

With a new language comes a new solution

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Getting the terminology right - The distinctions matter

Because the roots of 'financial well-being' owe more to 'well-being' literature than 'wellness' literature there is a crucial distinction. 'Wellness' refers to an objective state of being for an individual – as an external observer, I can determine whether an individual had achieved financial wellness. 'Well-being' refers to a subjective state – ultimately only the individual can determine whether they have achieved this.

To an employer for example: improving an individual's financial wellness seems a reasonable objective because it implies you are trying to maximise an employee's productivity by minimising their financial stress. An employer could actually measure this. But to the employee, what makes financial well-being a far more engaging concept is that it speaks directly to their ultimate objectives, what they value most in life. As such, financial well-being is the one concept that captures that critical intersection between knowing what matters to us, and knowing how we can effectively deploy financial resources and financial decision-making to achieve what matters in our lives.

Why do we embrace the term? Perhaps the most powerful insight that came out of Benefits Barometer 2014: [Fine-tuning the employee benefits system](#) was that financial education was failing spectacularly, not just in South Africa, but globally. Unless we could identify a way to link financial knowledge to facilitating goals and choices that had meaning to individuals over the full course of their financial journey, individuals would remain disengaged. Financial well-being takes us that extra step.

What makes financial well-being such a powerful concept is that it addresses one of the seemingly irreconcilable challenges of financial education. More knowledge simply doesn't translate into better financial decision-making. And knowing what you value is equally uncorrelated to better decision-making. But what financial well-being provides is a process that first examines what filters are influencing an individual's specific financial decision-making process, then it provides strategies to counter any of the dysfunctional behaviours that might emerge out of these filters.

FINANCIAL WELL-BEING

FINANCIAL CAPABILITY

FINANCIAL EDUCATION

FINANCIAL EMPOWERMENT