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INTRODUCTION

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Partnership for Economic Growth (PEG) (Hereafter GIZ-PEG) issued Terms of Reference (ToR) for Focus Group Discussions (FGDs) and a Baseline Survey on Financial Literacy (FL) in Namibia. The contract was awarded to Survey Warehouse who carried out the study accordingly.

The Baseline Survey on Financial Literacy was commissioned therefore to:
1. Enhance the understanding of, and to establish a baseline indicator for financial literacy in Namibia
2. Evaluate the impact of financial education (FE) activities that have been implemented by the Financial Literacy Initiative (FLI) to date
3. Identify the FE needs of enterprises, households, individuals and other target groups.

The Baseline Survey on Financial Literacy in Namibia consisted of two components; a qualitative, as well as a quantitative component. The qualitative component of the survey was undertaken in the form of FGDs. The quantitative component of the survey was based on a quasi-experimental design that measured financial knowledge, the understanding of the importance of financial literacy concepts such as budgeting, saving and spending as well as actual financial behaviour of individuals and MSMEs.
QUALITATIVE METHODOLOGY

Both, individuals and micro-, small and medium sized enterprises (MSMEs) were recruited from the following study sites, as advised by the Technical Working Group (TWG):

1. Bukalo
2. Ngoma
3. Tsumeb
4. Grootfontein
5. Rundu
6. Katima Mulilo
7. Tses
8. Keetmanshoop

For sites exposed to FLI activities, the open markets, where Street Theatres on financial literacy matters took place were selected as recruitment sites. Similar areas were selected in sites where no FLI activities had been implemented.

The FGD guide was designed in consultation with the TWG. The following broad discussion topics were included:

- Financial knowledge
- Saving
- Budgeting
- Borrowing
- Insurance
- Money management
- Banking and bank accounts
- FLI Initiatives (Street Theatres, Booklets, FinanceWize, Radio advertisements & programmes, SMS services, Website, MSME Training)
- Material Testing (Booklets and Posters)
- Perceived impact of the FLI Initiatives

The FGD guides were translated into Afrikaans, Otjiherero, Silozi, Oshiwambo and Rukavango using a five-stage protocol.
QUANTITATIVE METHODOLOGY

The quantitative questionnaire was designed in consultation with the TWG in the form of consultative meetings hosted by Survey Warehouse. The questionnaire was based on the initial, partially completed questionnaire that was submitted as an annexure to the original ToR for the study. The English questionnaire was then translated into Afrikaans, Otjiherero, Silozi, Oshiwambo and Rukavango.

The sample was designed as a representative cross-section of all individuals, 16 years and older in Namibia. A randomly selected sample of 1,200 cases allows inferences to the national population with an average margin of sampling error of no more than plus or minus three percentage points, at a confidence level of 95%.

Survey Warehouse used the latest official census data as the sampling frame. This frame is based on the 2011 Population and Housing Census. The sampling frame is stratified by 13 regions, and within regions by urban and rural locality.

A clustered, multi-stage probability sample design was employed. At each household, enumerators used a Kish grid to randomly select an individual for interviewing.

A ten day training workshop was scheduled and 25 enumerators were invited to attend. The piloting was undertaken in areas outside the study sample in the Khomas region. On conclusion of the training workshop, four data collection teams were identified. Each team consisted of one supervisor and four enumerators. A total number of 20 field staff was employed for the survey.

Survey Warehouse submitted introduction letters to all Regional Councillors and the respective Chief Regional Officers (CROs). Public service announcements were sent to public and commercial radio stations in Namibia. Upon arrival in each region, teams were required to visit the offices of the Regional Councillors. Teams had to introduce themselves and announce their presence in the region.
FINANCIAL LITERACY

Invariably indicators are designed to change some outcome in a society. They inform – normally by means of statistical information - both the public and policy makers about a societal condition that may be overlooked. Indicators also influence policy outcomes by expanding the awareness and focusing the attention of those involved in the process of setting policy priorities and allocating scarce resources.

The 2013 Namibian financial literacy baseline survey reports on the use of several existing measures of financial literacy (by OECD, The World Bank and Visa) before focusing on one, which is believed by Survey Warehouse to be the best suited for the Namibian situation. In doing so, it takes cognizance of the warnings of Cobb and Rixford (1998) and follows Huston’s (2010) review of more than 70 studies on financial literacy. This brochure will only give the scores for each of these measures. Detail can be read from the full report.

