FACT SHEET

INTRODUCTION TO FINANCIAL LITERACY
INTRODUCTION TO FINANCIAL LITERACY FACT SHEET

DEFINING FINANCIAL LITERACY

- **Finance** is about how you access and manage your money.

- **Money** is a resource that people need for their wellbeing. Money provides access to food, clothing, shelter and education. Money makes it possible to plan for the future, and live a healthy, productive life.

- **Financial literacy** is a set of skills and knowledge that people can learn in order to manage their money and build their assets. It means understanding how money works in your community, and making good decisions about what to do with your money.

- **Assets** are possessions and property that have money value. Assets can be land, cars, machinery, buildings.

- **Money flows** in different ways. These are some of the ways in which money is accessed and exchanged in a community:
  - **Borrowing** means taking money that isn’t yours on loan. This means that someone agrees to lend you money, and you agree to pay it back. You might borrow money from a bank, or a neighbour. Often you have to pay interest for the use of borrowed money. The longer you take to pay back a loan, the more interest you accumulate, and the more expensive the loan becomes for you.

  - **Interest** is the money that it costs you to use borrowed money. For example, you may be charged a rate of interest on the money you borrow. This means having to pay a percentage of the amount of money that you still owe on a loan, usually at the end of each month.

  - **Saving** means not spending all of the money you acquire, but keeping some of it for later use. Setting aside small sums of money on a regular basis is a good way of taking care of your future needs. The more you save, the more likely you are to have enough money to start a business, or deal with a family illness.

  - **Investing** means putting your money into developing something that you expect will bring you income in the future. You might invest money in starting a business, for example, or in furthering your education so that your earnings will be greater.

“Financial literacy means having skills and knowledge to make good decisions about how you earn, spend, borrow, save and invest your money. Good financial decisions may help to improve your wellbeing and quality of life.”

(Mastercard, Taking Stock)
HOW MONEY FLOWS: FORMAL AND INFORMAL WAYS

- Money flows through different kinds of exchanges both in the formal sector and the informal sector.

- The formal sector includes banks and registered businesses that are regulated and taxed.

- All economic activity that falls outside of regulation and taxation is considered the informal economy.

- The formal and informal sectors depend on each other, yet there are strong divisions between them. For example, people working in the informal sector often cannot gain access to formal financial products, such as a bank account.

- Accessing products and services offered by banks and other formal institutions can be a major challenge for people who do not have a formal job, or who cannot provide official papers such as a title deed to a house.

- Most economic activity in Tanzania takes place in the informal sector. Informal economic activities include street or market selling, offering goods and services such as sewing or repairs, unpaid labour on family farms, and home-based work such as cooking, cleaning and caring for children.

- Women are more likely than men to work in the informal sector, and are also more likely to be paid very little or not at all for their work (TK).

DID YOU KNOW?

ONLY 4% OF YOUNG ADULTS IN TANZANIA (15-24) HAVE AN ACTIVE BANK ACCOUNT, WHILE 64% OF YOUNG TANZANIANS HAVE NEITHER A BANK ACCOUNT NOR AN ACTIVE MOBILE MONEY ACCOUNT.

(YOUTHSTART 2016)

EMPLOYMENT IS A MAJOR FACTOR AFFECTING YOUNG PEOPLE’S ACCESS TO FINANCE. IN TANZANIA, YOUTH ARE UNEMPLOYED AT TWICE THE RATE OF ADULTS.

(YOUTHMAP TANZANIA)

ONLY 5.7% OF TANZANIA’S 800,000 YOUNG PEOPLE WHO ENTER THE LABOUR MARKET EACH YEAR ARE ABLE TO FIND FORMAL EMPLOYMENT.

(YOUTHSTART 2016)
DID YOU KNOW?

UNEMPLOYED WOMEN IN TANZANIA OUTNUMBER UNEMPLOYED MEN BY 33%.

