and Holland "Motivating and Helping the Overspending Client: A Stage-of-change Model" 2011 *Journal of Financial Planning* 60; Hearth, Kurtz and Boone *Planning your Financial Future* (2006) 74; Falahati and Paim "Gender Differences in Financial Well-being Among College Students" 2011 *Australian Journal of Basic and Applied Sciences* 1765.

84 Klapper *et al. Financial Literacy Around the World* (2015) 4; Lusardi and Tufano "Debt Literacy, Financial Experiences, and Overindebtedness" 2021 *Journal of Pension Economics and Finance* 332; Stango and Zinman "Exponential Growth Bias and Household Finance" 2009 *The Journal of Finance* 2807

85 Roberts, Struwig, Gordon, Viljoen and Wentzel "Financial Literacy in South Africa: Results of a National Baseline Survey" 33 2012 ftp://ftp.fsb.co.za/public/Consumer%20Education/Financial%20Literacy%20Booklet%202012.pdf (accessed 25-10-2021); Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 476.

specifically financial education for employees by employers on these topics. A financially literate person would have the knowledge and ability to manage his/her personal finances and make good financial decisions to avoid financial problems.[86] Financial problems that can be encountered are the lack of savings or investments, lack of emergency funds and a lack of budgeting for the future.[87] It was found in Indonesia that people, whose financial literacy level is affected positively, change their attitude towards financial aspects such as their expenses and this has an effect on the well-being of these affected people.[88] I strongly recommend that employers should endeavour to affect the financial literacy levels of employees to build their financial resilience and in this way add to their well-being.

The impact of financial education on the challenges created by a pandemic will be analysed in the next part.

4 FINANCIAL EDUCATION TO IMPACT THE CHALLENGES POSED BY A PANDEMIC

Willis analysed the model propagated in the United States, that financial education of consumers, instead of regulation, is sufficient for consumers to handle their own credit, insurance and retirement planning.[89] He criticises this model since he opines that people can't keep up with all the financial products available.[90] When consumers are overconfident about their financial knowledge, this can lead to worse decisions than when people realise that they need more knowledge to make good decisions on financial products.[91] He propagates proper financial regulation and implementation of policies and legal rules instead of the emphasis on financial education.[92] He suggests that consumer welfare can be improved when the complexity of consumer financial decisions and actions is reduced by legal regulation of financial products.[93]

On the other hand, many authors point out that financial education can impact financial decisions and behaviour, confirming that financial literacy is a crucial factor for a well-functioning economy.[94] They argue that people may derive many benefits from being financially educated, such as positively influencing financial behaviour,[95] increased savings and reduced debt that

86 Munoz-Murillo, Alvarez-Franco and Restrepo-Tobón "The Role of Cognitive Abilities on Financial Literacy: New Experimental Evidence" 2020 *Journal of Behavioral and Experimental Economics* 1.

87 Yuesti, Rustiarini and Suryandari "Financial Literacy in the COVID-19 Pandemic: Pressure Conditions in Indonesia" 2020 *Entrepreneurship and Sustainability Issues* 884 887.

88 *Ibid.* 894.

89 Willis 2008 *Iowa Law Review* 197. Willis "Evidence and Ideology in Assessing the Effectiveness of Financial Literacy Education" 2009 *San Diego Law Review* 415.

90 Willis 2008 *Iowa Law Review* 200.

91 Willis 2009 *San Diego Law Review* 451.

92 Willis 2008 *Iowa Law Review* 284.

93 Willis 2009 *San Diego Law Review* 457. His evaluation of financial literacy education in the US, which is promulgated instead of financial regulation, is different from the financial education in question in SA and in this contribution. In SA there are many statutes and policies that regulate financial products. Therefore, financial education would not be about people acting without the protection of Acts like the Consumer Act, the National Credit Act and various others, but it would be about an increased knowledge of financial concepts and the skills and motivation to use this knowledge.

94 Mashizha *et al*. 2019 *Southern African Journal of Entrepreneurship and Small Business Management* 1 2; Mancebon, Ximenez-de-Embun, Mediavilla and Gomez-Sancho "Factors that Influence the Financial Literacy of Spanish Consumers" 2019 *International Journal of Consumer Studies* 227; Arellano, Cámara and Tuesta "Explaining the Gender Gap in Financial Literacy: The Role of Non-cognitive Skills" 2018 *Economic Notes* 495.