According to the FLI, financial literacy is defined as “the ability to make informed judgements and take effective decisions regarding the use and management of money and on the knowledge and skills passed on by financial education” (FLI, 2012). Financial literacy as per this definition therefore consists of both a behavioural and knowledge component.

None of the three studies (OECD, World Bank, VISA) included either a grading system for financial literacy or a threshold to determine whether a respondent is financially literate or not. Thus, there is very little international experience to draw from when developing a grading system for financial literacy in Namibia.

There are inherent dangers when setting a fixed threshold for “passing” or “failing”. The most serious problem is the interpretation of the performance.

This brochure presents a grading system that ranks financial literacy scores on a continuum ranging from 0% to 100%. Although Survey Warehouse remains somewhat sceptical about the direct impact of financial literacy on any individual respondents’ financial wellbeing, this approach allows for a potentially more accurate segmentation of the population based on their financial literacy scores that would allow for more accurate analysis of the impact of financial literacy on financial wellbeing. Thus, rather than deeming a particular person financially literate or not, this analysis classifies them as more or less literate.

Since the Namibian financial literacy indicator had to be constructed for Namibia, it was decided to construct indicators from Namibian data based on the OECD, World Bank and VISA methodology respectively. This was decided beforehand, in a meeting on questionnaire conceptualisation and design between Survey Warehouse and the TWG. Thus, questions used by the OECD, the World Bank and VISA were specifically included to enable the construction of these indicators and produce an internationally comparable result.

Huston’s method informed the Namibian indicator to a large extent and therefore the same questions were used in computing Huston’s financial literacy indicator as well as the Namibian indicator. Questions were simply organized into different subcomponents for each of the previously mentioned indicators.

The financial literacy scores, calculated as the average score for all respondents, for the five computed indicators are displayed hereafter. The report contains detailed discussions about the components of each of the indicators, as well as how they were computed.

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>SUBCOMPONENT</th>
<th>SCORE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>Financial Knowledge</td>
<td>51.18</td>
</tr>
<tr>
<td></td>
<td>Financial Behaviour</td>
<td>61.66</td>
</tr>
<tr>
<td></td>
<td>Financial Attitudes</td>
<td>60.63</td>
</tr>
<tr>
<td></td>
<td><strong>Financial Literacy Score</strong></td>
<td><strong>57.04</strong></td>
</tr>
<tr>
<td>WORLD BANK</td>
<td><strong>Financial Literacy Score</strong></td>
<td><strong>31.11</strong></td>
</tr>
<tr>
<td>VISA</td>
<td>Weighted Financial Literacy Score</td>
<td><strong>38.88</strong></td>
</tr>
<tr>
<td>HUSTON</td>
<td>Money Basics</td>
<td>50.02</td>
</tr>
<tr>
<td></td>
<td>Intertemporal Transfers 1: Borrowing</td>
<td>16.21</td>
</tr>
<tr>
<td></td>
<td>Intertemporal Transfers 2: Investing</td>
<td>37.11</td>
</tr>
<tr>
<td></td>
<td>Protecting Resources</td>
<td>25.92</td>
</tr>
<tr>
<td></td>
<td><strong>Financial Literacy Score</strong></td>
<td><strong>42.75</strong></td>
</tr>
<tr>
<td>NAMIBIA</td>
<td>Financial Knowledge</td>
<td>51.18</td>
</tr>
<tr>
<td></td>
<td>Financial Behaviour</td>
<td>32.26</td>
</tr>
<tr>
<td></td>
<td><strong>Financial Literacy Score</strong></td>
<td><strong>42.75</strong></td>
</tr>
</tbody>
</table>
Continued

Namibian Financial Literacy

Score Range (%)

Percentage (%)

0% - 10% 3%
>10% - 20% 7%
>20% - 30% 15%
>30% - 40% 25%
>40% - 50% 23%
>50% - 60% 10%
>60% - 70% 11%
>70% - 80% 7%
>80% - 90% 1%
>90% - 100% 0%

