The role of financial products in creating well-being

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Authors and contributers

Rob Rusconi

Vickie Lange

Michael Prinsloo

Riaan Singh

Sarah Blake

In this section, we consider how financial product providers could enhance social mobility and individual well-being by providing appropriate products (we focus on saving and insurance offerings). Here, we argue that:

- The private sector must play a role. Government is not the only vehicle for enhancing the well-being of the poor or supporting efforts to protect the well-being of the middle class. Financial products provided by the private sector have a legitimate role to play in this regard, contributing to well-being by enhancing both social mobility and social protection.
- Products must provide appropriate value. If financial products such as insurance and savings are to enhance individual well-being, they must offer appropriate value for money. The markets for such products appear to be imperfect, making it difficult for customers to determine the value offered. One way for financial providers to enhance transparency is to provide effective financial education.
- Products must meet customer needs. Another prerequisite for improving well-being is that products meet the needs of customers. Meeting a defined need is now a legal requirement. If financial providers are to increase the trust their customers place in them, then identifying and meeting needs must also be a business imperative. At the same time, products should be presented within an educational framework that allows the customer to understand what needs they best serve. Furthermore, where appropriate, products should provide a mechanism for behaviour modification, such as default solutions, auto-enrolment and auto-escalation terms and appropriate nudges.

The role of financial products in enhancing financial well-being

At a time when customer confidence in financial service products continues to wane, this section provides a rigorous assessment of the critical role these products can play in facilitating social protection and social mobility. In delineating exactly how financial products can achieve these important outcomes, we remain emphatic that this all depends on whether the product correctly meets specific needs, provides adequate value for money that clients can actually identify, and addresses the dual need for consumer education and behavioural change.

Employers can become a catalyst for employee wealth creation and financial stability. All this demands that we understand the key components of a successful product. This analysis provides an important checklist that helps product providers and employers to determine what best suits the varied needs of their clients and employees.

Part 4 addresses two other key discussions. First, we look at how employers can significantly improve their employees' social protection and social mobility by introducing products and services that provide 'just-in-time' training to enhance financial capability, and auto-save and auto-enrol programmes to increase savings. Second, as a continuation of our opening discussion, we explore where disruption and fintech are likely to take financial innovation. Which innovations are likely to serve the interests of South Africans best? How has an area such as fintech fallen short in South Africa, and why? And what is likely to change those outcomes in the future?

SDG 1 SDG 3 SDG 10 SDG 12 SDG 16 FINANCIAL PRODUCTS CUSTOMERS VALUE
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