95 Clarke "A Path to Financial Literacy: Potential Impact of a Personal Finance Course" 2005 *Journal of the Academy of Business Education* 1. Sabri and McDonald "Savings Behaviour and Financial Problems among College Students: The Role of Financial Literacy in Malaysia" 2010 *Cross-Cultural Communication* 103 107.

accompanies an improved credit rating,[96] and also learning to save for their children's education and their retirement and having a balanced budget.[97] Another advantage of financial education is that in dealing with financial institutions, individuals would know what questions to ask and would know to whom to complain when problems arise.[98] Various institutions can provide financial education, for instance, schools, universities and employers.[99] I support the view that apart from the necessity of financial regulation, consumers also need proper financial education to adjust their attitudes and behaviour and add to their knowledge of financial products.

This article will now appraise the effect of the COVID-19 pandemic on the financial health of people and will evaluate the resilience of individuals to withstand the negative effects of a pandemic.

4 1 The Effect of the COVID-19 Pandemic on the Financial Health of People

A study by Clark, Lusardi and Mitchell in April 2020, thus in the first months of the COVID-19 pandemic, confirmed that financial education and knowledge can protect households against financial fragility during a pandemic.[100] They found that people who were financially more literate had a better grip on financial shocks and were more resilient and better equipped to deal with economic blows and plan for the future.[101] Their study supports the notion that I also agree with that financial education by employers could add to the financial resilience of employees. Anand *et al.* did a study in 2021 to appreciate whether financial literacy could mediate to prepare households against personal financial setbacks experienced during a pandemic.[102] They found that financial education and planning are necessary to protect people from setbacks in such unforeseen situations.[103] Yuesti, Rustiarini and Suryandari draw our attention to financial difficulties caused by financial planning mistakes or by a drop in income as seen during the COVID-19 pandemic.[104] They found that good financial literacy, reflected in people's behaviour and attitude, will assist to avoid many of these financial problems.[105] It is clear from these studies that the COVID-19 pandemic had a devastating effect on the financial health of many individuals. These studies mentioned endorse the view that the financial resilience of individuals during an unforeseen pandemic could be strengthened by financial education and planning.

4 2 The Resilience of Individuals to Withstand the Negative Effects of a Pandemic

Kurowski conducted research with Polish citizens during June and July 2020 to find out whether households with greater financial and debt literacy are better prepared for financial crises and can manage their budgets better.[106] He found that since there was no early warning of the COVID-19 pandemic, and most of the time there will not be a prediction of when a crisis will hit the economy, households' budgets should be ready at all times for an unexpected

96 Collis "Effects of Mandatory Financial Education on Low Income Clients" 2010 *Focus* 13 15.

97 Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 477.

98 Tamaki Opening Remarks "OCED-FSB Conference on Financial Literacy: Financial Education for All" 27–28 October 2011, Cape Town, South Africa.

99 Rootman and Antoni 2015 477.

100 Clark, Lusardi and Mitchell "Financial Fragility during the COVID-19 Pandemic" (2020) *NBER Working Paper No. 28207* 1 9.

101 *Ibid*.

102 Anand, Mishra, Verma and Taruna 2021 *Emerald Open Research* 1.

103 *Ibid.*

104 Yuesti *et al*. 2020 *Entrepreneurship and Sustainability Issues* 884.

105 *Ibid.* 886.

106 Kurowski 2021 *Risks* 1.

loss of income.[107] He highlights that people who are financially more literate often do not have excessive debt and, thus, debt literacy specifically is very important in a pandemic because individuals who have a high level of debt literacy are less likely to default payments.[108] In Fujiki's analysis, he showed that respondents with a higher level of financial literacy embraced non-face-to-face financial services that helped them to comply with social distancing during the COVID-19 pandemic, thus showing the importance of financial literacy to curb the spread of infections.[109] The results from these studies are also relevant for South Africans. They could benefit in future from higher levels of financial literacy to withstand unexpected pandemics or other crises better and could benefit from being better equipped to access online financial services.

From the foregoing, it is clear that the financial literacy of individuals can be built through financial education to enable them to better withstand the negative effects of a pandemic.

5 STRATEGIES OF AND BENEFITS TO EMPLOYERS IN BUILDING FINANCIAL RESILIENCE THROUGH FINANCIAL EDUCATION OF EMPLOYEES

Companies should focus on increasing employees' financial knowledge, skills and confidence by teaching their employees how to open a bank account, what the effect of interest rates are, what the limits of credit facilities are, and what products are available for investments, insurance and retirement planning.[110] Because employees have to choose between various retirement options, employers should provide them with financial education concerning retirement.[111] The challenge of unbanked financial consumers remains a protracted issue affecting financial inclusion. Financial education is one of the positive ways to remedy this. I underline the role that employers can play in the financial knowledge of their employees, including knowledge at a basic level such as opening a bank account and the effect of interest rates on money borrowed. More sophisticated financial knowledge includes being aware of various investment products and products to properly plan for retirement. During a pandemic, employees may opt to supplement their income shortfall with money that was meant for their retirement, and therefore employers should address such issues with employees, explaining that if they withdraw retirement savings to get them through the pandemic, they will have to increase their savings in future.[112]