Formula used to calculate the Namibian financial literacy indicator

\[ \bar{X} = \frac{100}{n} \left[ \frac{\sum_{j=1}^{n} \sum_{k=1}^{k_1} x_{jk}}{k_1} + \frac{\sum_{j=1}^{n} \sum_{k=1}^{k_2} x_{jk}}{k_2} + \ldots + \frac{\sum_{j=1}^{n} \sum_{k=1}^{k_t} x_{jk}}{k_t} \right] \]

= \frac{100}{n} \left[ \sum_{i=1}^{t} \left( \frac{\sum_{j=1}^{n} \sum_{k=1}^{k_i} x_{jk}}{k_i} \right) \right]

Where:

- \( X^k \) is a binary variable and can thus take on only the following values:
  \( X^k = \{ \begin{array}{ll} 1 & \text{correct answer or good answer} \\ 0 & \text{incorrect or bad answer} \end{array} \)\)
- \( k = 1, \ldots, K_i \) = no of variables in subcomponent i of indicator
- \( i = 1, \ldots, t \) where \( t = \) no of variables in subcomponent of the indicator
- \( j = 1, \ldots, n \) where \( n = \) number of cases in the sample
- \( n = \) sample size
- \( n = 1200 \) for this study
Best answered questions (50% or more of respondents answered correctly):

- 77% could arrive at the correct answer (N$ 200) when they had to divide N$ 1000 equally between 5 friends.
- 51% arrived at the correct answer when asked that if these friends had to wait one year to get their share of the N$ 1000, how much would they be able to buy with their share (ANSWER(S)): buy less than they could buy today, OR it depends on inflation, OR it depends on the types of things they want to buy?
- 74% knew that if you lend N$ 25 to a friend and s/he paid you back N$ 25 the next day, that s/he paid 0 interest.
- 72% knew that high inflation means the cost of living is increasing rapidly.
- 66% knew that if someone offers you a chance to make a lot of money, it is likely there is a chance you will lose a lot of your money.

Worst answered questions (below 50% of respondents answered correctly):

- Only 23% (of the 60% of respondents who actually answered the question) knew that if you put N$100 into a savings account with a guaranteed interest rate of 2% per year, you don’t make any further payments into this account and you don’t withdraw money, you will have N$102 in the account at the end of one year.
- 40% of the total of 1200 respondents did not even attempt to answer this question. And only 31% knew that based on the assumptions above, there would be more than N$ 110 in the account at the end of five years.
- Only 24% knew that if the interest rate on your savings account was 1% per year and inflation was 2% per year, then after 1 year you would be able to buy less than you can buy today.
- Only 46% knew that it is less likely for you to lose all of your money if you save it in more than one place.
- Only 47% knew that the rate of inflation in the economy is best described as the rate of increase in the overall price level of goods and services.
Best behavioural questions (score 50% or more on behaviour):
- 61% claimed to currently save money from their personal income
- 57% claimed to currently have a budget for their personal income and expenses

Worst behavioural questions (score below 50% on behaviour):
- Only 8% of respondents claim to currently having a loan(s)
- Only 17% claimed to have been saving for old age during the last 12 months by means of a long term savings product, i.e. pension fund product
- Only 24% borrowed money in the past 6 months
- Only 26% said they own an insurance product
- Only 32% claimed to stick to their budget
- Only 33% have been actively saving within the past 12 months (more than just “if and when”)
The financial literacy of the average Namibian above the age of 16 amounted to 42.75%. It had two subcomponents, namely financial knowledge (51.18%) and financial behaviour (32.26%). Average scores for the individual questions used to compute financial knowledge and financial behaviour, and finally financial literacy, yielded the following:

Best answered financial knowledge questions (50% or more of respondents answered correctly):

- 77% answered Q105 pertaining to division correctly
- 74% answered Q107 pertaining to interest correctly
- 72% answered Q110b pertaining to inflation correctly
- 66% answered Q110a pertaining to risk and return correctly
- 51% answered Q106 pertaining to the time value of money correctly

Worst answered financial knowledge questions (below 50% of respondents answered correctly):

- 23% answered Q108 pertaining to simple interest correctly
- 24% answered Q112 pertaining to the time value of money correctly
- 31% answered Q109 pertaining to compound interest correctly
- 46% answered Q110c pertaining to diversification correctly
- 47% answered Q111 pertaining to inflation correctly

