



CENTRAL BANK OF LESOTHO
BANKA E KHOLO EA LESOTHO

TALKING POINTS FOR THE GOVERNOR

AT THE

**STAKEHOLDER ENGAGEMENT WORKSHOP ON THE NATIONAL STRATEGY FOR
FINANCIAL EDUCATION OF LESOTHO**

LRCC

MONDAY 06TH NOVEMBER 2023

His Majesty the King

The Right Honourable the Prime Minister

Honourable Minister of Finance

**Their Excellencies Heads of Diplomatic Mission and International
Organisations Here Present**

Distinguished Ladies and Gentlemen

Good Morning

GREETINGS

1. Welcome everyone and thank you for taking the time to grace this occasion with your presence.

BACKGROUND TO FINANCIAL INCLUSION AND EDUCATION

2. In addition to its pillars of financial integrity, financial stability and financial consumer protection, the G-20 adopted financial inclusion as a new pillar to transform the financial sector reform structure in 2010.
3. These pillars were considered key strategies to achieve financial stability, inclusive growth and development.
4. The combination of these four elements was considered essential to promote a stable financial system and enhance the financial well-being of individuals, groups, communities, and societies on a global scale.

WHY FINANCIAL INCLUSION?

Global Context

5. According to the World Bank (2021), 1.7 billion working-age adults are excluded from financial services worldwide for a number of reasons:
 - There are supply-side barriers including regulatory constraints, infrastructure and connectivity, limited financial consumer protection requirements, and geographical barriers.
 - There are demand-side barriers (e.g. financial illiteracy, reduced social and technological inclusion, cultural and psychological obstacles, and linguistic or educational barriers).
6. A large proportion of the world population has and continues to be excluded from financial services particularly the youth, rural population and those operating outside the formal sector.

PROMOTING FINANCIAL INCLUSION THROUGH FINANCIAL EDUCATION

7. The policymakers have recognized the importance of increasing efforts to develop well-designed financial education strategies and adequate financial consumer protection measures to stimulate financial inclusion.

Lesotho Context

8. According to the FinScope Consumer Survey 2021:
 - 1, 197, 504 adults are financially included in Lesotho.
 - Compared to the SADC countries, Lesotho has a fairly large formally served population (87%) and second lowest financial exclusion at 9% (e.g. 39%

banked, 48% unbanked, 4% using informal financial services only & 9% excluded).

- With the introduction of mobile money, more adults are now relying on other formal non-banks, reducing the high number of adults who depend only on informal financial services.
- Formal other (non-bank) financial services or products are playing a critical role in deepening and reducing financial exclusion.
- Lesotho is one of the few countries that have positive financial inclusion female gender gap uptake mainly driven by mobile money and funeral cover.

INITIATIVES UNDERTAKEN TO IMPROVE FINANCIAL INCLUSION IN LESOTHO

9. Since 2012, Lesotho has adopted financial education as a strategy to promote financial literacy and capability to break financial inclusion barriers.

10. Various delivery channels including workshops, seminars, meetings, online media, television and radio programmes have been implemented in Lesotho.

Other milestones achieved included:

- Conducting the FinScope Study to understand the level of financial inclusion in Lesotho in 2011.
- Development of the Inclusive Finance Strategy to improve access to financial services in 2012.
- Implementation of the Financial Sector Development Strategy in 2013. Among others, the strategy identified low saving culture, skills gaps in the financial sector, and increased financial literacy as some of the key barriers to financial inclusion and stability.

- Holding the Money Month Campaign to enhance knowledge and understanding among the population of Lesotho on financial matters (2013 to date).
- Development of the Financial Education Interim Strategy in 2014 as a temporary framework for implementing financial education in Lesotho.
- Integration of financial education into secondary and high school curriculum, 2017-2022.
- Training of NCDC officials, teachers, formal and informal sector employees, and the public on financial matters.
- Production and distribution of financial education materials for target audiences namely children, youth, rural, and general population.
- Promulgation of the Financial Consumer Protection Law in 2022.
- Development of the Financial Inclusion Policy.
- Drafting Financial Inclusion Strategy ongoing.
- Conducting M&E on the implementation of FE in schools in 2023.

CHALLENGES

11. Despite educating the public (e.g. urban and rural men, women, youth and children) on financial matters, there is still:

- Lack of adequate structures and frameworks to coordinate, implement, monitor, and evaluate financial education activities.
- Lack of effective communication channels to engage all stakeholders.
- Lack of financial resources to reach the most disadvantaged as well as those living in remote areas in Lesotho.

POSSIBLE SOLUTIONS

12. The development of a fully-fledged Financial Education Strategy including:
 - Definition of overall vision, key priorities, target audiences, impact assessment and resources.
 - Developing a roadmap to achieve specific and pre-determined objectives within a set period.
 - Formulation, implementation and monitoring of the strategy by a widely accepted, credible and unbiased lead authority.
13. Increased collaboration by all stakeholders, both domestically and internationally, to support financial education programmes and activities in the country (e.g. private sector, NGOs, trade unions, employers, consumer associations, media, training of trainers, civil society organisations).
14. Usage of effective communication channels to raise awareness of the importance of financial education and reinforce buy-in from key stakeholders including the public.
15. There is also a need to devise strategies to tackle emerging issues like cyber security, money laundering, fraud and scams, and over-indebtedness.
16. Digitization of financial services and products.

THE DRAFT NATIONAL STRATEGY FOR FINANCIAL EDUCATION 2024-2029

17. The draft National Strategy for Financial Education 2024-2029 has been prepared by the Financial Education Steering Committee on behalf of the Government of the Kingdom of Lesotho.
18. In developing this draft Strategy, the Financial Education Steering Committee consulted with the Ministry of Finance, CBL, development partners, financial

industry, scholarly community, and other key stakeholders all of whom played pivotal roles in the development of this important document.

19. The Financial Education Steering Committee also benefited immensely from the expertise of the Alliance for Financial Inclusion, the Bank of Zambia and the Bank of Armenia who have walked this journey before us and from whom we may learn valuable lessons.
20. Once approved, the Strategy will be an official document that articulates the Government's long-term vision and objectives of the country on financial education.
21. It will guide all of us as the stakeholders who have a role in ensuring that financial education and financial inclusion in our country become a reality.

CONCLUSION

22. Wishes the participants fruitful deliberations and declares the Stakeholder Engagement Workshop on the National Strategy for Financial Education officially opened.