(NRESTLESS DEVELOPMENT 2011)

NEARLY 80% OF TANZANIANS SAVE MONEY; THE MAJORITY PREFER TO KEEP THEIR SAVINGS AT HOME (70%). ONLY 13% OF PEOPLE PREFER TO SAVE MONEY IN THE BANK.

(INTERMEDIA 2014)

YOUTH HAVE REPORTED PAYING UP TO 300% IN INTEREST ON LOANS THEY HAVE ACCESSED FROM INFORMAL SOURCES.

(YOUTHSTART 2016)

YOUNG TANZANIANS OFTEN BOTH MISTRUST AND LACK ACCESS TO LOANS AND FINANCE, PREFERRING TO BORROW MONEY FROM FAMILY MEMBERS, FRIENDS AND OTHER INFORMAL SOURCES.

(YOUTHSTART 2016)
UNDERSTANDING FINANCIAL INCLUSION

Financial inclusion means not only having knowledge about how money works, but also having the necessary resources and opportunities to participate in the money system. This is why it is important to understand who is included and who is excluded in the money system of your community, and the reasons why.

Let’s consider four pillars of financial inclusion: policy, access, affordability and literacy:

- **Policy** is what opens or closes the door to you being included in the financial life of your community and country.
  - Tanzania’s National Youth Policy recognises the employment challenges faced by young people, and seeks to develop entrepreneurship and self-employment as alternatives for young people (Youthstart 2016).
  - Related policies such as Tanzania’s National Financial Inclusion Strategy are considered progressive, yet their reach is not wide enough to make a difference to the lives of most youth (YouthMap Tanzania, 2014).

  **Policy Questions:** How do you see policy reflected in your own life? The life of your community?

- **Affordability:** People also need to be able to afford financial products and means of exchange. There are often costs, such as transaction fees and interest, associated with having a bank account, taking out a loan, or borrowing from a friend.
  - There are hidden costs too. Hidden costs might include the time, financial and opportunity costs of having to travel to a faraway bank branch, if you live in a rural area.

  **Affordability Questions:** How does the affordability of finance affect your life and the life of your community?

- **Education:** people also need to understand the different financial products that are available, and to decide if these products make sense for them. Financial literacy helps you to develop good strategies for borrowing, saving and investing.
  - Increasingly, banks, NGO’s and other organisations are offering financial education which aim to help both existing and prospective clients make better financial decisions.

  **Education Questions:** How do you educate yourself about what financial products are available to you in your community? What are the resources available in your community for learning about finance?

- **Access:** is about being able to reach and interact with the different financial resources in your community.
  - Access is affected by such things as where you live, your age, gender, education level, earning and employment prospects. Opening a bank account may require certain information that only a formally employed person can supply, like an income statement, or pay slip.
  - Access may also be affected by gender norms. Young men have higher literacy and secondary school enrollment rates than young women, for example, which may make it easier for young men to access finance. (UNESCO)

  **Access Questions:** How do you experience the flow of money in your community? What are the financial products and choices available to you? How are these choices shaped by your situation in life? How does your access to financial resources differ from someone else’s?
MORE THAN 90 PERCENT OF TANZANIAN YOUTH DO NOT HAVE A BANK ACCOUNT. HERE ARE SIX REASONS WHY:

• **Employment**: The formal employment rate among youth is low, and traditional banks have not often catered for people outside the formal job market.

• **Poverty**: Youth often find few opportunities for paid work of any kind, especially in rural areas, meaning that they have limited opportunity to save (Restless Development).

• **Rural access**: The majority of Tanzanian youth (60% CHQ) live in rural areas, where roads and electricity networks are underdeveloped, and banks are located far away (Youthstart 2016).

• **Literacy**: 21% of men and 33% of women lack basic literacy, which means they are less able to engage with banks and financial institutions (UNESCO).

• **Independence**: Youth are often expected to hand their earnings over to their elders, particularly from agricultural labour (Youthstart 2016).

• **Trust**: Many young people are unfamiliar with banking and do not trust private banks with their money (Youthstart 2016).