Best answered financial behaviour questions (score 50% or more on behaviour):

- 61% showed good behaviour pertaining to Q72, currently saving
- 57% showed good behaviour pertaining to Q62, having a budget

Worst answered financial behaviour questions (score below 50% on behaviour):

- 8% showed good behaviour pertaining to Q84, currently having loan(s)
- 17% showed good behaviour pertaining to Q78, long term saving: pension fund
- 24% showed good behaviour pertaining to Q83, borrowed money in past 6 months
- 26% showed good behaviour pertaining to Q91, owning an insurance product
- 32% showed good behaviour pertaining to Q65, sticking to their budget
- 33% showed good behaviour pertaining to Q74, actively saving within past 12 months

Since some topics were addressed by more than one question, it is evident that phrasing of questions made it easier for respondents to answer. The question about (the basic concept of) interest was answered very well, but when it came to simple and compound interest, respondents did not perform as well. As soon as percentages were mentioned, respondents suddenly were confused by the question about time value of money (Q112), whereas they scored much better on the question not using any percentages (Q106). Respondents also did better when they simply had to answer true or false to a question about inflation (Q110b), compared to when they had to choose the correct answer from a list of four options.
Listed below are the questions taken from the 2013 Namibian financial literacy baseline questionnaire, to compute the Namibian financial literacy score:

<table>
<thead>
<tr>
<th>Question</th>
<th>Financial Knowledge</th>
<th>Financial Behaviour</th>
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<tr>
<td>Q105</td>
<td>Division: Imagine that 5 friends are given a gift of N$1000. If they have to share it equally, how much does each get?</td>
<td>Budget Present: Do you currently have a budget for your personal income and expenses?</td>
</tr>
<tr>
<td>Q106</td>
<td>Time Value 1: Imagine that the friends have to wait 1 year to get their share. In 1 year’s time, will they be able to… (See Q106 response options)</td>
<td>Stick to Budget: How often do you normally stick to this plan or budget?</td>
</tr>
<tr>
<td>Q112</td>
<td>Time Value 2: Imagine that the interest rate on savings account is 1% per year and inflation 2% per year. After 1 year, how much would you be able to buy with the money in this account?</td>
<td>Current Saving: Do you currently save money from your personal income?</td>
</tr>
<tr>
<td>Q107</td>
<td>Interest: You lend N$25 to a friend one evening and he gives you N$25 back the next day. How much interest has he paid?</td>
<td>Active saving within last 12 months: How often, if ever, do you save?</td>
</tr>
<tr>
<td>Q108</td>
<td>Simple Interest: Suppose you put N$100 into a savings account with a guaranteed interest rate of 2% per year. You make no deposits or payments into this account. How much would be in the account at the end of the first year?</td>
<td>Long term saving: pension fund: In the past 12 months, have you been saving money for old age?</td>
</tr>
<tr>
<td>Q109</td>
<td>Compound Interest: How much would be in the account at the end of five years?</td>
<td>Borrowed money in the past 6 months: Have you borrowed money in the past 6 months?</td>
</tr>
<tr>
<td>Q110</td>
<td>Risk and Return: If someone offers you the chance to make a lot of money, it is likely there is a chance you will lose a lot of money</td>
<td>Currently have loan(s): Do you currently have a loan or loans?</td>
</tr>
<tr>
<td>Q110a</td>
<td>Inflation 1: High inflation means that the cost of living is increasing rapidly</td>
<td>Insurance product: Do you own an insurance product?</td>
</tr>
<tr>
<td>Q110b</td>
<td>Inflation 2: The rate of inflation in an economy is best described as the rate of increase in the..</td>
<td></td>
</tr>
</tbody>
</table>
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013

RESPONDENT AND HOUSEHOLD BACKGROUND:

The sample yielded a 60% female to 40% male respondent gender balance, with 55% of respondents considering themselves to be the head of the household. Respondents were aged between 16 and 89 years, with the majority (55%) of respondents aged between 21 and 40 years.

Nearly 37% of respondents achieved some secondary schooling, while a further 18% indicated that they had completed secondary school.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013 continued

Respondents were mainly single and around 30% of respondents did not have children at all.