PwC conducted its Ninth Annual Employee Financial Wellness Survey in January 2020.[113] The survey revealed that when employers are involved in the financial education of their employees, employees tend to become more loyal towards their employers.[114] Bank of America Merrill Lynch surveyed millennials in 2017 and found that employees want help from their employers

107 Kurowski 2021 *Risks* 11.

108 Kurowski 2021 *Risks* 11; Lusardi and Tufano 2021 *Journal of Pension Economics and Finance* 332.

109 Fujiki "Household Financial Services, Financial Literacy, and COVID-19 Pandemic" 2021 *Applied Economics Letters* 1 4.

110 Rootman and Antoni 2015 Journal of Economic and Financial Sciences 487–488; Lusardi "Saving and the Effectiveness of Financial Education" 2003 *Wharton Pension Research Council Working Papers* 430; Lusardi and Mitchell "Financial Literacy and Retirement Preparedness: Evidence and Implications for Financial Education" 2007 *Business Economics* 35.

111 *Ibid.* 478.

112 PwC *2020 COVID-19 Update* (2020) 6–7.

113 *Ibid.*

114 Dhore "The Importance of Financial Literacy During the COVID-19 Pandemic" (8 April 2020) https://www.shrm.org/resourcesandtools/hr-topics/behavioral-competencies/pages/the-importance-of-financial-literacy-during-the-COVID-19-pandemic.aspx (accessed 17-08-2021).

to manage their financial matters.[115] Employees, especially millennials, feel positive about receiving financial education from their employers.[116] Companies that assist their employees with financial education will be awarded by increased productivity of employees.[117] These surveys accentuate how positive employees rate financial education from their employer and how such education improves financial literacy, encouraging employees to be more productive and adding to their job satisfaction.

During financially uncertain times, employees are mostly worried about how they would meet their essential financial obligations and employers should thus begin by focussing on this critical aspect of the crisis.[118] Since employers have daily contact with and access to employees, they should also provide employees with financial education content about the differences between the long-term and short-term effects of their financial decisions as well as information about relief available to the employee in financial distress to, for example, negotiate flexible payment terms with creditors.[119] Financial wellness programmes from employers should include knowledge about how employees could meet monthly essential commitments during a crisis as well as the effect of financial decisions in the long- and short term.

In the Merrill Lynch report, three action steps were recommended for employers namely to invest time in grasping how employees approach their finances and on what they need help and support; to create a strategy and time within working hours to transfer this knowledge to employees by offering personal meetings, seminars and webinars; and to focus on more than just to advise employees to save for retirement, but also to give financial education on budgets and debt and loan management as well as future healthcare expenses.[120]

Financial education programmes in the form of workshops and seminars should inform consumers about the benefits they could reap when they save and spend their income responsibly.[121] They should be educated on how to make sensible decisions about potential purchases and to record expenses and monitor spending.[122] Lusardi, Hasler and Yakoboski found in 2018 that financial literacy is strongly linked to financial fragility in the USA and that many Americans are ill-equipped to deal with financial decisions needed to get them through the COVID crisis.[123] They maintained that financial education should include programmes about understanding and managing risk.[124] Employers who roll out financial education programmes in the workplace will benefit from employing people who are happy in their jobs and whose productivity is higher because of the job satisfaction they experience.

From the research done it is clear that employers are well-positioned to develop content for financial education programmes, like teaching employees how to spot fraudsters and how to be

115 Bank of America Merrill Lynch "2017 Workplace Benefits Report: A Closer Look at Millennials" (2017) 4 https://www.benefitplans.baml.com/publish/content/application/pdf/GWMOL/Workplace_Benefits_Report_Millennials.pdf (accessed 18-18-2021). In America, more than one in three workers is a Millennial – defined as aged 18 to 34 in 2015.

116 *Ibid.*

117 Dhore "The Importance of Financial Literacy During the COVID-19 Pandemic"; Quinn "Mainstreaming Financial Education as an Employee Benefit" 2000 *Journal of Financial Planning* 70.

118 PwC *2020 COVID-19 Update* 4.

119 *Ibid*; Bayer, Bernheim and Scholz "The Effects of Financial Education in the Workplace: Evidence from a Survey of Employers" 1996 *Economic Inquiry* 605.

120 Bank of America Merrill Lynch "2017 Workplace Benefits Report: A Closer Look at Millennials".

121 Rootman and Antoni 2015 Journal of Economic and Financial Sciences 477. Bernheim and Garrett "The Determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Households" 2003 *Journal of Public Economics* 87.

