Financial Health and Wellbeing

Financial Health Measurement & examples of Framework Guidance

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Human-level Financial Health: Multifaceted & Multi-dimensional

Multifaceted

→ Economics & household finance

→ Credit risk & Financial Risk analytics

→ Behavioural Economics

→ Psychology, Mindset, Identity & Human Capital

→ Financial Capability & Literacy

→ Sociology & Informality Studies

→ Development & Inclusion

→ Market Conduct & Consumer Protection

→ Data Science & Measurement Science

Typical monitoring elements *Not exhaustive*

Higher objectivity ~ More measurable ~ Quantitative

Consumption needs met	Financial Shock	Coping Strategies	Indebtedness
Emergency funds	Debt repayment	Longer-term savings	Spending vs saving

Higher subjectivity ~ More perception-based ~ Qualitative

Budgeting Planning	Longer-term goals	Meeting goals Action	Discipline Maintaining
Financial stress/worry	Confidence Attitude	Financial capability	Control Agency

Examples of consumer-level reports and data sources:

- General Household Surveys (2025)- StatsSA
- Financial Confidence Index (2024)- Sanlam
- Momentum & UNISA (2023(
    - Household Financial Wellness Index
    - Consumer Financial Vulnerability Index

- Household Income & Expenditure (2025)- StatsSA
- FinScope Demand-side (2024)- FinMark Trust
- Global Findex (2025)- FinDev, WBG

Shift from Access & Usage to Financial Health & Impact

Financial Inclusion	Serving the segment	Financial Health
Access	Needs-based solutions	Coping Resilience Longer-term
Usage	Cost-to-serve Channel Scale	Financial capability
Quality	Relationship Retention Service	Behaviours Attitudes Actions

Bank the unbanked

Presence & distribution

Migration to lower-cost channels

Progress & retain customers

Solution design & delivery

Cost-to-income

Digitalisation & Innovation

Risk management

Segment value management

Product X/Up-sell

Sustainable & stable base

Upper-middle income	Largest African economy	Income-inequality
High unemployment	2/3rds living below poverty level (~R3k pm)	

Financially Included but Financially Unhealthy

Responsible Finance Forum 2025 - Key take-outs

- "The hidden crisis: High access to financial services masks growing debt and poverty"
- "Financial inclusion does not equate to improved financial well-being"- 85% to 89% Financial included
- "Declining proportion of financially healthy adults, from 31% in 2022 to 16% in 2024"
- 70% of adults faced stagnation or deterioration in their financial circumstances
- 43% of adults using credit to buy food in 2024
- 75% of borrowers in the past year used credit to cover essentials like food
- ~10 million South Africans are over-indebted,
- 37% of formal credit borrowers facing repayment issues.
- ~12 million adults facing financial distress

Source: FINMARK TRUST- FinScope 2024

Definitions and guidance

"Financial health or wellbeing is the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future"
(UNSGSA)

"Financial well-being can generally be described as a state in which individuals are able to smoothly manage their financial needs and obligations, can cope with negative shocks, can pursue aspirations, goals and capture opportunities, and feel satisfied and confident about their financial lives."(GPFI working definition referenced by CGAP)

Distintion
"Financial literacy is what you know, financial capability is what you
do, and financial health is what you achieve."
(CENFRI quoting S. Parker from the Financial Health Network)

UNSGSA Guidance: Criteria for Financial Health measurement to be useful

→ **Nationally relevant** and tested. Reflects local realities.

→ **Easy to use**. Simple and inexpensive measurement approaches can be applied frequently, in multiple contexts and by non-specialists.

This is particularly important because improving financial health at a societal level requires actions by many organizations.

→ **Actionable**. Measurement should inform decisions.

→ **Comparable** over time and across countries, to help in benchmarking.

UNSGSA
UNITED NATIONS SECRETARY-GENERAL'S SPECIAL ADVOCATE FOR FINANCIAL HEALTH

Perspectives on Measuring Financial Health: Guidance and frameworks

Global Development Agency

UNSGSA
UNITED NATIONS SECRETARY-GENERAL'S SPECIAL ADVOCATE FOR FINANCIAL HEALTH

Day-to-day
Short term obligations
Consumption needs

Resilience
Withstand financial shocks

Goals
On track ~ future goals

Confidence
Feeling secure ~ in control

Measuring Financial Health
Concepts & Considerations
UNSGSA FH Working Group (2021)

South African Policy guidance

insight2impact | cenfri

- Income & Expense balancing
- Payments in full & on time
- Manageable debt servicing

- Emergency funds (lumpsum)
- Liquidity savings adequacy

Secure Future
- Savings for long-term goals
- Ability to access resources

Perception
- Feeling in control of finances

Measuring Financial Health –
What policymakers need to know
CENFRI & insight2impact (2020)

Private Sector + Academia (Econometrics)