GATHERING KNOWLEDGE OF FINANCE IN YOUR COMMUNITY. THESE ARE SOME QUESTIONS TO CONSIDER:

• Setting financial goals: What are the financial aspirations of young people in your community? Do people set financial goals? What kinds of goals are important to people? What makes people feel they can succeed (or not succeed) in meeting their financial goals?

• Borrowing is about an agreement between a borrower and a lender. Both the borrower and the lender need to understand their agreement clearly. For instance, how does a lender know that the borrower will be able to repay the loan? Do people borrow against other assets that they own? How do people reach agreements on borrowing in your community? Does borrowing happen within the family? What makes people trust each other in an agreement? What happens if the borrower fails to repay the money?

• Saving is about keeping money aside so that it accumulates. How do people save in your community? What motivates people to save? Where do they keep their savings? In the bank? Mobile money account? Community savings groups? Cash under the mattress? In valuable objects? Do people save individually or as a family? What do people use their savings for? Who decides?
GET THE FACTS! BUST THE MYTH!

<table>
<thead>
<tr>
<th>MYTHS</th>
<th>FACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>You need a formal education to be good with money</td>
<td>Anyone can learn to budget, save, plan for the future and make smart investment choices.</td>
</tr>
<tr>
<td>You need a lot of money to start your own business</td>
<td>Many young people operate their own micro businesses as part of their coping strategies to make ends meet. Those who succeed in growing their businesses and improving their financial situations tend to be the ones who are able to borrow wisely and take calculated risks, which are key skills acquired through financial education and literacy (Invisible Lives).</td>
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<tr>
<td>Young people don’t have access to banking and financial products</td>
<td>Young people do face big challenges of financial access that are linked to the employment challenges, but Mobile Money (MM) is changing the game, especially for the rural poor. While only 4% of Tanzanian youth have a traditional bank account, six out of 10 Tanzanian adults now have a MM account (InterMedia 2016).</td>
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WHAT IS THE RELATIONSHIP BETWEEN FINANCIAL INCLUSION AND YOUTH EMPLOYMENT?

• In 2014, the UN estimated that by 2015 one out of every three young people in the world would be African. By 2030 the African continent is expected to have the world’s largest labour force, with more than 375 million young people in the workforce (World Bank, in MC).
• Young people in Tanzania make up almost two-thirds of the population, yet levels of financial inclusion among youth remain low (Restless Development).
• This means that young Africans now have the potential to help shape the future of work, yet young people will not be able to realise this potential without being empowered financially.
• Tanzania’s youth population is growing faster than ever before. The economy is growing too (7% GDP growth per year), but not fast enough to keep up with population growth.
• Economic growth has not been inclusive of youth, and Tanzania’s youth employment gap is widening (Youthstart 2016).
• Because there are few social protections, most youth cannot afford to be unemployed. With few formal job opportunities out there, most young people will rely on several different activities providing different sources of income in order to make ends meet (Invisible Lives).
• Policymakers and the financial sector are recognising a need to increase financial literacy among youth and include them in the financial landscape (Youthstart 2016).
Young women face particular obstacles to financial literacy and inclusion. Adolescent girls often lack financial independence, yet are expected to contribute earnings to the household (Population Council 2012).

Young women often face discrimination in ways that can affect financial literacy and access. For example, one in three women lack basic literacy skills, and women’s secondary and tertiary enrollment levels are lower than men’s (UNESCO).

Young women are more likely than men to be unemployed; to work in the informal economy; and to not be paid for their labour (Restless Development; Youthstart 2016).

Gaining financial literacy and autonomy may help make young women less vulnerable to poverty, health problems and sexual coercion and violence, which can have life-long knock-on effects for them and their children (Population Council, 2012).

Some questions about gender and financial literacy

- How do you see gender having an impact on financial literacy and access in your community?

- Do you think young women are empowered or disempowered financially in your community?