122 *Ibid.*

123 Lusardi *et al*. 2020 *Mind and Society* 5.

124 *Ibid.*

protected from them; alerting employees to the hidden dangers existing in financial products; transferring high-quality information to them about saving, investments, financial planning; being prepared for financial shocks; managing financial risks, and giving them advice and guidance on the benefits they could reap when they save and spend their income responsibly.

Financial education by employers can have a positive influence on employees' financial well-being and may change the financial attitudes of employees, ensuring them to be more self-assured when making financial decisions and helping them realise their financial goals.[125] An employer that implements a well-thought-through financial literacy programme can reap the benefits of increased productivity of employees who experience greater job satisfaction.

6 CONCLUSION

In the analysis of the statutory mandate of financial education above, it was shown that there is no legal obligation for employers in South Africa to roll out financial education programmes for their employees. Following the adverse economic effects of the pandemic, corporations would probably rather focus on profit maximisation than on enhancing the financial resilience of their employees, since the development and implementation of financial education programmes would attract extra costs for the corporations. The regulator established in terms of the Twin Peaks system of financial regulation, the FSCA, as well as other financial regulators likewise, does not have the authority to oversee employers' support for their employees in attaining financial resilience. I recommend that this lack of oversight of employers regarding financial education responsibilities towards employees should be addressed by appropriate statutory measures. The most obvious choice for such a role is the FSCA, since it has as its objective to protect financial customers by providing them with financial education programmes and by promoting financial literacy and the ability to make sound financial decisions.[126] Further, the FSCA has been assigned the function to formulate and implement strategies and programmes for financial education for the general public.[127] The powers of the FSCA should be expanded to include oversight over employers to develop and implement financial education programmes for their employees.

Considering the predictions that the COVID-19 pandemic will play out in the months and even years to come as it did since the end of 2019 and with the end thereof not yet in sight,[128] it could be worthwhile for employers where financial literacy education has not yet taken off, to make allowance for implementing it. Although there is no statutory obligation on corporations to do so, corporations should endeavour to strengthen their financial education programmes to

125 Kim and Garman "Financial Education and Advice Changes Worker Attitude and Behaviours" 2003 *Journal of Compensation and Benefits* 7 10; Garman, Kim, Kratzer, Brunson and Joo "Workplace Financial Education Improves Personal Financial Wellness" 1999 *Association for Financial Counselling and Planning Education* 79 83; Orton "Financial Literacy: Lessons from International Experience" *Canadian Policy Research Networks Research Report* 5; Rootman and Antoni 2015 *Journal of Economic and Financial Sciences* 478; Cohen and Sebstad 2003 *Microfinance Opportunities* 1; Beale "Providing Financial Education to the Community: Business Students' Contribution" 1 April 2009 *Proceedings of the Allied Academies International Conference* 3.

126 Section 57(b)(ii).

127 Section 58(1)(j).

128 Businesstech "COVID Pandemic: What to Expect over the Next Six Months" (13 September 2021) https://businesstech.co.za/news/trending/520632/COVID-pandemic-what-to-expect-over-the-next-six-months/ (accessed 20-09-2021): According to Michael Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota in Minneapolis said with regard to the pandemic: "I see these continued surges occurring throughout the world. Then it will drop somewhat precipitously. And then I think we very easily could see another surge in the fall and winter of this year. We're going to see hills and valleys, at least for the next several years as we get more vaccine out. That's going to help. But the challenge is going to be: How big will the hills and valleys be, in terms of their distance? We don't know. But I can just tell you, this is a coronavirus forest fire that will not stop until it finds all the human wood that it can burn."

assist employers to be more resilient during the pandemic and be able to bounce back from the negative effects of the pandemic.

Employers should realise that their employees could run into very difficult and stressful financial circumstances because of the economic realities of a pandemic like COVID-19 and that their workforce would need sufficient financial education to assist them to consider what the best options would be for them during their rising financial needs and growing financial concerns. Despite the potential cost that will be incurred by the development and implementation of financial education programmes, employers will probably benefit from this by having loyal and grateful employees with more financial resilience resulting in raised productivity and higher job satisfaction.

Many people borrowed too much during the pandemic to survive the negative effect thereof and suffered even more because of the devastating effect that this borrowing had. To save people from bad financial decisions, it is imperative that employers offer employees proper financial education to help create more informed employees that understand complex financial products better. Because of all the benefits to employers that invest in the financial education of their employees, employers cannot just maintain that financial education is the responsibility of the government and financial institutions alone. If this responsibility is to be left to government and financial institutions, financial education will remain a pipe dream for most employees in South Africa. Corporations do have a bigger role to play in increasing and improving the financial literacy levels of their employees. An increase in the levels of financial literacy will not only benefit the employees but would also be worthwhile for the corporations owing to the benefits they would stand to reap in having financially resilient employees who form part of the broader society.