

FIRST EDITION

NAMFISA
CONSUMER
EDUCATION
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Edition 1

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FROM THE EDITOR'S DESK

Consumer education, more specifically education within the financial services sector, is crucial as it enlightens consumers to know their rights and responsibilities, and generally to become more aware about financial services and products on offer in the Namibian non-bank financial sector.

One of the objectives of NAMFISA is to ensure that consumers of financial services and products are educated and informed.

The benefits of financial education to the individual consumer and economy as a whole are immense and can be summarized as follows:

- a) An informed consumer cannot be taken advantage of by unscrupulous providers of services/products;
- b) S/he knows what s/he wants and can shop around;
- c) S/he can make informed decisions with regard to financial services/products;
- d) Informed consumers demand better services and products, thus promoting innovation and ensuring better service delivery;
- e) Innovation and better service delivery can lead to competition and increased investment, which in turn can lead to economic growth;
- f) An informed (and aware) consumer helps to regulate the industry as they know their rights and can report any irregularities to the Supervisory Authority.

With the above information, we would like to welcome you to our first edition as we take you through various topics, providing a forum for your views and showcasing interviews on selected topics. We will also share with you educational activities conducted on a regular basis through this platform.

John Naanda



NAMFISA'S CONSUMER EDUCATION PROGRAMME



NAMFISA's Consumer Education programme is not a formal training programme but a programme designed to disseminate information that simplifies complex financial terms. This way, you can understand them and become enlightened about financial services and products. We further share with you your rights and responsibilities when it comes to non-bank financial services and products. This helps you to make better informed decisions about your financial life.

The programme also entails conducting information sessions at various workplaces and youth programmes, performing street theatre at educational institutions and marketplaces, partaking in exhibitions and trade fairs and conducting public information sessions.

KNOW YOUR RIGHTS

Since this is our first edition, we will look at consumer rights from a broader perspective. In our subsequent editions we can then zoom in when we deal with specific components such as your rights when dealing with medical aid funds, pension funds and more.

The importance of knowing one's rights can never be over-emphasized as it is a fact that a confident consumer is one who:

- knows that he/she is the consumer;
- knows that he/she has consumer rights;
- understands what these consumer rights are;
- knows when his/her rights have been violated; and
- knows that he/she has a redress mechanism to go to in the event that his/her consumer rights have been violated.

CONSUMER RIGHTS:

The work of Consumer International (CI), an international watchdog on consumer rights and its members (including Namibia) is inspired by a set of eight basic consumer rights which are listed below:

- 1) The right to satisfaction of basic needs - To have access to basic, essential goods and services: adequate food, clothing, shelter, health care, education, public utilities, water and sanitation.
- 2) The right to safety - To be protected against products, production processes and services which are hazardous to health or life.
- 3) The right to be informed - To be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising and labelling.
- 4) The right to choose - To be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality.
- 5) The right to be heard - To have consumer interests represented in the making and execution of government policy, and in the development of products and services.
- 6) The right to redress - To receive a fair settlement of just claims, including compensation for misrepresentation, shoddy goods or unsatisfactory services.
- 7) The right to consumer education - To acquire the knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them.
- 8) The right to a healthy environment - To live and work in an environment which is non-threatening to the well-being of present and future generations.

“ Nothing gets you into debt faster than trying to keep up with people who are already there.”
- Anonymous



THE CONSUMER

Namibia is in the process of drafting a Consumer Protection Act. In South Africa, the Consumer Protection Act, 2008 (Act No. 68 of 2008), defines a consumer as follows:

- (a) a person to whom goods and services are marketed in the ordinary course of business;
- (b) a person who has entered into a transaction with a supplier (a person who markets goods and services) in the ordinary course of business; and
- (c) someone who is a user, recipient or beneficiary of those particular services.

In light of the above, it is essential that you understand that you, as a consumer of financial services or products (or any other consumer goods), are well defined as a “Consumer”.

*“ Consumers have not been told effectively enough that they have huge power and that purchasing involves a moral choice.”
- Anita Roddick*

SAVING & INVESTING

There has been so much said by many authors on this topic that most people, for one reason or another, feel that it is becoming a boring topic. It is hard to imagine a society that does not save in one way or another; and it is equally hard to understand why some people prefer not to think about something bad happening (like your own death or a relative's, your house being broken into, or your car being involved in an accident) as they would not have enough money - or in the worst case scenario, no money at all in an emergency.

Many economies have become 'wheels of fortune' that benefit their citizens as a result of investments and savings being conducted by players in those economies. In this edition, we would like to draw a distinction between saving and investing, before we highlight numerous other benefits associated with saving and investing.

Saving can be regarded as putting money away in a savings account at a bank or post office. Saving is rather short-term in nature and funds can be withdrawn over short notice periods; hence a low interest rate is earned. The risk of losing money in normal savings is also very low.

On the other hand, investing is differentiated from saving by the long-term nature of the funds being kept in investment instruments such as unit trusts, fixed-term investments, bonds and more. Because of the period and nature, the risk is high and the interest rate receivable (the return on your investment) is normally higher than that received from a normal saving.