- Do you think financial literacy can make a difference in the lives of girls and young women in your community? How?
Opportunity: Around 60% of young people in Tanzania live in rural areas where employment opportunities are often limited and poverty rates are higher. Agriculture is the largest source of employment for young people, but the financial rewards of traditional farming can be small, making it necessary for young people to supplement their incomes with other activities (TK). Entrepreneurship in the agricultural and food value chains is seen by government, NGO’s and the private sector as one of the most promising areas for young people to get involved in the economy.

Questions
- Do you see opportunities in agriculture and food value chains in your community?
- Who benefits from these opportunities?
- What are incentives and obstacles to starting your own business in agriculture?

Technology: Mobile money is a game changer in Tanzania’s financial landscape, easing the exchange of finance in rural areas and in the informal sector. Half of adults in Tanzania had a Mobile Money (MM) account in 2014, and by 2016 two-thirds of adults had a registered MM account (InterMedia 2016).

Questions
- What is the impact of Mobile Money in your community?
- Are new opportunities becoming available to young people with the advance of Mobile Money?

Wellbeing: It’s not just about material wealth and your bank balance. Learning how to manage your finances can also contribute to your self-esteem and sense of wellbeing, identity and purpose (Population Council, Taking Stock).

Questions
- How do you feel about your own money situation?
- Do you worry about money?
- What specific concerns do you have about money?
- Do you and your friends talk about money?
- How do you think your money situation affects your happiness and the way you feel about yourself?
INTRODUCTION TO FINANCIAL LITERACY
**DIFFERENT WAYS TO TALK ABOUT FINANCIAL LITERACY**

- Understanding the financial landscape in my community
- Young people’s financial inclusion and employment in Tanzania
- The role of young people in the future of finances in Tanzania
- Gender and how it affects financial literacy and access to money

**Ways to talk about understanding the financial landscape in my community**

- Who participates in the flow of money in your community? How?
- How do young people participate in the flow of money in your community?
- What are the financial aspirations of young people in your community?
- Do people set financial goals?
- What kinds of goals are important to people?
- What makes people feel they can succeed (or not succeed) in meeting their financial goals?
- How do people save money in your community? What motivates people to save?
- Do people save individually or as a family? What do people use their savings for? Who decides?
- Who in your community demonstrates good strategies for borrowing, saving and investing?
- What are the resources and opportunities in your community for learning about finance?

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**FORMATS**

**VOX POP**

**Vox pop aim**
To get many opinions on one topic.

**Who do you talk to?**
Anybody from the community.

**Question**
What is financial literacy?

**AUDIO COMMENTARY**

**Audio commentary aim**
To get people’s opinion about a topic that they care deeply about.

**Who do you talk to?**
Ask a young person in the community who has financial aspirations and is open to talking about their financial plans.
# Audio Profile

**Audio profile aim**
To get a first person account of someone’s experience, passion or journey. Audio profiles often aim to inspire.

**Who do you talk to?**
A financial professional or business owner in the community who can talk about her/his financial journey, including her/his experiences financially planning, setting goals, budgeting, taking out a loan and saving.

**Questions**
- How would you define financial literacy?
- How would you describe your financial literacy when you began managing your finances?
- How has your knowledge about finances changed since then?
- Did you have access to resources and opportunities to learn more about finances in the community? What did those resources and opportunities look like?
- What were some of the challenges you faced in managing the your finances?
- Where (banks, organisations, people, etc.) did you find support when dealing with those challenges?

*Please see interview questions in “How to present your show”*

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# Public Service Announcement (PSA)

**The aim of a PSA**
To create a public awareness message.
[INTRO:]

Host 1: It's just gone [TIME] and you’re just in time for the [NAME OF SHOW] on [RADIO STATION]. My name is [NAME].

Host 2: And my name is [NAME], and today’s show is all about financial literacy! Yes, my friends, you heard it. We’ll be talking about how young people can develop skills to begin managing our finances and wellbeing.