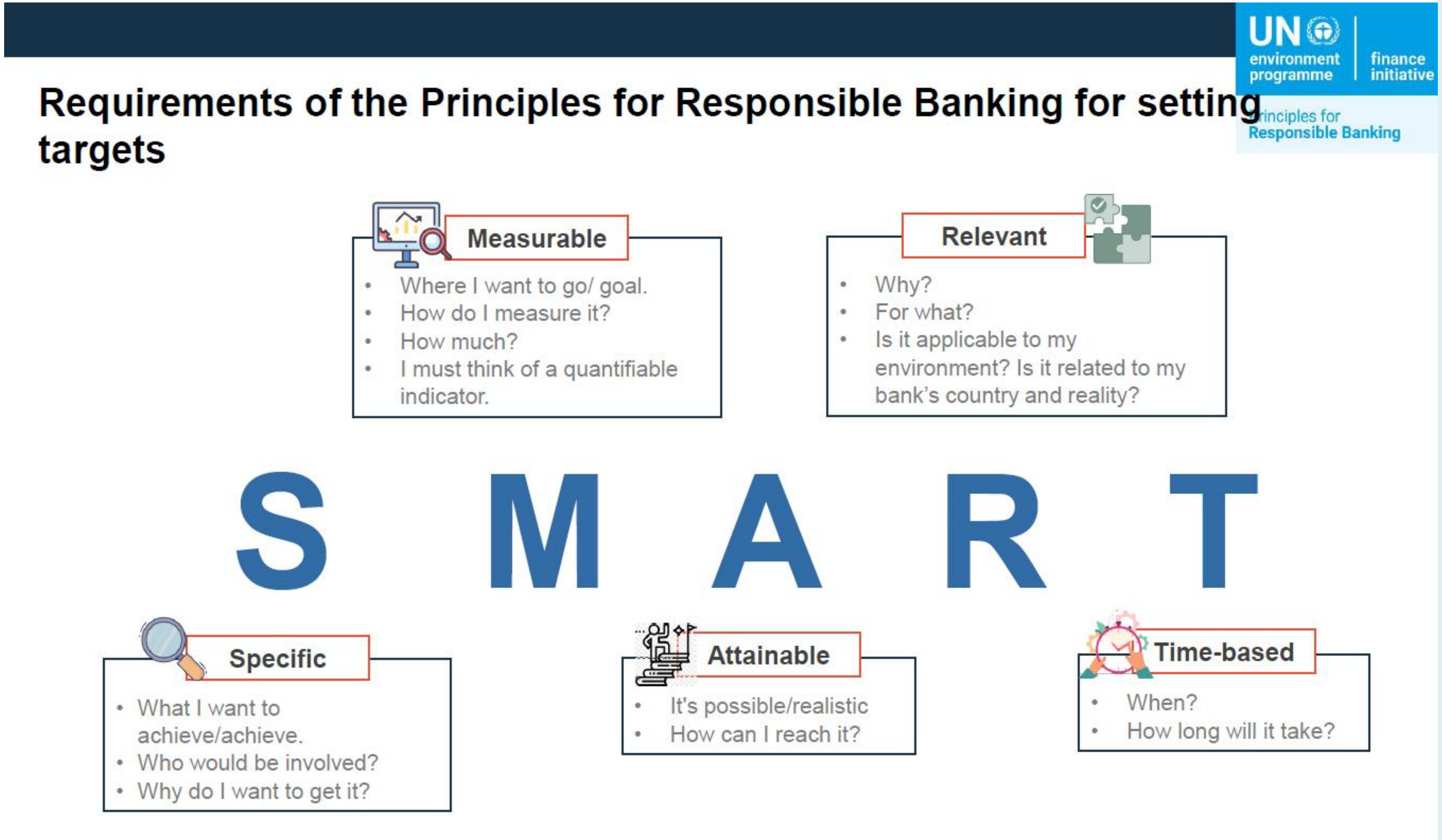
momentum
Here for your journey to success
| UNISA university of south africa

Human	Education- Personal Dev. Input Edu, Skills, Profession
Social	Ability to take control – Input incl. Social networks, Trust
Physical	Income- Output From employment/sources
Asset	Wealth- Output NIA or O/s debt-all assets
Environment	Living Conditions- Output HH dwelling- quality/type etc

Financial Wellness- Household Financial
Wellness Index
Momentum & UNISA (2023)

“What gets measured, gets managed”?

“Unless we determine what shall be measured and what the yardstick of measurement in an area will be, the area itself will not be seen” *Peter Drucker*



Source: UNEP Finance Initiative (2023)- Financial Health and Inclusion Target Setting

Progress towards granular digital data

Global South progress towards digital human-level data
- ✓ India’s Digital Public Infrastructure
- ✓ Brazil’s Pix- Instant payment platform
- ✓ Rwanda’s Enterprise Data Warehouse

Global- Digital Tools being used (Dalberg 2019)
- ✓ Alternate data- Facebook, phone-scraping
- ✓ Credit assessment- digital receipts & payments
- ✓ Machine learning psychometric analysis
- ✓ Digital advice, training, education & marketing

Local- Product innovation
- ✓ Tyme Bank- Digital savings goals product
- ✓ Capitec- Undesignated MSME loan
- ✓ Yoco- Credit based on PoS transactions

Discussion Points

How does/should SA define Financial Health?

What is the context-specific workable framework?

Why should the investment in data and analysis be made?

Are the current priorities contributing to measurable change?

What are our knowledge gaps?

What data assets can we leverage better?

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