As a word of advice, it is very important to understand the type of saving or investment that one wishes to enter into and the associated terms and conditions. Always have these clearly explained to you (in a language you understand) as experience has shown (through our Complaints Department) that many people are tricked into giving away their hard-earned money to fraudsters and/or agents who promise astronomical returns that are too good to be true.



BUDGETING

Budgeting simply means planning. A budget is a plan of your future income and expenses. It is very important to understand where your money comes from and where it goes. Without knowing your cash flow, it is hard to plan for the future.

Just because a house is a necessity, it does not mean that you should now live in the most expensive neighbourhood when you cannot afford it. Similarly, it also does not mean that because you have to eat, you must always eat out or eat expensive food. The most important thing to remember is to live within your means and not try to impress other people as you might not know how they make their money or what their future plans are.

Below is a list of features found in most successful budgets:

- A budget should reflect your lifestyle and income, not someone else's
- Give estimates that are as accurate as possible
- Be practical: you don't have to budget for every apple or toothpick
- Include even expenses that don't occur on a monthly basis, such as car maintenance costs
- Review expense categories regularly and investigate how to cut costs in each category
- Record cash spending before you forget it
- Include saving as an expense as this will allow you to save on a regular basis
- View a budget as a plan of your future goals, not as a limiting exercise
- Identify any negative financially draining habits, especially when shopping
- Stay within your budget – stay positive and motivated

**INVESTIGATE
HOW TO
CUT COSTS**





DEBT MANAGEMENT

Debt management, by the standard financial definition, involves a designated third party assisting a debtor with repayment of his or her debt. We will look at how you as an individual can better understand debt. We will also help you to make a routine practice of spending less than what you earn so that you can get your financial situation under control.

For all intents and purposes, debt management is a structured repayment plan set up by a designated third party, either as a result of a court order (Debt Administration) or as a result of personal initiation.

Debt Management Plan

A debt management plan entails a series of steps which the debtor works on with the help of the service provider (Debt Administrator). The first step typically involves compiling a list of all creditors and the amounts owed to each. Some creditors are not eligible to be included in a debt management plan. Typically, secured debt (such as car loans and home loans) is not included.

Debt Management Programme

Debt management programmes are designed specifically for people who can no longer afford their minimum monthly payments. The programmes work to reduce the total amount of the debt and consolidate it into a single affordable monthly payment. Debt management services are not for people who can afford their monthly payments but for those who want to reduce payoffs so the credit can be paid off more quickly. This is because without outside assistance (Administration) they would otherwise not be able to reduce or pay off their debts. Administration is not for people who are already bankrupt.

*“ If I had the privilege of making the Eleventh Commandment, it would be this: OWE NO MAN.”
- Josh Billings*

TAKE MATTERS INTO YOUR OWN HANDS!

BUDGET SHEET:

MONTHLY INCOME

Net income (after tax) eg. salary/commission _____

Other income _____

TOTAL INCOME _____

LESS: MONTHLY EXPENSES

HOUSING

Rent / mortgage _____

Furniture / hire purchase _____

HOUSE BILLS

Electricity _____

Water _____

Rates & Taxes _____

Satellite TV (DSTV) _____

Landline / cellphone airtime _____

FOOD & GROCERIES

Family food _____

Lunch for schoolkids / work _____

Household toiletries _____

TRANSPORT

Taxi fares _____

Car loan repayments _____

Car insurance _____

Fuel (Petrol / Diesel) _____

Repairs, oil, tyres etc _____

PERSONAL

Clothing _____

Entertainment (braais, leisure etc) _____

INSURANCE

Medical aid _____

Life insurance _____

Funeral insurance _____

Other insurance _____

EDUCATION

Pre-primary / day care _____

Primary school _____

High school _____

College / distance / other education _____

SAVINGS

OTHER EXPENSES

TOTAL EXPENSES

DISPOSABLE INCOME (Income – Expenses) _____

CONGRATULATIONS FOR EMPOWERING YOURSELF WITH OUR VERY FIRST ISSUE. STAY TUNED NEXT QUARTER FOR OUR EXCITING SECOND ISSUE!

We invite you to follow our Consumer Education bulletins. In our next edition, we will be dissecting the topic of Debt Management and Administration Orders, and looking further into how you as a consumer can lodge a complaint with NAMFISA if you feel aggrieved by any non-bank financial service/product provider. We will also discuss Micro-lending and Credit Agreements, so there's a lot in store for you!

Windhoek Show 2010



“Knowledge is power, let’s share it!” A friendly NAMFISA representative interacts with a visitor to our show stand at the 2010 Windhoek Show.



NAMFISA treated excited visitors to a thrilling street theatre performance. This was one of our many information dissemination activities, helping to create a generation of financially savvy young Namibians.



An example of NAMFISA’s outdoor awareness campaign.

“ The absence of debt makes for a lifestyle of freedom and opportunity.”
- Ron Blue



We want to hear from you, contact us:

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*normal SMS charges apply