Host 1: That’s right, we’ll be talking about why it’s so important that young people have access to information about how we can make informed decisions when managing money, savings, loans and much more. Here’s the truth - young people in Tanzania make up almost two-thirds of the population, and yet we’re are rarely included in financial and employment resources and support.

Host 2: Today, we’ll be focusing on young people accessing financial opportunities and resources in their own communities. To do that, young people can start by recognising how finance and flows of money work in our everyday lives. We’re bringing you the much needed information to start open conversations around youth employment and financial inclusion!

HOST 1: Let’s hear more on what people think about youth financial literacy and inclusion.

[PRESENT WHO IS BEING INTERVIEWED]

[PLAY THE INTERVIEW]

[OUTRO:]

Host 1: Today, we’ve learnt so much about financial literacy and young people accessing those resources!

Host 2: Yes! Understanding money is very important for us young people to make informed decisions and plans for our lives!

Host 1: Next week on [DAY] at [TIME] we’ll be talking all about [NEXT WEEK’S SHOW TOPIC]. Until then, it’s bye from us!
ETHICS AND CONSENT

Ethics and consent [This may be a sensitive topic for some, so make sure you inform your audience to respect those who share personal stories in the space.]
OUTREACH GUIDE

INTRODUCTION TO FINANCIAL LITERACY
**OUTREACH FORMATS**

**GUEST SPEAKER**

**Guest speaker aim**
A guest speaker is someone who can share expert knowledge about the impact statement or tell a personal story related to the impact statement.

**Some questions for the guest speaker to think about ahead of time**
- What is financial literacy?
- How can young people benefit from understanding how to manage money?
- What is the biggest change in behaviour that young Tanzanians need to make about money?
- How can young people start setting goals and planning for their futures?

**IMPACT JINGLE**

**Impact jingle aim**
A jingle is a short song or tune that is easy to sing along to and remember, it has a clear message.

**INTERVIEW**

**Interview aim**
An interview is a one on one conversation where questions are asked by the interviewer and answers are given by the interviewee.

**Suggested questions for an interview with a business owner in the community**
- What does financial literacy mean to you?
- How would you describe your financial literacy when you first began managing your finances?
- How has your knowledge about finances changed since then?
- Did you have access to resources and opportunities to learn more about finances in the community? What did those resources and opportunities look like?
- What were some of the challenges you faced in managing finances?
- Where (banks, organisations, people, etc.) did you find support when dealing with those challenges?
- If young people wanted to learn more about financial literacy, where would you direct them?
ROLEPLAY

To provide a scenario that allows the audience to “act out” a point about the impact statement. Decide how many characters are needed and set the scene for the ‘actors’ to play out the statement. It is really an improvisation, and the audience ‘actors’ make it up as they go along.

Statement
Putting aside small amounts of money consistently can accumulate one’s savings.

Characters
Amina, Baba Amina (Amina’s father) and Mjaka (Amina’s best friend)

Scenario
Amina is 19 years old and has just finished high school. She supplies polythene packaging bags (mifuko) to fruit and vegetable vendors at her local market, and makes an average profit of Tshs 5,000 in a week.

She contributes half of her money (Tshs 2,500) towards her family’s food needs. She spends the remaining Tshs 2,500 on fashionable clothing and weekend partying with her best friend, Mjaka.

Baba Amina lost his job at a local factory eight months ago, and has since not been able to find employment. He recently told Amina that because he no longer has an income or any savings set aside for college fees, he will not be able to come up with enough money to support her dreams of going to college in two year’s time from now.

Amina is determined to go to college but is not sure how to raise enough money for her school fees.

How would you advise Amina?

OUTREACH FORMATS

PANEL DISCUSSION

Panel discussion aim
A panel discussion involves a group of people discussing one topic in front of an audience. There is usually time for questions from the audience afterwards.

Who is on the panel
Financial professionals and advisors (with different expertise in the areas of savings, planning, lending and investment), youth with financial aspirations, parents.