71% of respondents grew up in rural areas in Namibia. When looking at financial education, 53% of respondents said that their parents (either one, or both) taught them about financial matters while growing up. Similarly, FGDs found that participants learnt the most about what you know about money and finances from parents and caregivers, employers, older siblings, other family members, and out of personal experience.

Access to communication was very high, as was respondents’ usage of communication channels available to them.
In terms of formalised banking services, 60% of respondents indicated that they personally have a bank account, while those that do not, 33% have access to someone else’s bank account that they could use when they needed to.

Reasons for having a bank account (FGD respondents):

1. For receiving money from others (including employers)
2. For sending money to others
3. For curbing spending
4. For keeping money safe
5. For saving money

**EMPLOYMENT AND INCOME:**

- 70% of respondents work full-time and 30% work part-time
- 57% earn a monthly income and 23% do not earn an income from the work they do at all.
- Of the n=403 respondents who did not have any type of employment, 26% reported that they looked for work or started a business within 30 days prior to the survey.
- When looking at both monthly and annual income, 18% of respondents indicated that they do not have any income whatsoever.
- 18% of respondents indicated that they are registered as taxpayers in Namibia, with 80% being registered as PAYE taxpayers and 18% as Provisional taxpayers. 2% did not know how they were registered.
The majority (62%) of respondents indicated that it was difficult to some extent to keep up with their financial commitments as an individual. A total of 57% of respondents admitted that they have a budget for their income and expenses.

These findings correspond with that of the FGDs. Budgeting was more pertinent among those who were invited to FGDs in sites where participants could have been exposed to some of the FLI activities (hereafter referred to as exposed sites).
RESULTS
OF THE FINANCIAL
LITERACY BASELINE
SURVEY 2013
continued

Respondents indicated that their budget includes all planned income (85%); all planned expenses (96%); and an amount allocated to saving (58%). Some of the FGD participants mentioned that the amount they save often changes as a result of changing product prices, or when their needs change in a specific month, resulting in them buying additional or different items.

When asked to rate how often they normally stick this budget on a 5-point Likert scale, where one (1) was never and five (5) was always, nearly 85% of respondents rated their budgetary adherence between 3 and 5, which seems to suggest a positive degree of regularity. The mean of all rated scores was 3.62, but this is susceptible to outliers.
When asked what they do if they run out of money, 57% of respondents indicated that they get money from family and friends and 10% said they get the money from someone in the community.
SAVING:

Just over 60% of respondents indicated that they currently save money from their personal income. Of those who do not save, 49% do not have any money left to save after paying expenses and 46% do not have a cash income – and therefore do not have money to save.

In the FGDs, the topic of saving was discussed in great detail. Here participants mentioned the following reasons for saving:

1. Being able to afford unforeseen expenses
2. Saving to acquire some expensive assets, ranging from furniture to a property
3. Saving so as to be able to afford the acquisition of business stock and/or equipment investments
4. Saving to afford a child’s education
5. Saving for retirement
6. Saving for life events such as weddings or the birth of children
7. Saving for own education and/or training
Specific bank products used for saving were savings accounts (69%) and cheque accounts (19%).

Only 17% of respondents indicated that they saved money for old age during the past 12 months, with 50% of them saying this was with a compulsory product from their employer, and 40% said this saving was private and voluntary.
BORROWING:

Have you borrowed money in the past 6 months?

- Yes: 65.9%
- No: 34.1%

Respondents seemed to be well aware of the risks of borrowing money, particularly with regards to inflated repayment amounts, and they seem to want to try and avoid borrowing wherever possible. However it does appear that they do need to borrow sometimes out of necessity, rather than choice, and that this need exceeds all logical motivations for not borrowing. Just under 25% of respondents admitted to having borrowed in the six months preceding this survey.

In the FGDs, many participants reported on the “cycle of debt”. This can be explained as follows: A person has a loan. At the end of the month, when such a person receives his or her income, their entire income is dedicated to the repayment of their debt. After repayment of their debt, such a person is left with very little disposable income. This often leads to entering into yet another loan agreement to make ends meet. This cycle continues until such a time when the person is able to settle his or her debt for that month, and have enough disposable income to make ends meet for that same month. This however, is not often the case.
INSURANCE:

Just over 25% of respondents indicated that they own an insurance product. Many participants in the FGDs reported not having any kind of insurance product. The main reasons cited for not owning insurance products in the quantitative data were that these products were too expensive (46%), lack of income (21%) and because respondents did not know enough about insurance products (14%).