Examples of opening questions for the panel
• Why is it important for young people to understand money and how it works?
• Why is it important to save money?
• Can someone with a small or inconsistent income save? If so, how?
• Is there a specific time for young people to start (or stop) saving?
• Should children and young people be included in discussions around the family’s financial decisions?
• What does financial planning involve?
• Where can young people in the community get more information and help on financial planning?
• What do young people need to understand about borrowing and lending? How does it work?
• What are the pros and cons of borrowing and lending money?
• Where can young people in the community get more information on borrowing and lending of money?
Host 1: Hello and welcome everyone! It's just gone [TIME] and my name is [NAME OF HOST1] and I am a [TITLE OF HOST] from [NAME OF ORGANISATION]. You're just in time for an awesome show all about a topic that probably one way or another has affected us.

Host 2: And my name is [NAME], I am a [TITLE OF HOST] from [NAME OF ORGANISATION] and today's show is all about how young people can access resources and develop skills to manage our finances and overall wellbeing.

Host 1: That's right! We'll be talking about why it's important that young people have access to financial literacy information so we can make informed decisions when managing money, savings, loans and much more. Here's the truth! Young people in Tanzania make up almost two-thirds of the population, and yet we're are rarely included in financial and employment resources and support.

Host 2: Yebo, that's why we'll be focusing on young people accessing financial opportunities and resources in their own communities. To do that, young people can start by recognising how finance and flows of money work in our everyday lives. That's why we're bringing you the much needed information to start open conversations around youth financial literacy and inclusion!

Host 1: Let's hear more about what people have to say about youth financial literacy and inclusion.

[INTRO TO INTERVIEW]

[INTERVIEW]

[OUTRO TO INTERVIEW]

Host 1: Wow! That was really interesting! There's a whole lot more to managing money and accessing resources than you might think.

Host 2: Exactly right! We, as young people, have the right to access information that can benefit our well being today and down the road. Imagine having the knowledge on managing savings, lending and so much more!

Host 1: Definitely! Now let's get more information from our guest speaker today who is a financial professional. She will help us understand more about financial literacy. She will also talk about this phrase [Financial Inclusion]. Later on, we will have a quiz about that word and much more! Don't go away!

[INTRO TO GUEST SPEAKER]

[GUEST SPEAKER]

[OUTRO TO GUEST SPEAKER]
[PLAY IMPACT JINGLE]

Host 1: We’ve learned a lot from our guest speaker and our interviewee. Now let’s hear from you with a quick quiz. This is how it works
[Intro Quiz Rules]
[DO THE KNOWLEDGE QUIZ]
You can create one, by asking questions about the content that has been shared during this outreach OR by looking again at the Information sheet especially the “Myths and Facts” and “Did you Know”.
[Outro Quiz]
[PLAY IMPACT JINGLE]
[Here, continue with your own script according to the outreach outline below]

[OUTRO:]

Host 1: Today, we’ve learnt so much about youth financial literacy and inclusion!
Host 2: Yes, it’s amazing to learn that managing money is not just about buying things, but also about setting goals and planning for the future we want!
Host 1: That’s right! Financial literacy is all about making the right choices for our wellbeing! Now it’s time for us to say good bye. Don’t forget to catch us next month on [DAY] at [TIME] and [VENUE]. We’ll be talking all about [TOPIC FOR NEXT SHOW]. Thank you for joining us and we hope to see you next time!
Host 2: Until then, it’s bye from us!
An outreach outline is a map to help you stay on track during your event. It is a list of the items and the order in which they will happen in the outreach activity. Below is an example of an event that is one hour long.

1. If any incorrect information comes up in any of your formats, like the quiz, roleplay or panel discussion, you must correct it. Don’t let your audience leave with myths.
2. Once you’ve finalised your script, your performance artists, your outreach outline and prepared all your formats, it’s time to start your live event!

**ETHICS AND CONSENT**

Ethics and consent [This may be a sensitive topic for some, so make sure you inform your audience to respect those who share personal stories in the space.]