The most popular insurance products held were funeral cover (31%), life insurance (24%), car insurance (11%), health insurance (11%) and property insurance (10%). In the FGDs, the types of insurance products held by a small group of individuals were specified as funeral cover, study policies and life cover.
RESULTS
OF THE FINANCIAL
LITERACY BASELINE
SURVEY 2013  continued

FINANCIAL KNOWLEDGE:

The data suggests that the family is the most trusted source of information for respondents when they have to make important financial decisions. When asked, 20% of respondents cited their spouse or partner, 18% cited other relatives, 16% said their parents and 13% said friends. Around 10% of respondents said that they make decisions based on their own information.

When rating their own capabilities of financial management, 55% of respondents felt that they were good at keeping track of their money, nearly 45% of respondents felt that they were good at making ends meet, only around 25% indicated that they were any good at both shopping around for financial products and staying informed about financial issues, and again nearly 45% of respondents felt that they were good at planning their finances, like using a budget.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013  continued

THE FINANCIAL LITERACY INITIATIVE:

When probed, 12.5% of respondents indicated that they had heard of the Financial Literacy Initiative (FLI). During the FGDs, awareness was also reported extremely low.

Of the 13 respondents who were aware of street theatres, eight of them attended such a street theatre, of the ten respondents who were aware of workplace programmes, four attended such a programme, and of the six respondents who were aware of SME training, only one attended.

In the FGDs, awareness and exposure were reported infrequently. However, all participants who either saw a street theatre, saw or read one of the booklets or who saw FinanceWize on television, reported that the messaging was clear and easy to understand. Recall proved rather good and in general, these initiatives were well received.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013 continued

During the material testing of the booklets and the posters during the FGDs, all materials tested extremely well, and participants indicated that these were very easy to understand. All participants indicated that the FLI initiatives would impact those who are exposed to them positively and change their financial lives.

- 23% of all respondents had indicated that they had heard of a Basic Bank Account.
- Nearly 60% of these respondents were of the opinion that such an account has no limit on the amount that the account holder may earn.
- Around 20% did not know how much an individual may earn to qualify for such an account
- While a further 20% said individuals only qualify for such an account if they earn up to N$ 2 000.00 per month.
- Incidentally, just over half of those respondents who have heard of a basic bank account, actually have such an account.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013  

Around 75% of all respondents felt that government should implement financial education in schools at primary level. The actual grades at which they felt this should be implemented varied greatly.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013 continued

MICRO, SMALL AND MEDIUM ENTERPRISES:

Do you have any business of your own or are you self-employed?

- Business owner / self-employed, 168
- Registered 38
- Not registered 128
- In the process of registering, 2
- Not a business owner / self-employed, 1032

A total of 14% of respondents indicated that they have a business of their own, or were self-employed. This was filtered from a series of questions administered in the questionnaire that pre-qualified respondents to then simply confirm their MSME status. Of these MSMEs, only 23% indicated that their business enterprise was formally registered.

Businesses ranged from start-ups, some being in existence for up to six months prior to the survey, to established enterprises that have been in operation for over ten years.

- 57% of business owners indicated that they have a separate budget for their business
- A total of 73% of MSMEs save a portion of their business income.
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013 continued

- 94% keep record of the total income from their business
- 95% keep record of the total expenses that the business needs to cover
- 86.5% set aside an amount to be allocated to savings
RESULTS OF THE FINANCIAL LITERACY BASELINE SURVEY 2013 continued

**GENERAL:**

<table>
<thead>
<tr>
<th>Fraudulent Activity</th>
<th>Knowledge of:</th>
<th>Personal experience with:</th>
<th>Knowledge of protecting themselves against</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit</strong> n=1200</td>
<td>n=1200</td>
<td>n=n_i (where i=1, 2, 3, 4)</td>
<td></td>
</tr>
<tr>
<td>Non-delivery (n_i=425)</td>
<td>p1 425</td>
<td>66</td>
<td>83</td>
</tr>
<tr>
<td>Phishing (n_i=297)</td>
<td>p2 297</td>
<td>34</td>
<td>57</td>
</tr>
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<td>Debit/Credit Card Fraud (n_i=409)</td>
<td>p3 409</td>
<td>26</td>
<td>59</td>
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<td>Debit/Credit Card Fraud (n_i=240)</td>
<td>p4 240</td>
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The following definitions were given to the fraudulent activities on which respondents were questioned/tested:

- Non-delivery = people stealing money by having you pay for a product, but never delivering it
- Phishing = people stealing money by having you pay for a product, but never delivering it
- Debit/credit card fraud = using a hidden magnetic strip to clone a debit/credit card, and then later using the cloned card to purchase/withdraw money from your bank account
- Pyramid schemes = someone promising you payment or services, primarily for enrolling other people into the scheme, rather than supplying any real investment/sale of products/services to the public
Non-delivery:
35% of respondents were aware of people stealing money by having you pay for a product, but never delivering it. Of these, 16% had been negatively affected by this type of fraudulent activity, and only 20% of people who had knowledge about this activity reported that they knew how to protect themselves against it.

Phishing:
25% were aware of phishing scams. Of these, 11% had been negatively affected by this type of fraudulent activity, and only 19% of people who had knowledge about this activity reported that they knew how to protect themselves against it.

Debit/credit card fraud:
34% were aware of debit/credit card fraud. Of these, 6% had been negatively affected by this type of fraudulent activity, and only 14% of people who had knowledge about this activity reported that they knew how to protect themselves against it.

Pyramid schemes:
20% were aware of pyramid schemes. Of these, 5% had been negatively affected by this type of fraudulent activity, and only 5% of people who had knowledge about this activity reported that they knew how to protect themselves against it.

How respondents protect themselves against mentioned fraudulent activities:
• 59% indicated that they only deal with people they trust
• 15% said they had learnt from their mistakes
• 11% indicated that they only do business cash on delivery
The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Partnership for Economic Growth (PEG) (Hereafter GIZ-PEG) issued Terms of Reference (ToR) for Focus Group Discussions (FGDs) and a Baseline Survey on Financial Literacy (FL) in Namibia.

The purposes of the baseline study were threefold:
- Enhance the understanding of, and to establish a baseline indicator for financial literacy in Namibia.
- Evaluate the impact of financial education (FE) activities that have been implemented by the Financial Literacy Initiative (FLI) to date.
- Identify the FE needs of enterprises, households, individuals and other target groups.

The 2013 Namibian financial literacy baseline survey reports on the use of several existing measures of financial literacy (by OECD, The World Bank and Visa) before focusing on one, which is believed to be the best suited for the Namibian situation.

Neither OECD, or the World Bank, or VISA included either a grading system for financial literacy or a threshold to determine whether a respondent is financially literate or not. Thus, there is very little international experience to draw from when developing a grading system for financial literacy in Namibia.

On the conceptual level, financial literacy includes both knowledge and behavioural components. The financial literacy of the average Namibian above the age of 16 was calculated as 42.75%. The average score for financial knowledge (51.18%) was higher than that for financial behaviour (32.26%).

Among the most prominent forms of financial behaviour counts: having a personal bank account (60%) and keeping a personal budget (57%). Most respondents also indicated that they have difficulty in keeping their financial commitments (62%). Those who are in need of extra money rely on family and friends to make up the shortfall (57.2%). Just over 60% of respondents indicated that they currently save money from their personal income. Some 25% of respondents indicated that they own an insurance product. Less than 25% formally borrowed money during the past year.

For most respondents, their family is the most trusted source of information when they have to make important financial decisions.

When probed, only 12.5% of respondents indicated that they had heard of the Financial Literacy Initiative (FLI). However, all FLI educational materials, tested extremely well. More specifically, participants in the qualitative study component indicated that these were very easy to understand.

Around 75% of all respondents felt that government should implement financial education in schools at primary level. There was little agreement at what level this should be introduced.

The FLI currently aims to conduct the survey bi-annually.
SURVEY CONDUCTED BY:

SURVEY WAREHOUSE

ON BEHALF OF

Financial Literacy Initiative

SUPPORTED BY

Ministry of Finance,
Fiscus Building, 10 John Meinert Str.

www.fli-namibia.org

Private Bag 13295,
Windhoek, Namibia

77077 (40c/sms)*

*40 cents per SMS. Across all 3 networks. Terms and Conditions apply.